The effect of institutional investors' attention on the risk of falling stock prices of companies listed on the Tehran Stock Exchange

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Abstract

A sharp drop in stock prices is one of the most important risks of investing in the capital market. In the absence of a fully efficient market, it is possible to obtain abnormal negative (positive) returns from a group of traders. One of the most important traders of the stock exchange, which plays a significant role in the operation of the stock market, is the institutional shareholders. Therefore, in this research, the effect of institutional investors' attention on the risk of falling stock prices has been investigated. For this purpose, using the systematic sampling method, the data of 100 member companies of the Tehran Stock Exchange for the period of 2013 to 2021 have been selected and used as a sample using the method of systematic elimination. To test the hypotheses of the research, the multivariate regression technique was used using the panel data method. The research results showed that the attention of institutional investors hurts the risk of falling stock prices. The results and findings of the research confirm the supervisory role of institutional shareholders in the Tehran Stock Exchange.

Keywords: attention of investors, institutional shareholders, the risk of falling stock prices
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1 Introduction

The risk of the future fall of the stock price is an adverse event that is defined as a severe negative stock return. Such an event, which has caused a lot of concern in the capital markets regarding investment decisions, leads to a significant loss of shareholders' wealth and a decrease in investors' confidence. In this regard, identifying the effective factors to reduce the risk of future fall in stock prices has become one of the important issues in capital markets today [4]. Downside risk measures the asymmetry in risk, specifically risk reduction. Therefore, it is an important issue in portfolio analysis and asset pricing. Understanding downside risk is essential for investment decisions and risk management.

Based on the hypothesis of effective supervision, an increase in the level of government ownership and institutional ownership in the company will lead to an increase in supervision of management behaviors. In other words, government and institutional owners implicitly monitor the management's behavior through information gathering and pricing

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management decisions, and through managing the way the company operates. Therefore, with the increase in the level of government and institutional ownership in the company, the opportunistic behavior of the managers in the direction of not disclosing the negative information of the company decreases, which can have a significant effect in reducing the risk of the future fall of the stock price [38]. Some researchers believe that institutional shareholders behave in a mass manner and tend to use the positive feedback strategy of the transaction. Therefore, their performance can lead to stock price instability; In fact, with this type of investors, the volatility of stock returns is more visible [33].

The recent financial crises have increased the motivation to investigate and properly predict the process of the risk of falling stock prices. Past studies have considered the main reason for the fall in stock prices to be agency conflicts, which motivate managers not to publish bad news for a long time. The literature on fall risk is heavily dependent on the agency theory framework proposed by [20, 21].

Since the future fall of stock prices has become one of the main concerns of investors in the capital market, research in this field can be important for the capital market. Because the increase in the risk of falling stock prices causes investors to be pessimistic about investing In the stock exchange, this issue can ultimately lead to the withdrawal of investors' financial resources from the stock exchange. Therefore, identifying the causes of this phenomenon, the solutions that prevent the occurrence of this phenomenon in the capital markets, as well as the models that can predict this phenomenon, are of great importance for capital market managers. who are always looking for the prosperity of this market through the attraction of stagnant funds, has [36] this research tries to answer this question, does the attention of institutional shareholders affect the risk of falling stock prices?

2 Theoretical foundations and research background

2.1 The risk of falling stock prices:

A stock price crash is a phenomenon in which the stock price undergoes a sudden and severe negative adjustment [18]. Sudden changes in stock prices occur in two forms: falls and jumps in stock prices [14]. In general, if the share price of a company has fallen sharply in the period under review, the share price of that company has fallen in that period [25]. A stock price crash is a very large and unusual negative change in stock price that occurs without the occurrence of an important economic event and is considered as a phenomenon synonymous with negative skewness in stock returns [18]. Falling stock prices in recent years, especially after the financial and economic crisis of 2008, have attracted a lot of attention. These changes generally occur in two forms, falling and growing stock prices. Considering the importance that investors attach to their stock returns, the phenomenon of falling stock prices, which leads to a sharp decrease in returns, has attracted more attention from researchers compared to the growth of stock prices [9] believe that in the absence of full transparency in financial reporting, managers have the motivation to hide part of the losses to keep their jobs. This process of not disclosing real losses continues until the presence of the manager in the company. After the manager leaves the company, a huge amount of undisclosed losses enter the market and lead to a fall in the stock price [27].

