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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

STUDYING THE RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND FINANCING THROUGH THE TWO PERSPECTIVES OF BALANCE SHEET AND CASH FLOW STATEMENT IN FIRMS ACCEPTED IN STOCK EXCHANGE TEHRAN (IRAN)

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ABSTRACT
In the present research the relationship between corporate governance and financing in firms accepted in Tehran Stock Exchange (Iran) has been investigated regarding two perspectives as follows: balance sheet perspective and cash flow statement perspective. The statistical population of the present research included all companies which financed in Tehran Stock Exchange during the time period between 2006 and 2011, regarding the two perspectives mentioned. Corporate governance was the independent variable of the research. To measure corporate governance we have used 4 elements as follows: 1. Board of directors [size of board of directors, independence of board of directors (managers not in charge)], 2. Investors (the ownership percentage of institutional stockholders, the percentage of external stockholders was higher than %5), 3. Auditing (auditing was carried out either by audit organization or other auditing entities), and 4. Board of administrative directors (the isolation of managing director from board of directors and the number of years of experience to manage a company were considered). The dependent variable was financing through long-term loans and internal financing and to calculate it we have utilized the two perspectives of balance sheet and cash flow statement (Kordestani & Najafi-e-Omrani, 2010). Those companies were chosen that have had financed through accumulated earnings, long-term loans or stocks. The statistical sample contained 93 firms accepted in Tehran Stock Exchange. Finally and by using a multiple variable regression the research hypotheses were tested by using Eviews7 software. The research results showed that some elements of corporate governance have a meaningful relationship with financing.

KEYWORDS
corporate governance, financing.

INTRODUCTION
Undoubtedly decisions about financing are considered to be among the most important decisions made by managers of economic units in order to maximize the wealth of stockholders. This type of decision making is related to capital structure and also the identification and selection of the best financing method and its composition. Thus, a financial manager can affect stockholders' wealth through creating changes in some items such as earnings per each share, dividends policy, timing procedure, profitability risk, and financing method selection. In recent decades firms' financing issues have gain a certain position in financial management field. Several artificial methods such as the absorption of surplus cashes of the individuals in the society have been proposed. However, in Iran financing is generally done through banks, stock issuance, accumulated earnings, and savings (except legal ones). On the whole, manages have a main role in financing method selection and the optimized capital composition. Thus, a supervising mechanism, such as corporate governance, can affect optimized financing method election and following that it can affect the decisions made by managers. Researches have shown that the promotion of leadership in corporations in newly emerged markets is important to make sure of the appropriate performance of the companies and financial markets and to increase the trusts of local and foreign investors. Additionally, the promotion of corporate leadership will result in increasing long-term investments and economic growth and the lack of an appropriate corporate leadership will result in damaging the rights of stockholders (especially minor stockholders), probable abuses, capital invested in foreign countries and ... . In limited perspectives, corporate leadership is limited to the relationship between the company and stockholders. This is a traditional pattern which is expressed in the form of agency theory. In the other end of the continuum, corporate leadership can be considered as a network of the relationships which exist not only between the company and its owners (stockholders) but also between the company and a lot of the beneficiaries such as staff, salespersons, holders of bonds and ... . Such an outlook is seen as the beneficiaries' theory (Botshekan & Kharrazi, 2009, 3). Corporate governance acts as a legal structure and a set of direction and control mechanisms of the company and the observation of these rules will result in transparency of goals in working procedure, responsiveness against the beneficiaries and observing their rights.

