Evaluating Factors on Active Presence of Actual Shareholders in Tehran Sock Exchange

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ABSTRACT

A review of capital market situation and shareholders' transactions in different halls in Iran reveals that, due to economic conditions in the recent years, capital market trading volume has undergone major fluctuations. Thus, the present study seeks to explore cultural issues and information structure of the market in different provincial levels to recognize their strengths and weaknesses so that possible problems might be solved stock market might be flourished.

Population of the study includes actual shareholders active in selected national trade halls. In December 2011, a total number of 29 halls were sampled. As a cross-sectional survey research collecting data in a month (December 2011), the study uses questionnaires to collect and measure independent variables, while propensity of shareholders is used for measuring dependent variable. Final results of statistical analysis indicate that factors such as physical environment of halls, providing information for shareholders, official enculturation for investment and stock exchange, brokerage services to shareholders, competing investment opportunities affect propensity of shareholders for turning to stock exchange.

On the other hand, the fact that headquarters of companies listed at stock exchange are located in Tehran, effects of limited site activities of LLP companies in provinces other than Tehran, practical and technical awareness of shareholders have no effect on shareholders' propensity to stock exchange.

KEYWORDS: stock exchange, cultural fields, information systems and methodology, competing investment opportunities.

1. INTRODUCTION

Economic development of a country relies on its productivity which is highly dependent upon capital. A major source of difficulty for Iran's economy in recent years arises from lack of productive investment. Stock exchange is considered to be the most reliable and the cheapest place for financing long-term investments in advanced industrial countries. For example, 50% of people in Germany are shareholders, compared to 5% in Iran (except for justice shares). Before May 2011 in Iran, about 4,162,522 trading codes were registered in databases of central securities depository and settlement Co., from among which only 2,090,606 codes belonged to real shareholders in terms of active codes. According to the report of central securities, 2,659,034 real codes possess shares and real codes with active shares amount to 468,266. Also, 190,765 real codes had inactive shares (The World of Economy, 2011). Nevertheless, there are a lot of factors causing changes in the coefficient of shareholding development, but security of investment and gaining investor confidence are definitely influential in increasing this coefficient. Capital market can be the driving force of national economy, employment and economic prosperity, such that capital is formed through stock and companies use different financial tools and stock issuance to increase rate of employment and economic growth.

Regarding high risks related to stock exchange, those who invest in it expect greater returns. However, as companies approach the end of fiscal year and annual general assembly, managers and board members (who are major shareholders or representatives of legal investors) end up the assembly by deciding to distribute minimum profit and the profit is deposited. Dissatisfied minor shareholders sell their shares and, consequently, stock price drops down. This cycle persists (although non-allocation of profit prevents considerable fall of share price after the assembly, effects of negative attitude and distrust resulting from non-division policy of the company on share price decrease are undeniable).

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The problem is that companies even truncate that part of profit which is approved in the assembly of dividends and neglect their legal commitment set in article 240 of commercial law. Companies that run late at paying profits are considered to be legally trespassers, but no punishment is set for their ignorance of legal commitment.

Unfortunately in recent years, companies fall short of realizing their major goal of increasing capital and turn to increase capital from shareholder receivables and cash only to compensate lack of liquidity and prevent withdrawal of financial resources. Interestingly, this increase in capital has no effect on corporate profitability. This condition, therefore, increases rate of supply to demand and leads to uncertainty in the market, decline in stock prices and weakening of shareholder rights.

Iran's economy is in transition characterized by dependency on oil, high inflation and budget deficit. Thus, synchronization of all other phenomena with these conditions seems obligatory. Countries with developed capital market are primarily concerned with controlling rate of inflation since an integrated and stable capital market can't be established if inflation is not controlled. Securities and Exchange Council needs to alleviate the burden on banks to financing the private and public sectors, and attract new innovations in order to direct public investment stream into production sector. Capital market is the best tool to achieve this goal (Heidarpourian, 2007).

