STUDY OF THE RELATIONSHIP BETWEEN THE PERCENTAGES OF FREE FLOAT SHARE WITH RESPECT TO FINANCIAL RATIOS

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Abstract
The purpose of the present study was to investigate the relationship between the percentages of free float share financial ratios, in this research data were collected from 70 companies listed in Tehran security enhancing severely surveyed. Pearson correlation test research hypotheses through the Kolmogorov - Smirnov test was. For this purpose, the percentage of free float share (taught.After) financial ratios (dependent variable) was studied. The results are indicated samples examined the percentage of free float share shares and ratios of gross profit was negatively correlated, but this relationship was not significant in terms of the linear relationship between two variables does not exist.
Keywords: Percent free float share, financial ratios, and Profitability ratios

1 – Introduction

Due to the financial crisis, investment companies and other users of financial statements with the loss of confidence among investors that the flow of investment has changed rapidly and eliminating and reducing the flow of investment funds, firms will face a sudden fall. Achieving economic growth and increase people's willingness to invest substantial policy need to obtain an appropriate return on investment is new. Stock markets are an important choice for investors because of their level of risk taking and the results are expected to gain from the stock market to choose their own. Tehran Stock Exchange for the first time in the summer of 1382 with the announcement of a free float share rate of 15% for all listed companies, according to the daily trading volume may be defined if a stock's daily trading volume of more or less than 15% of the company's capital is divided by 250 days it can sometimes increase or decrease the price per share of 5%. The purpose of this contract was that most of the major shareholders of the company’s stock price changes who have an interest in buying and selling stocks and sell stocks without the control of expected supply increases, resulting in better stock liquidity risk is low. Free float share percentage of the company's stock is traded on the foreign exchange market so

that investors may purchase and sell shares on the dream. If the free float share of a company be higher than the critical expansion of its market and lower price volatility and the investment risk is reduced. Also lower than the free float share market shares shows a shallow and low free float share means that the market shares, there is little, this will reduce the liquidity of the stocks that investors tend to avoid it because they do not like the lack of liquidity. In accordance with Article 17 of Regulation Tehran Stock Exchange trades in the company's share of free float share of each company, holders of shares of companies that are prepared to offer and sell the shares and have no intention of keeping that part of the stock, to participate in managing the company. (Regulations of transactions in the Tehran Stock Exchange Adopted by Council 06/30/1383).
Communities to participate in decisions of free float share Adjusted Index and hence it is important that regulators are constantly on the monitor. Financial ratios to determine the value of corporate securities, analysis of credit status and financial operations can be used to assess ratios can be classified into four groups according to the proportion of their profits.
The percentage of free float shares can be related by the ratio of the present study suggests the possibility of such a connection.

2- Statement of Problem

Securities analysts often assess the company to invest in its financial ratios to verify and the suitability of investing in stocks and bonds and corporate performance according to free float share could affect the objectivity of the financial ratios can be particularly profitable.

3-Importance of problem

There is a lot of information that is accurate and understandable to use this information to analyze financial statements; this is done through the analysis of financial ratios, so that we can use the results and free float share is important to the extent that now most of the countries of the coefficient for the free float share -adjusted market indicator they use more cash a company is high risk capital market smaller, Baht way of understanding the relationship between the percentage of free float share above financial ratios can be useful in making decisions and assessing financial health to help users of financial statements to make proper decisions.

4 - Operational definition of concepts and variables

1-4 Financial Ratios: To compare two numbers together is If this figure is compared with the financial statements referred to above financial ratios and balance sheet and profit and loss figures are usually based on Contract items of financial statements should be together to A comparative analysis of financial ratios that are used to accomplish this due to the hazardous activity is determined.
4-2- Percentage of free float share: Free float share is the number of shares of companies that are expected to be available in the near future at current prices and availability will become buyers or part of a company's stock is traded without any restrictions if the result is compared to the total number of shares of non-traded to a low number of shares of the company can be free float share
The first definition Salmon smith barney global equity index was introduced in 1989 (Ide, shingo.2001).
Another definition of free float share shares that belong to strategic stakeholders (government, state-owned enterprises, foreign-owned stock, a bond, a stock board members and managers, workers and employees in shares, shares with institutions and foundations, ownership shares in

banks and insurance). Percentage of shares owned by the state and the short term it is not going to offer this kind of calculation of free float share shares in order not to be. But that's not a strategic stock as the shares are free float share.