The future fall of stock prices has become one of the main concerns of investors in the capital market, research in this field can be important for the capital market. Among the factors that play an important role in reducing the risk of the future fall of stock prices is the examination of the performance of institutional shareholders in the market. One of the most obvious conflicts in agency relations is the conflict between company managers and shareholders. There are a wide range of incentives such as bonus contracts and tenure issues that encourage managers to avoid disclosing negative information and accumulate it within the company. If the managers keep and accumulate bad news inside the company for a long period of time, a big gap will be created between the inherent price of the stock and the value set for it by the investors, which is called a "bubble". It is called "stock price". When the mass of accumulated negative news reaches the point of explosion, this negative news enters the capital market at once and causes price bubbles to burst and stock prices to fall. Based on the concepts of agency theory, managers have incentives to hide negative information from the market for financial reasons, including job incentives and compensation for company losses. On the other hand, managers may have an incentive to refrain from communicating bad news to the capital market for non-financial reasons such as establishing governance and maintaining self-esteem. Accumulation of bad news for a long period of time is unbearable, and with the sudden entry of information into the capital market that has been hidden until now, the intrinsic value of the stock is determined and the conditions for the fall of the stock price in the capital market are prepared [26].

One of the mechanisms of corporate governance is the efficiency of the ownership structure of companies, whose role in reducing the risk of the future fall in stock prices has been proven in previous research. According to the ownership structure hypothesis, major owners (concentrated ownership) play a significant role in transferring information to

other shareholders. Due to their influence in the company, they can obtain the company's private information from the management and make this information available to other shareholders. In such a situation, the amount of negative news accumulated in the company is reduced and due to the disclosure of the private information of the company in the capital market, the possibility of the formation of a stock price bubble is reduced and subsequently the risk of the future fall of the stock price will also be reduced [11]. On the other hand, in accordance with the concepts of agency theory, in companies with a high level of managerial ownership, due to the alignment of the interests of managers and shareholders, the opportunistic behavior of management is reduced and it causes managers to protect the rights of shareholders. A void the reporting of unrealized profits and the accumulation of negative information in the company, and prevent the formation of a stock price bubble by correctly disseminating information in the capital market, thus reducing the risk of future stock price falls. Also, based on the hypothesis of effective supervision, increasing the level of government ownership and institutional ownership in the company will lead to increased monitoring of management behaviors. In other words, government and institutional owners implicitly monitor the management's behavior through information gathering and pricing management decisions, and through managing the way the company operates. Therefore, with the increase in the level of government and institutional ownership in the company, the opportunistic behavior of the managers in the direction of not disclosing the negative information of the company decreases, which can have a significant effect in reducing the risk of the future fall of the stock price [38].

2.2 Attention investors:

According to the "limited attention" theory, attention is a scarce resource. Investors are more likely to be attracted by additional events, and they perform a series of trading behaviors that they consider. Under the influence of irrational emotions, real investors are more inclined to trade stocks that attract the most attention, which will create a mass effect and increase the stock price. An excessive increase in the stock price leads to a deviation between the stock price and its intrinsic value, and as a result, the probability of the stock price falling increases [32]. At the same time, [1] state that the high attention of institutional investors may lead to the formation of a bubble in the stock market. Investors' speculative motives can lead to an abnormal increase in stock prices. Therefore, this will increase the risk of falling stock prices as a result of the accumulation of bad news. Based on the hypothesis of effective supervision, institutional and government investors have more expertise and resources and have the ability to supervise management at lower costs than private shareholders who are less informed. Institutional and government investors as a group can benefit from economies of scale and as a result can be very effective in information processing. Investors with high specialized skills and large resources can take advantage of undisclosed information in the interim, while investors with low specialized skills and limited resources rely only on public information [40]. Marketing activities are activities that create value for the company. Marketing activities come from different factors; advertising is one of its important components. Advertising is one of the most basic and costly marketing activities [35]. Establishing a detailed marketing budget before the start of each fiscal year applies as the company grows or declines. The monitoring of marketing expenses and its results throughout the year is done in order to make the budget more effective [35]. There is a potential dual channel through which advertising increases stock returns and decreases the next returns will be. The first mechanism is related to a specific trade friction called short selling restriction. Investors often face problems when deciding which stocks to buy. Therefore, the best method is to only choose the shares that have attracted the most attention.