Capital markets are increasingly gaining global and widespread interests. There were times when capital was a national issue limited to nations and countries. Americans invested in the U.S, while Germans used to hold their deposits in their country. Those days are over now. Nowadays, pension and investment funds, and wealthy investors around the world tend to alternatively invest their money in stock markets of the U.S, Europe, Asia and Latin America. This trend is undergoing a new stage, i.e., global integration of stock exchanges, which is aimed at ensuring their survival (Ghadiri, 2007).

Stock exchange is considered a subset of capital markets from which long-term resources of manufacturing enterprises are supplied. The primary role of capital markets, in general, and stock exchange, in particular, is to help transfer personal and business savings into investments initiated by other specialized units. However, considering the role of stock exchange in financing economic units, a relationship can be established between productions and funding.

Developing activities of a business, financial or industrial unit necessitates aggregation of many diverse factors to be used for establishing or strengthening these units. Capital is one of these factors injected to active units to provide the essential material for sustainability and development of these units.

On the other side, evidence shows that domestic savings of developing countries are insufficient to fill the gap between investment and savings. Attracting foreign investment, which has triggered intense competition in global stage, is one way to cover this shortcoming. States seek to adopt appropriate measures to facilitate the way for foreign investment. Measures adopted free flow of capital support international capitals and allow for optimal allocation and exploitation of resources. The mechanism of securities contributes to direct capital to highest productivity. In the meantime, problems arising from shortcomings can be removed.

International investors find stock markets of developing countries as potential profitable environments and are willing to get involved in them. However, some regulations ensuring capital transfer and profitability of economic activities are needed in order to attract these resources. Regarding the key role of stock exchange in attracting national and transnational resources, it can be said that lack of a comprehensive and effective stock exchange is one of the biggest problems of national economic development in the country.

In such circumstances, financing and funding is provided from banking system or informal markets of transportation. This mechanism, along with other restrictions and shortcomings of ineffective economy, leads to promotion of economic activities, and diverges social capital into non-profitable and non-productive issues. Thus, identifying Iran's stock features and eliminating its limitations are of greatest importance that requires extensive effort and research.

Theoretical Bases

Survival of companies active in stock exchange is mainly a matter of public trends with people's evaluation of desirability and non-desirability of investment. A company endures when new financial resources are acquired through new investment of the community. Therefore, with increasing awareness and strengthening of elements affecting shareholder interests, economic activities in the capital market may be developed. In other words, authorities should pay special attention to financial and social psychology in the field of capital market to develop public investment. For example, shareholder interest in capital market is an issue of social psychology, which pertains to indicators such as motivations and intentions. These interests build the ground for different human behaviors (including economic and financial based individual and social behaviors) and can be relatively explained by determining and measuring interests. Any modification in these interests may lead to changes in financial and economic behaviors (Albrasen, 2005).

When a person buys the shares of a company, he gains a sense of ownership with a considerable load of positive psychological energy and consent. The attachment of shareholders to national economy is far from being compared with investment in other sectors such as investment in banks. However, current situation of the country, particularly its dependence on exports of oil and other natural resources and uncontrolled formal or informal import of goods which have helped create the Dollar economy, has led to investment in foreign currency or gold to become a serious rival to investment in capital market.

Like any other sectors of the economy, capital market is undergoing development and growth. Nevertheless, modifying administrative structures, increasing number of financial intermediaries, deepening of securities market, and executing other capital market development plans, would not yield desirable effects without developing culture and promotion of public knowledge.

The high rate of fluctuations in Tehran Stock Exchange between 2004 and 2005 reflects nonprofessional and premature practitioners in securities market in Iran. The great flood of buyers rushing to securities market was exacerbated in a short period when the government lifted restrictions in order to establish a free functional market, and constant warnings of experts on increasing and unusual prices were ineffective. Soon, the rising trend in Tehran Stock Exchange declined and brought about the hasty abandonment of shareholders, reflecting lack of public knowledge among market practitioners.

