



Modeling the effect of instability in "financial, economic and sustainability" policies on the choice of investment strategies of companies in the Tehran Stock Exchange

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Submit: 13/03/2021 Accept: 12/02/2022

ABSTRACT

The purpose of this study was to model the effect of instability in "financial, economic, and sustainability" policies on the choice of investment strategies of companies in the Tehran Stock Exchange. The present study is descriptive-correlational research. Based on the nature of the data, it is quantitative research, and based on the objectives, it is applied research. Based on the method of systematic elimination, 130 companies out of 525 companies listed on the Tehran Stock Exchange were selected as the study population of the present study. The information required for the library research section was collected from Persian and English books, magazines, and specialized articles. The required data of the experimental part of the research were collected and stored in a database through the use of financial statements and explanatory notes, activity reports of the board of directors of sample companies, as well as existing databases such as Rahavard Novin, Securities and Exchange Organization (Codal), stock exchange websites and the Central Bank system. The results showed that corporate financial, economic and sustainability policies are an effective factor in choosing corporate investment strategies.

Keywords:

Fiscal policies , Economic policies Sustainability policies , Investment strategies

1. Introduction

Economic instability will cause economic actors to be insecure about future developments, and as a result, economic actors will not be able to paint a clear and transparent vision of the future. This will have a particularly negative impact on investment. Hence, economic stability contributes greatly to real economic growth by significantly reducing uncertainty and advancing long-term planning. Increases economic stability, national savings and private investment.

Therefore, according to the above, it can be said that several factors can affect the choice of investment strategies of companies, but according to studies conducted in our country, a comprehensive study to determine the factors affecting the selection of investment strategies of companies and a suitable model. In order to predict it, it has not been done and this research can be a pioneer in this regard and it can be said that the application of each of the investment strategies can have different consequences for companies and therefore in this research we are important. We will examine the impact of each instability in policies (financial, economic, and sustainability) on these strategies.

With the increasing growth of factories and the pollutants caused by them, accounting must also play its role in preventing or at least reducing the damage to nature. This emerged in a new branch of accounting called environmental accounting. Competitive environmental strategy leads to better implementation of the environmental management system and has important benefits for the health of the community and the success of the business unit. Also, many environmental costs can be significantly reduced by making better decisions, as some of these costs have no added value for the organization or product.

The development of social and economic structures for less developed countries and economies in transition to market economies has created many challenges in the regions of the world. This has led to attention to sustainability responsibilities at the level of organizations and companies with significant opportunities and risks. Growing stakeholder expectations for corporate accountability made responsible business practices and attention to sustainability strategies in organizations very necessary and vital. Hence, as a result of the financial and economic crisis, the level of public trust in business units in many countries has recently declined.

The emergence of a global credit crunch requires companies to participate more responsibly to build a sustainable global economy to build trust and confidence in business areas. Today, along with the growth and development of various industries and business units, new issues and problems have arisen that are due to the consequences and effects of business activities on the environment and society [1].

In this way, the way performance evaluation and its criteria have changed and moving towards economic, social, and environmental responsibilities has become a necessary and vital factor for the survival and continuity of organizations and companies in the long run, so that the need to provide information related to the interactions of the performance of business units and society to better decide the users of financial statements is felt more than ever.

Recent research in the field of corporate sustainability has relied on the views of legitimacy theory and stakeholder theory, both of which are rooted in political economy theory. In fact, stakeholder theory and legitimacy theory are both approaches with a common goal of reporting corporate sustainability within the framework of the political economy theory.

Ideally, and given the expansion of business activities in the world, the category of sustainability should be considered the primary goal of all business units. However, using modern accounting systems, it is not possible to measure and measure the external effects of the organization's operations [2]. Traditional accounting reports only on financial performance metrics and has some inadequacies in measuring corporate non-financial results, and profit is an important indicator of corporate performance. In the traditional accounting perspective, capital and financial resources are considered as input and are thought to have limitations, while today environmental resources are considered as limited resources and financial resources are unlimited. Therefore, sustainability accounting must be able to meet the social, environmental, and financial criteria [3]. As organizations adapt to new needs, it is clear that to meet these challenges, accounting must consider appropriate new rules and standards. Through the reporting process, accounting is a tool for disclosing financial and non-financial information such as social and environmental in the annual report and other reports [4].

Regarding the research conducted in the field of incentives for publishing corporate social reporting, on one hand, research on explaining the relationship between corporate social performance and corporate financial performance from the perspective of political economy in the age of globalization with the approach of positive theories has been very important and on the other hand, corporate social responsibility is considered an integral part of the world's economic-financial books and articles, and the tendency to invest in companies that have corporate social responsibility practices and reporting is increasing.