RESEARCHES CARRIED OUT IN IRAN
Ahmadpour & et al (2010) studied about the effect of corporate governance and auditing quality on financing cost through debt. The findings, using the data of 119 companies from among those which have been accepted in Tehran Stock Exchange between the years 2003 and 2008 and regression analysis of the pooled data by using Eviews software, showed that the existence of main institutional stockholders among the stockholders and their efficient supervisions will result in a reduction in debt cost of the companies in the sample. Meanwhile, auditing quality did not have such an effect.
Nasrollahi & et al (2011) carried out a research about the relationship between corporate governance and information asymmetry in Tehran Stock Exchange. In this research they used Eviews software and tableau data method and GLS method to investigate about the relationship between changes in liquidity in the market and the variables of corporate governance. The results of testing the hypotheses showed that there is a meaningful negative relationship between the percentage of independent managers in board of directors and the percentage of institutional investors and information asymmetry. Also there is a meaningful positive relationship between debt ratio and information asymmetry but there is not a meaningful relationship between size of board of directors and information asymmetry.
Talebnia & Rahimian (2011) investigated about 98 companies accepted in Tehran Stock Exchange during the time period between 2004 and 2008 to test the hypotheses in a research paper entitled: "Studying the relationship between corporate governance strategies and the amount of wealth created for the

stockholders". The statistical analyses were carried out by using Eviews software and the results showed that there is not any meaningful relationship between any of corporate governance strategies and the wealth amount created for the stockholders.
Kordestani & Pirdavari (2012) posed two hypotheses regarding the effects of different external financing on future return of the stocks as 'incorrect pricing for bonds' and 'over-investment' in a research entitled: "Studying the effect of financing methods on future stock return". Based on these hypotheses, different external financing methods have a negative effect on future stock return. The data of this research included 65 firms accepted in Tehran Stock Exchange during the time period between 2006 and 2008. The tests were carried out using pooled data method and temporarily. The findings showed that there is a meaningful relationship between net changes in overall financing and net changes in external financing and unusual return of stock accumulation. But on the contrary to our predictions this relationship was positive. Besides that, the relationship between the ratios of internal financing and external financing in companies with greater growth, has been stronger than the companies with a lower level of growth. Also based on the temporary data the relationship between net changes in internal financing and changes in net operating assets financed through internal resources and unusual return of stock accumulation was positive and meaningful.

FOREIGN RESEARCHES

Park & Sun (2009) showed in their research about corporate governance and financing through stocks in bourse firms during the years between 2000 and 2006 that firms having good corporate governance ranks compared to those with lower ranks (companies having weaker corporate governance) are more opt to finance through stock issuance. They reported that the relationship between the members of board of directors and financing through stocks is negative but there is a positive relationship between institutional governance and stock issuance. They also found positive results considering whether those companies which issue stocks have good corporate governance or not?
Coriniady & Rad (2010) studied corporate governance, financing patterns and debt cost in firms in New Zealand during the years between 2004 and 2008. In this study they used Fama & French's (1999) method and firms' financing method to calculate corporate governance index. They showed that firms having weak corporate governance have more debts compared to firms with a strong corporate governance mechanism. After controlling this effect between the companies they saw that firms with different levels of corporate governance quality use different corporate governance mechanisms regarding financing methods.
Mande & et al (2012) investigated about two hypotheses of: 1- firms with higher corporate governance tend to issue stocks for financing, 2- the relationship between corporate governance and tendency to issue stocks is more in firms having information asymmetry, in a research paper entitled: "Is corporate governance important in financing through stocks or debt?", which has been carried out about the companies accepted in American Stock Exchange during the years between 1998 and 2006. They restudied the issue regarding three criteria of corporate governance, G index, and E index. The results of studying 2000 companies in the United States showed that corporate governance has had a positive effect in choosing the companies for financing through stocks. This relationship was also approved in small companies where there was a greater information asymmetry between stockholders and managers. These results showed that on the contrary to hierarchical theory, appropriate and good corporate governance in companies can affect financing through stocks compared to debt. Unlike this theory financing through debt on the stocks is rejected. Also they suggested as an applied result that those companies which are seeking for a good market for their stocks should exploit from an appropriate corporate governance to use the advantage and inexpensive safety and accessibility of this market.

