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Investigating the phenomenon of myopia in the capital market and corporate strategy in companies listed on the Tehran Stock Exchange

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Abstract

Strategic planning provides a tool for organizations to follow the development and implementation of strategy in different aspects of the organization and manage their strategic performance. It is always possible to prepare and choose a suitable strategy by planning the strategy, evaluating the organization's environmental conditions and internal capabilities (weaknesses and strengths), and considering the organizational values. Competitive strategies determine the performance orientation of managers to defeat powerful competitors in international markets. This research investigates the phenomenon of myopia in the capital market and companies' strategies. The final sample of the research was selected using the systematic elimination sampling method (screening) over ten years from 2013 to 2021. The research hypotheses were investigated using ordinal logistic regression tests. The results showed an influence mechanism between the myopia phenomenon in the capital market and the company's strategy in the studied sample.

Keywords: myopia in the capital market, corporate strategy
2020 MSC: 91G15

1 Introduction

With a close look at the concept of strategy, one can realize the necessity of using it. The surprising changes that surround organizations, the complexities of organizational decisions, globalization, the speed of information and communication technology, all show the need to use strategic planning to face such issues more than in the past. Smart managers have realized that by determining and explaining the goals and missions of the organization in the long term, they can achieve their plans better. The organization works better and shows a more appropriate response to the environment, with the help of this planning, the managers determine their directions in the future and equip the organization against the changes and developments of tomorrow. Having this way of thinking and planning helps

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managers to get a clear picture of the organization and its goals and to coordinate the activities of the organization under a single plan. Having strategic thinking means the mental and executive preparation of all the organization's members to adapt to the conditions or temporal and meaningful precedence over environmental changes. Severe and rapid changes in external environment factors necessitate the use of strategic management and strategic thinking. Today, the importance of understanding the competitive business environment and environmental uncertainty by managers has become more and more apparent. Companies are forced to use management and strategic planning to grow and achieve organizational goals [20]. In this regard, Miles and Snow [15] define strategy as the response of top managers to the constraints and opportunities they face. Namazi [18] from another point of view, the strategy specifies the key internal and external structures that the company should follow in the future to gain access to a sustainable competitive advantage. The strategy of companies can be related to the myopia phenomenon in the capital market. The meaning of short-sightedness is to overestimate short-term earnings and underestimate long-term earnings by investors active in the market. The short-sightedness of investors has led to a change in the behavior of the company's management, and instead of focusing and planning to improve long-term performance, the company focuses on current and short-term performance, and this may affect the company's strategy. Myopic investors in the stock market overestimate the expected short-term earnings and underestimate the long-term earnings, so they make such investment decisions based on the company's short-term performance [9]. In such companies, in order to meet the short-term expectations of myopic investors, through methods such as profit management, the managers identify and record the earnings related to the next year in the current year, in order to improve the short-term performance of the company. Myopic investors make their decisions based on the short-term performance of companies. Since the market value of companies priced in a myopic manner depends more on the expected short-term earnings, we expect that the investors' myopia affects the decisions of the managers of these companies and increases the expected short-term earnings through methods such as profit manipulation and lowers the expected long-term earnings. reduce [7]. The studies of [11, 12, 17, 21, 24] considered the phenomenon of myopia to be caused by the perspective of people and their behavior and its effect on the type of decisions considered. have placed One of the most important decisions is the preparation and equation of the company's strategy.

