



The Relationship between Cash Holdings and Market Share by Using Static Model of Listed Firms in Tehran Stock Exchange

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Received: 01.02.2015; Accepted: 05.05.2015

Abstract. Cash money is from among the important resources of every economic entity. Maintaining the balance between cash money and cash needs is an important factor in economic health of the economic entities, as well as their continuity. Considering the importance of this issue, the present study deals with the investigation of the cash holding motives, models that justify cash holding, and factors affecting that, particularly the market share. The main objective of this study is to evaluate the relationship between market share and cash holdings in the competitive market environment of listed firms in Tehran Stock Exchange. Hence, Squibin & Van Haul's Static cash model has been used for 114 companies since 2004 to 2012. This model is analyzed by the (OLS). Regarding the purpose, this study is a basic experimental research and regarding the nature, it is a correlational one. Results of this study reveal that there is a significant negative relationship between market share and cash holdings and also showed that this relationship is of greater significance among moderately concentrated industries.

Keywords: Cash Holdings, Market Share, Net Working Capital.

1. INTRODUCTION

Today, throughout the world, firms, in the field of competition, attempt to gain more share from the market in order to be able to raise the share sale of their products over the rivals. In order to gain the competitive advantages, they use their own resources to improve their relative position over their rivals; improving their position leads to the development of better opportunities in the future. [20] The survival of firm in the industry and maximizing sale are among the objectives of financial managers. In order to achieve to their objectives, managers have proceeded to hold the cash money (as a defensive tool against the firm's loss) at the optimum level. The cash money is entered to the firm by selling the products, selling assets and providing the new finance. The incoming and outgoing cash flows are not simultaneous; therefore, some cash money is required to be used as a buffer. The necessity of cash transactions may eliminate because of increasing development of electronic redeployment and other non-paper mechanism of paying cash money. However, even if this happens, there is also a demand for the liquidity and it should be managed effectively. [17]

This project, by concentrating on the effect of market share on cash holdings, studies the relationship between market share and cash holdings. The findings of Frésard (2010) (5) show that the market share plays an important role in the optimum policy of liquidity; the firms having more shares are less affected by the rivals' invasive measurements. Firms also tend to use cash money as a defensive tool to prevent the loss caused by the reduction of the financial resources. When the market share is low, it is more possible that the firm holds its cash supplies. Also, when firms are involved more in the competition of product market, they tend to hold

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Special Issue: The Second National Conference on Applied Research in Science and Technology

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their cash money; preventing the risk of loss is a decisive factor in the relationship between the market share and cash holdings. [8, 12]

1.1. Theoretical Basis

The issue-how firms determine the appropriate level for cash holdings- can be considered from different perspectives. The known models from general viewpoints have studied and justified this issue. In addition to these models, the motives of cash holdings in the firms. Below, the issues of discussion are to be explained in details.

1.2. Theoretical Models

The theoretical models mentioned about cash holdings are to be presented in this section. These models are as follows, balance model, hierarchy model, free cash flow model; each model discusses about justifying cash holdings by firms from its own perspective.

1.3. Balance Model

This model represents that the firms by comparing expenses and the final profits gained from holding cash money make decision about cash holdings. Cash holdings reduce the financial crises. It also decreases the probability of losing investment opportunities as a result of not having access to sufficient cash money. But holding cash money demands expense which is the losing opportunities of the investment in the current assets and it is developed as the result of cash holdings. The main concern of this model is that there is a perfect level of cash money for the firms so that the managers with an active approach make decision based on the analysis of the benefit of expense over holding cash money. [9]

1.4. Hierarchy Model

Based on this model presented by Myers and Majluf (1984) [13], the firms prefer providing finance from the firm's internal resources to providing finance from external resources which are sensitive to information. This theory is based on the hypothesis that the people inside the firm are more aware than the shareholders; if the internal recourses of a firm are not sufficient for finance providing of optimum investment plans and also the imbalance of information inhibits it, the managers may have to ignore the beneficial projects. In this manner, cash money is so valuable; the only chance, for disseminating share without losing the market value, occurs at the time when there is imbalance of information or it is a little one. [15] Therefore, in the issues related to providing finance, at first, firms provide the investment recourses from the held profits then, by low-risk debts and high-risk debts and finally by disseminating share.[2]

1.5. Free Cash Flow Model

Jensen (1986) [10] presents this model and states that managers hold the cash money; and spend it on the investment decisions and it may not in accordance to the benefits of shareholders. Free cash flow means the cash flow which remains for the firm after providing finance of all the projects having positive net present value. Conflict of interest between shareholders and managers regarding to payment policies of dividends is more obvious especially when organizations pay more attention to free cash flow. Payment of the cash flow in the form of giving dividends to shareholders decreases the authority of managers.