RESEARCH METHODOLOGY

The present research is post-incidental which studies the hypotheses based on the previous financial data of the companies. It is applied regarding the goal and the results could be utilized directly to choose financing and investing resources. Also it is descriptive regarding the nature. The data in this research include data gathered from financial reports of firms accepted in Tehran Stock Exchange which were extracted from databases, calculated and research models were determined based on them to prepare a basis to test the hypotheses. The raw data needed about the firms to study about the research hypotheses were collected through Rahavard-e-Novin software and also in most cases through the official website of Tehran Stock Exchange and after comparison and removing the frequent disharmonies and being transferred into Excel broadsheet they were transferred into Eviews7 software to do the final analyses.
The statistical population for the present research includes all companies accepted in Tehran Stock Exchange during the time period between 2006 and 2011. Of course, we have considered the followings limitations in gathering data and determining the research sample from among the population above:

1. The companies should have been accepted in Stock Exchange up to the start of the year 2006.
2. The data needed and the audited financial statements of the companies for the years between 2006 and 2011 should be completely presented and accessible.
3. The sample companies should not be from among banks and credit and finance entities (investing companies, leasing companies, financial intermediaries).
4. During the study period the companies should not have changed their fiscal year.
5. The end of fiscal year should be the end of solar calendar year (21^{st}. March).

Regarding the limitations considered above, the number of the sample selected was 93 companies.

RESEARCH HYPOTHESES

First Hypothesis: There is a meaningful relationship between corporate governance and internal financing (balance sheet perspective).
Second Hypothesis: There is a meaningful relationship between corporate governance and internal financing (cash flow statement perspective).
Third Hypothesis: There is a meaningful relationship between corporate governance and financing through long-term debts (balance sheet perspective).
Fourth Hypothesis: There is a meaningful relationship between corporate governance and financing through long-term debts (cash flow statement perspective).

INDEPENDENT VARIABLE

Independent variable in the present research was corporate governance which was measured by 4 elements as follows: 1. Board of directors [size of board of directors, independence of board of directors (managers not in charge)], 2. Investors (the ownership percentage of institutional stockholders, the percentage of external stockholders was higher than %5), 3. Auditing (auditing was carried out either by audit organization or other auditing entities), and 4. Board of administrative directors (the isolation of managing director from board of directors and the number of years of experience to manage a company were considered) and each of them were calculated as follows:
1.1- Size of board of directors: if the size of board of directors is less than the average of sample companies we measure it as code 1, or else we scale it as code 0.
1.2- Independence of board of directors (not in charge managers): if %60 of the managers is not in charge we assign code 1, and if not code 0 will be assigned.
2.1- The percentage of institutional stockholders: if institutional ownership of the company is more than the average percentage of the companies in the sample we assign code 1, and if not code 0 will be assigned.
2.2- The percentage of external stockholders higher than %5: if the external stockholders in the company is higher than %5 (except for the board of directors), code 1 and if not code 0 will be presented as the scales.
3- Great auditing: if the auditing task is carried out by auditing organization we assign code 1, and if not code 0 will be assigned.
4.1- Isolation of managing director: if the managing director is not included in board of directors we assign code 1, and if not code 0 will be assigned.
4.2- Tenure of managing director: if the tenure of managing director is less than the tenure of the managing director in average sample companies we assign code 1, and if not code 0 will be assigned.
Finally regarding the elements mentioned (corporate governance) the total sum of codes was utilized as a criterion to rank the companies. Companies ranking 7 are considered as companies with high corporate governance, and companies ranking 1 were categorized as companies with low corporate governance.

DEPENDENT VARIABLE

The dependent variables in the present research were: financing through long-term loans and internal financing which have been calculated and shown in table (1) regarding the two perspectives f balance sheet and cash flow statement.