In the traditional financial paradigm, it is assumed that the decision makers in the capital market behave completely rationally and always seek to maximize their expected utility [25]. But due to the inability of the traditional financial paradigm to explain the anomalies observed in the capital market due to the lack of attention to the behavioral issues of investors, the behavioral financial paradigm became dominant [13]. One of the behaviors of investors that can be interpreted in the form of behavioral finance paradigm is the phenomenon of investors' short-sightedness, which threatens market efficiency and leads to decisions based on short-term market performance. The meaning of short-sightedness is to overestimate short-term data and underestimate long-term data by investors active in the market. In fact, in markets without absolute efficiency, investors and decision makers value the company only based on what happened in the past or in the distant future [16]. There are at least two reasons why investors are myopic. First, the stock sections reflect the information related to the models used by investors. Because investors pay less attention to the company's long-term vision and foundation, which leads to a lower than optimal valuation of long-term earnings. Second, financial analysts have helped investors to focus more on earnings, especially short-term earnings, because they are easier to predict and do not require correct estimates of the company's fundamentals.

2 Research background

It is concluded in some researches that family companies are less affected by myopic loss aversion than non-family companies due to their long-term vision and goals. Therefore, family companies will have the potential of a higher level of adverse risk 3 or the possibility of losing the value of the company compared to non-family companies.

These researches showed a direct equation between family ownership of companies and risk taking. Also, this research examined the issue that; How managerial incentives change the risk-taking preferences of family and non-family firms and concluded that management's ownership of more shares, which has a longer time horizon, leads to a greater increase in risk for non-family firms than for family firms. will be Also, increasing payments with a short-term horizon, such as bonuses and management payments, reduces the adverse risk in non-family companies. These researchers finally concluded that managerial incentives can strengthen or reduce risk-taking preferences, depending on whether they match the company's investment time.

In addition some investigates considered the effect of myopia of investors on the myopia of managers. The results of these researches show that the myopia of investors increases the myopia of managers.

Harford et al. [10] study the effect of the time horizon of institutional investors with a long-term perspective on the improvement of corporate decision-making. The findings indicate that institutional investors with a long-term

investment horizon are more motivated to monitor company managers, because making company decisions is related to maximizing stock value. They found that investors with a long-term investment horizon restrain many misconducts of large companies, such as profit management and fraud in financial statements, and strengthen corporate governance, create higher returns for shareholders, more profitability and less risk.

Certain researches concluded that by increasing the time horizon of investment to more than 6 years, the probability of myopic loss avoidance decreases compared to the time horizon of less than 2 years. Also, this research showed that managers with a high level of assets under management show less myopic loss aversion compared to managers with a low level of assets under management.

Jason Rege et al. [21] investigated the effect of temporal and distance myopia on corporate strategy. They discovered that temporal myopia focuses on the company's current strategy and leads to the formation of a permanent strategy over time. Distance myopia helps decision makers to better understand the technology and know the status of competitors and leads to compatibility with the industry strategy. Their results show that differences in types of managerial myopia have different effects on company results.

Bentley et al. [3] concluded that companies with a forward-looking strategy are more involved in financial reporting violations and, as a result, require more audit effort. Also, a company with a forward-looking strategy is at lower levels in terms of information asymmetry compared to companies with a defensive strategy.

Ameri and Yarmohammadi [2], in a research, examined the equation between managers' short-sightedness and profit fluctuations and major shareholders in companies listed on the Tehran Stock Exchange. The obtained results indicate that the presence or absence of expert and skilled shareholders among the company's shareholders has a significant effect on the short-sightedness of managers. In short, the obtained results indicate that the capital market has a significant reaction to the short-sightedness of the managers, and the short-sightedness of the managers had a significant effect on the future financial performance, such as the profit fluctuations of the investigated companies.

Some researches investigated the effect of myopic loss aversion of investors on investing in stocks in the Tehran Stock Exchange. The findings of them showed that the more loss-averse investors change and evaluate their stock portfolio, the less they invest in stocks, and the less they change and evaluate their stock portfolio, the more they invest in stocks; This finding is compatible with myopic loss aversion theory. The present research also shows that men invest in stocks more than women and fundamental analysts invest less than technical analysts. This research emphasizes the importance of myopic loss aversion in the stock market and considers the reduction of myopic loss aversion as a factor for increasing investment in stocks.