Porter [5] argued that a firm's average high performance, in the long run, is based on its ability to achieve one of two types of competitive advantage: differentiation or low cost. Strategy scholars have considered the strategic position of the firm in two ways. Some have chosen an anatomical perspective, considering cost differentiation and leadership as two separate types of strategies. This is consistent with the initial notion that Porter said the firm should focus on both of these strategies in a pure form.

Strategic management can be beneficial for any

organization or company, no matter what the size, because there is always room for growth, and every organization has unique strengths and opportunities that can be turned into capital. Strategic management should be a continuous process, not just an evaluation at a time or a solution whenever a problem arises. Given the long-term benefits of organizations, the strategic management plan helps them to focus on the internal environment, by encouraging and setting employees' challenges, helping them to achieve personal goals as well as organizations [6].

Therefore, according to the above, it can be said that several factors can affect the choice of investment strategies of companies. However, according to the studies conducted in our country, a comprehensive study has not been conducted to determine the factors affecting the selection of companies' investment strategies and a suitable model to predict it, and this research can be a pioneer in this regard. Therefore, the purpose of modeling research is the effect of instability in "financial, economic, and sustainability" policies on the choice of investment strategies of companies in the Tehran Stock Exchange.

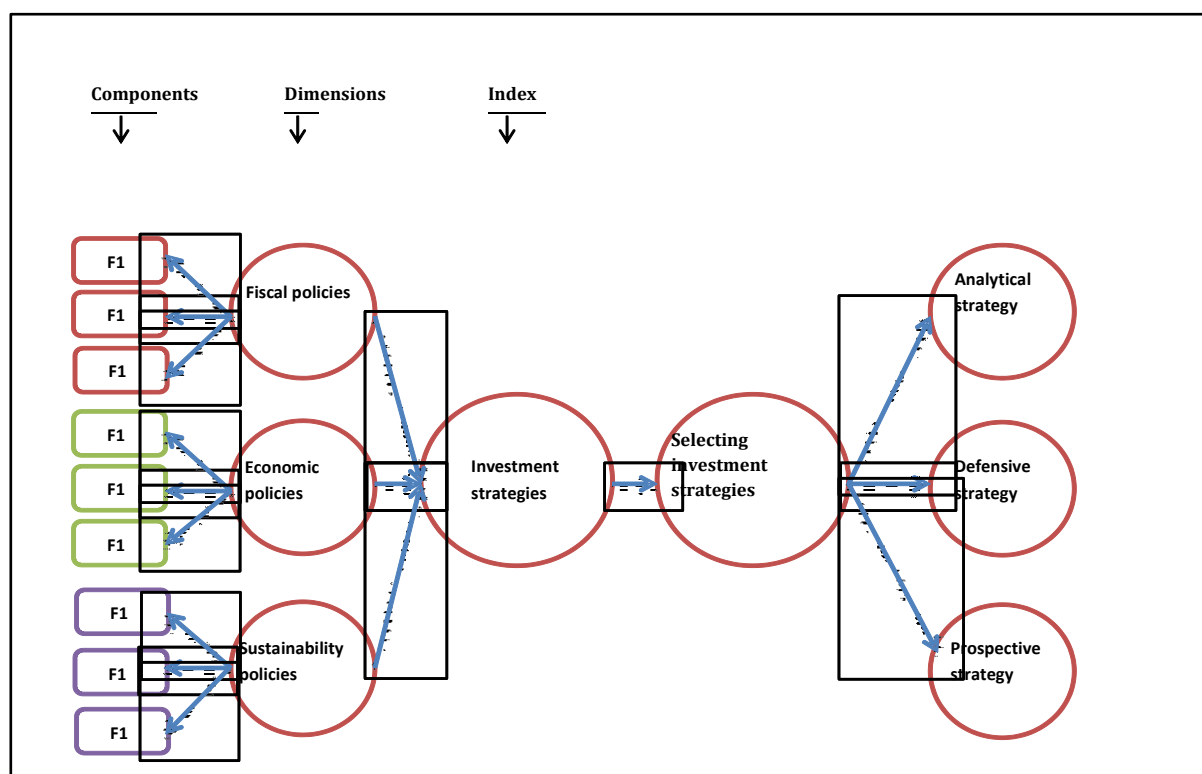


Fig. 1: Conceptual model of research

2 Research Methods

This study sought to model the effect of instability in "financial, economic, and sustainability" policies on the choice of investment strategies of companies in the Tehran Stock Exchange. The present study is descriptive-applied research and is applied in terms of purpose. The information required for the library research section was collected from Persian and English books, magazines, and specialized articles. The statistical population of this study was companies listed on the Tehran Stock Exchange. It also includes a six-year period to provide a model to explain the determinants of corporate sustainability reporting, which begins at the beginning of 2009 and ends at the end of 2018.