TABLE (1): INFORMATION RELATED TO THE DEPENDENT RESEARCH VARIABLES AND THE RELATED CALCULATIONS

No.	Variable title	Measurement method
1	Net changes in internal financing (ΔIFin)	**Balance sheet perspective:** the difference between accumulated earnings and the end of the previous period before adjustments **Cash flow statement perspective:** cash resulting from operations + cash resulted from sales
2	Net changes in debts created for financing (ΔDebt)	**Balance sheet perspective:** the net changes in total debts after the reduction of net changes in savings of pensions of staffs at the time of retirement and the proposed stock profit and the paid profit **Cash flow statement perspective:** net cash increase resulted from debts of financing activities – income tax paid

CONTROL VARIABLE

The control variables in the present research were as follows: sales changes logarithm ($LOGSALE_{it}$), the ratio of debts to assets (BA_{it}), firm size (assets' logarithm), the ratio of fixed assets to total assets ($TFAR_{it}$), the ratio of net earnings to assets ($EBITR_{it}$), and the ratio of market value of the stock to the nominal stock value (BMV_{it}).

RESEARCH FINDINGS

In this part and in order to enter data analysis, the descriptive statistics of the data including: central indexes, dispersion indexes, and deviation from symmetry and also Jarque-Bera test which approves the normal distribution of the leftovers, were calculated and the results were presented in table (2).

TABLE (2): THE DESCRIPTIVE STATISTICS OF RESEARCH VARIABLES

RESEARCH VARIABLES																		
BA	*LOGSALE*	*EBITR*	*BMV*	*TFAR*	*LOGASSET*	*GOV*	*FBAU*	*BDS*	*MOFU*	*YTV*	*OWN*	*UBR*	*SUMNUM*	*DEBTSJ*	*DEBTT*	*IFINSJ*	*IFINT*	Symbol in the model
5.7	2.1	0.94	2.54	0.35	5.73	4.11	0.19	0.88	0.07	0.7	67.	0.6	5.035	86473.	0.247	3.696	1.70	Average
0.2	4.4	0.07	1.51	0.33	5.65	4.00	0.00	1.00	0.00	1.00	75.	0.6	5.00	4.80	3.26	4.630	4.0	Mean
598.4	8.02	91.87	86.9	0.85	8.0	7.00	1.00	1.00	1.0	1.0	99.0	4.	7.0	3349	7.03	7.33	7.04	Maximum
-3.7	-7.15	-2.79	-10	0.03	4.26	1.0	0.00	0.00	0.00	0.00	0.00	0.2	5.0	-1251.	-6.496	-6.51	-6.6	Minimum
44.9	4.22	7.08	7.53	0.18	0.59	0.99	0.4	0.31	0.26	0.42	27.7	0.2	0.244	1432	4.713	3.02	4.12	Criterion deviation
10.7	-0.88	10.1	-1.6	0.52	1.30	-0.3	1.5	-2.4	3.1	-1.2	-1.1	7.3	7.17	22.89	-0.043	-2.19	-0.7	Skewdness
125.8	2.01	111.5	108.	2.64	5.57	3.10	3.25	6.81	11.0	2.52	3.42	11.	54.8	534.0	1.105	6.44	1.7	Pulling
310	671	65	36	94	282	25	28	31	12.	210.	876.	241	146.4	131.1	3106	671	65	Jarque-Bera statistics
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	Statistics probability
558																		Observations

Since normality of data distribution is one of the presuppositions of the regression model, the normality of the distribution of the research variables was investigated and Jarque-Bera's test was utilized to do so. According to the calculations estimated by Eviews7 software and presented in table (1), all probabilities are equal to 0. Thus, the null hypothesis was rejected and it was found that the distribution of variables' data was not normal. But regarding the central tendency and the high frequency of the observations (sample number) we can ignore normality presupposition.

One of the main problems arising in time series regressions is artificial regression phenomenon. Artificial regression refers to the state in which on the contrary to the existence of an adjusted identification coefficient (R^2), there is not a meaningful relationship between the variables. To be ensured about the research results and lack of artificial relationships in the regression and meaningfulness of the variables we carry out survival test and calculate the square root of the research variables in EGLS model. The results of Hudri's hypotheses (table 3) show the survival of variables. Thus, the null hypothesis claiming that the variables have square roots is rejected.