Investors process information related to adverse events with a delay, or in other words, their attention to adverse information is limited. Therefore, there is a potential in the market that prevents unfavorable information from being fully included in prices, and that is the limited attention of investors, which causes investors to react less than expected to unfavorable information.

Belief in return to the average return and delay in processing negative returns caused by the occurrence of adverse information events on the part of investors, causes them to pay limited attention to the continuation of the left tail risk in the future period; Therefore, investors keep stocks that recently experienced severe losses, and this causes them to face losses again in the future period; In other words, investors' limited attention to the continuation of the left tail risk causes them to react less to a stock that has recently experienced severe losses, and this less reaction causes unfavorable information not to be properly included in the price, and investors with more The pricing of the aforementioned stocks will also suffer severe losses in the coming period, although this attention is limited to the risk of falling stock prices, mostly about individual investors [15]. Based on bounded rationality, investors in the market, behavioral finance models rely on the concept of disordered traders who are prone to cognitive biases and decision-making errors. In particular, individual investors are more prone to psychological biases and irrational behaviors; In fact, some studies show that the investment performance of individual investors is worse than that of institutional investors due to weak information and irrational investment decisions [25].

Every day, a large number of good and bad economic and political news in the capital market is brought to

the notice of investors, which leads to the excitement of investors' feelings and consequently leads to a change in the value of the company's shares [31]. In the meantime, one of the assumptions of the efficient capital market is that institutional and concentrated investors react rationally to new information; But empirical findings show that the type of reaction of these investors to the published information is different and in some cases their reaction to this information is not completely logical. In other words, these investors, under the influence of psychological and behavioral factors, show different reactions to new information and cause anomalies, such as increasing the value of companies' shares too much or too little. [32] in a research entitled "Investors' attention, analysts' optimism and the risk of falling stock prices" concluded that the attention of investors will lead to the intensification of the risk of falling stock prices. [39] in a research entitled "Effect of investors' emotional tendency on the US stock market based on Fama and French's three-factor model" investigated the effect of investors' behavior on excess returns. The results showed that the emotional tendency of investors can predict the future returns of stocks as one of the components of risk in the 3-factor model of Fama and French. [37] in a research entitled the attention of retail investors and the risk of falling stock prices to investigate the effect of the attention of retail investors on the risk of falling stock prices in Chinese companies. They have payed. The results and findings of the research show that companies with more attention from small investors have a lower risk of stock fall. [19] in a research entitled foreign investors and the risk of falling stock prices (evidence from China) investigated the issue of how foreign investors have an impact on the risk of falling stock prices of companies, the sample they studied included the Chinese stock market and 18,727 observations during the years 2006-2016. The findings and results of the research show that foreign investors significantly increase the risk of falling stock prices and this positive relationship is stronger in companies with higher information asymmetry. [44] in a research entitled "Investment Structure and Stock Price Crash Risk in a Dual Continuous Auction Market" stated that many studies assume that institutional investors are informed investors. However, some reports argue that this view is still controversial. In this regard, with the gradual increase in the percentage of institutional investors from 20%, 40%, 60% to 80% in the market, four types of investment structures were used. The results showed that the stock price and stock returns show significant stability with the increase in the weight of institutional investors.