Identifying and understanding the prevalent level of knowledge in capital market helps authorities gain a better mastery in terms of controlling and planning for the establishment of effective strategies. Information provision is vital to capital market. Investors accept the risk of running their capital in these markets and rely on information disclosed by companies. They need reliable and relevant information, which are easily analyzable. Survival of capital markets depends on whether investors find company information reliable and relevant. Investors are fully aware that opportunities of profitability in free capital markets exist in parallel to opportunities of loss. However, they expect to gain results of their own decisions, rather than those arising from incomplete information.

Education and enculturation are directly and indirectly effective on improving financial intermediary services. Promotion of public knowledge and capital market culture among people, particularly shareholders as users of financial intermediary services, may help enhance the performance quality of financial intermediaries. When practitioners, consultants, brokers, and other financial intermediaries deal with well-informed customers, they feel more responsibility and accountability in providing optimal services. On the other hand, the scope of training can include financial intermediaries and have direct effects of their functionality.

Enculturation, referring to familiarizing the public with basic concepts of capital market to encourage their conscious presence in the market, envisions an extended horizon which requires development and implementation of long-term plans.

By means of small investments, brokers may play a significant role in directing the market into a right path. Some major demands of shareholders include complying with priority of orders, timely implementation of buying and selling, providing appropriate and impartial consulting services, paying due debts of contracts, keeping confidential information of customers, and compensating for damages caused by negligence of brokers to fulfill their commitments, which are all influential in the framework of brokers' commitment in terms of shareholders' inclination or disinclination to invest in securities market.

LITERATURE REVIEW

A review of total 350 studies available at Iranian Research Institute for Information Science and Technology showed that no comprehensive research has been conducted by far on the issue at hand here. Also, no results were obtained from Research Center of Tehran Stock Exchange, or Iranian official website for research and studies at www.magiran.com.

Objectives
The present study is an applied research, which aims at broadening knowledge in a specific field. The study seeks to realize the following objectives.
1. Identifying and presenting market development deficiencies from the viewpoint of actual shareholders.
2. Providing authorities with appropriate mechanisms to eliminate obstacles to market development.
3. Presenting effective and efficient mechanisms and systems to promote stock market.
4. Providing useful information for actual shareholders.

Hypotheses
The study proposes eight hypotheses;

H1: The quality of physical environment of Stock Exchange has significant effects on shareholders' inclination to this market.

H2: Providing timely, comprehensive and public information for shareholders has significant effects on their inclination to Stock Exchange.

H3: Authorities' concern with enculturation has significant effects on shareholders' inclination to Stock Exchange.

H4: Providing appropriate services by brokers has significant effects on shareholders' inclination to Stock Exchange.

H5: Existence of competing investment opportunities has significant effects on shareholders' inclination to Stock Exchange.

H6: The location of central office of companies in Tehran has significant effects on shareholders' inclination to Stock Exchange.

H7: small number of LLP companies in listed at Tehran Stock Exchange which perform their activities in Tehran, rather than their own provinces, has significant effects on shareholders' inclination to Stock Exchange.

H8: Scientific and practical knowledge of shareholders about stock exchange has significant effects on their inclination to Stock Exchange.

Variables and Errors

The study proposes one dependent and eight independent variables.

Independent variables	Dependent variable
1. **Physical environment of stock** 2. **Providing information for shareholders** 3. **Enculturation about stock exchange** 4. **Services provided by brokers for shareholders** 5. **Competing investment opportunities** 6. **Location of companies in Tehran** 7. **Small number of LLP companies in provinces other than Tehran** 8. **Scientific and practical knowledge of investors**	1. Activity level of National Stock Exchange (shareholders' inclination to stock)

Independent Variables

1. **Physical environment of stock**: refers to quality and quantity of physical environment, including chairs, conditioners, acoustic system, information providing tools, and notice boards.

2. **Providing information for shareholders**: providing timely and public information of Stock Exchange includes announcements, economic magazines and newsletters, disclosure of important news, quality of the Internet, transferring information to subordinate cities, delay in receiving economic newsletters (provinces other than Tehran).