In this study, the companies selected to test the hypotheses are companies that:

- Their fiscal year ends at the end of March each year.
- Have not changed the fiscal year from 2009 to 2018.
- Have the necessary financial information available to extract the required data.
- Have been listed on the Tehran Stock Exchange until the end of the fiscal year 2009.
- are not part of banks and financial institutions (investment companies, financial intermediation, insurance, holding companies, and leasing companies).

Based on the systematic removal method, 130 companies out of 525 companies listed on the Tehran Stock Exchange were selected as the study population of the present study.

2.1 Hypotheses

Corporate fiscal policies are an influential factor in choosing corporate investment strategies. Corporate economic policies are an influential factor in choosing corporate investment strategies. Corporate sustainability policies are an influential factor in choosing corporate investment strategies.

2.2 The operational definition of variables

Financial ratios: Financial ratios are one of the most popular variables studied in research related to the selection of corporate investment strategies and have been used in many studies. These ratios are indicators

of profitability, the fulfillment of obligations, activity, and liquidity and can be considered as factors within the organization influencing the choice of investment strategies of companies. In the present study, 18 financial ratios related to the selection of companies' investment strategies were used.

Sustainable Development Indicators: In the present study, three components will be used, each of which has indicators and is shown in the table below in general. The sustainability index consists of three main components of corporate governance, environmental and social governance, each of which also consists of elements. Accordingly, the corporate governance component includes the percentage of non-executive directors, ownership concentration, internal auditor, separation of the role of CEO and chairman of the board, and so on. The social component also includes human rights, labor relations, labor rights, health and safety products and services, labor standards, and so on. In addition to these two items, the environmental component also includes elements such as raw materials and water consumption and energy cycle renewal and climate change, pollution (water, air, and waste), and so on. The level of stability of companies is used through the annual report of the Board of Directors on the activity and general situation of the General Assembly (according to the notification approved by the Exchange Organization No. 33452/60). Corporate sustainability is based on international and regional guidelines for global sustainability reporting. In many studies, a criterion for ranking companies and determining the sustainability of companies in terms of sustainability considerations. In the present study, each of the components is measured based on the corporate rating and stability rating, which uses the following formula to measure:

The number of corporate sustainability items divided by the total number of corporate sustainability items.

Macroeconomic indicators: To measure macroeconomic variables, indicators such as GDP, inflation rate, annual income, exchange rate, unemployment rate, etc. were used.

2.3 Choosing an investment strategy

Investment strategies in this research were divided into three strategies: defensive, analytical, and prospective. The company strategy was calculated

according to Navissi et al. [7]. These variables were quintupled each year so that observations in the lowest (highest) quintile were assigned a score of one (five). Then, for each company, scores of four variables per year were added to obtain a combined strategy score for each company between 4 and 20 variables per year.

Strategy scores between 4-8 indicate defensive strategy, strategy scores between 9-15 indicate analytical strategy, and finally, strategy scores between 16-20 indicate prospective strategy. A high (low) score indicates the tendency of companies towards a prospective (defensive) business strategy [8].

2.4 Methods and tools of data collection

In the present study, 18 financial ratios related to the selection of companies' investment strategies were used. To measure macroeconomic variables, indicators such as GDP, inflation rate, annual income, exchange rate, unemployment rate, etc. were used. The required data of the experimental part of the research were collected and stored in a database through the use of financial statements and explanatory notes, activity reports of the board of directors of sample companies, as well as existing databases such as Rahavard Novin,

Securities and Exchange Organization (Codal), stock exchange websites and the Central Bank system.

2.5 Information analysis method

The obtained information was summarized and classified through Excel, and finally, through LISREL 7 software, using the methods of confirmatory factor analysis and path analysis, the claimed relationships in the hypotheses were evaluated. In addition, some information was extracted through interviews, which were described analytically.

3 Results

3.1 Descriptive Statistics

The descriptive statistics of the data are as described in Table 1.

Confirmatory factor analysis hypothesis test: KMO index was 0.716 and due to the high level of KMO index of 0.6, the results of factor analysis are valid for the data. The level of Bartlett index was 521.189 and according to the significance level of the Bartlett test ($p = 0.000$), factor analysis is suitable to identify the structure (factor model), because the null hypothesis is based on a single matrix has been rejected.

