

Examining the Impact of Managers' Compliance with Corporate Governance Principles on the Performance of Companies Listed on the Tehran Stock Exchange and Iran Fara Bourse

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Abstract

Corporate governance, as a framework for controlling and monitoring companies, has a significant impact on corporate performance and investor confidence. In Iran, given the vital role of the capital market in the national economy, compliance with corporate governance principles has become a necessity. This study examines the requirements for managers' compliance with corporate governance principles in companies listed on the Tehran Stock Exchange and Iran Fara Bourse. This research is descriptive-analytical in nature, and the required information was collected through library research and the review of scholarly articles and authoritative documents. Qualitative and inferential methods were employed for data analysis, and the research hypotheses were examined on the basis of logical and comparative analysis. The primary objective of this study is to investigate the impact of compliance with corporate governance principles on corporate performance and to identify the challenges and strategies for improving corporate governance in Iran. Specifically, the effects of information transparency, board independence, and sustainability reporting on the financial and non-financial performance of companies were examined. The research hypotheses include the positive effect of compliance with corporate governance principles on improving companies' financial and non-financial performance, the effect of information transparency on reducing investment risk, and the role of board independence in enhancing corporate efficiency. The findings indicated that compliance with corporate governance principles, particularly information transparency and board independence, has a positive effect on corporate performance. Furthermore, improving laws and increasing managers' awareness can play an effective role in strengthening corporate governance in Iran. It is recommended that regulatory bodies take effective measures to improve corporate governance by developing new regulations and supporting educational and training programs.

Keywords: corporate governance, Tehran Stock Exchange and Iran Fara Bourse, corporate performance, information transparency, board independence.

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1. Introduction

Compliance with corporate governance principles in companies listed on the Tehran Stock Exchange and Iran Fara Bourse has increasingly attracted attention as one of the key issues in management and economics. Corporate governance refers to a set of laws, regulations, practices, and processes concerned with the management and control of companies, the primary objective of which is to enhance transparency, accountability, and efficiency in corporate performance.

In recent decades, with the growth and development of financial markets and increasing competition, the importance of corporate governance has become more evident. This issue is particularly important in emerging markets such as Iran, which seek to attract foreign investment and improve the efficiency of their financial markets. Research has shown that compliance with corporate governance principles can lead to improved corporate financial performance, reduced cost of capital, and increased investor confidence.

Corporate governance principles encompass matters such as information transparency, shareholders' rights, the duties and responsibilities of the board of directors and managers, and risk management practices. In Iran, the Securities and Exchange Organization, as the principal regulatory body, plays an important role in formulating and implementing these principles. In addition, various directives and regulations have been issued by this organization to enhance the level of corporate governance in listed companies.

Furthermore, studies indicate that compliance with corporate governance principles can help reduce problems such as fraud, misuse of resources, and conflicts of interest within companies. In this regard, boards of directors and corporate managers play a key role in implementing these principles and establishing an organizational culture based on transparency and accountability. International experience also indicates that companies adhering to corporate governance principles tend to perform better than their competitors in the long term and enjoy greater stability and sustainability.

However, the effective implementation of corporate governance principles in Iran faces several challenges. Some of these challenges include weak supervision and enforcement, insufficient education and awareness regarding the importance of corporate governance, and resistance by some managers to change. Overcoming these challenges requires coordinated and collaborative actions by regulatory institutions, companies, and investors.

Compliance with corporate governance principles in companies listed on the Tehran Stock Exchange and Iran Fara Bourse is one of the critical issues in corporate management and financial markets. Given the importance of enhancing transparency, accountability, and responsibility in corporate performance, corporate governance principles constitute one of the key instruments in this regard. The main objective of compliance with these principles is to improve the efficiency and effectiveness of corporate management, reduce the cost of capital, and enhance investor confidence. This statement of the problem examines the importance and necessity of compliance with corporate governance principles in companies listed on the Tehran Stock Exchange and Iran Fara Bourse and explores the associated challenges and opportunities.