1.6. Cash Holdings Motives

Among different motives of firms for cash holdings, the transactional, precautionary, speculative, are studied here; each of them on their own or by considering other motives can be the reason for cash holdings in the firms.

1.7. Transactional Motives

Cash money is also necessary for fulfillment of transactional motives. In transactional motives, the cash money is held so that the bills can be paid. The cash money required for transactions of a firm is provided through the ordinary payment and claim collections. Cash payment of a firm includes salaries and fees, commercial debts, tax and cash interest. Cash money enters a firm by selling products, selling assets and providing new finance. The input and output cash flows are not simultaneous. Therefore, some cash money is needed to be used as a buffer. Due to the increasing development of electronic transfers and other non-paper mechanism of paying cash, the necessity of transactional cash money may be disappeared. Even if such incidence happens, there are also demands for liquidity and it should be effectively handled. [18]

1.8. Speculative Motives

During speculative motives, the cash money is held in order to be able to use the conditions that may occur for the sale items with discount, attractive interest rates, and preferred exchange rate fluctuations (related to international firms). Most firms can use unused borrowing capacity and marketable securities for fulfilling their speculative motives. Thus, a firm for holding cash can have speculative motives but not necessarily hold the cash money. The above mentioned issue can be considered in this manner: a credit card with high credit limit can be used for cheap buying probably without holding cash money. [18]

1.9. Precautionary Motives

In order to cope with unpredictable requirements, firms hold the precautionary supply. This precautionary supply is kept as marketable securities; if it is needed, they can be easily converted to cash money. It should be mentioned the value of cash market tools such as treasury bonds are relatively definite and their liquidity is high; in fact, there is no need that a large amount of cash be held for precautionary reasons. [18]

1.10. Relationship between Market Share and Cash Holdings

The issue that management of commercial unit adopts what policy in order to manage all current assets is effective for the level of cash holdings in the firm. The relationship between market share and cash holdings in the competitive market environment in the listed firms in Tehran stock exchange is to be studied hereafter. Firms tend to prevent the firm's loss from the reduction of financial resources by using cash money as a defensive tool. Preventing the risk of loss is a significant factor in the relationship between market share and cash holdings. This causes the firms to consider the risks developed by their rivals. Also, Cash holdings itself can impress competitive efficiency. For instance, Frésard (2010) [4] shows the firms with higher liquidity have a better financial performance compared to their rivals; they are able to enhance their own market share; he also presents the evidences that the liquidity shield protects firms from the aggressive and hostile rivals' performances and let them withstand well the generated momentum by the product market. The previous studies show that the competitive pressures, which firms encounter, affecting cash holdings of the firm depend on the position of that firm in the industry which is called firm's share in the market. The firms attempt to gain more shares in the competitive market of product. Attempt to gain more shares from the firm makes the firm be more active. The most obvious way to develop growth is to enhance the market share; the market share can be obtained through strategic activities such as propaganda, commercial discount, promotions or expense reduction. It is problematic to reserve the market share obtained through this manner. The best way to develop the stable market share is achieved through overcoming the competitive advantages of rivals. Therefore, the firm needs to develop or enhance assets and skills related to its business. Therefore, it should overcome rivals'

measurements. The attempt made to enhance the market share influences rivals directly and makes the rivals react as its consequences. [1]

The present research tries to show that not only the market share influences cash holdings but also this influence relays on the competitive environment. When the market share of a firm is low, it is more likely that the firm reserves its cash supplies; in addition, when the risk of loss is high (in the market that the competition is oligopoly) the relationship between market shares and cash holdings is so significant. Oligopoly means the small number of suppliers; in spite of the small number of suppliers, it is natural that the activity of one supplier impresses others' activities. The pricing policy and production of an agency influence on the price and production of other agencies. Each rival reacts intensively to the measurements of their rivals in the oligopoly market, this is because of too much reliance of agencies on each other. The risk of loss to a firm can be determined by using one of the industry special scales such as market concentration. [23] Concentration is one of the important aspects and dimensions of the market structure and it may be the most significant structural variable. Researchers by using the concept of concentration are largely able to measure the competition level and monopoly in the market. Market concentration implies the manner of distribution of agencies' market share in a definite market. In other words, concentration implies the number of agencies of a market and what shares they have at their disposal compared to the overall market.