In a research entitled "Ownership structure, audit quality, board-of-directors structure and the risk of stock price fall" [38] investigated the effect of corporate governance mechanisms on the risk of stock price fall in the Chinese capital market. The results of testing their research hypotheses using the combined data regression method showed that the effectiveness of corporate governance mechanisms (ownership structure, audit quality and board structure) has a negative and significant effect on the risk of collapse. Ati has shares. In [11] investigated the relationship between institutional ownership and the risk of future stock price decline in England in a study entitled "Institutional ownership and risk of future stock price decline". The results of their research using the panel data analysis method showed that there is a positive and significant relationship between institutional ownership and the risk of future fall in stock prices. Also, among the internal sources, [23], in a research, analyzed the impact of liquidity on the risk of falling stock prices in companies listed on the Tehran Stock Exchange. The findings show that among the liquidity indicators, only zero volume transactions have a positive and significant effect on the risk of stock fall, while stock turnover indicators and the measure of illiquidity of Amihud and company size have a significant effect on the risk of stock price fall. do not have Also, the obtained results showed that company size does not have a significant effect on the relationship between liquidity indicators and the risk of falling stock prices. [35] in a research entitled divergence of opinions and the moderating effect of investors' attention and participation in the initial public offering market investigated the moderating effect of investors' attention and participation on the relationship between initial returns and the divergence of investors' opinions of companies with initial public offerings. The results and findings of the research show that the attention of investors has a negative and significant effect on the relationship between initial stock returns and the difference in the views of investors with an initial public offering of shares, and also, the participation of retail investors has a positive and significant effect on the relationship between returns The primary and the difference in the views of investors has an initial public offering. [15] in a research entitled the attention of individual investors to the risk of the left tail, investigates the limited attention of individual investors to the risk of the left tail. Method For this purpose, 120 companies admitted to Tehran Stock Exchange in the period of 1388 to 1396 were analyzed using Fama and Macbeth regression method. The results show that the attention of individual investors is not limited to the risk of the left tail, and based on this, the research hypothesis was rejected. The evidence shows that individual investors, due to their low capacity and self-confidence in accepting risk, undertake a conservative investment plan and consider the possibility of the continuation of the left tail risk in the future period and act on They sell their shares.

In [30] have investigated the effect of managers' ability on the risk of falling stock prices, taking into account the role of the CEO's tenure and competition in the product market. The statistical population of the research is companies admitted to the Tehran Stock Exchange and its statistical sample includes 105 companies for the 8-year period of 2010-2017. The sampling method is the systematic elimination method, and the method used to estimate

the pattern is the multivariate regression method using the combined data method. The results of the research showed that the ability of managers has a significant impact on the risk of falling stock prices.

According to the theoretical foundations of the research, the hypothesis of the research has been developed as follows:

Research hypothesis: Investors' attention has an effect on the risk of falling stock prices.

3 Research methodology

In terms of the purpose, the present research is of the type of applied research based on field research, in terms of the method, of the correlation type, and in terms of the method, it is among post-event research. The method used to collect data is the method of mining and library documents. Financial statements and accompanying notes have been used to collect data. For this purpose, the new Rahvard software was used, as well as through Internet exploration (CODAL site affiliated with Tehran Stock Exchange). Also, Excel and Stata software were used to perform the necessary calculations and for the final analysis. In order to test the hypotheses of the research and analyze the data, multivariate regression has been used using combined data. The statistical population of the research is all the companies admitted to the Tehran Stock Exchange whose financial year ends at the end of March, including investment companies are not financial intermediaries and leasing, all necessary variables are available for review and testing and must be present in Tehran Stock Exchange from 2013 to 2021 . According to the stated conditions, among the companies accepted in Tehran Stock Exchange, in a total of 100 companies were selected.

