Evaluating the Indices of Assets Structure in Measuring the Performance of Banks Accepted in Tehran Stock Exchange

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ABSTRACT

The study primarily aimed to evaluate the indices of assets structure in measuring the performance of banks accepted in Tehran Stock Exchange. The study had one major hypothesis, “indices for evaluating the performance are the most efficient indices in measuring the performance of the banks accepted in Tehran Stock Exchange and tranexchange in Iran”. It also had a minor hypothesis, “indices for the assets structure are the most efficient criteria for measuring the performance of the banks accepted in Tehran Stock Exchange and tranexchange in Iran”. The study was a descriptive one. What existed is described and interpreted and includes gathering the required information for testing the hypotheses or answering the research questions regarding the current status of the topic under the study. Considering the purpose, it was an applied one. It was empirical, ex post facto regarding its project. The temporal domain of the study was between 2012 and 2014 and the results confirmed the hypotheses.

KEYWORDS

Evaluating, Structure, Banks, Stock, Assets

INTRODUCTION

Each organization requires a performance assessment system in order to be informed of the extent of optimal and efficient activities in a complex and dynamic environment. Lack of such a system means lack of communication between internal and external environment of the organization which in turn would lead to its decline and disappearance. Banks, like other organizations in Iran, aim to offer more modern and faster services with high variety in order to enable them to survive in a competitive informational environment and to develop their special services and thereby, they need performance assessment systems. Banking has undergone several changes in the area of new technologies and deregulation of services within the last few decades. Determining the development goals by the state banks has led this system toward more competitiveness. With the growing increase in the competition of banking system in Iran, banks should always screen their performance and measure their performance compared to that of their competitors using appropriate models. In this regard, banks can guarantee their competitive advantages and enhance them to a great extent.

Banks are financial institutions which gather people’s money and grant the industries and other applicant some facilities. Indeed, banks facilitates transferring resources from individuals who may be unable to get involved in the economic activities due to lack of expertise and capital and investment risk avoidance to those who lack financial resources to make investment. Since the banks aim to obtain profits, they should attract the resources at lower prices and offer them to the applicants at the highest profit. Hence, the firms and foremost purpose of the banks, like any other non-profit institutions, is maximizing their owners’ capital.

LITERATURE

Foreign literature:

Kumar et al. (2013) examined the financial performance of the state banks in India in 2011. The results suggested that the central bank, except for the group state bank, was ranked as the first with regard to its performance in the area of liquidity and quality of assets in 2007, followed by Andra bank due to its high power in the area of productivity management, capital sufficiency, and quality of assets. The state bank of India had the lowest ranking due to lack of management efficiency, weak assets and quality of income. The study indicated that the state bank of India should improve its productivity management and increase the quality and income.

Secme, Baykadaroglu and Qahraman (2009) used Topsis analysis for evaluating the fuzzy performance of banking industry in Turkey. They conducted a macro assessment of the banks in two sectors: financial and non-financial. The indices for the capital quality, assets quality, profitability, liquidity, income structure and expenditure and share group were used to assess the financial performance and pricing.
marketing, productivity and services offering indices were utilized to assess non-financial performance[4].

Kosmidou and Zopoinidis (2008) evaluated the performance and efficiency of commercial and corporate banks in Greece in a three-year period from 2003 until 2004. The results indicated that commercial banks were more tended to increase their accounts for attracting more customers while it was not true for the corporate banks[3].

**Local literature:**

Asgharizade et al. presented a combined model using fuzzy promethee and multi-purpose linear planning for outsourcing guarantee services. The model consisted of two phases. When the defective product is sent to be repaired, fuzzy parameters were used in the first phase to rank the contractors. In the second phase, multi-purpose planning was used to allocate and transport the product for being repaired. The main purpose of the model was minimizing the imposed expenses on the firms and maximizing the customers’ satisfaction. This would be possible using one zero and one two-purpose linear planning and relying on the priorities determined in the first phase of the model. The more it is possible to decrease the amount of waiting time and taken space for transporting the product to the repairman shop, the more likely it would be to maximize the customers’ satisfaction. This purpose should be examined in light of the distance, though. It is worth noting that the model is a dynamic one and can be used in many firms[1].

Bakhshi et al. (2011) conducted a study entitled “an evaluation of the innovation status in South-West Asia and determining its status in Iran: Applying promethee decision-making method for examining two main purposes. The first purpose was evaluating the innovation indices in South-West Asia and determining the status of Iran based on these indices. The second purpose was explaining the application of promethee method. To this end, the indices were first gathered, extracted and the trends of these indices were examined then in various countries of the given area. Then, indices were prioritized using weighing entropy technique and type-2 promethee technique and the status of Iran was determined according to innovation combined indices. The results indicated that Iran had a moderate status compared to other countries which seems not to be a desirable status[2].

