THE IMPORTANCE OF MODERN FINANCING ON CORPORATE FINANCIAL PERFORMANCE

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ABSTRACT

With regard to economic theories, financial innovation and also diversification of the country's financial markets lead to more appropriate allocation of resources and finally faster economic growth. This paper aimed to investigate the relationship between financial innovations on the financial performance of companies listed on Tehran Stock Exchange. The statistical population included all companies listed on the Tehran Stock Exchange during 2011 to 2018. The statistical sample consisted of companies that have used sukuk securities to finance themselves. The research findings showed that there was a positive and significant relationship between the issuance of sukuk securities and equity returns. Furthermore, the result indicated that there was no significant relationship between sukuk variable and return on assets.

Keywords: Return on Equity, Gross Margin, Sukuk

INTRODUCTION

In our world, everything is changing fast and nothing is going to stay the same. In fact, the only stable thing is change itself. These successive and quick changes impact on the profitability and growth of companies. Managers use different methods of financing in order to deal effectively with all the factors that affect this ability. One of the main mechanisms of modern and innovative financing in the world is venture capital. This kind of financing carries more risk than other types of investment, and it is along with guidance and participation in corporate management and usually involves the early stages of business. These stages are not attractive to other finance sources because of their high risk. In other words, due to the inherent hidden risk in the success of entrepreneurial projects and innovative activities (which often have intangible assets) and the long-term nature of return on assets in these kinds of activities, credit

and banking mechanisms (based on guaranteeing tangible assets) are not an appropriate way to finance them. Venture capital is the most efficient form of financing innovation because it combines financing with guidance and management advice to start-ups, and solves many challenges of commercialization, market entry, marketing, and so on for the innovative companies. This kind of investment completes many other institutions and other methods of supporting innovation (Figure 1).
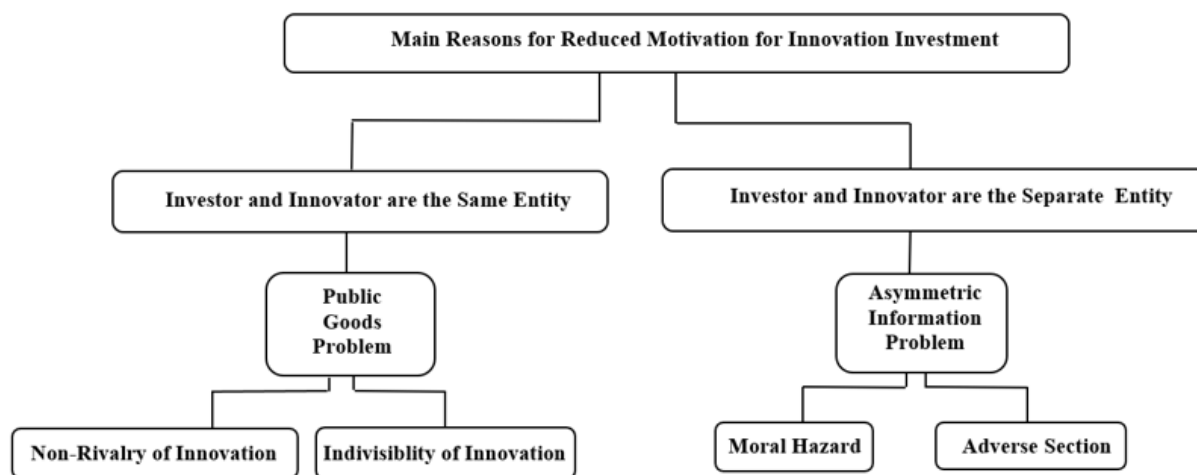
Figure 1. The Reasons of Declining Motivation in Innovate Financing by Public Investors and Traditional Institutions (such as banks)

Today, access to cheap and appropriate financial resources is one of the most important concerns of managers and economic policymakers. Recognizing different types of financial instruments and choosing them as a source of financing is very important (Fabozzi et al. 1997). Determining how to finance cash and noncash items requires the development of policies and identifying appropriate financing strategies (NiKamram and Rahna 2013). In the process of securing funds, using various solutions is really important. Such decisions are an inevitable element of investment and operational decisions (Rahnama Rudposhti et al. 2013). Financial instruments are divided into five categories of ownership instruments, debt instruments, derivative contract, combined instruments and modern financial instruments. Sukuk, asset-backed securities and mortgage-backed securities are among the most important new financial instruments. The importance of recognizing new financial instruments in the market and examining them in terms of efficiency and economic benefits of countries and also compliance with Islamic law is completely clear. Sukuk is a new idea that has emerged in recent years and means bank deposits and government bonds with asset-backed, which is one of the practical issues of the world (Ahmadpour and Khakpour 2007). Undoubtedly, sukuk is one of the most appropriate and attractive innovations of Islamic economic and financial thinkers in the last three decades, which has turned Islamic economic and financial theoretical issues to more practical and commercial approaches and has attracted many Muslim and non-Muslim investors (Samimi 2012). For committed investors Islamic economic principles, sukuk securities have provided a very diverse and reliable instrument. By issuing sukuk, a large amount of capital has entered to financial markets and has developed economic activities and reduced unemployment (Sarkhani 2007). Sukuk helps capital market development through the process of converting assets into securities.