H_0: there is a root for the unit

H_1: there is not a root for the unit

TABLE (3): SURVIVAL TEST OF VARIABLES

Hypotheses	Meaningfulness	Statistics
1	0.0000	11.4963
2	0.0000	10.3754
3	0.0000	10.4020
4	0.0000	101704

HYPOTHESES ANALYSES

In this research we have used static pooled data method to test the hypotheses. In this method first we use a test called Chow's test which is also called structural changes test to choose from among the two models of pooled and fixed effects. Chow's test is an equilibrium test between a set of coefficients in a linear regression. After carrying out Chow's test if the administration of pooled model is approved, our task will be terminated in this stage. But if fixed effects model is approved we should test it against random effects model to identify the optimal model from among these two models and this will be done by using Hausman's test. An alternative method to estimate fixed effects model is the estimation by random effects model. Below we will deal with the tests carried out and the tables of the results of the administration of the model will be presented by using Eviews software version 7.01.

CHOW'S TEST OR THE TEST OF STRUCTURAL CHANGES RELATED WITH THE HYPOTHESES

To test the research hypotheses first we estimate fixed effects model of the time and then we will use structural changes test to study the meaningfulness differences.

As it can be seen regarding the meaningfulness level achieved, the pooled data model is selected as the preferred one for the hypotheses except hypothesis 1. Regarding hypothesis 1 and due to the meaningfulness of first hypothesis, fixed effects model was selected and it should be investigated by random effects model through Hausman's test. Next, Hausman's test related to the first research hypothesis will be carried out in the state a. To do this test first we should estimate random effects time model. Hausman's test to study the existence of random effects will be arranged as follows:

TABLE (4): HAUSMAN'S TEST

Meaningfulness	Freedom degree	Statistics	Test effect	Hypotheses
0.3776	14	15.008736	random	testing the model in first hypothesis

The statistical method used in the present research is the regression method using pooled data. To estimate the regression models with panel data we use estimated generalized least squares method (EGLS). The hypotheses were tested through the results of economy measurements and multi-variable regression. To determine the regression model meaningfulness we have utilized Fisher's statistics. To study the meaningfulness of the independent variables' coefficients in each model we have used t student statistics in %95 level. Also Durbin-Watson's test was used to study whether there is the problem of self-correlation between the leftover sentences or not. If there occurs ant rejection of the classic presuppositions of the linear regression model such as variance divergence or self-correlation between interfering elements of the model, we will use first order self-regression pattern AR(1) to modify and adjust the model finally.

FIRST HYPOTHESIS MODEL

$IFINT_{it} = \alpha_0 + \beta_1 Sumnum_{it} + \beta_2 UBR_{it} + \beta_3 OWN_{it} + \beta_4 YTV_{it} + \beta_5 MOFU_{it} + \beta_6 BDS_{it} + \beta_7 FBAU_{it} + \beta_8 GOV_{it} + \beta_9 LOGASSET_{it} + \beta_{10} TFAR_{it} + \beta_{11} BMV_{it} + \beta_{12} EBITR_{it} + \beta_{13} LOGSALE_{it} + \beta_{14} BA_{it} + \varepsilon_{it}$

TABLE (5): RESULTS OF TESTING THE FIRST HYPOTHESIS USING EGLS METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
C	-13.81898	4.348804	-3.177650	0.0016
SUMNUM	2.425673	0.797102	3.043115	0.0025
UBR	-0.183679	0.830703	-0.221113	0.8251
OWN	0.001864	0.006326	0.294647	0.7684
YTV	-0.629074	0.509511	-1.234660	0.2175
MOFU	-0.863054	0.718327	-1.201479	0.2301
BDS	-0.135315	0.648830	-0.208552	0.8349
FBAU	-0.967496	0.492073	-1.966163	0.0498
GOV	0.529594	0.295501	1.792189	0.0737
LOGASSET	0.208580	0.291510	0.715516	0.4746
TFAR	0.646537	0.941914	0.686407	0.4927
BMV	0.000225	0.021662	0.010382	0.9917
EBITR	0.121042	0.051779	2.337674	0.0198
LOGSALE	0.264975	0.040000	6.624293	0.0000
BA	-0.022309	0.007908	-2.821281	0.0050
Durbin-Watson statistics	2.104389			
Adjusted identification coefficient	0.094324			
F statistics	5.136154			
F statistics probability	0.000000			