5 - Background Investigations

Calc Chan et al (2001) Relationship between free float share and liquidity of government intervention in the market after Hong Kong examined recede to the conclusion that the free float share of shares by government intervention, the liquidity of the market down reduced and deals volumes The market has had a negative impact on mental health. Ji Jin Fei Hong and Pan (2006) The relationship between the percentage of free float shares and P/E Ratio in China's Stock investigated and found that the linear relationship between P/E and free float share in a semi-parametric model in comparison to the linear model to estimate It creates a better return on equity and cash flows also showed that increasing the percentage of free float share shares of companies P/E ratio the more favorable reports.

Lala Mani (1383) studied the Tehran Stock Exchange Index adjusted by free float share index changes are made in order to evaluate the correlation between changes in the ratio of turnover the most suitable index chose correlation test results showed that the size of free float shares in associated companies in the amount not and the amount of free float shares in the short term changes in the stock price is firm. Syed Yusuf Ahadi Sarkani (1385) to evaluate the interrelationships of the ownership structure of firms in Tehran stock exchange and financial structure and economic growth to pay for the assessment of the ownership structure of three factors: the number of shares traded times the transaction, ownership concentration and the proportion of free float shares of Use findings can be confirmed only in relation to free float share.

6 - Basic questions and research hypotheses

The basic question is whether financial ratios significant relationship between the percentage of free float share there? In this study we are trying to find such a relationship, so the main research hypothesis is formed as follows:

The main hypotheses: the percentage of free float shares in listed companies in Tehran Stock Exchange has a significant relationship with financial ratios. Secondary hypotheses were developed to examine the relationship significantly.

Sub-hypothesis: the percentage of free float shares in listed companies in Tehran Stock Exchange has a significant relationship with profitability ratios. Here, the gross profit margin as the ratio of profitability used.

7 - Research Methodology

The population of listed companies in Tehran Stock Exchange is in 1392. The sample of 70 companies listed on the Tehran Stock Exchange Tehran Stock Exchange in 1392, published by the float form. This research examines the relationship between an independent variable (percentage of free float share) and the dependent variable (gross profit margin) for the assumption of normality of Kolmogorov - Smirnov and Pearson correlation tests were used cofficient.

8 – Results

1-8 - Test hypothesis:

Want to know the percentage of free float shares and gross profit margin is a meaningful relationship or not? The Pearson correlation coefficient is used for this purpose. First, the variables are normally distributed and linear relationship between them is established. Results of the normality of the variables in Table 1 are presented:

Table 1: One-Sample Kolmogorov-Smirnov Test-

		Percentage of free float share shares	gross margin
N		70	70
Normal Parameters[a,,b]	Mean	12.819571	.363950
	Std. Deviation	6.8127909	.1855159
Most Extreme Differences	Absolute	.073	.100
	Positive	.073	.100
	Negative	-.064	-.060
Kolmogorov-Smirnov Z		.608	.840
Asymp. Sig. (2-tailed)		.854	.481

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Since a significant percentage of free float shares and gross profit margin of both the top 5% of the normal assumption is confirmed by the data.

Table 2:Correlations-

		Percentage of free float share shares	gross margin
Percentage of free float share shares	Pearson Correlation	1	-.122
	Sig. (2-tailed)		.314
	N	70	70
gross margin	Pearson Correlation	-.122	1
	Sig. (2-tailed)	.314	
	N	70	70

According to Table (2) the correlation coefficient between the percentages of free float shares of 70 companies listed in Tehran Stock Exchange with its gross profit margin -.122 has been more than 5 percent significance level (sig = .314) is. It can be concluded that there is a negative correlation between the coefficients is not significant.

Conclusions

Considering most studies in this regard the relationship between free float share and liquidity of the capital market is efficient and powerful. This study examines the relationship between the percentage of free float shares and financial ratios discussed the results of this study show

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