Table 1: Descriptive statistics of data

Indicator	At least	Maximum	Average	Standard deviation
Return on assets	-1.322	0.402	-0.117	0.485
Gross return on assets	-1.153	0.432	-0.024	0.718
Return on equity	-3.486	4.012	0.275	0.613
Net profit margin	-12.038	8.613	-0.201	0.545
Gross profit ratio	-1.102	0.589	0.064	0.218
Earnings per share	-8347.1	4071	-685.3	1523.6
Operating profit to sell	-14.074	0.809	-0.269	1.167
Operating profit to average equity	-11.941	35.481	0.291	3.326
Operating profit to average assets	-1.177	3.721	-0.026	0.266
Current ratio	0.021	4.723	0.833	0.568
Instant ratio	0.049	4.815	0.506	0.791
Ratio of working capital to assets	-8.811	0.698	-0.44	0.626
Working capital to sales ratio	-25.381	16.392	-0.518	3.069
Interest coverage ratio	-42.827	65.039	-0.279	6.223
Debt to equity ratio	-54.718	48.012	1.023	6.517
Debt ratio	0.179	10.184	1.292	1.051
Asset turnover	0.000	339.6	3.404	0.362
Inventory turnover	0.000	20.327	1.886	2.337
Accounts receivable turnover	0.000	50.806	2.969	5.379

Indicator	At least	Maximum	Average	Standard deviation
Fixed asset turnover	0.000	171.6	4.167	13.542
Average debt cost ratio	0.000	0.243	0.077	0.102
Operating cash flow ratio	-0.606	0.568	0.018	0.141
Profit quality ratio	-20.197	22.865	0.245	3.598
Cash return ratio of assets	-0.713	0.634	0.007	0.116
Cash flow at the expense of interest	-54.334	67.501	5.181	12.303
Operating cash flow per share	-5162.4	8145.1	461.3	750.6
Cash flow growth rate per share	-58.432	60.931	-0.4101	7.271
Net profit growth rate	-3195.2	18.975	-12.625	191.9
Fixed assets growth rate	-0.843-	15.813	0.229	1.512
Sales growth rate	-1.000	9.601	0.251	0.837
Survival ratio	-54.201	90.681	1.913	8.748
Operating profit to total assets	-1.177-	3.721	0.103	0.369
Operating profit to sell	-14.07	0.809	-0.269	1.167
Operating profit to equity	-12.845	38.663	0.501	1.119
Quality of accruals	-0.387	1.131	0.102	0.113
Absolute value of unusual accruals	0.0004	2.458	0.145	0.188
Profit fluctuations	0.018	1.536	0.129	0.557
GDP	2516.3	11748.7	6012.2	3012.3
Inflation	9	34.7	17.9	2.47
Exchange rate	9226	37690	21360	11031
Economic added value	-0.7791	0.0522	-0.1498	0.1541
Performance	-0.042	1	0.643	0.331
Company life	6	81	36	14.5
Auditor comments	Zero	1	1	0.618
Growth ratio of product market share	-1.000	5.667	-0.069	0.606
Appropriate work procedures and jobs	Zero	1	1	0.236
Human rights	Zero	1	Zero	0.819
Community participation and development	Zero	1	1	0.512
The product responsibility and business ethics	Zero	1	Zero	0.473
Raw materials, water, and energy	Zero	1	1	0.117
Emissions of gases, sewage, effluents, and wastes	Zero	1	Zero	0.815
Products and services and environmental effects	Zero	1	Zero	0.623
Compliance with relevant environmental laws and regulations	Zero	1	Zero	0.278
Environmental protection and assessment	Zero	1	Zero	0.551
Institutional property rating	0.000	73.53	4.545	2.615
Concentration of ownership	0.079	1	0.481	0.208
Percentage of non-executive managers	0.000	1.000	0.561	0.221
Internal auditor	Zero	1	1	0.663
Director duality	Zero	1	Zero	0.298
Board size	5	7	5.047	0.401

3.2 Confirmatory factor analysis of the components of the defensive strategy dimension

Given that the GFI index (goodness of fit index) with a value of 0.983 is close to one, the model has a good fit and the data better confirms the pattern of these relationships. On the other hand, the AGFI index (adjusted goodness index of fit) with a value of 0.956

is close to one and, like the GFI index, indicates a good fit of the model with the data. The value of RMSEA (root mean error of approximate squares) of 0.085, due to its proximity to zero, indicates a good fit of the model. The normalized fit index (NFI) of 0.914 indicates that the model fits well. Also, the value of the non-normalized fit index (NNFI) with the value of 0.923, indicates the proper fit of the model. The relative fit index (RFI) with a value of 0.887 indicates the proper fit of the model. The parsimony comparative fit index (PCFI) with a value of 0.741 indicates the suitability of the model.