As it can be seen in the table (4-6) above, the F statistics' index of model adjustment in error level of lack of assurance is %5 bigger. Thus, we can claim that the model above is not meaningful. And the amount of Durbin-Watson statistics equals 2.1 and it shows that this statistic is suitable and it shows the removal of self-correlation problem between the interfering elements of the primary model. The amount of the adjusted identification coefficient of the model shows that the estimated variables of the model have %9.4 capability to describe the changes in the dependent variable. In table (4-7) above, the results of analyzing the independent variables present in test model of the first hypothesis have been represented.

TABLE (6): RESULTS RELATED TO THE INDEPENDENT VARIABLES IN FIRST HYPOTHESIS

Independent variable	Meaningfulness	Effect type
SUMNUM	meaningful	direct
UBR	meaningless	-
OWN	meaningless	-
YTV	meaningless	-
MOFU	meaningless	-
BDS	meaningless	-
FBAU	meaningless	reverse
GOV	meaningless	-

Second hypothesis model

$IFINSJ_{it} = \alpha_0 + \beta_1 Sumnum_{it} + \beta_2 UBR_{it} + \beta_3 OWN_{it} + \beta_4 YTV_{it} + \beta_5 MOFU_{it} + \beta_6 BDS_{it} + \beta_7 FBAU_{it} + \beta_8 GOV_{it} + \beta_9 LOGASSET_{it} + \beta_{10} TFAR_{it} + \beta_{11} BMV_{it} + \beta_{12} EBITR_{it} + \beta_{13} LOGSALE_{it} + \beta_{14} BA_{it} + \varepsilon_{it}$

TABLE (7): RESULTS OF TESTING THE SECOND HYPOTHESIS USING EGLS METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
C	5.656302	1.621617	3.488062	0.0005
SUMNUM	-0.866092	0.314788	-2.751348	0.0062
UBR	-0.080511	0.342788	-0.234870	0.8144
OWN	0.002364	0.001561	1.514816	0.1305
YTV	-0.406324	0.144678	-2.808473	0.0052
MOFU	-0.628854	0.205676	-3.057503	0.0024
BDS	0.145389	0.162454	0.894955	0.3713
FBAU	-0.093370	0.138844	-0.672482	0.5016
GOV	0.181849	0.081500	2.231262	0.0262
LOGASSET	0.286179	0.082220	3.480644	0.0005
TFAR	-0.050064	0.264629	-0.189185	0.8500
BMV	0.016489	0.005191	3.176658	0.0016
EBITR	-0.035872	0.041015	-0.874621	0.3822
LOGSALE	0.062070	0.012071	5.141908	0.0000
BA	0.005014	0.005030	0.996871	0.3194
Durbin-Watson statistics			2.423959	
Adjusted identification coefficient			0.201378	
F statistics			2.322635	
F statistics probability			0.000000	

As it can be seen in the table (4-8) above, the F statistics' index of model adjustment in alpha error level of %5 is bigger. Thus, we can claim that the model above is meaningful. And the amount of Durbin-Watson statistics equals 2.42 and it shows that this statistic is suitable and it shows the removal of self-correlation problem between the interfering elements of the primary model. The amount of the adjusted identification coefficient of the model shows that the estimated variables of the model have %20 capability to describe the changes in the dependent variable. In table (4-9) above, the results of analyzing the independent variables present in test model of the second hypothesis have been represented.