Sharifi et al. (2011) conducted a study entitled “examining and choosing appropriate signaling system using entropy-promethee method for Zahedan-Chabahar railway in terms of the high purchasing costs, installation, establishment and preserving of signaling equipment and tried to find a suitable and optimal signaling equipment in line with the requirements of a railway in order to wasting the resources and spending unnecessary expenditures and attempted to choose an appropriate signaling system for Zahedan-Chabahar railway. To this end, 10 indexing signaling systems and 15 influential indices were codified in choosing a signaling system in order to examine the promethee multi-criterion decision-making method for solving the research problem. They concluded that political considerations and legal considerations of the country as well as technological limitations were identified as intervening variables and would make a tremendous impact on the decision-making. The conclusions were presented based on the indices which could be examined[5].

**RESEARCH HYPOTHESES**

**Major hypothesis:**

Performance evaluations indices are the most efficient indices in measuring the performance of banks accepted in Tehran Stock Exchange and tranexchange of Iran.

**Minor hypothesis:**

Assets structure indices are the most efficient criteria in measuring the performance of banks accepted in Tehran Stock Exchange and tranexchange in Iran.

**RESEARCH VARIABLES**

**Dependant variable:**

Performance and ranking

**Independent variable:**

Assets structure index

**METHOD**

The study was a descriptive one. What exists is described and interpreted in descriptive studies and they entail gathering the required information for testing the research hypothesis or answering the relevant questions to the current status of the topic under the study. Considering the purpose, the study was an applied one. With regard to the project, it was an empirical, ex post facto study. Taking into account its process, it was a quantitative one. In studies with correlational method, the main purpose is determining the relationship between quantitative variables and the extent of the relationship.

**RESEARCH DOMAIN**

**Topical domain:**

The topical domain of the study entails evaluating the assets structure indices in measuring the performance of banks accepted in Tehran Stock Exchange.

**Spatial domain:**

The spatial domain of the study consisted of all the banks accepted in Tehran Stock Exchange and tranexchange in Iran.

**Temporal domain:**

The temporal domain included a three-year period since 2012 until 2014.

**RESULTS**

**Assets structure indices**

a. Bank income to total assets x1
Regarding this index, Karafarin bank had the highest efficiency value and the lowest efficiency value belonged to Ansar bank.

c. Demands storage to facilities x3

d. Fixed assets to total assets x4

Considering the calculated values related to the capital structure variable, it might be concluded that like liquidity, the highest efficiency belonged to Pasargad bank taking into account this variable.
Below, a table presents the status of the most efficient and inefficient banks in both groups considering the research variables.

Tab. 1. The status of banks regarding the research variables

<table>
<thead>
<tr>
<th>Bank members</th>
<th>Bank members exchange</th>
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<th>Ratio</th>
<th>Variables</th>
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<tr>
<td>Iran Zamin Bank</td>
<td>Gardeshgari Bank</td>
<td>Ansar Bank</td>
<td>Pasargad Bank</td>
<td>X1</td>
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<td>Sarmaye Bank</td>
<td>Gardeshgari Bank</td>
<td>Ansar Bank</td>
<td>Karafarin Bank</td>
<td>X2</td>
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<tr>
<td>Iran Zamin Bank</td>
<td>Gardeshgari Bank</td>
<td>Ansar Bank</td>
<td>Pasargad Bank</td>
<td>X3</td>
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</table>

**CONCLUSION**

The research hypotheses, entailing that the indices of the assets are the most efficient criteria in measuring the performance of the banks accepted in Tehran Stock Exchange and tranexchange in Iran including the ratios of total income of the banks to total assets, total facilities to total assets, Demands storages to total facilities, and fixed assets to total assets were confirmed.

**Suggestions:**

Since the assets structure variable was the only confirmed variable, it is recommended to pay more attention to the assets structure by the stakeholders’ and Central bank’s investment. They are also recommended to make and implement some regulations by the exchange and tranexchange organizations in order to unify the process of presenting the financial invoices based on similar variables in banks accepted in Tehran Stock Exchange and tranexchange. Exchange organization should provide unified factors in order to register the financial information of the firms. Moreover, based on unified information and technological systems and through receiving financial information electronically online, the information should be unified. Of course, this process entails high costs for exchange and tranexchange organizations.

It is suggested to employ appropriate methods for measuring the accounting information unity before relying on the financial invoices of the firms. It is obvious that some unstable procedures in financial invoices and in the form of a time series process indicate lack of information unity.

**REFERENCES**