3.2.1. Factor analysis of the variable components of financial ratios

According to Table 2, component T1 (current ratio) explains the highest variance of the defensive strategy variable with the path coefficient (γ 0.925). In contrast, component T3 (ratio of working capital to assets) explains the lowest variance of the defensive strategy variable with the path coefficient (0.127 γ). The variable of accumulated profit to total assets has the highest explanatory power, and in contrast, the variable debt-to-equity ratio has the least explanatory power.

Component S3 (earnings per share) explains the highest variance of the defensive strategy with the path coefficient (γ 0.835). In contrast, component S1 (net profit margin) explains the lowest variance of the defensive strategy variable with the path coefficient (0.248 γ). The gross profit ratio variable has the highest explanatory power and in contrast, the interest coverage ratio variable has the lowest explanatory power.

Component J3 (cash return ratio of assets) explains the highest variance of the defensive strategy variable with the path coefficient (γ 0.693). In contrast, component J1 (operating cash flow ratio) explains the lowest variance of the defensive strategy variable with the path coefficient (0.174 γ). The variable of operating cash flow per share has the highest explanatory, and in contrast, the variable of profit quality ratio has the lowest explanatory. According to Table 2, due to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.2.2. Factor analysis of variable components of macroeconomic factors

According to Table 3, the ECO2 component (inflation rate) explains the highest variance of the defensive strategy variable with the path coefficient (0.928 γ). In contrast, the ECO5 component (unemployment rate) explains the lowest variance of the defensive strategy with the path coefficient (0.175 γ). The annual income variable has the highest explanatory power, while the inflation rate variable has the lowest explanatory power. According to Table 4, due to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.2.3. Factor analysis of variables of corporate sustainability

According to Table 4, the CSR2 (social) component explains the highest variance of the defensive strategy variable with the path coefficient (0.835 γ). In contrast, the CSR3 (environmental) component explains the least variance of the defensive strategy variable with the path coefficient (0.516 γ). The social variable has the highest explanatory and in contrast, the environmental variable has the lowest explanatory. According to Table 4, according to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.3. Confirmatory factor analysis of the next components of analytical strategy

Given that the GFI index (goodness of fit index) with a value of 0.965 is close to one, the model has a good fit and the data better confirms the pattern of these relationships. On the other hand, the AGFI index (adjusted goodness index of fit) with a value of 0.928 is close to one and, like the GFI index, indicates a good fit of the model with the data. The value of RMSEA (root mean error of approximate squares) of 0.069, due to its proximity to zero, indicates a good fit of the model. The normalized fit index (NFI) of 0.921 indicates that the model fits well. Also, the value of the non-normalized fit index (NNFI) with the value of 0.934, indicates the proper fit of the model. The relative fit index (RFI) with a value of 0.847 indicates the proper fit of the model. The parsimony comparative fit index (PCFI) with a value of 0.852 indicates the suitability of the model.

3.3.1. Factor analysis of the variable components of financial ratios

According to Table 5, component T2 (instantaneous ratio) explains the highest variance of the analytical strategy variable with the path coefficient (0.638 y). In contrast, component T4 (accumulated profit on total assets) explains the lowest variance of the analytical strategy with the path coefficient (0.268 y). The debt-to-equity ratio variable has the highest explanatory power, while the working capital-to-asset ratio variable has the lowest explanatory power.

Component S2 (Gross Profit Ratio) explains the highest variance of the analytical strategy variable with the path coefficient (0.852 y). In contrast, component S6 (sales growth rate) explains the lowest variance of the analytical strategy variable with the path coefficient (0.289 y). The variable of net profit margin has the highest explanatory and in contrast, the variable of gross profit ratio has the lowest explanatory.

Component J3 (cash return ratio of assets) explains the highest variance of the analytical strategy variable with the path coefficient (0.893 y). In contrast, component J4 (cash flow at interest cost) explains the lowest variance of the analytical strategy variable with the path coefficient (0.336 y). The variable of cash flow growth rate per share has the highest explanatory power and in contrast, the variable of earnings quality ratio has the lowest explanatory power. According to Table 5, according to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.3.2. Factor analysis of variable components of macroeconomic factors

According to Table 6, the ECO1 component (GDP) explains the highest variance of the analytical strategy variable with the path coefficient (0.819 y). In contrast, the ECO4 (exchange rate) component explains the lowest variance of the defensive strategy variable with the path coefficient (0.336 y). The unemployment rate variable has the highest explanatory power and conversely, the exchange rate variable has the least explanatory power. According to Table 6, due to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.3.3. Factor analysis of variables of corporate sustainability

