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The Effect of the Growth and Maturity Stages from the Life Cycle of the Company on the Company's Appetite Risk and Investor Sentiment on the Listed Companies on the Tehran Stock Exchange

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Abstract: This study aimed to identify the stages of growth and maturity of the company's life cycle, risk appetite and investor sentiment was firm. The purpose of this study, functional, in terms of performance, descriptive, in terms of data types, bit, in terms of analysis, correlation, in terms of runtime, cross-sectional and the logic of force was inductive. In this study, stage of growth and maturity of the company's life cycle as the independent variable and the company's risk appetite and investor sentiment were considered as the dependent variable. The study, based on real stock market data and information through the basic financial statements and other financial reports, financial statements and accompanying notes issued by corporations sample have been collected. The results of 636 year, in the period 2009-2014 showed that the direct link between a company's life cycle and risk stocks as well as the growth and maturity of the company's life cycle, on investor sentiment were significant. So, risk-taking companies and investor sentiment, at each stage of growth and maturity of the company's life cycle will be different.

Key words: Enterprise life cycle, maturity stage, stage of development, company enterprise risk, investor sentiment

INTRODUCTION

Featuring one of the company's economic it is a different life cycle. All creatures in the life cycle of plants, animals and humans have a life cycle that from birth to death is continuing. These creatures are born, grow, grow old and eventually die arrive.

According to the life cycle, business units at different stages of the life cycle have different risk characteristics and valuation standards of the capital market business unit, the relative importance of the criteria for the entity depend on the different stages of the life cycle. Risk factors affecting the company and investor sentiment, the business unit's life cycle. In this study, the relationship between lifecycle stages (stages of growth, maturity and decline) and risk-taking enterprise as well as the impact of the life cycle, the different reactions of investors is examined. Knowing this valuable information to the decision on the investment, the investor puts. It shows that the risk of corporate and investor sentiment, at different stages of the life cycle, dramatically changed.

In young (growing season) units, very flexible but in most cases can not control. With increasing age, the relationship will change. Which means that during puberty, increases control. Finally, aging (Volume decline), the control will decrease (Karami and Omrani, 2010). Companies at different stages of the life cycle, financially and economically has indicatives and specific behaviors. In this way, the economic and financial characteristics of a company affect the company's life cycle, it is (Bixi, 2007).

A company during its life such as the various stages of emergence, growth, maturity and decline leaves behind. Between the stages, stage of development and maturity, the position is remarkable. In the growth stage, the company has developed its own. Your cash to purchase productive capital assets and investment in working capital is expended. On the other hand has a high return on investment as well. Companies that spend their adult stage of their existing assets to create cash flow and returns are balanced. So, the relationship between efficiency and operating cash flow in the company's life cycle stages is different. According to the Welcome news this connection, the environment and economic activity is also bad news, adjusted.

Theory and history research: About lifecycle, numerous definitions have been offered. Aqreval life cycle stages,

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temporarily change the competitive conditions in the industry and defines specific period of time. Due to the increasing rate of innovation and competitive changes, industry life cycle patterns, it happens throughout the life cycle (Dickinson, 2011).

In economic theory and life cycle management companies and institutions are divided into steps. Institutions and companies, according to each stage of its economic life, politics and specific policies, they are looking for. These policies in a way is reflected in corporate accounting information (Jhankhany and Ghorbani, 2006).

The life cycle of the company, including concepts that, in recent decades the company has entered into various fields related to (Yan and Zhao, 2009). In the literature on growth and development, both mechanical and organic approach to growth and development there. Financial theory claim that, on average, companies in the early stages of the life cycle, growth and high profitability. On the other hand, large size, low and even negative profit growth, companies are features that are in the final stages of the life cycle (Anthony and Ramesh, 1992). Eturns expected by investors, of two components, capital gains and dividends is formed. One of the risk factors that pay dividends and capital as well as profit is concerned, the company's life cycle.

On the other hand, all companies of the smallest of them to their greatest need of capital. Financing conditions and needs of a company, its position in the life cycle, directly depends. By using the access to capital growth opportunities, in good economic conditions and in the face of difficult economic conditions, the company provides the possibility of survival.

The main objective of financial reporting assistance to users, especially investors in making economic decisions and assessing stock returns, investors will be the main basis for economic decisions.

Given the importance of risk and return, investment decisions and given that the stock return of the standards that investors consider it to buy and sell stocks act, thus determining the level of risk and As a result, return on equity is of utmost importance. Factors influencing the amount of this relationship, the company's life cycle. The change in the life cycle, investors are better-able to decide the amount of their investment. Also mentioned changes resulted in conclusions for management decisions and financial analysts will be.

Dehdar the effect of the life cycle, increasing the explanatory power of earnings components and the flow of payments-Pecuniary. His findings show that, in the process of growth and maturation patterns earnings-based valuation and accruals in relation to patterns based on operating cash flow, investment and financing, with more explanatory power are increasing. In the fall, the opposite is true.