TABLE (8): RESULTS RELATED TO THE INDEPENDENT VARIABLES IN SECOND HYPOTHESIS

Independent variable	Meaningfulness	Effect type
SUMNUM	meaningful	reverse
UBR	meaningless	-
OWN	meaningless	-
YTV	meaningful	reverse
MOFU	meaningful	reverse
BDS	meaningless	-
FBAU	meaningless	-
GOV	meaningful	direct

Third hypothesis model:

$DEBTT_{it} = \alpha_0 + \beta_1 Sumnum_{it} + \beta_2 UBR_{it} + \beta_3 OWN_{it} + \beta_4 YTV_{it} + \beta_5 MOFU_{it} + \beta_6 BDS_{it} + \beta_7 FBAU_{it} + \beta_8 GOV_{it} + \beta_9 LOGASSET_{it} + \beta_{10} TFAR_{it} + \beta_{11} BMV_{it} + \beta_{12} EBITR_{it} + \beta_{13} LOGSALE_{it} + \beta_{14} BA_{it} + \varepsilon_{it}$

TABLE (9): RESULTS OF TESTING THE THIRD HYPOTHESIS USING EGLS METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
C	-3.713749	5.215686	-0.712035	0.4768
SUMNUM	-0.204551	1.000161	-0.204518	0.8380
UBR	0.880368	0.891076	0.987983	0.3237
OWN	-0.000193	0.005342	-0.036205	0.9711
YTV	0.136460	0.432912	0.315214	0.7527
MOFU	-0.174674	0.716369	-0.243832	0.8075
BDS	-0.790323	0.533086	-1.482544	0.1389
FBAU	0.939246	0.370572	2.534584	0.0116
GOV	-0.243010	0.238701	-1.018051	0.3092
LOGASSET	0.932499	0.314674	2.963378	0.0032
TFAR	0.723220	0.740556	0.976591	0.3293
BMV	0.015431	0.021223	0.727104	0.4675
EBITR	0.090494	0.063010	1.436184	0.1516
LOGSALE	0.056329	0.035917	1.568312	0.1175
BA	0.004801	0.009189	0.522529	0.6016
Durbin-Watson statistics		2.471030		
Adjusted identification coefficient		0.698277		
F statistics		13.11729		
F statistics probability		0.000000		

As it can be seen in the table (4-10) above, the F statistics' index of model adjustment in alpha error level of %5 is bigger. Thus, we can claim that the model above is meaningful. And the amount of Durbin-Watson statistics equals 2.47 and it shows that this statistic is suitable and it shows the removal of self-correlation problem between the interfering elements of the primary model. The amount of the adjusted identification coefficient of the model shows that the estimated variables of the model have %69 capability to describe the changes in the dependent variable. In table (4-11) above, the results of analyzing the independent variables present in test model of the second hypothesis have been represented.

TABLE (10): RESULTS RELATED TO THE INDEPENDENT VARIABLES IN THIRD HYPOTHESIS

Independent variable	Meaningfulness	Effect type
SUMNUM	meaningless	-
UBR	meaningless	-
OWN	meaningless	-
YTV	meaningless	-
MOFU	meaningless	-
BDS	meaningless	-
FBAU	meaningful	direct
GOV	meaningless	-

Fourth hypothesis model:

$DEBTSJ_{it} = \alpha_0 + \beta_1 Sumnum_{it} + \beta_2 UBR_{it} + \beta_3 OWN_{it} + \beta_4 YTV_{it} + \beta_5 MOFU_{it} + \beta_6 BDS_{it} + \beta_7 FBAU_{it} + \beta_8 GOV_{it} + \beta_9 LOGASSET_{it} + \beta_{10} TFAR_{it} + \beta_{11} BMV_{it} + \beta_{12} EBITR_{it} + \beta_{13} LOGSALE_{it} + \beta_{14} BA_{it} + \varepsilon_{it}$