2. Corporate Governance

The original concept underlying the term corporate governance is derived from the Latin word *gubernare*, meaning "to steer," which was traditionally used in reference to steering a ship. This origin suggests that the earliest conception of corporate governance was more closely associated with direction and guidance than with control. There are numerous approaches to defining corporate governance, ranging from narrow definitions focused on companies and their shareholders to broader definitions encompassing corporate accountability to a wide range of shareholders, individuals, and stakeholders.

Corporate governance is a fundamental element in increasing investor confidence, promoting competitiveness, and ultimately improving economic growth. It occupies a prominent position on the international development agenda. James Wolfensohn, former President of the World Bank, stated in this regard that corporate governance is more important for the growth of the global economy than the governance of countries.

To better understand the concept of corporate governance, it may be explained from two perspectives: the macro, or holistic, perspective and the micro, or component-based, perspective.

From the micro perspective, corporate governance encompasses a set of relationships among a company's management, its board of directors, shareholders, and other stakeholders. These relationships, which involve different rules and incentives, shape the corporate structure through the determination of objectives, the means for achieving those objectives, and mechanisms for

monitoring their implementation. Accordingly, the fundamental principles of corporate governance include transparency in corporate structures and operations, the accountability of managers and board members to shareholders, and corporate responsibility toward employees, lenders, suppliers, and the local communities in which the company operates.

From the macro perspective, sound corporate governance—that is, the extent to which companies are managed in an open and honest environment—is important for building market confidence, improving capital efficiency, restructuring national industries, and ultimately increasing the general wealth of society. It is noteworthy that in both the micro and macro definitions, transparency plays a central role. At the macro level, corporate transparency generates confidence among providers of capital. At the micro level, transparency contributes to broader confidence in the macroeconomy. In both cases, transparency results in a more efficient allocation of capital.

A review of the literature indicates that there is no universally accepted definition of corporate governance. Considerable differences exist among the definitions proposed. Even in the United States or the United Kingdom, reaching a single definition is not an easy task. Existing definitions of corporate governance cover a broad spectrum. From a narrow perspective, corporate governance is limited to the relationship between the company and its shareholders. This is a traditional model expressed within agency theory. At the other end of the spectrum, corporate governance can be viewed as a network of relationships not only between companies and their owners, that is, shareholders, but also between companies and a large number of stakeholders, including employees, customers, suppliers, and bondholders. Such a perspective is reflected in stakeholder theory. Narrow definitions of corporate governance focus on the capacity of a country's legal system to protect the rights of minority shareholders, as, for example, in Parkinson (1994) or La Porta et al. (1998). Such definitions are primarily suitable for cross-country comparisons, and the laws of each country play a determining role in its corporate governance system.

Several definitions of corporate governance are presented below.

The definition attributed to the International Monetary Fund and the Organisation for Economic Co-operation and Development [the first series of widely accepted corporate governance standards was developed by this organization, and these standards were revised and expanded in 2004. The organization is located in Paris and its membership includes 29 countries from around the world] defines corporate governance as the structure of relationships and responsibilities among a principal group comprising shareholders, members of the board of directors, the chief executive officer, and other relevant parties, with the objective of promoting superior competitive performance, achieving the primary goals of participation, and establishing supervisory and control criteria and mechanisms. Based on the above definition, sound corporate governance should possess the following characteristics:

Financial reporting: Managers should periodically provide complete and transparent financial reports to investors' representatives within the prescribed timeframes.

Transparency: Managers are required to ensure transparency regarding corporate performance, transactions, projects, and all other information related to the company's activities.

Compliance with stock exchange regulations: Managers must ensure that corporate activities comply with the laws and regulations of the Tehran Stock Exchange and Iran Fara Bourse.

Risk oversight: Managers are responsible for identifying and monitoring the various risks faced by the company and must take measures to prevent financial and operational problems.

Professional ethics: Managers must observe professional ethics and comply with ethical principles and legal requirements in all decisions and actions.

These requirements and guidelines are important for maintaining transparency and ensuring investor confidence regarding corporate performance and sustainability.