Piri and Imani to determine the effect of different life cycle on profitability and grow their businesses. The results show the effectiveness of the life cycle, the growth and profitability of the business. Saleh and colleagues found that by extending the life of the company and move from the stage of growth, the decline is related to reduced gains valuable information. Goodarzi examines the impact of the life cycle and the business cycle on the relationship between free cash flow, the dividend policy, dividend payments and returns. The results showed that the relationship between free cash flow and dividend policy and stock return of companies in the growth stage, its negative sense. And the relationship between the companies in a mature stage, only on the dividend policy, there is a positive relationship and sense-restraint and to take part in the decline stage, in connection with any of the variables, there was no significant relationship.

Black (1998) examines the explanatory power of increasing the accrual-based valuation models, compared to cash flow-based valuation models. His findings show, stage of growth and decline in cash flow-based valuation models, more relevant and in the mature stage opposite is true. Yan and Zhao (2009) stated that, among companies that are in growth stage, there is a size effect and for companies that are in a mature stage, the effect size is not significant. Difference between small and large companies, due to their greatness is not the result of maturation.

The company's life cycle: Adizes, states that all living things, including plants, animals and humans, all of the lifecycle or follow the life cycle, these creatures are born, grow-out, aging arrive and eventually die. The system alive at any stage of their life cycle, specific behavior patterns, in order to overcome the issues of the day and issues related to the transfer of the period-to period. Corporate life cycle theory assumes that companies and institutions-economic, like all living creatures that are born, grow and die, life or life cycle curve (Karami and Omrani, 2010).

Stage of development (independent variable): At this stage, the size of the company is higher than that at birth. Sales and earnings growth relative to the stage is birth. More financial resources in productive assets, investors. Company greater flexibility in its liquidity indicators. Dividend ratio in the range of companies, usually fluctuates between 10 and 50%. Return on investment as well as in most cases exceeds WACC is the rate, internal rate of return in most cases, the rate has increased funding; in other words, the relationship (IRR>K) is established (Karami and Omrani, 2010).

Maturity (independent variable): At this stage, the innovation comes down. Decentralized ownership. Shareholders more value to the dividends are paid. Companies, sales of stable and balanced experience and the need for cash in most cases will be provided through internal resources. The size of the company's assets in proportion to the size of the assets rather than growth stage companies. The dividend, usually between 50-100%, in the swing. Because of abundant liquidity and reduce its dependence on outside funding policy, investment returns generally equal to or more than the rate of financing, usually internal rate of return equal to or more than the rate of financing, in other words, the relationship (IRR>_K) Established (Karami and Omrani, 2010).

Risk company (the dependent variable): Although, the studies, the effects are not company-wide risks but these studies are of great diversity. The company’s risk-taking, entrepreneurial efforts that led to the creation of new business within the company. Enterprise risk, the risk that the business unit to achieve goals is ready to accept. Risk appetite, risk management philosophy entity, indicates that the entity’s culture and style affect operations.

Investor sentiment (the dependent variable) investor sentiment can be based on the Baker and Wurgler (2007) measured the combination of six proxy is common. Baker and Wurgler (2007) investor sentiment as belief about future cash flows and risk future investment that is not justified by the facts of defined limitations.

MATERIALS AND METHODS

Research model: The model used in this study is derived from the model Dickinson (2011) as follows:

$$\mathrm{RISK}_{i,t} = a_0 + \sum_{j=1}^{4} \beta_j \mathrm{LCS}_{\mathrm{DUM}_{i,t}} + \beta_5 \mathrm{LEV}_{i,t} + \beta_6 \mathrm{ROE}_{i,t} + \beta_7 \mathrm{AS}_{i,t} + \beta_8 \mathrm{FCF}_{i,t} \sum_t \alpha_t \mathrm{YEAR}_t + \sum_t \times \mathrm{IND}_t + \varepsilon_{i,t} \ldots$$

Where:

RISK = Defining criteria for risk-taking companies

$\mathrm{LCS}_{\mathrm{DUM}}$ = Vector transformed variables that represent different stages of company life cycle, follows the model Dickinson (2011) which on by the emergence, growth, maturity and decline of the show

AGE = Represents the company’s life as the number of years since that, now for the first time was covered by the Center For research in security prices for age regression analysis, for the natural logarithm (age 1+) measured

LEV = Financial leverage, the ratio of total debt (DLTT+ DLC), the share of stockholders (CEQ), measured at the end of the fiscal year

ROE = Indicative profitability (net income divided equity rights)

AS = Fixed assets (sales divided by fixed assets)

FCF = Free Cash Flow (free cash flow = net income+depreciation of tangible fixed assets and intangible-change in working capital-capital expenditure)

YEAR = Represent dummy variables to control the effect of year

IND = Represent dummy variables to control the effects of industry

RESULTS AND DSICUSSION

This study is a kind of applied research, in terms of quantitative data, in terms of runtime, cross-sectional and the implementation of inductive logic. In this study to collect data, the software provides Rahavard-modern and Kedal site is used as well as for data processing, Excel spreadsheet Software is used and the data, using the Eviews statistical software and SPSS has been analyzed. The study population, all companies listed on the Tehran Stock Exchange and the sample is a total of 636 years. Statistical analysis, done with the help of computer software. To test the hypothesis, the regression analysis is used. In analyzing the data, the Software Eviews and SPSS to check the normality of the data, Colmoroph-Smirnov test was used. In analyzing the data, you must first panel data method or Poling data indicate that, for this purpose, the Chow test is used. To use panel data methods, must use the fixed effects, random or specified, for this, the Hausman test is used. To determine the significance of the regression model, the F-statistic and to determine the influence of the independent variable on the dependent variable t-test was used.