2. REVIEW OF PREVIOUS RESEARCHES

Schoubben and Van hulle [19], in the research entitled Market Share and Cash Policy, study the effect of market share on the cash policy of organizations and they show that the firms having a large share tend to have less cash money. The relationship between market share and cash policy is completely obvious when the risk of loss is high (it is measured by using the technology similarity of a firm to its rivals in the industry or market concentration in the same section)

Haushalter et al. [7], in the research entitled The Influence of Product Market Dynamics on the Firm's Cash holdings and Hedging Behavior, show that do the firms manage and control the probable risk from their rivals? They also study the relationship between investment opportunities of the firm and the amount of cash holdings; they show if this dependence is too high, managing and controlling of the likely risk from the rivals can have strategic interests. The gained results show that this risk is an important determining factor in selecting the financial policies and investment behavior.

Frésard [4], in the research entitled Financial Strength and Product Market Behavior, the Real Effects of Corporate Cash holdings, states that too much cash supplies cause to gain more interests obtained from market share in the future; besides, this research shows the competitive effect of cash flow makes a clear distinction on the results obtained from product market. This effect is stronger when rivals encounter severe financial constraints and there are more interactions among rivals.

Ferreira and Vilela [3], in the research entitled Why do Firms Hold Cash?, represent the determining factors on cash holdings. The results obtained by this research show that cash holdings are positively impressed by the sum of investment opportunities and liquidity flows. Overall, this research comes to this conclusion that not only congruence and balance theories but also hierarchy theory plays an important role in determining and justifying the determining factors in cash holdings of firms.

3. IRANIAN (INTERNAL) RESEARCHES

Bazregari [2], in the research entitled Examining the Relationship between Market Share and the Liquidity Share of Listed Firms in Tehran Stock Exchange, studies market share of firms based on the division of various industries and its impact on the liquidity of these firms' share. The results of the statistical analysis state that the relationship between the share of product market and degree of liquidity is linear and straight; in the firms with the information asymmetry compared to other firms, the enhancement of the share of firm's product market has less positive effect on the liquidity of shares.

Resaeiyan et al. [16], in the research entitled the Impact of Internal Corporate Governance Mechanism on the Level of Cash Holdings in Tehran Stock Exchange, try to examine the relationship between some regulatory firm governance mechanisms (such as the percentage of non-duty members of the board of directors and institutional investors) and cash holdings. Some foreign conducted researches represent that the enhancement of the quality of firm governance leads to the reduction of the firms' level of cash holdings. The results of this research show that there is a negative and significant relationship between the percentage of non-duty members of board of directors and cash holdings but there is no significant relationship between the institutional investors and the level of cash holdings.

Rahroy Dastjerdi [15], in the research entitled the Effective Factors on Cash Holdings Level, studies the effective factors on cash holdings. Statistically, hypothesis test results show that the variables of net non-cash working capital, growth opportunities, probability of financial crisis, the ratio of cash flows and industry index have a significant impact on the cash money held by the firm. But the efficiency variables of working capital management and ratio of bank debts are not statistically significant and effective for the cash holdings.

3.1. Research Hypotheses

With regard to theoretical basis and literature review of the subject, the hypotheses are as follows:

First Hypothesis: there is a negative and significant relationship between firm's market share and cash holdings.

Second Hypothesis: there is a strong relationship between market share and cash holdings in the industry with average concentration compared to the industries having too high or low concentration.

3.2. Research Method

The present study is basic experimental; regarding its nature, it is correlational; the correlational researches are done to discover the relationship among variables. In the correlational research, the emphasis is on discovering the relationship between two groups of information. [6] The required information is extracted from the financial lists of firms and the available software packages such as processing resource. for the final analysis is to be used of A-Views software.

3.3. Statistical Population and Sample

The statistical population of this research includes the listed firms in Tehran stock exchange. The period of this research is 2004- 2012. Because of the extension of statistical population and its especial problems and some inconsistency among the members of population

related to the required research data, the following conditions are regarded for the selection of statistical sample of the research through the systematic elimination:

- 1) The financial year of firms is the end of March of each year. 2) The firms must have been listed in the Tehran stock exchange before 2003. They should not leave stock exchange till the end of 2012. 3) All the required information should be available. 4) There should be no financial intermediate as a part of firms.