Fadainejad and Delshad [8] investigated the effect of managers' short-sightedness on future stock returns by using the information of 117 companies admitted to the Tehran Stock Exchange during the years 1385 to 1393. The result of the research shows that the future annual return of stocks has decreased in companies with short-sighted managers.

Delshad and Sadeghi Sharif [5] investigated the reaction of the capital market to the short-sightedness of managers and the effect of the presence of institutional shareholders on it in companies listed on the Tehran Stock Exchange. 70 companies were selected using the systematic elimination sampling method during the years 1386 to 1395 from among the companies accepted in the Tehran Stock Exchange. In this research, the measure of capital market reaction is based on abnormal return. The results show that the presence or absence of institutional shareholders among the shareholders does not have a significant effect on the equation between abnormal returns and short-sightedness of managers, and it cannot affect the reaction of the capital market to the short-sightedness of managers.

Also, the capital market did not show a significant reaction to the short-sightedness of managers, and as expected, short-sightedness does not have a significant and negative effect on abnormal returns.

Moradi et al. [16] analyzed the phenomenon of myopia in Iran's capital market by applying a model based on pure surplus accounting using the information of 250 companies admitted to the Tehran Stock Exchange during the years 2014 to 2015. The results of the estimation of the model showed that the phenomenon of myopia is prominent in the Iranian capital market. This factor shows that Iranian investors attach more importance to the past of the company and its short-term future earnings and do not consider long-term future earnings to be very important.

3 Results

3.1 Development of a model based on neat surplus accounting for the test of market foresight

The company's equity value can be obtained by summing the discounted expected cash profits:

$$P_t = \sum_{\tau=1}^{\infty}(1+r)^{-\tau}E_t[d_{t+\tau}], \tag{3.1}$$

P_t= market value of equity

d= cash interest

and r = 4 discount rate (the company's capital cost rate).

Malkiel [14] used the above model to test market myopia. But this model has a fundamental limitation. This limitation is that it is not possible to correctly evaluate the change or growth of the company's cash profit over time. This factor caused accounting variables to be replaced by cash profit to test market myopia in subsequent studies. Bernard [4] and Ohlson [19] used the residual earnings model as a basis for their evaluations [1]. They stated below:

$$P_t = b_t + \sum_{\tau=1}^{\infty}(1+r)^{-\tau}E_t[X_{t+\tau} - rb_{t+\tau-1}] \tag{3.2}$$

where b_t is the net book value of the company, X= earnings of the company (net profit after tax deduction). The above model provides a basic framework for testing market myopia. The expected excess of the price over the book value in the year T (future of the company) with the discounted abnormal earnings of the company after the year T is equal to:

$$E_t[P_t - b_t] = \sum_{t=T+1}^{\infty}(1+r)^{-t-T}E_t[X_t - rb_{t-1}]. \tag{3.3}$$

By placing the variables of model (3.3) in model (3.2), model (3.4) is obtained as follows

$$P_t = b_t + \sum_{\tau=1}^{\infty}(1+r)^{-\tau}E_t[X_{t+\tau} - rb_{t+\tau-1}] + (1+r)^{-T}E_t[P_{t+T} - b_{t+T}]. \tag{3.4}$$

The advantage of using this model to test market myopia is that it decomposes the value of the company into different components that all represent earnings. The following model was used to test the myopia of the Iranian capital market:

$$P_{jt} = \alpha_0 + \alpha_1 b_{jt} + \alpha_2 \sum_{\tau=1}^{T}(1+r_{jt})^{-\tau}E_t[X_{jt+\tau} - r_{jt}b_{jt+\tau-1}] + \alpha_3(1+r_{jt})^{-T}E_t[P_{jt+T} - b_{jt+T}] + \omega_{jt} \tag{3.5}$$