4 Research variables

4.1 The dependent variable

The dependent variable of the research includes the risk of falling stock prices, which in this research, following previous studies such as [18, 4, 15, 12, 22, 9] the measure of negative skewness of stock returns has been used to measure the risk of falling stock prices. To measure the risk of falling stock prices, first, using equation (4.1), the specific monthly return of the company is calculated:

$$W_{j,t} = Ln(1 + E_{j,t}) \tag{4.1}$$

W_P company of return monthly specific j month in t ; year financial the during $E_{j,t}$ company of yield residual the j's stock month in t. This (I) model of residual is and method series time by fitted is model

$$\text{model (I)}: \quad T_{;;t} = a_j + /3JJr_{m,t:z} + /3_2Jr_{m,t:1} + /3_3Jr_{m,t} + /3_4Jr_{m,t:1} + /3SJr_{m,t} + z + E_{j,t}$$

r /t company of return stock j month int ;year financial the during $r_{m,t}$ month in return market the is t, the market the of return monthly the calculate To and month the of end the at index the from deducted is month the of beginning the at index month the of beginning the at index the by divided is result the

5 Negative skewness of stock returns (NCSKEW):

[26] believe that the signs of a fall in stock prices are formed one year before the occurrence of this phenomenon, and one of these signs is the existence of a negative skewness in the company's stock returns. Therefore, companies that have experienced a negative skewness of stock returns in the past year, will more likely face the phenomenon of falling stock prices in the coming year. [12] also stated that the negative skewness of one-way stock returns is an alternative measure of asymmetry in the distribution of returns. Equation (5.1) should be used to calculate the negative skewness of stock returns:

$$NcsKEVV_{j,} = -[(NCN - 1)'1^2Iw,]/[(cN - 1)(N - 2)(Iw^2j,,)'1^2 \tag{5.1}$$

$NCSKEW_{j,}$ company of return monthly the of skewness negative j's stock fiscal during year t, $W_{j,t}$ company of return monthly specific j month in t.

Nccalculated been have returns whose months of number the of research the on based research the of variable independent The variable Independent research. According to [12] investors' attention was measured as an index named cost advertising of firms [13].

Advertising is designed to attract attention and if used by potential and actual investors, it can encourage them to invest in the company. Therefore, the attention of institutional investors is equal to the ratio of advertising costs to the company's total sales.

6 Control variables include the following:

Stock trading volume (DTURN): It is equal to the natural logarithm of the company's annual trading volume. Stock Return (RET): It is equal to the annual stock return, which is directly extracted from the new Rehavard software. The calculated values of the stock return variable are available in the stock return file in the appendix of the research CD. Company size (SIZE): is equal to the natural logarithm of the company's stock market value. The market value of the company's shares is equal to the number of shares of the company multiplied by the market value of each share. The ratio of market value to book value (MB): is equal to the ratio of the market value of equity (the number of company shares multiplied by the market value of each share) to the book value of equity. Financial leverage (LEV): is equal to the sum of long-term liabilities divided by the total assets of the company. Profitability (ROA): It is equal to the ratio of net profit to total assets of the company. In order to investigate the research hypothesis regarding the effect of investors' attention on the risk of falling stock prices, the following regression model (I) taken from [28] has been used:

$$\text{NCSKEW}_{i,t+i} = /3. + /3_1\text{ATT}_{i,t} + /3_2\text{DTURN}_{i,t} + /3_3\text{RET}_{i,t} + /3_4\text{S!ZE}_{i,t} + /3_5\text{MB}_{i,t} + /J_6\text{LEV}_{i,t} + /3_7\text{ROA}_{i,t} + \text{E}_{i,t} \quad (6.1)$$

that in this formula $\text{NCSKEW}_{i,t}$: negative skewness of stock returns; $\text{ATT}_{i,t}$: attention of investors; $\text{DTURN}_{i,t}$: volume of company stock transactions; $\text{RET}_{i,t}$: company stock return; $\text{SIZE}_{i,t}$: company size; $\text{MB}_{i,t}$: the ratio of market value to book value of the company, $\text{LEV}_{i,t}$: financial leverage of the company; $\text{ROA}_{i,t}$: return on company assets. In such a way that if the coefficient of the independent variable ($1 \sim$) is positive and significant, the research hypothesis is confirmed and otherwise the research hypothesis is rejected.