TABLE (11): RESULTS OF TESTING THE FOURTH HYPOTHESIS USING EGLS METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
C	572078.6	133686.4	4.279257	0.0000
SUMNUM	-109631.9	25400.86	-4.316070	0.0000
UBR	22527.25	25606.07	0.879762	0.3795
OWN	-88.79685	152.1786	-0.583504	0.5598
YTV	-11921.10	13636.23	-0.874222	0.3825
MOFU	-7180.825	15688.45	-0.457714	0.6474
BDS	-9367.629	15665.73	-0.597970	0.5502
FBAU	3046.114	11226.60	0.271330	0.7863
GOV	2557.993	6838.951	0.374033	0.7086
LOGASSET	10449.25	8942.393	1.168507	0.2432
TFAR	9139.655	22345.66	0.409013	0.6827
BMV	-279.8946	656.4428	-0.426381	0.6700
EBITR	-7633.475	1894.720	-4.028814	0.0001
LOGSALE	-1063.490	928.8084	-1.145004	0.2528
BA	2113.830	246.8170	8.564363	0.0000
Durbin-Watson statistics		2.343209		
Adjusted identification coefficient		0.299984		
F statistics		3.247803		
F statistics probability		0.000000		

As it can be seen in the table (4-12) above, the F statistics' index of model adjustment in alpha error level of %5 is bigger. Thus, we can claim that the model above is meaningful. And the amount of Durbin-Watson statistics equals 2.34 and it shows that this statistic is suitable and it shows the removal of self-correlation problem between the interfering elements of the primary model. The amount of the adjusted identification coefficient of the model shows that the estimated variables of the model have %29 capability to describe the changes in the dependent variable. In table (4-13) above, the results of analyzing the independent variables present in test model of the second hypothesis have been represented.

TABLE (12): RESULTS RELATED TO THE INDEPENDENT VARIABLES IN THIRD HYPOTHESIS

Independent variable	Meaningfulness	Effect type
SUMNUM	meaningful	reverse
UBR	meaningless	-
OWN	meaningless	-
YTV	meaningless	-
MOFU	meaningless	-
BDS	meaningless	-
FBAU	meaningless	-
GOV	meaningless	-

RESEARCH LIMITATIONS

Lack of a complete access to the financial statements through different ways was one of the limitations in the present research although the information should be completely represented for the users. The biggest limitation was related to the collection of corporate governance information (4 elements) where commonly constitutional information was needed but there was not a suitable structure to present corporate governance information in notes along with financial statements of the companies enlisted in bourse and the companies do not present information precisely.

SOME SUGGESTIONS BASED ON THE PRESENT RESEARCH

The evidences resulted show that some elements of corporate governance are effective, regarding the type of financing. Thus, it can be suggested that firms should consider an element or some elements of corporate governance regarding the type and method of financing which has the most effect on the method mentioned or on financing (the number of members of board of directors and great auditing through internal and external financing perspectives through debt have always had a meaningful relationship). Now, it is suggested that firms should use a smaller number of the members of board of directors, carrying out auditing services by auditing organization and using not in charge board of directors in board of directors to be able to improve corporate governance.

SUGGESTIONS FOR FUTURE RESEARCHS

1- Using other corporate governance indexes such as E and G indexes.
2- Doing similar researches in different time ranges and studying industries in isolation can describe the relationships mentioned in this research better.

RESEARCH RESULTS

The results of the research hypotheses showed that corporate governance elements in internal financing are more effective than financing through long-term loans.

- The results of the first hypothesis showed that there is a meaningful relationship between great auditing variables and the number of board of directors' members (2 elements of corporate governance elements) and internal financing (regarding balance sheet perspective).
- The results of the second hypothesis showed that there is a meaningful relationship between the variables of managing director tenure years, external investors with higher than %5 and overall index of corporate governance (3 elements of corporate governance elements) and internal financing (regarding cash flow statement perspective).
- The results of the third hypothesis showed that there is a meaningful relationship between great auditing variable (an element from among corporate governance elements) and financing through long-term loans (regarding balance sheet perspective).
- The results of the fourth hypothesis showed that there is a meaningful relationship between board of directors' variable (an element from among corporate governance elements) and financing through long-term loans (regarding cash flow statement perspective).

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