3.2 Behavioral indicators based on stock prices

The variable p_{i1} representing the ratio of stock price at the end of the desired years to profit per share (E/P), variable p_{i2} representing the ratio of stock price to book value of assets (B/P) and variable p_{i3} representing the ratio of price per share to operating sales (S/P) is defined in each company as the determining factors of the behavior based on the stock price and the average of each of them for the set of companies under investigation at the end of each year was assumed as the final indicators.

$$P_{i,t} = \sum_{j=1}^{103} P_{i,j,t}\frac{ASSET_{j,t}}{\sum_{j=1}^{103} ASSET_{j,t}}. \tag{3.6}$$

3.3 Behavioral indicators based on capital market development

Due to the lack of access to some information, the data related to the calculation of the ratio of the current value of the companies' shares to the total market value (t1) and the ratio of the volume of traded shares to the total annual transactions in the Tehran Stock Exchange (t2) as indicators. The representative of capital market development has been defined and used in statistical tests and analysis of the results. The equation for calculating indicators based on capital market development is according to the following equation:

$$TI_{i,j,t} = \sum_{j=1}^{103} ti_{i,j,t}\frac{ASSET_{j,t}}{\sum_{j=1}^{103} ASSET_{j,t}}. \tag{3.7}$$

3.4 Economic growth index

Gross domestic product per capita was calculated from the division of the gross domestic product of each of the studied years by the population of the country in the same year.

$$RGDPP = LN\left(\frac{GDPP_t}{GDPP_{t-1}}\right). \tag{3.8}$$

3.5 Short-sightedness of investors

Similar to [22] research is used to measure the short-sightedness of investors. Based on this, the market value of rights 1 from [19] residual income model of the company's shareholders can be expressed as the sum of its expected discounted dividends based on [19] residual income model and as the company's book value plus income The expected download abnormality rewrote it based on model (3.1).

$$P_t = b_t + \sum_{s=1}^{\infty}(1+r)^{-s}E_t(X_{t+s} - r.b_{t+s-1}). \tag{3.9}$$

In the explanation of the above model, P_t is the market value of shareholders' rights at time t, b_t is its book value at time t. $\sum_{s=1}^{\infty}(1+r)^{-s}$ Discount rate used for expected abnormal earnings at time $t+s$. $E_t(X_{t+s} - r.b_{t+s-1})$ Expected value at time t of abnormal abid at time of abnormal abid at time $t+s$. X_{t+s} Expected earnings.

The expected excess of the price over the book value for the future is obtained by the company's discounted earnings after year t.

$$E_t(P_{t+T} - b_{t+T}) = \sum_{s=T+1}^{\omega}(1+r)^{-s}E_t(x_{t+s} - r.b_{t+s-1}). \tag{3.10}$$

By placing model (3.9) in model (3.10), model (3.11) can be rewritten as below.

$$P_t = b_t + [(1+r)^{-1}E_t(x_{t+1} - r.b_{t+s-1})] + \sum_{s=2}^{T}(1+r)^{-s}E_t(x_{t+s} - r.b_{t+s-1})E_t(P_{t+T} - b_{t+T}). \tag{3.11}$$

The above model (3.4) is used to measure investors' short-sightedness.

$$P_{i,t} = \alpha_0 b_t + \alpha_1 b_{i,t} + \alpha_2[(1+r)^{-1}E_t(x_{i,t+1} - r.b_{i,t})] + \alpha_3\sum_{s=2}^{T}(1+r_i)^{-s}E_t(x_{i,t+s} - r.b_{i,t+s-1}) + (1+r_i)^{-T}E_t(P_{i,t+T} - b_{i,t+T}) + \varepsilon_{i,t}. \tag{3.12}$$

4 Research Methods

The current research is an applied research in terms of classification based on the purpose. The purpose of applied research is to develop applied knowledge in a specific field. Also, the current research is a correlational research in terms of method and nature. In this research, the goal is to determine the equation between the variables. For this purpose, according to the measurement scales of the variables, suitable indicators are selected. Data measurement scale is relative scale. The relative scale provides the highest and most accurate level of measurement.