According to Table 7, the CSR3 (environmental) component explains the highest variance of the analytical strategy variable with the path coefficient (0.719 y). In contrast, CSR1 (corporate governance) explains the lowest variance of the analytical strategy variable with the path coefficient (0.371 y). The social variable has the highest explanatory, while the corporate governance variable has the lowest explanatory. According to Table 7, according to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.4 Confirmatory factor analysis of the components of the prospective strategy dimension

Given that the GFI index (goodness of fit index) with a value of 0.989 is close to one, the model has a good fit and the data better confirms the pattern of these relationships. On the other hand, the AGFI index (adjusted goodness index of fit) with a value of 0.938 is close to one and, like the GFI index, indicates a good fit of the model with the data. The value of RMSEA (root mean error of approximate squares) of 0.098, due to its proximity to zero, indicates a good fit of the model. The normalized fit index (NFI) of 0.878 indicates that the model fits well. Also, the value of the non-normalized fit index (NNFI) with the value of 0.926, indicates the proper fit of the model. The relative fit index (RFI) with a value of 0.871 indicates the proper fit of the model. The parsimony comparative fit index (PCFI) with a value of 0.881 indicates the suitability of the model.

3.4.1. Factor analysis of the variable components of financial ratios

According to Table 8, the T2 component (instantaneous ratio) explains the highest variance of the prospective strategy variable with the path coefficient (0.574 y). In contrast, component T5 (debt to equity ratio) explains the lowest variance of the prospective strategy variable with a path coefficient (0.189 y). The instantaneous ratio variable has the highest explanatory and in contrast, the working capital to assets ratio variable has the lowest explanatory.

Component S5 (net profit growth rate) explains the highest variance of the prospective strategy variable with a path coefficient (0.771 y). In contrast, component S6 (sales growth rate) explains the lowest variance of the prospective strategy variable with a path coefficient (0.128 y). The variable of net profit growth rate has the highest explanatory power and in contrast, the variable of interest coverage ratio has the lowest explanatory power.

Component J4 (cash flow at interest cost) explains the highest variance of the prospective strategy variable with the path coefficient (0.738 y). In contrast, component J5 (operating cash flow per share) explains the lowest variance of the prospective strategy variable with the path coefficient (0.289 y). The variable of profit-quality ratio has the highest explanatory power, and in contrast, the variable of cash return ratio of assets has the least explanatory power. According to Table 8, due to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.4.2. Factor analysis of variable components of macroeconomic factors

According to Table 9, the ECO2 component (inflation rate) explains the highest variance of the prospective strategy variable with a path coefficient (0.891 y). In contrast, the ECO3 (annual revenue) component explains the lowest variance of the prospective strategy variable with a path coefficient (0.216 y). The exchange rate variable has the highest explanatory, and in contrast, the GDP variable has the lowest explanatory. According to Table 9, due to the

significance of the t-test, all path coefficients or factor loads obtained are significant.

3.4.3. Factor analysis of variable components of corporate stability

According to Table 10, the CSR2 (social) component explains the highest variance of the prospective strategy variable with the path coefficient (0.816 y). In contrast, the CSR3 (environmental) component explains the lowest variance of the prospective strategy variable with a path coefficient (0.339 y). The environmental variable has the highest explanatory and in contrast, the social variable has the lowest explanatory. According to Table 10, due to the significance of the t-test, all path coefficients or factor loads obtained are significant.

3.5. Path analysis

According to Table 11, the beta coefficient of financial policy variables on corporate investment strategies is equal to 0.784, the beta coefficient of economic policy variables on corporate investment strategies is equal to 0.426, and the beta coefficient of stability policies on corporate investment strategies is equal to 0.631. Therefore, it can be said that the financial policy variable has the greatest impact on corporate investment strategies and the economic policy variable has the least impact on corporate investment strategies. According to Fig. 2, according to the significance level of the t-test, all beta coefficients or factor loads obtained are significant and the null hypothesis can be rejected and the alternative hypothesis can be accepted.

Table 2: Results of confirmatory factor analysis of financial ratio variables

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
T1	Current ratio	0.925	15.263	0.263	0.000 *
T2	Instant ratio	0.832	12,332	0.415	0.000 *
T3	Ratio of working capital to assets	0.127	8,956	0.347	0.007 *
T4	Retained earnings on total assets	0.833	15,603	0.781	0.000 *
T5	Debt to equity ratio	0.651	11,417	0.163	0.000 *
S1	Net profit margin	0.248	9,623	0.174	0.008 *
S2	Gross profit ratio	0.581	11.247	0.526	0.000 *
S3	Earnings per share	0.835	7,451	0.417	0.014 *
S4	Interest coverage ratio	0.478	14.009	0.114	0.000 *
S5	Net profit growth rate	0.286	13,256	0.439	0.000 *
S6	Sales growth rate	0.352	7,623	0.518	0.009 *