3. **Enculturation about stock exchange**: indicates qualitative and quantitative level of public training programs and announcements of local media about stock exchange, local enculturation about stock market development and shareholders attraction through measures such as workshops, special programs, pamphlets and CDs in provinces, and finally, participation of local financial, economic and political authorities in enculturation and development of stock exchange and attraction of shareholders.

4. **Services provided by brokers for shareholders**: refers to quality of guidance and counseling services provided for choosing stock type and tradable shares, level of financial and economic information, brokers' experience, transaction speed of brokers, impartiality of brokers in regard to shareholders.

5. **Competing investment opportunities**: location, housing, foreign currency, gold and potential opportunities for business transactions, geographical location (political, economic and security of the province and its proximity to other countries and the possibility of trading with them).

6. **Location of companies in Tehran**: central offices of many companies listed at Tehran stock Exchange in Tehran, non-availability to some part of their information, the ability to attend annual meetings of general assembly in Tehran, effects of limitations in buying shares on initial offering to shareholders in provinces other than Tehran.

7. **Small number of LLP companies in provinces other than Tehran**: effects of location, production, and other operating activities of local companies on shareholders' inclination for investment in them.

8. **Scientific and practical knowledge of investors**: realization of new shareholders' expectations to earn required returns, effects of economic and financial understanding of shareholders on investment in stock exchange, effects of experience on investment in stock exchange, the possibility of virtual transactions for new shareholders prior to engaging in real transactions, training courses for those new to stock exchange.

Dependent Variable
Definition and quantification of dependent variable is one of the hardest stages of defining variables in the present study. In other words, "How is it possible to measure shareholders' inclination, or changes in their inclination, to invest capital in stock exchange?"

How can we quantify the qualitative inclination of shareholders? Results of our study revealed that factors such as population, total value of transactions, lifetime of stock exchange, and industrial level and level of economic culture of the province should be included in the model proposed for measuring variability of inclinations in shareholders. However, considering limitations in time and availability of information and hardships of presenting a multivariate model, a transaction variable per capita is created in this study:

$$\text{Value of transactions per capita} = \frac{\text{total value of yearly transactions in a province}}{\text{population}}$$

The special point about this variable is that, for measuring level of inclination for investment, both total value of transactions and population of a province are considered, which are quantitative and reliable. Information provided by Stock Exchange Organization is used for obtaining Rials currency value of transactions in different provinces. For obtaining population of provinces, information released by Statistical Center is used. The error level is considered to be 5%, representing 95% confidence level.

METHODOLOGY

Data Collection
The present study is considered to be a descriptive research. A descriptive research consists of methods which aim describing situations and phenomena under the study. It contributes to a better understanding of the present condition or facilitates decision-making process. As regards the hypotheses, the present study is classified as a survey research. Data collection is performed through questionnaires which include 26 close-ended questions and one open-ended question.

Statistical Testing
The study examines effects of independent variables on shareholders' inclination in different provinces. Therefore, a single-factor analysis of variance (ANOVA) is used for testing the hypotheses. This test is used when each hypothesis has an independent variable and the samples are divided randomly into two groups. Also, Kruskal-Wallis non-parametric test is used.

Population and Sampling

Population
Defining the population is the first step in sampling. Population of the present study includes actual shareholders in a total number of 29 national stock exchanges measured in December 2010.

Sampling and Sample size
Random sampling is performed for the reason that examination of all members of the population is neither possible nor logical. Considering wide geographical distribution of stock exchanges in different provinces and limited access to them, sampling was performed in 4 stock exchange halls in Tehran, West Azerbaijan, East Azerbaijan, and Zanjan.

Since exact number of potential shareholders was not clear and their information was not available, number of sample members could not be calculated by statistical formula. In such circumstances, a minimum level is set for sample size, which is n=100 in survey researches (Hafeznia, 2002).