In addition to having all the characteristics of other scales, this scale also has absolute zero. The research method is inductive, in which the theoretical foundations and background of the research are collected through the library, articles and the Internet, and in order to reject or prove the research hypotheses by applying appropriate statistical methods, inductive reasoning will be used to generalize the results.

4.1 Statistical society and research sample

The companies admitted to the Tehran Stock Exchange constitute the statistical population of the present study. In this research, statistical sampling is not used; But the investigated companies are selected based on the following criteria:

1. Accepted in the Tehran Stock Exchange until the end of March 2013 and their financial year should end at the end of March every year.
2. Companies should not have changed their financial year during the periods in question.
3. The companies in question have had continuous activity during the research period (no suspension of activity for more than three months) and its shares have been traded.
4. He has provided the financial information required for this research (especially the full-face personal photo of the managers) in the time period of 2011-2014.
5. Do not belong to investment companies, banks, holding and leasing companies; Because disclosure of financial information and corporate governance structures are different in them.
6. Companies with the five selection conditions and other listed companies that do not meet the mentioned conditions are removed and not investigated.

4.2 Information gathering tool

One of the necessities of every study and research is relevant and reliable information, speed and ease of access. Theoretical topics of research from the way of studying sources, publications; Internal and external sources available in books and using the Internet will be collected. Collecting information using the primary information of companies; That is, the information and data required for the research will be obtained from the library method, using the latest software, and by referring to the Tehran Stock Exchange organization and studying the basic financial statements of the companies admitted to the Tehran Stock Exchange during the years 1391-1400. In this regard, in addition to studying basic financial statements, information related to financial statements will be used from the information site of the stock exchange.

4.3 data analysis

Ordinal logistic regression tests were used to test the hypotheses. Regarding the data analysis during the ten-year research period from 1391 to 1400, first, using Excel software, research variables were prepared from the raw data, and then the final analysis was done using Eviews software.

After fitting the regression models, the LR statistic will be used to check the significance of the whole model, the Z-statistic will be used to check the significance of the coefficients of the explanatory variables of the model, and the McFadden coefficient of determination will be used to check the explanatory power of the model. Regarding the various mentioned statistics, the decision will be made based on the comparison of the obtained statistics with the critical values and also by comparing the probability obtained from the desired statistic with an error level of 5% (95% confidence level).

4.4 Regression model of research

In order to test the hypothesis, the following regression model is used.

$$\begin{aligned}\text{Strategy}_{i,t} = \beta_0 \text{Investors Myopic}_{i,t} + \beta_1 \text{Size}_{i,t} + \beta_2 \text{Lev}_{i,t} + \beta_3 \text{Roa}_{i,t} + \beta_4 \text{Btm}_{i,t} \\ + \beta_5 \text{Inowner}_{i,t} + \beta_6 \text{Abilty}_{i,t} + \beta_7 \text{Tenure}_{i,t} + \varepsilon_{i,t}.\end{aligned}$$

4.5 Variables

4.5.1 The dependent variable

Company strategy (STRATEGY) The dependent variable of the research is the company's strategy, which is calculated similarly to the study of Bentley et al. [3] as described in Table 1 and 2.

4.5.2 independent variable

Myopia in the capital market (Investors Myopic)

To measure investors' short-sightedness, similar to Del Rio and Santamaria's research [22], Ohlson's residual income model [19] is used. Based on this, the market value of the company's equity can be expressed based on Ohlson's residual

Table 1: Criteria for measuring the company's strategy

Description	**Row**
R&D cost ratio to sales	1
One-year percentage change in total sales	2
The ratio of general, administrative and selling expenses to total sales	3
Ratio of number of employees to total sales	4
Standard deviation of the number of employees per year	5
Capital intensity (net of property, plant and equipment or fixed assets, standardized by year-end total assets)	6
All the mentioned variables will be calculated based on the three-year average (mid-term perspective).	