7 Findings research

The research findings are presented in two parts, descriptive statistics and inferential statistics. Table 1 shows descriptive statistics related to research variables, including central and dispersion indicators As shown in Table 1,

Table 1: Variables research of statistics descriptive

Variable name	Variable symbol	Average	Middle	Standard deviation	Minimal	the maximum
Negative skewness	NCSKEW	-/813	-/736	1/027	-3/463	3/464
Attention investors	ATT	0.0181	0.002	0.012	0.000	0.241
of Volume stock transactions	DTURN	0.080	0.078	0.032	0.019	0.148
returns Stock	RET	0.038	0.023	0.059	-/083	0.309
the of size company	SIZE	14/117	13/920	1/497	10/323	19/940
value Market book to value	MTB	2/638	2/230	5/342	49/703	121/509
Financial Leverage	LEV	0.375	0.365	0.205	0.008	0.953
profitability	ROA	0.106	0.089	0.138	-/404	0.626

the average attention of investors is equal to 75.6. The higher this index is, it means that the companies are more interested in institutional shareholders. The average financial leverage is 0.375, which means that 37% of companies use debt for financing. Also, the companies had a 3% return on equity. The statistics related to the variable of market value to book value ratio indicate that in Tehran Stock Exchange, on average, the market value of companies is about 2.6 times its book value. The statistics related to the variable of profitability indicate that the companies have earned a net profit of about 10% of their total assets.

8 Inferential statistics

The type of data in the current research is composite data. In this type of data, in order to choose between panel and pooled data methods, Limer and Hausman's F test and Brush Pagan's have been used. According to the

results, the significance level obtained from the Chow test statistic in the research model is smaller than the expected error level of 0.05, so the fixed effects model is accepted. Also, according to the significance level obtained in Pagan brush test, which is smaller than the error level of 0.05 in the research model, the random effects model is accepted. Therefore, in order to choose between the random effects model and the fixed effects model, the Hausman test was implemented. The results of this test showed that in the research model, the significance level is smaller than the expected error level of 0.05, therefore, the use of the fixed effects model is accepted. In this research, to discover the

Table 2: Brush Pagan , results test Hausman and Chow

Chow	HO	effects Bound model			
	HJ	effects Fixed -model	45/96	0.000	effects Fixed model
Pagan - Brush ∼	HO	effects Bound model			
	HJ	Random model effects	1071/24	0.000	Random model effects
Hausmann	HO	Random model effects			
	HJ	effects Fixed -model	152/75	0.000	effects Fixed model

co linearity between the explanatory variables, the criterion of variance inflation factor has been used. According to the results of this test, the values of the variance inflation factors in all the research models are less than 5, therefore, it is concluded that the degree of collinearity among the explanatory variables is at the optimal level and there will be no disturbance in the regression results.

Two of the regression assumptions that must be ensured are the homogeneity of variance and non-serial autocorrelation of the error terms. In this research, in order to check the serial autocorrelation between the residuals, the Wooldridge test was used. According to the results, the significance level obtained for the Wooldridge test statistic in all research models is greater than the expected error level of 0.05, hence, the null hypothesis of this test is that there is no autocorrelation between the Balances are not rejected. Also, considering that it is clear that the fixed effects model should be chosen to estimate the research models, it is necessary to use the adjusted parent test to check the variance heterogeneity. The significance of the adjusted parent test statistic in the research model indicates the problem of heterogeneity of variance in the mentioned models. Therefore, in order to solve the problem of heterogeneity of variance, the Price-Winsten regression model has been used to test the research hypotheses. In the tabular data structure, the changes of the parameters change in different and numerous stages in addition to time. In order to achieve reliable results, it should be ensured that there is no serial autocorrelation between different sections. For this purpose, son's test was used to check cross-sectional dependence between residuals. According to the results, the significance level obtained for the boys' test statistic in the research model is greater than the expected error level of 0.05, and the null hypothesis of this test, based on the absence of cross-sectional autocorrelation between the residuals, is accepted. It will be

$$NCSKEW_{i,t+1} = B \gg +P_1ATT_{i,t} + P_2DTURN_{i,t} + P_3RET_{i,t} + P_4SIZE_{i,t} + P_5MB_{i,t} + P_6LEV_{i,t} + P_1ROA_{i,t} + E_{i,t}$$

In the hypothesis of the research, the effect of institutional investors' attention on the risk of falling stock prices has been tested. According to the results of Table 3, the result of the regression model test, it showed that according to the significance level obtained for the variable ((attention of institutional investors)) it is equal to 0.000 and smaller than the 5% error level; Therefore, the hypothesis of the research regarding the effect of the attention of institutional investors on the risk of falling stock prices is not rejected. Also, considering that the coefficient of this variable is equal to -7.908; It can be concluded that by increasing the attention of institutional investors, the risk of falling stock prices will decrease.