4. ESTIMATION METHOD OF RESEARCH MODEL

This research, by adopting the Econometric and Multiple Regression Model, examines the relationship between market share and cash holdings. Also, for determining the significance of Regression Model, F. Fisher's statistic is used to examine the significance of the coefficient of independent variables in each model; the T-Students statistic is used on the 95% of insurance (confidence) level and the Watson Camera Test is applied for examining the absence of correlation among the residual terms. Also the fix of total variables is examined in estimation. According to the results of test, the research variables are fixed.

The static model of cash holdings derived from Squibin and Van Haul (2012) is applied to test the research hypotheses; in the static model, it is assumed that the firms, after the changes and the developed shocks, adjust themselves immediately to the aimed cash level.

4.1. Research Model

$$CASH_{it} = \alpha + \delta_1 GROWTH_{it} + \delta_2 SIZE_{it} + \delta_3 LEV_{it} + \delta_4 CF_{it} + \delta_5 LIQ_{it} - \delta_6 RISK_{it} + \delta_7 MSHARE_{it} + \epsilon_{it}$$

In this research, the ratio of cash holdings is a dependent variable which is calculated through the division of cash money plus the short-term investments over the average of assets.

Also, the independent variables of the research are as follows:

CF_{it} : the ratio of cash flows; it is calculated through the division of operational interests plus depreciation over the average of assets.

LIQ_{it} : ratio of other assets is calculated through the following formula:

$$\text{Ratio of Other Assets} = \frac{(\text{Net Working Capital} - (\text{Cash Money} + \text{Short_Term Investment}))}{\text{Average of Assets}}$$

$RISK_{it}$: the fluctuation of cash flows is calculated through the standard deviation of the ratio of cash money in the past three years.

$MSHARE_{it}$: the amount of market share is calculated through the division of net income sale of a firm over net income sale of total firms in the industry.

Also, finance leverage, growth opportunities and the size of firm are among the controlled variables of a firm.

$GROWTH_{it}$: growth opportunity is calculated through the net income sale of the present year minus the net income sale of the past year divided by net income sale of the past year.

$SIZE_{it}$: the size of a firm is the natural logarithm from total assets of a firm.

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LEV_{it}: the finance leverage is calculated through the division of total debts over total assets.

Emphasis on the statistical results without considering the presuppositions of Regression Model does not have the sufficient validity; the results cannot be used for making decision. Therefore, the hypotheses of model should be examined for verifying the accuracy of results before interpreting and analyzing the Regression's results. among the hypotheses, only the variance parallelism (second hypothesis) and the absence of self-correlation of residuals (third hypothesis) are to the point; they are discussed in the following.

With regard to the test results, the statistic value of Watson Camera is 1.6; therefore, it become obvious that the above mentioned model does not have self-correlation. Based on the test results and the probability value obtained for the White Test is 0.34 and it is more than the significance level of 0.05 (probability ≥ 0.05), the null hypothesis (the presence of variance analogy is accepted which show there is no problem of anomaly of variance residuals.

For measuring the market concentration in this research, the Herfindal Index (HHI) is applied. All the information related to the agencies of industry is considered in this index (HHI). The Herfindal Index is the sum of square of market share of total agencies of industry and it is calculated through the following formula:

$$HHI = \sum_{i=1}^n \left(\frac{X_i}{X}\right)^2$$
$$HHI = \sum_{i=1}^n S_i^2$$

In this formula, (n) is the number of current agencies in industry, (S_i) is the market share of each agency, (X) is the total sales in industry, (X_i) is the firm's sale. (Khodad Kashi, 2009)The information obtained from Herfindal are respectively ordered from the highest to the lowest; then, the data are divided into 3 groups of low, average and high by using Excel or A-Views software. For example the data which are on the 33rd percentage of data bound are placed in the group with low concentration; the data from 33- 66th percentage of data bound are placed in the group with average concentration and the rest of data are placed at higher concentration.

5. RESEARCH FINDINGS

5.1. First Hypothesis Findings

With regard to the probability value calculated for the F-statistic which is equal to zero (probability ≤ 0.05), the null hypothesis is rejected and this shows that all the coefficients of Regression are not simultaneously zero. Therefore, simultaneously there is a significant relationship between all independent variables and the dependent one. According to Table 1, probability value of T-statistic for the market share variable of a firm (MSHARE) is 0.03 and it is less than the error level; on the other hand, since the coefficient of market share variable of a firm is negative and equals to -0.0004; therefore, it is concluded that there is negative and significant relationship between market share of a firm and cash holdings. Thus, the first hypothesis is accepted. The adjusted determination coefficient value of the model is 0.50; this shows that 50 percent of the changes of dependent variable are explained through independent variables. In other words, 50 percent of changes of dependent variable are related to independent variables.