Table 2: Final scoring method for the company's strategy

Total	6	5	4	3	2	1	**Row**
1	1	1	1	1	1	1	The first five
2	2	2	2	2	2	2	The second fifth
3	3	3	3	3	3	3	The third fifth
4	4	4	4	4	4	4	The fourth fifth
5	5	5	5	5	5	5	The fifth five
Only strategy has 6 reverse measures. This means that the index located in the first quintile will be assigned the number 5, the second quintile will be assigned the number 4, etc., but due to coordination in the scoring of other variables, the criterion of this variable has become 1 to 5 points.							
The obtained points will be classified in three categories to identify the type of strategy as follows:							

earnings model [19] as the sum of its expected discounted dividends, which is the book value of the company plus its expected discounted abnormal earnings based on the model. (4.1) Rewritten.

$$P_t = b_t + \sum_{s=1}^{\infty}(1+r)^{-s}E_t)(x_{t+s} - r.b_{t+s-1}). \tag{4.1}$$

In the explanation of the above equation, P_t is the market value of equity at time t, b_t its book value at time t is the discount rate used for abnormal earnings. Expected at time $t+s$ (the same cost of equity that is obtained based on the pricing model of capital assets) and $E_t(x_{t+s} - r.b_{t+s-1})$ The expected value at time t of abnormal earnings at time $t+s$, x_{t+s} represents the expected earnings (obtained from net profit after tax deduction). The expected excess of the price over the book value for the next year (T) of the company can be rewritten with the company's discounted earnings after the year T based on equation (4.2).

$$E_t(P_{t+T} - b_{t+T}) = \sum_{s=T+1}^{\infty}(1+r)^{-s}E_t(x_{t+s} - r.b_{t+s-1}). \tag{4.2}$$

By placing model (4.2) in model (4.1), model (4.3) can be rewritten as follows.

$$P_t = b_t + [(1+r)^{-1}E_t(x_{t+1} - r.b_{t+s-1})] + \sum_{s=2}^{T}(1+r)^{-s}E_t(x_{t+s} - r.b_{t+s-1})E_t(P_{t+T} - b_{t+T}). \tag{4.3}$$

In the explanation of the above equation $[(1+r)^{-1}E_t(x_{t+1} - r.b_{t+s-1})]$ can be discounted as a component of the prediction horizon of nearly one year for abnormal earnings and $\sum_{s=2}^{T}(1+r)^{-s}E_t(x_{t+s} - r.b_{t+s-1})E_t(P_{t+T} - b_{t+T})$. A component of the prediction horizon of more than one year (long-term) was used for discounted abnormal earnings. By explaining the above, model (4.4) is used to measure investors' myopia.

$$P_{i,t} = \alpha_0 b_t + \alpha_1 b_{i,t} + \alpha_2[(1+r)^{-1}E_t(x_{i,t+1} - r.b_{i,t})] + \alpha_3\sum_{s=2}^{T}(1+r_i)^{-s}E_t(x_{i,t+s} - r.b_{i,t+s-1}) + (1+r_i)^{-T}E_t(P_{i,t+T} - b_{i,t+T}) + \varepsilon_{i,t}. \tag{4.4}$$

If the investors in the market value rationally, we expect the discounted expected long-term abnormal earnings coefficient (α_3) to be the same as the discounted expected short-term abnormal earnings coefficient (α_2), if the investors in the market estimate the company's valuation myopicly. Therefore, we expect investors to estimate the long-term expected abnormal returns with a lower weight than the short-term expected returns. Therefore, similar to the research of [22], a two-dimensional virtual variable is used to measure the myopia of investors in the capital market, which if α_2 is greater than α_3. (In the sense that the weight of expected discounted short-term earnings is greater than expected discounted long-term abnormal earnings) This variable will be equal to one and zero otherwise.