2.1. Importance of Corporate Governance

Corporate governance principles comprise a set of practices and regulations concerned with the management and control of companies, with the primary objective of increasing transparency, accountability, and efficiency in corporate performance. Compliance with these principles can improve corporate financial performance, reduce the cost of capital, and enhance investor confidence. (Ntim & Soobaroyen, 2023)

Corporate governance encompasses matters such as information transparency, shareholders' rights, the duties and responsibilities of boards of directors and managers, and risk management practices. These principles help companies address financial and operational challenges and risks more effectively and achieve long-term sustainability and economic growth. (Tricker, 2020)

3. The Necessity of Compliance with Corporate Governance Principles in Iran

In Iran, given the development and growth of financial markets and increasing competition, compliance with corporate governance principles has become increasingly important. Emerging markets such as Iran seek to attract foreign investment and improve the efficiency of their financial markets, and compliance with corporate governance principles can contribute to achieving these objectives. (Agyemang & Aboagye, 2022) In this regard, the Securities and Exchange Organization, as the main regulatory body, plays an important role in formulating and implementing these principles. Through the issuance of various regulations and guidelines, this organization seeks to enhance the level of corporate governance in companies listed on the Tehran Stock Exchange and Iran Fara Bourse.

4. Challenges in Implementing Corporate Governance Principles in Iran

The effective implementation of corporate governance principles in Iran faces numerous challenges. Some of these challenges include weak supervision and enforcement, insufficient education and awareness regarding the importance of corporate governance, and resistance by some managers to change. Weak supervision and enforcement constitute major problems that prevent many companies from properly observing corporate governance principles. In addition, insufficient education and awareness regarding the importance and benefits of corporate governance represent another obstacle to the effective implementation of these principles. Overcoming these challenges requires coordinated and collaborative actions by regulatory institutions, companies, and investors. (Ghaffari & Jahanbakhsh, 2023)

5. Opportunities Associated with Compliance with Corporate Governance Principles

In addition to these challenges, compliance with corporate governance principles can create numerous opportunities for companies listed on the Tehran Stock Exchange and Iran Fara Bourse. One such opportunity is the attraction of foreign investment. Companies that adhere to corporate governance principles are more likely to attract the attention of foreign investors and can consequently secure greater amounts of capital. Moreover, compliance with these principles can improve corporate financial performance and reduce the cost of capital (Ghasemi, 2021).

6. International Experiences

International experience indicates that companies adhering to corporate governance principles tend to perform better than their competitors over the long term and enjoy greater stability and sustainability. For example, U.S. companies that comply with corporate governance principles have been able to achieve stronger financial performance by attracting greater amounts of capital and reducing the cost of capital. These experiences indicate that adherence to corporate governance principles can lead to considerable improvements in corporate performance and financial markets.

The main objective of this study is to examine the importance and necessity of compliance with corporate governance principles in companies listed on the Tehran Stock Exchange and Iran Fara Bourse and to analyze the related challenges and opportunities. Accordingly, the study seeks to answer the following questions:

1. What effect do corporate governance principles have on the financial performance of companies listed on the Tehran Stock Exchange and Iran Fara Bourse?
2. What challenges exist in implementing corporate governance principles in Iranian companies, and how can these challenges be overcome?
3. What opportunities are associated with compliance with corporate governance principles for companies listed on the Tehran Stock Exchange and Iran Fara Bourse, and how can these opportunities be utilized?

Compliance with corporate governance principles in companies listed on the Tehran Stock Exchange and Iran Fara Bourse not only contributes to improving the performance and efficiency of these companies but also plays a vital role in attracting domestic and foreign investment and enhancing public confidence in the capital market. The importance and necessity of this research can be examined from several perspectives:

7. Increasing Transparency and Accountability

One of the main objectives of corporate governance is to enhance transparency and accountability in corporate performance. Compliance with these principles ensures that financial and non-financial information is disclosed accurately and in a timely manner, enabling investors and other stakeholders to make better decisions and develop greater confidence in companies (Fathi & Rahimi, 2020).

Such transparency can prevent corruption and financial misconduct and contribute to an overall improvement in the business environment.