It is worth mentioning that random sampling was not practical in our study since members of the population were not available and identifiable. Thus, data collection was done in a span of one month in December 2011 in 4 stock exchange halls in Tehran, West Azerbaijan, East Azerbaijan, and Zanjan. A total number of 249 active shareholder members was selected, whose information was easily available. Table 1 shows the results.

Table 1. Sample distribution in selected halls		
Name	**Frequency**	**Percentage**
Tehran	90	36.1
Urmia (W.A)	26	10.4
Tabriz (E.A)	75	30.1
Zanjan	58	23.3
Total	249	100.0

Testing Hypotheses
Results of testing hypotheses showed that hypotheses 1, 2, 3, 4 and 5 are confirmed, while hypotheses 6, 7, and 8 are rejected.
Hypothesis 1
Hypothesis 1 indicates that:

H_0: The quality of physical environment of Stock Exchange has no significant effects on shareholders' inclination to this market.

H_1: The quality of physical environment of Stock Exchange has significant effects on shareholders' inclination to this market.

Table 2. Results of Testing Hypothesis 1

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	38.097	3	12.699	26.715	.000
Within Groups	116.458	245	.475		
Total	154.554	248			

It can be seen that level of significance is zero (p<0.05). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is not found to accept H_0, and, consequently, H_1 is confirmed. That is to say that the quality of physical environment of Stock Exchange has significant effects on shareholders' inclination to this market.

Hypothesis 2
Hypothesis 2 indicates that:

H_0: Providing timely, comprehensive and public information for shareholders has no significant effects on their inclination to Stock Exchange.

H_1: Providing timely, comprehensive and public information for shareholders has significant effects on their inclination to Stock Exchange.

Table 3. Results of Testing Hypothesis 2

ANOVA					
	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between Groups	28.839	3	9.613	21.744	.000
Within Groups	107.872	244	.442		
Total	136.711	247			

Table 3 shows that level of significance is zero (p<0.05). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is not found to accept H_0, and, consequently, H_1 is confirmed. That is to say, providing timely, comprehensive and public information for shareholders has significant effects on their inclination to Stock Exchange.

Hypothesis 3
Hypothesis 3 indicates that:

H_0: Authorities' concern with enculturation has no significant effects on shareholders' inclination to Stock Exchange.

H_1: Authorities' concern with enculturation has significant effects on shareholders' inclination to Stock Exchange.

Table 4. Results of Testing Hypothesis 3

ANOVA					
	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between Groups	56.716	3	18.905	34.459	.000
Within Groups	129.476	236	.549		
Total	186.193	239			

As seen in Table 4, level of significance is zero (p<0.05). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is not found to accept H_0, and, consequently, H_1 is confirmed. That is to say that authorities' concern with enculturation has significant effects on shareholders' inclination to Stock Exchange.

Hypothesis 4

Hypothesis 4 indicates that:

H_0: Providing appropriate services by brokers has no significant effects on shareholders' inclination to Stock Exchange.

H_1: Providing appropriate services by brokers has significant effects on shareholders' inclination to Stock Exchange.

Table 5. Results of Testing Hypothesis 4

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	32.811	3	10.937	19.935	.000
Within Groups	133.869	244	.549		
Total	166.681	247			

As seen in Table 5, level of significance is zero ($p < 0.05$). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is not found to accept H_0, and, consequently, H_1 is confirmed. That is to say that providing appropriate services by brokers has significant effects on shareholders' inclination to Stock Exchange.

Hypothesis 5

Hypothesis 5 indicates that:

H_0: Existence of competing investment opportunities has no significant effects on shareholders' inclination to Stock Exchange.

H_1: Existence of competing investment opportunities has significant effects on shareholders' inclination to Stock Exchange.

Table 6. Results of Testing Hypothesis 5

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	36.364	3	12.121	11.517	.000
Within Groups	253.656	241	1.053		
Total	290.020	244			

Table 6 demonstrates that level of significance is zero ($p < 0.05$). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is not found to accept H_0, and, consequently, H_1 is confirmed. In other words, existence of competing investment opportunities has significant effects on shareholders' inclination to Stock Exchange.