4.6 control variables

Table 3: Research control variable

How to measure	Symbole	Variable
The natural logarithm of the company's stock market value at the beginning of the period	SIZE	size of the company
Divide the total liabilities by the total assets of the company	LEV	Financial Leverage
Operating profit divided by average total assets	ROA	rate of return on equity
The book value of equity divided by the market value of the company	BTM	The ratio of book value to market value
The number of ordinary shares of the company in the hands of legal owners divided by the total number of ordinary shares of the company at the beginning of the period	INOWNER	Percentage of institutional ownership
Using the model of Demarjian et al. [6] and using the technique of data envelopment analysis	ABILITY	Capabilities of managers
The number of years a person has been in the position of CEO	TENURE	Tenure

4.7 Descriptive Statistics

Table 4: Statistical description of research data

Rate of return	size of the company	Financial Leverage	Book value to market value	Tenure	Institutional ownership	Capabilities of managers	Variable name
ROE	SIZE	LEV	BTM	TENURE	INSTITUTE	MANAGE	Symbol
0.699	6.521	0.547	0.349	5.009	39.711	0.069	Average
0.181	6.378	0.539	0.268	4.000	30.310	0.059	Middle
24.247	9.019	3.938	3.944	13.000	79.080	0.355	The maximum amount
−1.00	4.798	0.013	0.004	1.000	0.000	0.0002	The lowest amount
1.745	0.724	0.273	0.355	3.041	33.214	0.052	standard deviation
4.983	0.672	3.288	2.688	0.566	0.409	0.951	crookedness
5.856	3.384	6.895	8.635	2.323	1.651	3.971	Elongation

4.8 The changing state of the company's strategy

The status of the frequency distribution related to the dependent variable (company strategy) is shown in the following table.

According to the results obtained from examining the frequency distribution related to the company strategy variable, it was found that during the ten years studied, 23 companies mostly had a defensive strategy, 49 companies mostly had an analytical strategy, and 26 companies mostly had an offensive strategy.

Table 5: Frequency distribution of company strategy variable

Company strategy	Number of companies
Defensive strategy	23
Analysts' strategy	49
Offensive strategy	26

Table 6: Frequency distribution of myopia variable in the capital market

Myopia in the capital market	Number of companies
Myopia in the capital market	41
Lack of myopia in the capital market	57

4.9 The variable state of myopia in the capital market

The status of frequency distribution related to myopia variable in the capital market is given in the table below.

According to the results obtained from the examination of the frequency distribution related to the myopia variable in the capital market, it was found that during the ten years under study, the myopia phenomenon in the capital market was often observed in 41 companies, and the myopia phenomenon was observed in the capital market in 57 companies. It didn't happen.

4.10 Non-collinearity test between independent variables

In order to check the non-collinearity between the independent variables, the variance inflation factor test was used. In this test, an index is introduced that states how much of the changes related to the estimated coefficients have increased due to collinearity. The results of the collinearity test in relation to the variables related to the research hypothesis, after removing the company size variable (due to high collinearity), are shown in the table below.

Table 7: The results of collinearity test

VIF statistic	Variable
2.017	INVESTORSMYOPIC
2.673	INSTITUT
6.825	LEV
2.832	MANAGE
1.978	BTM
1.168	ROE
3.783	TENURE

In the above table, the results related to the variance inflation factor test are presented and as these results show, the test statistic related to all the variables is less than ten and there is no collinearity problem between the variables.

4.11 Checking the research hypothesis

There is an influence mechanism between the phenomenon of myopia in the capital market and the company's strategy.

The above table shows the results of fitting the model related to the first hypothesis using ordinal logit regression. The probability value of X2 (LR statistic value) for this model is 0.000. Therefore, the assumption of model insignificance is rejected and the model is meaningful and reliable because the equation between the variables of the model is established and as a result the model is meaningful. The value of Log likelihood is negative and for this model the number is -711.001 and its absolute value is more than -5; Therefore, based on this, the model is reliable.