8. Improving Financial Performance and Reducing the Cost of Capital

Compliance with corporate governance principles can lead to improved corporate financial performance. Studies have shown that companies adhering to these principles achieve stronger long-term financial performance and incur lower costs of capital. This is attributable to increased investor confidence and reduced risks associated with investing in such companies (Fathi & Rahimi, 2020; Saeidi & Moradi, 2022).

9. Attracting Foreign Investment

Emerging markets such as Iran seek to attract foreign investment for economic development and growth. Compliance with corporate governance principles can contribute to attracting foreign capital because foreign investors generally prefer to invest in companies characterized by high levels of transparency and accountability and lower investment risk. This study can demonstrate how adherence to these principles can help attract foreign investment.

10. Strengthening Public Confidence in the Capital Market

Public confidence in the capital market is one of the key factors in the development and sustainability of financial markets. Compliance with corporate governance principles can strengthen such confidence because these principles enhance corporate transparency, accountability, and responsibility. This can increase the participation of both retail and institutional investors in the capital market and ultimately contribute to the development and sustainability of financial markets. (Ghaffari & Jahanbakhsh, 2023)

11. Reducing Risks and Problems Associated with Corporate Management

The effective implementation of corporate governance principles can help reduce risks and problems associated with corporate management. These principles can prevent problems such as fraud, misuse of resources, and conflicts of interest and contribute to improving the overall organizational culture and increasing managerial efficiency.

12. International Experiences

International experience indicates that companies adhering to corporate governance principles perform better than their competitors over the long term and enjoy greater stability and sustainability. Examining these experiences can help Iranian companies improve their performance by adopting international best practices and benefiting from successful global experiences.

13. Methodology

The information required for this study was collected through the review of books and scholarly articles, with relevant materials extracted from library sources through systematic note-taking. To facilitate access to scientific sources and information related to the research topic, computer software and online databases were also used.

The data were analyzed logically and comparatively on the basis of descriptive and logical analysis. More specifically, the data analysis method employed in this study was qualitative and based on the researcher's inference and deduction from available sources and materials. Therefore, no quantitative method was employed in the present study. Rather, the prevailing concepts in Iranian law concerning the legal obligations of managers of companies listed on the Tehran Stock Exchange and Iran Fara Bourse were explained, and the researcher's logical inferences and deductions were presented comparatively on the basis of description and logical analysis.

14. Challenges in Implementing Corporate Governance Principles in Iran

14.1. *Weaknesses in Supervision and Enforcement of Laws*

One of the main challenges to the implementation of corporate governance principles in Iran is weakness in supervision and law enforcement. Insufficient human and financial resources in regulatory institutions, lack of coordination among different institutions, and corruption and political influence reduce the effectiveness of supervision and enforcement of corporate governance regulations. These weaknesses result in violations being overlooked and reduce companies' incentives to comply with these principles.

14.2. *Insufficient Education and Awareness Regarding Corporate Governance*

One of the important challenges to implementing corporate governance principles in Iran is insufficient education and awareness in this field. Many managers and board members are not adequately aware of the importance and benefits of corporate governance and are therefore less inclined to implement it. The absence of effective training programs and an inappropriate organizational culture further exacerbate this problem. Addressing this challenge requires serious efforts to improve knowledge and awareness regarding corporate governance.

14.3. *Managers' Resistance to Change*

Managers' resistance to change is a serious challenge to the implementation of corporate governance principles in Iran. Many managers who are accustomed to traditional methods may resist implementing these principles because of concerns about losing power and control or because of reluctance to change established work procedures. Such resistance may also stem from concerns about new complexities and unfamiliarity with modern management practices. Overcoming this resistance requires sufficient incentives and appropriate training to familiarize managers with the benefits of corporate governance. Otherwise, the changes required to improve corporate performance will not be achieved.