The model explained in default, must determine whether the independent variables, the ability to explain the dependent variable, the amount by R^2 (coefficient of determination) has been measured, regression analysis, should error (difference between observed and predicted) independent from them, in this context, the Durbin-Watson test taken helps.

Table 1: Test research hypotheses

The explanatory variables	Coefficients of the variables in the model	t-statics	Sig. level
AGE	0/127	0/463	0/044
Constant	0/15	0/267	0/002
LEV	-0/127	-0/463	0/044
ROE	0/258	0/158	0/014
AS	0/058	1/467	0/14
FCF	0/11	0/765	0/044

Test research hypotheses: The H_1 test stage of development and maturity of the company's life cycle, the company's risk appetite, a positive and significant impact.

- H_0: the growth and maturity of the company's life cycle, the company's risk appetite, have a significant positive impact
- H_1: the growth and maturity of the company's life cycle, the company's risk appetite, a positive and significant impact

The results of testing this hypothesis, in Table 1 indicate that a significant level of growth and maturity stages 0/14 is an independent variable and suggest that, stage of growth and maturity in the regression model, not valid cannot affect the company's risk appetite. Considering the above results, convincing evidence for accepting the research hypothesis has been achieved and the first hypothesis, at 95% rejected.

The second hypothesis test: Stage of development and maturity of the company's life cycle, on investor sentiment has a significant negative impact.

- H_0: the growth and maturity of the company's life cycle, on investor sentiment and not have a significant negative impact
- H_1: the growth and maturity of the company's life cycle, on investor sentiment has a significant negative impact

Based on the results shown in Table 1, the regression model, the probability (p-value) t-statistic, related to variable life cycle stages of growth and maturity is 0.044, 0.05 smaller than iss. So at 95% has been refuted and it can be said between stages of growth and maturity of the life cycle, investment and business sentiment, there is a significant relationship. As a result, the second hypothesis, at 95% is confirmed. The positive correlation coefficient with respect to variable, growth and maturity stages of the life cycle (11%), a direct link between growth and maturation stages of the life cycle and there is investor sentiment. In addition, according to this result has been achieved convincing evidence to accept the hypothesis, the hypothesis second, at 95% accepted.

CONCLUSION

First hypothesis, the growth and maturity of the company's life cycle, the company's risk appetite has a positive impact and meaning-storage. According to the first hypothesis confirmed, it can be concluded that the development and maturity of the company's life cycle, with reduced risk appetite which shows, first hypothesis is accepted. One of the challenging issues in different communities, economic development is the realization that one of the main objectives of the government and politics has become. To achieve this goal, there must be mechanisms to be dead capital and small, led to the production of and trade. In the meantime, financial markets and above all, the stock exchange, are the best tools. In this market, based on the information or in other words, through technical and fundamental analysis to decide and most studies indicate the effectiveness of economic variables. Studies show that the company's life cycle are factors that must be considered in the analysis of market participants (Anthony and Ramesh, 1992; Dickinson, 2011, Aharony *et al*., 2006).

A company during its life, such as the various stages of emergence, growth, maturity and decline-leave behind. Between the stages, stage of development and maturity, the position is remarkable. In the growth stage, the company has developed its own. Your cash to buy assets generating capital and investment in working capital was consumed. On the other hand has a high return on investment as well. Firms that spend their adult stage of their existing assets to create cash flow and returns are balanced. Companies in a growth phase, with market acceptance to achieve a higher performance.

The company's life cycle maturity, mature companies, the lapse to the new investment will increase and ultimately lead to reduced investment. At maturity, investment more likely with the maintenance of existing assets.

Second hypothesis the growth and maturity of the company's life cycle, the investment trends, the impact is positive and significant-significant. According to the second hypothesis, it can be concluded that the development and maturity of the company's life cycle with an increase in the willingness to invest decreases which indicates that the second hypothesis is accepted. The life cycle of the company, including concepts that, in recent decades, the company has entered into various fields related to. Financial Accounting branch of empirical research, the effect of the life cycle of the entity (e.g., growth, maturity and decline) that, in the research of Anthony and Ramesh (1992) described the value relevance of key data such as financial statements sales, income, profitability, cash flow and capital expenditure are (Black, 1998; Aharony *et al*., 2006) .

Results of previous research, indicate that is, the response of capital markets, the accounting information at different stages of the life cycle, with significant difference (Aharony *et al*., 2006). As previously mentioned, the stages of growth and maturity of the company's life cycle, from a position of considerable-in the region.

SUGGESTIONS

It is suggested that, financial analysts and investors when evaluating current and future performance and financial structure of companies, their life cycle as a key factor attention and proper analysis of the financial situation, company's life cycle. determine and with full knowledge of the life cycle of companies, buys invest.

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