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
J1	Operating cash flow ratio	0.174	14,223	0.285	0.000 *
J2	Profit quality ratio	0.281	12,923	0.171	0.000 *
J3	Cash return ratio of assets	0.693	9,774	0.389	0.007 *
J4	Cash flow at the expense of interest	0.478	15,016	0.522	0.000 *
J5	Operating cash flow per share	0.573	12,336	0.615	0.000 *
J6	Cash flow growth rate per share	0.382	14,815	0.288	0.002 *

Standardized Lambda values Y*

Table 3: Results of factor analysis of variable components of macroeconomic factors

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
ECO1	GDP	0.745	12.336	0.628	0.000*
ECO2	Inflation	0.928	17.512	0.325	0.002*
ECO3	Annual income	0.583	13.608	0.745	0.003*
ECO4	exchange rate	0.648	15.338	0.441	0.000*
ECO5	Unemployment rate	0.175	14.017	0.392	0.000*

Standardized Lambda values Y*

Table 4: Results of factor analysis of components of corporate sustainability variability

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
CSR1	Corporate governance	0.637	11.602	0.518	0.000*
CSR2	social	0.835	14.338	0.714	0.000*
CSR3	environmental	0.516	13.801	0.336	0.000*

Standardized Lambda values Y*

Table 5: Results of confirmatory factor analysis of variables

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
T1	Current ratio	0.526	12.885	0.632	0.000*
T2	Instant ratio	0.638	14.003	0.412	0.000*
T3	Ratio of working capital to assets	0.561	17.513	0.108	0.000*
T4	Retained earnings on total assets	0.268	16.388	0.692	0.000*
T5	Debt to equity ratio	0.361	14.174	0.718	0.000*
S1	Net profit margin	0.475	15.226	0.774	0.000*
S2	Gross profit ratio	0.852	12.174	0.158	0.000*
S3	Earnings per share	0.651	11.815	0.369	0.000*
S4	Interest coverage ratio	0.711	15.361	0.478	0.000*
S5	Net profit growth rate	0.638	17.002	0.582	0.000*
S6	Sales growth rate	0.289	12.392	0.206	0.000*
J1	Operating cash flow ratio	0.715	12.854	0.481	0.003*
J2	Profit quality ratio	0.445	16.325	0.258	0.000*
J3	Cash return ratio of assets	0.893	17.002	0.623	0.008*
J4	Cash flow at the expense of interest	0.336	12.171	0.812	0.000*
J5	Operating cash flow per share	0.662	19.623	0.512	0.000*
J6	Cash flow growth rate per share	0.581	13.281	0.818	0.000*

Standardized Lambda values Y*

Table 6: Results of confirmatory factor analysis of variables

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
ECO1	GDP	0.819	18.003	0.371	0.000*
ECO2	Inflation	0.415	12.618	0.518	0.000*
ECO3	Annual income	0.718	15.063	0.663	0.000*
ECO4	exchange rate	0.336	17.551	0.141	0.000*
ECO5	Unemployment rate	0.662	13.606	0.817	0.000*

Standardized Lambda values Y*

Table 7: Results of confirmatory factor analysis of variables

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
CSR1	Corporate governance	0.371	16.313	0.314	0.000*
CSR2	social	0.558	12.778	0.526	0.000*
CSR3	environmental	0.719	19.618	0.478	0.000*

Standardized Lambda values Y*

Table 8: Results of confirmatory factor analysis of financial ratio variables

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
T1	Current ratio	0.365	12.888	0.262	0.000*
T2	Instant ratio	0.574	15.036	0.815	0.000*
T3	Ratio of working capital to assets	0.239	17.115	0.163	0.000*
T4	Retained earnings on total assets	0.471	12.919	0.581	0.000*
T5	Debt to equity ratio	0.189	14.513	0.269	0.000*
S1	Net profit margin	0.745	18.025	0.692	0.000*
S2	Gross profit ratio	0.269	12.603	0.325	0.000*
S3	Earnings per share	0.491	14.336	0.471	0.000*
S4	Interest coverage ratio	0.554	17.525	0.151	0.000*
S5	Net profit growth rate	0.771	13.371	0.818	0.000*
S6	Sales growth rate	0.128	14.778	0.378	0.000*
J1	Operating cash flow ratio	0.538	17.512	0.662	0.000*
J2	Profit quality ratio	0.481	12.603	0.815	0.000*
J3	Cash return ratio of assets	0.385	15.222	0.326	0.000*
J4	Cash flow at the expense of interest	0.738	11.918	0.415	0.000*
J5	Operating cash flow per share	0.289	14.303	0.717	0.000*
J6	Cash flow growth rate per share	0.517	17.818	0.258	0.000*