14.4. *Opportunities Associated with Compliance with Corporate Governance Principles*

14.4.1. *Attracting Foreign and Domestic Investment*

Attracting foreign and domestic investment is one of the key benefits of implementing corporate governance principles in Iran. Compliance with these principles can enhance transparency, reduce investment risk, and improve corporate financial performance, thereby increasing the confidence of both domestic and foreign investors. It can also reduce the cost of capital and increase corporate competitiveness. To achieve these outcomes, it is essential that laws and regulations related to corporate governance be effectively enforced and that companies benefit from the advantages of these principles.

14.4.2. Improving Financial Performance and Reducing the Cost of Capital

The implementation of corporate governance principles can improve corporate financial performance and reduce the cost of capital. By enhancing transparency, accountability, and managerial efficiency, these principles strengthen investor confidence, which in turn reduces risk and financing costs. Companies adhering to corporate governance principles also tend to receive more favorable credit assessments and have greater success in attracting capital. Accordingly, the proper implementation of corporate governance not only improves corporate financial performance but also creates a significant competitive advantage.

14.4.3. Enhancing Public Confidence in the Capital Market

The implementation of corporate governance principles can significantly enhance public confidence in the capital market. By improving transparency, accountability, and managerial structures, investors gain greater confidence in corporate performance and integrity. This public confidence, in turn, contributes to attracting both retail and institutional investors from domestic and international markets. Furthermore, enhanced transparency and reduced investment risk can improve the performance of financial markets and contribute to national economic stability. Ultimately, this process can support the sustainable development and growth of the capital market.

14.5. International Experiences in Corporate Governance

14.5.1. Examination of Successful Examples from Other Countries

Examining successful examples of corporate governance from other countries can make an important contribution to improving Iran's corporate governance system. Leading countries such as the United Kingdom, Japan, and the United States have been able to build investor confidence and develop their financial markets through the implementation of precise and effective corporate governance principles. By enforcing transparent laws, maintaining rigorous supervision, and encouraging improved managerial performance, these countries have achieved significant success. Studying these experiences can provide useful models for Iran and contribute to optimizing corporate governance laws and regulations in the country.

14.5.2. Adapting International Experiences to Iranian Conditions

Adapting international experiences to Iranian conditions can contribute to improving the country's corporate governance system. By examining successful models from developed countries and analyzing their strengths and weaknesses, strategies can be designed that are consistent with Iran's economic, cultural, and legal conditions. This process requires a careful review of existing laws, analysis of the needs of Iran's capital market, and interaction with regulatory institutions and companies. Attention must also be paid to challenges specific to Iran, such as weaknesses in supervision and cultural issues affecting the implementation of corporate governance principles. This approach can lead to the development of a more effective corporate governance system in Iran.

14.6. Evaluation of the Performance of Companies Listed on the Tehran Stock Exchange and Iran Fara Bourse

14.6.1. Performance Evaluation Criteria

Evaluating the performance of companies listed on the Tehran Stock Exchange and Iran Fara Bourse requires the use of precise and comprehensive criteria. Performance evaluation criteria include financial indicators such as profitability, return on investment, and financial ratios such as the debt-to-equity ratio. Non-financial indicators, including information transparency, compliance with corporate governance principles, and stakeholder satisfaction, should also be considered. The use of financial analysis tools and independent audit reports can increase the accuracy of evaluations and provide a clearer picture of corporate performance. Such evaluations assist regulatory institutions and investors in making more informed decisions.

14.6.2. Analysis of the Financial Data of Listed Companies

The analysis of financial data of companies listed on the Tehran Stock Exchange and Iran Fara Bourse is a key process for evaluating performance and identifying corporate strengths and weaknesses. This analysis includes the examination of financial indicators such as profitability, liquidity, efficiency, and leverage ratios. It also involves analyzing financial trends, reviewing financial statements, and comparing company performance with industry standards and comparable competitors. The use of analytical software and financial databases can improve the accuracy and speed of analysis. Such analyses help investors, managers, and regulatory institutions make better strategic decisions regarding investment and risk management. Ultimately, the results of these analyses can contribute to improving the transparency and efficiency of Iran's capital market.