Hypothesis 6

Hypothesis 6 indicates that:

H_0: The location of central office of companies in Tehran has no significant effects on shareholders' inclination to Stock Exchange.

H_1: The location of central office of companies in Tehran has significant effects on shareholders' inclination to Stock Exchange.

Table 7. Results of Testing Hypothesis 6

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.151	3	1.050	2.430	.066
Within Groups	97.241	225	.432		
Total	100.392	228			

As it can be seen in Table 7, level of significance is 0.066 ($p > 0.05$). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is found to confirm H_0, and, consequently, H_1 is rejected. In other words, location of central office of companies in Tehran has no significant effects on shareholders' inclination to Stock Exchange.

Hypothesis 7

Hypothesis 7 indicates that:

H_0: small number of LLP companies in listed at Tehran Stock Exchange which perform their activities in Tehran, rather than their own provinces, has no significant effects on shareholders' inclination to Stock Exchange.

H₁: small number of LLP companies in listed at Tehran Stock Exchange which perform their activities in Tehran, rather than their own provinces, has significant effects on shareholders' inclination to Stock Exchange.

Table 8. Results of Testing Hypothesis 7

Kruskal-Wallis Test Test Statistics[a,b]	
	x20
Chi-Square	4.870
Df	3
Asymp. Sig.	.182
a. Kruskal Wallis Test	
b. Grouping Variable: inclination	

Since there is only one question to be tested in this hypothesis, Kruskal-Wallis non-parametric test is used with ranking scales. It is found that sig= 0.182, and H_0 is confirmed, i.e., small number of LLP companies in listed at Tehran Stock Exchange which perform their activities in Tehran, rather than their own provinces, has no significant effects on shareholders' inclination to Stock Exchange. Average ranking scales confirm our findings.

Hypothesis 8
Hypothesis 8 indicates that:
H₀: Scientific and practical knowledge of shareholders about stock exchange has no significant effects on their inclination to Stock Exchange.
H₁: Scientific and practical knowledge of shareholders about stock exchange has significant effects on their inclination to Stock Exchange.

Table 9. Results of Testing Hypothesis 8
ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.743	3	.581	1.524	.209
Within Groups	92.253	242	.381		
Total	93.995	245			

Results given in Table 9 reveal that level of significance is 0.209 (p>0.05). Hence, at confidence level of 95% and error level of 5%, sufficient evidence is found to confirm H_0, and, consequently, H_1 is rejected. That is to say, scientific and practical knowledge of shareholders about stock exchange has no significant effects on their inclination to Stock Exchange.

Reliability and credibility of data collection and measurements
Cronbach's alpha method is used to test the reliability of the study. Results are given in Table 10 and Table 11.

Table 10. Case Processing Summary			
		N	%
Cases	Valid	158	63.5
	Excluded[a]	91	36.5
	Total	249	100.0
a. Listwise deletion based on all variables in the procedure.			

Table 11. Reliability Statistics	
Cronbach's Alpha	N of Items
.825	26

Cronbach's alpha coefficient (0.825) indicates that our questionnaire is reliable, since when the coefficient approaches 1, it becomes more reliable.

RESULTS

1. The quality of physical environment of Stock Exchange has significant effects on shareholders' inclination to this market. In this context, chairs, acoustic system, quality and quantity of information providing systems, and notice boards are important.

2. Providing timely, comprehensive and public information for shareholders has significant effects on their inclination to Stock Exchange. Inclination for investment is increased by providing high-quality and timely information, particularly significant and specific news of companies.

3. Authorities' concern with enculturation has significant effects on shareholders' inclination to Stock Exchange. The more the media addresses this issue through measures such as increasing disclosed news and announcements, providing programs about investment in stock exchange and training optimal decision-making about shares and investment, the more people will turn to investment. Ignorance in this case may lead to disinclination in investment and inability to attract investors.