Standardized Lambda values Y*

Table 9: Results of confirmatory factor analysis of variables

Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
ECO1	GDP	0.637	15.212	0.174	0.000*
ECO2	Inflation	0.891	13.271	0.512	0.000*
ECO3	Annual income	0.216	16.392	0.325	0.000*
ECO4	exchange rate	0.816	18.141	0.923	0.000*
ECO5	Unemployment rate	0.238	15.316	0.155	0.000*

Standardized Lambda values Y*

Table 10: Results of confirmatory factor analysis of variables

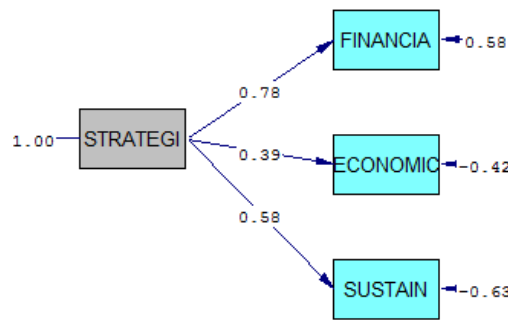
Pattern	Observed variable	Route coefficients *	t. value	r ²	Sig.
CSR1	Corporate governance	0.754	11.385	0.714	0.000*
CSR2	social	0.816	14.502	0.513	0.000*
CSR3	environmental	0.339	13.339	0.887	0.000*

Standardized Lambda values Y*

Table 11: Path model regression coefficients and their significance

Path pattern	Beta coefficients	Estimate deviation	T statistic	Significance level
Fiscal policies on corporate investment strategies	0.784	0.582	12,685	0.000 *
Economic policies on corporate investment strategies	0.426	0.427	14.002	0.000 *
Sustainability policies on corporate investment strategies	0.631	0.631	11,585	0.003 *

* 5% error level



Chi-Square=71.28, df=3, P-value=0.00000, RMSEA=0.083

Fig. 2: Research variables' factor loads

4 Conclusions

The purpose of this study was to model the effect of instability in "financial, economic, and sustainability" policies on the choice of investment strategies of companies in the Tehran Stock Exchange. The results showed that:

- 1) Companies 'financial policies are an effective factor in choosing companies' investment strategies. Zhang [9] showed that with increasing market competitiveness, there are major changes in the direction of corporate strategy. In other words, their findings highlighted the dynamic nature of business strategies and the importance of aligning strategies with the corporate environment. Higgins et al. [10] showed that prospective firms are more involved in tax avoidance than defense-oriented firms. Heidarzadeh et al. [11]

showed that trading strategy and overvaluation have a significant and positive effect on stock price risk. Hajiha et al. [12] showed that trading strategy and stock overvaluation have a positive and significant effect on the risk of stock price falls.

- 2) Companies 'economic policies are an effective factor in choosing companies' investment strategies. Therefore, Mbanga et al. [13] examined the effect of uncertainty in economic and political policies on abnormal investments in the US stock market. The results showed that the abnormal returns on investment strategies of the Republican Party (aligned with Trump) were higher than those of the Democratic Party, and in fact, their hypothesis was confirmed. Barzegar et al. [2] investigated the effect of business strategies on

the disclosure of research and development activities and showed that the differentiation strategy has a significant positive effect on the disclosure of research and development activities.

- 3) 3- Corporate sustainability policies are an effective factor in choosing companies' investment strategies. Therefore, Navissi et al. [7] showed that companies that pursue a prospective, innovation-based strategy are more likely to invest heavily. Companies with performance-based strategies, on the other hand, are more likely to invest less. Higgins et al. [10] showed that prospective firms are more involved in tax avoidance than defense-oriented firms. Hajiha et al. [12] showed that trading strategy and stock overvaluation have a positive and significant effect on the risk of stock price falls.

Finally, for further study, future researchers are suggested:

- To model the effect of instability in "financial, economic and sustainability" policies on the choice of investment strategies of "strategic and non-strategic" companies.
- To model the effect of instability in "financial, economic and sustainability" policies on the choice of investment strategies of "manufacturing and non-manufacturing" companies in a comparative way.

4.1 Research limitations

Since the characteristics mentioned in the third chapter are the basis for selecting a sample from the companies of the statistical community, so generalizing the research results to the group of companies listed on the Tehran Stock Exchange that have the characteristics They are different from the sample should be done with caution.

Due to the lack of study of the research topic of this dissertation in the country and in parallel with it, the lack of appropriate information resources to use these resources in this dissertation, including in the research background section, we had a special limitation.

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