Finally, according to the significance level of the z statistic, which is less than 0.05 at the 95% confidence level in the case of myopia in the capital market (independent variable), it can be concluded that there is a significant equation between this variable and the dependent variable. Therefore, the null hypothesis is not accepted and there is an influence mechanism between the myopia phenomenon in the capital market and the company's strategy. According to the positive coefficient of the myopia phenomenon, it can be concluded that the myopia phenomenon is observed more in connection with the aggressive and analytical strategy.

Table 8: The results of the first hypothesis of the research

Related Variables: Company strategy Model type: ordinal logistic regression Study period: 1391 to 1400			
Significance level	**z statistic**	**Coefficient**	**Variables**
0.0001	4.055	0.568	Myopia in the capital market
0.0000	−13.385	−0.007	Institutional ownership
0.0608	1.875	0.583	Financial Leverage
0.1237	−1.539	−2.052	Capabilities of managers
0.4640	0.732	0.142	The ratio of book value to market value
0.7423	−0.328	−0.012	Rate of return on equity
0.0000	4.917	0.116	Tenure
−711.001	Log likelihood statistic	0.000	The significance level of the LR statistic

5 Discussion and conclusion of the research

The need for corporate governance arises from the potential conflict of interest between people in the corporate structure. It is believed that the absence of corporate governance mechanisms allows managers to move in the direction of their personal interests instead of the interests of shareholders. The occurrence of recent financial scandals worldwide, from Enron and WorldCom in America to Europe, has caused the finger of accusation to be pointed towards financial reporting. Applying accounting conservatism in financial reporting has increased the quality of this reporting and supports the interests of many stakeholders, especially creditors, and prevents reckless accounting methods. Therefore, the board of directors, as one of the pillars of corporate governance, can improve the quality of financial reporting through conservative accounting.

Shaw et al. [23] state that the realization of part of the goals of corporate governance requires having an effective and efficient board of directors, therefore, in their study, they considered five criteria of the structure of the board of directors as the criteria of an effective corporate governance. They state that the board of directors is the most important and powerful element of corporate governance; To lead to better supervision of the manager's performance, including his obligation to observe conservative practices in order to protect the interests of shareholders and creditors. Myopia, as a cognitive error, affects managers' perception of the competitive environment. reduction of planning in the long term, considering that our country is currently taking basic steps to join the World Trade Organization, such as the gradual elimination of monopoly, promotion of a competitive approach in the market, privatization and reduction of government administration. These processes have made Iranian companies face a competitive environment, in which survival requires its own mechanisms and strategies. Managers are considered an important obstacle in the effective implementation of strategy. As a result, managers who are aware of the perceptual process and its consequences have a competitive advantage. Therefore, the study of myopia becomes necessary because it leads to interpretation and limited awareness of the competitive environment.

Suggestions derived from research findings

The results of the research showed that there is an influence mechanism between the myopia phenomenon in the capital market and the company's strategy. Therefore, it is suggested that managers and decision-makers in the organization explain and specify mechanisms that manage the effects of myopia of the capital market on the company's strategy as much as possible. In this way, it is possible to establish strategies appropriate to the overall situation of the company. It is also suggested to the stock exchange organization that in order to control and manage the phenomenon of myopia in the capital market of Iran, put practical solutions such as training, culture building, holding continuous courses, etc. in its agenda.

Suggestions for the future research

Based on the results obtained from the research as well as the examination of theoretical foundations in the field of research literature, the following suggestions are made for future researches:

1. Investigating the equation between capital market myopia and the risk of falling stock prices, considering the company's life cycle
2. Investigating the effect of the myopia of the capital market on the limitation in financing and the cost of capital of the company
3. Examining the phenomenon of myopia in the capital market and market liquidity: considering the type of industry

4. Examining the equation between company strategy and capital market myopia with dividend policy
5. Examining the equation between company strategy and capital market myopia with management and profit quality

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