14.6.3. The Impact of Compliance with Corporate Governance Principles on Corporate Performance

Compliance with corporate governance principles has a significant impact on the performance of companies listed on the Tehran Stock Exchange and Iran Fara Bourse. By enhancing transparency, accountability, and managerial structures, these principles help reduce investment risks and strengthen investor confidence. Companies adhering to corporate governance principles generally demonstrate higher profitability, lower financing costs, and greater efficiency in resource utilization. Furthermore, owing to improved supervisory and managerial structures, such companies are less exposed to legal and financial problems. Ultimately, compliance with corporate governance principles can increase firm value and improve a company's position in financial markets.

14.7. Strategies for Improving Corporate Governance in Iran

14.7.1. Strategies for Improving Corporate Governance in Iran: The Role of Regulatory Institutions and the Development of New Regulations

Improving corporate governance in Iran requires effective cooperation and interaction among regulatory institutions and the development of new regulations. Institutions such as the Securities and Exchange Organization should revise existing laws and formulate comprehensive and up-to-date regulations to establish the necessary mechanisms for improving corporate governance. Establishing disclosure requirements, developing effective supervisory mechanisms, and increasing interaction with international institutions can contribute to enhancing corporate governance standards. Strengthening supervisory systems and ensuring effective law enforcement, particularly in the areas of information disclosure and managerial accountability, are also highly important. These measures can enhance transparency and investor confidence and consequently improve the performance and development of Iran's capital market.

14.7.2. Strategies for Improving Corporate Governance in Iran

Training and enhancing the awareness of managers and employees regarding corporate governance are fundamental components of improving corporate performance and developing Iran's capital market. Targeted and continuous training programs can help managers and employees better understand corporate governance principles and their benefits. Workshops, seminars, and specialized courses involving experienced academics and drawing on international experience can increase their level of knowledge and awareness. Moreover, online training courses and access to up-to-date educational resources can facilitate continuous learning. These measures not only enhance technical and professional knowledge but also institutionalize a corporate governance culture within organizations. Ultimately, increasing the awareness of managers and employees can improve strategic decision-making, reduce managerial risks, and enhance transparency and accountability within companies.

14.7.3. Use of Emerging Technologies to Increase Transparency

The use of emerging technologies can significantly increase transparency in corporate governance. Advanced information systems such as blockchain enable transactions and financial information to be recorded and tracked in a transparent and tamper-resistant manner. In addition, artificial intelligence platforms and data analytics can help identify irregularities and deficiencies in corporate performance more rapidly. The development of electronic reporting software and process automation

systems can improve financial and managerial processes and reduce the time and costs associated with reporting. These technologies not only increase the accuracy and speed of information disclosure but also strengthen investor confidence.

14.8. Comparative Analysis of Corporate Governance in Iran and Other Countries

14.8.1. Comparison of Iran's Corporate Governance System with Those of Leading Countries

A comparative analysis of corporate governance in Iran and leading countries reveals significant differences in structures and performance. Developed countries such as the United States, the United Kingdom, and Japan maintain high corporate governance standards due to advanced laws and regulations, strong regulatory institutions, and transparent information systems. In these countries, particular attention is given to shareholders' rights, board independence, and financial transparency and reporting. In contrast, Iran's corporate governance system faces challenges such as weak supervision, insufficient information transparency, and the absence of comprehensive and up-to-date legislation. In addition, organizational culture and the relatively low level of awareness among managers and employees regarding corporate governance principles are among the weaknesses of the Iranian system. Adapting the experiences and best practices of leading countries to Iranian conditions can help improve the country's corporate governance structure and contribute to the development of the capital market and the attraction of domestic and foreign investors.

14.8.2. Strengths and Weaknesses of Each System

Corporate governance systems in leading countries have both strengths and weaknesses. In the United States, strengths include stringent legislation such as the Sarbanes–Oxley Act and strong regulatory institutions such as the Securities and Exchange Commission, which promote corporate transparency and accountability. Advanced mechanisms for board oversight and shareholder rights are additional strengths. However, weaknesses include regulatory complexity and the high costs of compliance.