4. Providing appropriate services by brokers has significant effects on shareholders' inclination to Stock Exchange. It is suggested that stock exchange organization should constantly administrate the process of granting licenses to qualified and experienced brokers to ensure providing high-quality and desirable services to shareholders.

5. Existence of competing investment opportunities has significant effects on shareholders' inclination to Stock Exchange. A main reason for failure in attracting capital in Iran is co-existence of competing opportunities for investment (such as foreign currency, land and housing) which detours savings towards intermediary activities of these kinds.

6. The location of central office of companies in Tehran has no significant effects on shareholders' inclination to Stock Exchange.

7. Small number of LLP companies in listed at Tehran Stock Exchange which perform their activities in Tehran, rather than their own provinces, has no significant effects on shareholders' inclination to Stock Exchange.

8. Scientific and practical knowledge of shareholders about stock exchange has no significant effects on their inclination to Stock Exchange. In other words, little experience of shareholders or their awareness of financial management and concepts of capital market do not count in attracting capital.

Practical Suggestions

The following issues should be the focus of national concerns in order to increase inclination towards stock exchange.

1. Physical facilities of stock exchange halls should be promoted both quantitatively and qualitatively. Unfortunately, a great deal of provincial stock exchange halls, except for Tehran, suffers from lack of a fixed building and internal faculties such as chairs, acoustic system, etc. Ineffective information providing system is another source of irritation in these centers at local sites. Shareholders have to stay in queue and this is surely far from satisfying for them. Therefore, providing sufficient materials and tools is suggested here.

2. Contextualization of telecommunications and technical infrastructures, as key components for modernizing stock exchange to gain easy and quick access to information, should be accelerated.

3. Important news about companies on board should immediately be pinpointed on notice board and also be printed in stock exchange website.

4. Administrative system of granting licenses to brokers needs to be controlled effectively. Also, evaluating the quality of counseling services provided by brokers should be done by shareholders and experts in this field.

5. Spending savings to intermediary and non-productive activities such as land and construction should be prevented by establishing mechanisms like setting ascending tax in case of increased number of transactions. Some part of the received tax should be allocated for stock exchange and encouraging investment in securities market.

Limitations of the Study

- Lack of studies in this field, such that no results were obtained out of 350 research projects reported in Iranian Research Institute for Information Science and Technology.
- The use of questionnaire as data collection method.
- Difficulty at defining a qualitative measure for evaluating shareholders' inclination to stock exchange in terms of dependent variable and lack of a pre-existing measure.

- After the present study, the government implemented a plan for purposeful allocation of subsidy, which is predicted to impose effects on investors and enterprises. Hence, revealing effects of this phenomenon upon society needs more time and patience which is outside the scope of this study.

Suggestions for Further Studies
1. Examining comment of shareholders active in provinces not considered here.
2. Evaluation and presentation of quantitative models in relation to measuring and/or predicting shareholders' inclination towards stock exchange.
3. Identifying quantitative variables, in addition to qualitative ones, in relation to shareholders' inclination towards stock exchange.
4. Comparative analysis of shareholder problems from the viewpoint of shareholders active in foreign stock exchanges and mechanisms they propose for solving problems.
5. Evaluating viewpoints of legal shareholders about problems of stock exchange.

Conclusion

Development and empowerment of capital market is an essential means for economic growth which ensures long-term supply of resources of enterprises and helps flourish national economic growth though the increase of national production and broadening of domestic and foreign markets. Unfortunately, official statistics indicate that actual shareholders constitute 5% of total shareholders who contribute greatly to economic growth of the market and corporate development. Therefore, identifying barriers in the field of investment and struggling to solve them, and understanding strengths of capital market leads to deepening of national capital market. The current trend of Tehran Stock Exchange is introduced by many experts as deficient and development of capital market is not possible unless by active presence of the public and actual shareholders in capital market, which ensures stock market growth.

<div align="center">REFERENCES</div>

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