Table 1. The Results of Data Analysis to Test the First Hypothesis

Variable	Coefficient	Standard Deviation	T-Statistics	Probability
C	0.03	0.02	1.56	0.12
GROWTH	-0.002	0.0004	-3.60	0.00
SIZE	0.01	0.003	4.70	0.00
LEV	-0.11	0.02	-7.10	0.00
CF	0.18	0.02	9.37	0.00
LIQ	-0.13	0.01	-9.07	0.00
RISK	-0.01	0.01	-0.76	0.45
MSHARE	-0.0004	0.0002	-2.16	0.03
Determination Coefficient	0.56	Adjusted Determination Coefficient		0.50
F-statistic	9.43	Probability of F-statistic		0.00

Reference: Research Findings

As the probability obtained for F-statistics equals to zero (probability ≤ 0.05 , it shows all the coefficients of Regression are not simultaneously zero. Therefore, simultaneously, there is a significant relationship among all the independent and dependent variables.

5.2. Second Hypothesis Findings

To test the second hypothesis, sample showing the market concentration based on Herfindal index is divided into three groups of firms with high, average and low concentration. Then, the Regression model is applied for three groups and based on the coefficient of market share variable in three groups; the research hypothesis is accepted or rejected. If the determination coefficient value in the second group (firms with average concentration) and also the coefficient value of the market share amount of this group are more than the other two groups, the second hypothesis is confirmed.

According to Tables 2, 3, 4, the values of Z-statistic for the variable of market share amount are respectively 0.02, zero and 0.03; thus, there is a significant relationship between market share and cash holdings in three groups. Then, it is observed, by considering the coefficients of market share variable in three groups which are respectively -0.001, -0.07 and -0.01 and the adjusted determination coefficients value in three groups which are respectively 0.26, 0.39, 0.23, that the values of coefficient of market share variable and adjusted determination coefficient in the second group are more than the other two groups; it is concluded that second hypothesis is accepted and the relationship between market share and cash holdings is stronger in the relatively concentrated industries compared to industries with higher or lower industries.

Table 2. The Results of Data analysis to Test Second Hypothesis (Low Concentration)

Variable	Coefficient	Standard Deviation	Z-Statistic	Probability
C	0.11	0.02	4.53	0.00
GROWTH	-0.001	0.001	-0.96	0.34
SIZE	-0.01	0.05	-1.76	0.08
LEV	-0.03	0.01	-3.81	0.00
CF	0.13	0.02	6.55	0.00
LIQ	-0.05	0.02	-3.33	0.00
RISK	-0.01	0.02	-0.28	0.78
MSHARE	-0.01	0.002	-2.34	0.02
Determination Coefficient	0.36	Adjusted Determination Coefficient		0.26
F-statistic	3.7	Probability of F-statistic		0.00

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Reference: Research Findings

Table 3. The Results of Data Analysis Findings to Test the Second Hypothesis (Average Concentration).

Variable	Coefficient	Standard Deviation	T-Statistics	Probability
C	-0.02	0.04	-0.45	0.65
GROWTH	-0.001	0.001	-2.72	0.01
SIZE	0.01	0.01	2.88	0.00
LEV	-0.07	0.02	-3.44	0.00
CF	0.20	0.02	11.13	0.00
LIQ	-0.16	0.02	-8.50	0.00
RISK	0.02	0.04	0.49	0.62
MSHARE	-0.07	0.02	-3.49	0.00
Determination Coefficient	0.40		Adjusted Determination Coefficient	0.39
F-statistic	30.9		Probability of F-Statistic	0.00

Reference: Research Findings

Table 4. The Results of Data Analysis Findings to Test the Second Hypothesis (High Concentration).