In the United Kingdom, the corporate governance system uses guidance codes that promote transparency and board independence. Strengths of this system include respect for shareholders' rights and periodic evaluations of board performance, whereas weaknesses include the non-mandatory nature of compliance with some codes and difficulties in enforcement.

In Iran, major weaknesses include weak supervision, insufficient transparency, and the absence of comprehensive and effective laws. Nevertheless, regulatory institutions have increasingly sought to improve laws and enhance public awareness. Adapting the experiences of leading countries to Iranian conditions can help address these challenges.

14.8.3. Recommendations for Improving Iran's Corporate Governance System

Several recommendations may contribute to improving Iran's corporate governance system. First, revising and updating existing laws and regulations so that they are aligned with international standards is essential. Establishing independent and powerful regulatory institutions capable of effectively supervising corporate performance is also highly important. Second, organizing specialized training courses and workshops for corporate managers and employees to improve their knowledge and awareness of corporate governance can facilitate the institutionalization of these principles. Third, the use of emerging technologies such as blockchain and artificial intelligence systems to increase the transparency and efficiency of corporate financial and operational reporting is another important recommendation. Finally, promoting a culture of accountability and transparency through the media and professional conferences can strengthen public confidence and attract domestic and foreign investors. Collectively, these measures can improve the structure and efficiency of Iran's corporate governance system.

15. Policy Recommendations for Enhancing Corporate Governance

15.1. Practical Recommendations for Regulatory Institutions

Several practical recommendations can be proposed for regulatory institutions to enhance corporate governance in Iran. First, corporate governance laws and regulations should be revised and strengthened to align them with international standards. This includes formulating and adopting comprehensive and up-to-date regulations concerning transparency, accountability, and

shareholders' rights. Second, independent regulatory institutions should be established and existing supervisory structures strengthened to increase the efficiency and effectiveness of oversight of corporate performance. Third, electronic systems and emerging technologies such as blockchain should be developed and implemented to improve transparency and prevent financial and administrative misconduct. Fourth, training courses and specialized workshops on corporate governance principles should be organized for corporate managers and employees to enhance their knowledge and awareness. Fifth, a culture of accountability and transparency should be promoted through public information campaigns, conferences, and the publication of periodic corporate performance reports. These measures can strengthen the corporate governance system and increase investor confidence.

16. Recommendations for Companies to Improve Performance

The following recommendations may contribute to improving corporate performance in the area of corporate governance:

1. Strengthening information transparency: Companies should enhance transparency by providing shareholders and stakeholders with accurate and timely information.
2. Board independence: Board members with diverse expertise should be appointed and granted sufficient independence in decision-making.
3. Compliance with accountability principles: Accountability mechanisms should be developed at different managerial levels to strengthen investor confidence.
4. Implementation of internal control systems: Internal control systems and supervision of financial and operational processes should be improved to reduce potential risks.
5. Continuous managerial training: Training courses and specialized workshops should be conducted to improve the knowledge of managers and employees regarding corporate governance.
6. Use of emerging technologies: Advanced information systems and technologies such as blockchain should be implemented to increase transparency and efficiency.
7. Development of social responsibility policies: Corporate social responsibility and sustainability policies should be formulated and implemented to improve relationships with stakeholders and society.
8. Continuous reporting: Periodic financial and non-financial performance reports should be prepared and published transparently and comprehensively.
9. Establishment of incentive mechanisms: Incentive systems should be developed to motivate managers and employees to comply with corporate governance principles and pursue long-term objectives.
10. Enhancement of organizational culture: A culture of accountability, transparency, and professional ethics should be promoted at all organizational levels through continuous education and communication.

17. The Role of Government and Policymakers in Enhancing Corporate Governance

The role of government and policymakers in enhancing corporate governance is highly important. The government can improve the corporate governance system by formulating and revising corporate governance laws and regulations in accordance with international standards. Establishing and strengthening independent regulatory institutions to effectively monitor corporate performance is another essential measure. The government can also encourage the use of emerging technologies, such as blockchain and artificial intelligence systems, to increase transparency and reduce financial risks. In addition, organizing specialized training courses and workshops for managers and employees and supporting research and studies in the field of corporate governance can enhance knowledge and awareness. Finally, by promoting a culture of accountability and transparency through the media and establishing a legal framework for protecting shareholders' rights, the government can increase public confidence and attract domestic and foreign investors.