On the other hand, the adjusted determination coefficient of 0.757 has been obtained, which shows that the independent and control variables are able to explain and predict 75% of the changes in the dependent variable. In addition, the significance level of Wald's statistic is 0.000, which indicates the appropriate fit of the regression model.

9 Discussion

As stated, the purpose of this research is to investigate the effect of institutional investors' attention on the risk of falling stock prices. The results of the research showed that the attention of institutional investors has a negative and significant effect on the risk of falling stock prices in companies listed on the Tehran Stock Exchange. Based on research literature, the existence of institutional investors limits the opportunistic behavior of managers. The existence of institutional investors can also be effective in improving the quality of information provided by management and

Table 3: test hypothesis research the of results

name Variable	variable symbol	Coefficient	standard deviation	z statistic	Significance level
institutional Attention investors	ALT	908/7	185/1	-67/6	0.000
volume trading Stock	DTURN	-0.399	0.041	-9/60	0.000
returns Stock	RET	0.025	0.023	10/1	0.273
company the of size	SIZE	0.762	0.060	12/60	0.000
value market of Ratio value book to	MTB	0.000	0.000	0.15	0.878
Leverage Financial	LEV	0.039	0.020	1/89	0.059
profitability	ROA	-0.634	0.218	-2/90	0.004
origin the from Width	cons	-9/127	0.670	-13/62	0.000
of coefficient Adjusted determination	0.757	Meaningful level	0.000	Parent statistics	8716/64

increase the transparency of financial information of companies. In fact, agency theory proves that managers try to increase profits rather than bad news about the company. hide and report good news quickly. This can have a negative impact on the quality of the reports provided. But institutional investors can increase the quality of reports provided by management by adjusting the negative effects of these efforts [16]. Therefore, institutional investors can be considered as an effective mechanism in reducing the risk of falling stock prices. The results and findings of this hypothesis, in addition to confirming the supervisory role of institutional shareholders, confirm that the presence of institutional shareholders leads to information efficiency in the stock market and the reduction of extreme fluctuations in stock prices.

The results and findings of the research confirm this matter. Institutional investors usually have a long-term view and consider the long-term performance of the company, and in such circumstances, they support the stock and prevent the formation of heavy sales queues and by injecting resources. Finances lead to reducing the risk of falling stock prices. In other words, unlike real shareholders, institutional investors have more expertise and better analytical power, and if a high volume of share transactions is carried out by institutional shareholders, in the long term, it is possible to imitate the amount of buying and selling and their trading strategy., reduced the risk of the stock price.

The results and findings of the research are in conflict with the findings of [15, 32].

According to the results of the present research, considering the negative effect of institutional shareholders on the risk of falling stock prices, investors and financial analysts are suggested to pay more attention to the factor of institutional shareholders in their analyzes and in line with the volume of buying and selling. Institutional shareholders should trade shares.

In the process of any scientific and practical research, there are a set of conditions and cases that are beyond the researcher's control and authority, but they can potentially affect the results of the research and its generalizability or cause problems. The current research is not excluded from these cases and some of the most important limitations are:

- One of the limitations that makes it difficult to generalize the results is the limited time period of the research. Because this research was conducted in the period from 2011 to 2019, therefore, be careful in generalizing the results to the periods before and after the scope of this research.

- Due to the sampling method in this research and the exclusion of some industries due to not having the desired characteristics, be careful in generalizing the results to all the industries accepted in the stock exchange.

- The data used are not adjusted for inflation, in case of adjustment, different results may be obtained.

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