Symbol of Variable	Coefficient	Standard deviation	Z-Statistic	Probability
C	0.10	0.02	4.27	0.00
GROWTH	-0.001	0.001	-0.94	0.35
SIZE	-0.001	0.002	-0.63	0.53
LEV	-0.08	0.02	-4.97	0.00
CF	0.12	0.03	4.62	0.00
LIQ	-0.05	0.01	-3.31	0.00
RISK	-0.01	0.02	-0.50	0.62
MSHARE	-0.01	0.01	-2.12	0.03
Determination Coefficient	0.24		Adjusted Determination Coefficient	0.23
F-statistic	15.2		Probability of F-statistic	0.00

Reference: Research Findings

6. GENERAL CONCLUSION

In this research, it is attempted to study the relationship between market share and cash holdings in the competitive environment. In order to achieve their objectives such as increasing the shareholders' wealth and enhancing the firm's value, managers attempt to hold the cash money. On the other hands, holding the extra and stagnant cash money may lead to the development of low efficiency and negative economic consequences for the firm.[15]. therefore, it decreases the expenses of the opportunities related to having a defensive factor named cash money and increases the efficiency of its usage. The firms, having low shares of the market, attempt to hold cash supplies as a defensive factor and liquidity shield against future shocks and fluctuations. The research results support this notion. This issue is in accordance with the findings of Frésard (2010), Squibin and Van Haul (2012), Bates et al. (2009) and Han Qiu (2007).

Since preventing the risk of loss is a decisive factor in the relationship of market share and the amount of cash holdings, the impact of market share on cash holdings is increased by enhancement of such risk. According to the research results in the average group, the risk of loss in the competition of product market (in the markets which the competition is oligopoly) is the highest; thus, the market share impact is much more and more important. This process suggests

that when the strategic actions are effective against rivals, firms encounter the risk of low market share. In fact, when the concentration of market is low (markets with perfect competition) or too high (perfect monopoly market), the risk probability of loss and therefore, the importance of market share on cash holdings is decreased. In fact, the research findings support this notion that characteristics of competitive environments influence the relationships between market share and cash holdings; the preventive defense with cash money is more important by the enhancement of the risk loss. Many firms consider their shares in the market as a significant factor and they try to increase them or they adopt minimum actions to reserve their present position. The results of this research confirm the findings of Mackay (2008), Haushalter et al. (2007), Van Haul (2012) and Hay and Liu (2012).

Also the results express that the other determining variables of cash holdings are more considerable and important. Large and influential firms tend to hold less amount of cash money; also the development of cash flow results in the enhancement of cash holdings. These results support the findings of Rahroy Dastjerdi (2012) based on the issue that the ratio of cash flow significantly affects the level of cash money held in the firm. When substitutive resources of cash money are abundant, the firms decrease their cash money supplies. It should be mentioned that the enhancement of determining factors of cash money such as risk and growth opportunities should increase the cash money but they are not considerable in this research; this means there is a negative and significant relationship between growth opportunity variables and cash holdings and the relationship between risk variable and cash holdings is not significant.

6.1. Research Limitations

All the limitations and constrains of conducting the present research are as follows:

- 1) According to the sample method used in this research, many firms as the members of statistical population have been eliminated from the statistical population because of not having the required qualifications. So, generalization of the results over all the listed firms in Tehran stock exchange should be done with necessary caution.
- 2) The used data of financial lists, concerned the inflation, have not been adjusted; different results may be achieved by adjusting the data concerned inflation.
- 3) Due to the period limitation in 2004-1012, the generalization of results over before and after the mentioned period demands precaution.
- 4) In this research, Herfindal Index has been used for measuring the market concentration; if other measuring indices are applied; they may affect the results of research and different results may be obtained.

7. RESEARCH SUGGESTIONS

Due to the impact of the cash holdings amount on the firm's value, it is advised to the investors and debtors that before investing in share of a firm; they consider factors such as the firm's market share which, according to this research, has been more influential on cash holdings of a firm; they should pay more attention to the financial information in the process of decision making.

- 1) It is suggested to the managers of commercial units, in order to achieve the aimed cash money level in the firm, pay more attention to the competitive position of the firm in the industries and the factors such as market share having significant impression on level of cash holdings in the firm based on this research; they should try to increase the market share of the firm or at least, reserve their the present position.
- 2) With regard to the research results and rapid development of financial markets, it is suggested that the firm managers prevent from the accumulation of the inefficient cash

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money by paying more attention to the cash money flow and residuals of firm's cash money; the managers are made to use the available cash money in the optimal way.

7.1. Suggestions for Future Researches

- 1) Examining the effect of market share variable on cash holdings in an especial industry.
- 2) Using other indices to measure the market concentration.
- 3) This research can be conducted in the longer period and other industries in order to increase the reliability of results.

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