18. Conclusion

This study examined and analyzed corporate governance requirements in companies listed on the Tehran Stock Exchange and Iran Fara Bourse. The main findings indicate that the effective implementation of corporate governance principles can

significantly improve financial performance, increase transparency, reduce investment risks, and strengthen investor confidence. Despite progress observed in some companies, challenges remain, including weak supervision, insufficient education and managerial awareness, and resistance to change.

The role of regulatory institutions in formulating and enforcing laws and regulations has been strengthened; however, these laws require continuous revision and updating in light of international standards. Moreover, the use of emerging technologies and the enhancement of managers' and employees' knowledge and awareness are among the strategies that can contribute to improving corporate governance in Iran.

The future outlook for corporate governance in Iran is promising, provided that policymakers, regulatory institutions, and companies themselves cooperate and create synergies in order to strengthen corporate governance principles. Improving transparency and accountability and ensuring effective enforcement of laws can facilitate the attraction of domestic and foreign investment, the development of the capital market, and ultimately the improvement of the country's economic conditions. Such developments can increase corporate competitiveness, reduce financing costs, and enhance economic sustainability. In general, through the implementation of these principles and continued efforts to improve the corporate governance system, Iran can achieve a more favorable outlook for economic development and progress.

The effective implementation of corporate governance principles will remain highly important in the future and can positively affect economic development and corporate performance in Iran. By increasing transparency, accountability, and rigorous supervision, these principles contribute to reducing investment risks and strengthening investor confidence. In today's world, where global financial markets are increasingly interconnected, compliance with international corporate governance standards can assist companies in attracting foreign capital and becoming more competitive in global markets.

On the other hand, implementation of these principles can improve internal corporate management, reduce corruption, and enhance professional ethics at the organizational level. Furthermore, by strengthening internal control systems and making processes more transparent, the likelihood of financial and managerial misconduct can be substantially reduced. Ultimately, establishing a transparent and trustworthy business environment can support sustainable growth and continuous improvement in the country's economic conditions. Overall, the effective implementation of corporate governance principles benefits not only companies but also the national economy and all stakeholders.

For future research and studies related to corporate governance in Iran, the following recommendations may be useful:

1. Comparative assessment of the effects of new corporate governance laws: Research should examine the impact of recent legal reforms on corporate performance and Iran's capital market in comparison with similar countries.
2. Examination of the implementation of emerging technologies: Future research should investigate how technologies such as blockchain and artificial intelligence affect the transparency and efficiency of corporate governance systems.
3. Cultural and behavioral analysis of managers: Research should examine cultural and behavioral barriers that contribute to resistance to changes in corporate governance and propose appropriate strategies for addressing them.
4. Assessment of the impact of managerial education and awareness: Further studies should investigate the role of continuous training and specialized workshops in improving managerial performance and implementing corporate governance principles.
5. Analysis of successful international experiences: Successful international corporate governance experiences should be studied and adapted to Iran's specific conditions, with corresponding implementation strategies proposed.
6. Examination of shareholders' rights: Future studies should investigate challenges and opportunities related to shareholders' rights in Iran and propose strategies for their improvement.
7. Development of performance evaluation models: New models for evaluating corporate performance should be designed and tested with an emphasis on corporate governance criteria.
8. Research on the effects of government policies: The impact of government and regulatory policies on improving corporate governance should be assessed, and recommendations for strengthening these policies should be developed.
9. Examination of the role of the media and public education: Future research should examine the impact of media and educational campaigns on promoting public awareness and a corporate governance culture.
10. Research on the effects of sanctions on corporate governance: The effects of international sanctions on corporate performance and the implementation of corporate governance principles in Iranian companies should be investigated.

These recommendations can provide useful guidance for researchers, students, and professionals in the field of corporate governance and contribute to a deeper understanding and further development of this field in Iran.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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