THEORETICAL FOUNDATIONS AND LITERATURE REVIEW

The literature on innovation notes that research and development leads to creation of a scientific knowledge (Grillichi 1972) that a company can use it in a different way to develop innovations and competencies and through the development of efficient processes, improve the

performance. For instance, innovation can reduce the costs of producing goods by introducing new products or by improving the quality of existing goods, which in turn can increase market share and sales (Mansfield 1968). Financial innovation is a broad term that can be used for describing new and innovative methods in different financial contexts. Sometimes this term refers to the creation of a new type of securities, and in other cases concerns about new and attractive ways of managing money or investing. Financial innovation is designing a financial idea or instrument that is different from the past view and is potentially able to appear very desirable in the long-term if it is properly designed and managed. In general term, financial innovation is a dynamic knowledge and is not specific to the present time. Financial innovation has been existed since ancient Greece in the form of personal loans. In Iran, promissory note and negotiable instrument (draft) have been used for a long time and now are still used in much more advanced forms. Furthermore, in the 1980s, companies changed their structure for solving the productivity problems and also excess capacity, which, in addition to organizations, imposed huge costs on the economy. Inefficient and unprofitable companies were removed from the bodies of large organizations in various ways and handed over to managers and employees. In this decade, financial innovations and financial engineering knowledge get to their highest level. Many of the disposal methods were such that companies were purchased by borrowing. In these methods, the buyer would take over the company by a large loan and then repay the loan in installments through cash flows of company's activities. These methods were known as leverage methods and faced the company with heavy debts.

Methods such as leveraged buyout, leveraged buyout by managers-in which buyers were the company managers- the transfer of methods in which companies sold their inefficient assets and thus lightened their balanced sheets-become independent in which small corporate stocks were transferred to the managers of parent companies and it was actually a kind of borrowing-were really common at that time. However, although leveraged methods helped to the growth and development of financial markets and improved the efficiency and productivity of organizations, they led to many bankruptcies in the late 1980s and early 1990s. In recent years, the default risk provides this ability to managers to manage more effectively the number of default credits, mortgages, and other forms of credit management. But why is financial innovation called community based? To answer this question, it must be considered that in a general classification, the individuals' activity in financial markets is divided in two ways. The first case is zero-sum activity. This means that one wins and the other loses. This kind of activity can be seen in buying and selling in the stock market. Some experts believe that this activity does not have much social benefit in the end, but only transfer wealth from loser to winner. However, community-based financial innovation is not like this and both sides benefit from it. Because when a new instrument is created to provide credit, both the investor and the recipient will benefit. Therefore, the sum of this activity is positive and non-zero.

Financial innovations are divided into three main categories:

1. **Market-opening Tools:** These tools increase market liquidity and accessibility of funds by attracting new investors and also facilitate access to credits.
2. **Risk Management Tools:** This section relates to hedging and redistributes and shares financial risk to those who have more risk-taking or want to neutralize it.
3. **Securitization of Assets:** Financial innovation which emerged in 1980s and profoundly influenced the role of financial intermediaries in the capital market is the phenomenon of securitization of assets. This process involves collecting loans and selling securities with their guarantying and supporting.

In other words, in financial statements, companies have a number of assets that are non-cash. While the problem of liquidity is a basic need for firms, so there should be a tool to turn non-cash assets into cash.

Advantages and Disadvantages of Financial Innovation:

Financial innovation has many benefits. Financial innovation can be effective in reducing the costs of financial intermediation. Financial innovation, through providing new markets to borrowers, allows a wide range of individuals and firms to emerge their competitive advantages. New instruments provide the ability of using arbitrage opportunities in a variety of products and therefore, the transaction cost will be reduced. Some instruments are useful in hedging and provide pricing and selling risk. To understand the importance of financial innovation, we can refer to the ATMs. In the banking industry, ATMs and electronic payments in the recent decade have reduced 30% costs of banks operations. In this regard, the innovation-growth view, which is based on the positive aspect of financial innovation, emphasizes that this innovation is focused on reducing agency costs, facilitating risk sharing, market symmetry, and finally improving allocated productivity and economic growth (Allen and Gale 1994). However, even before the financial crisis, many experts warned about the negative aspects of financial innovation. Furthermore, the financial crisis of 2007-2009 showed further the negative aspect of financial innovation. The innovation-fragility view refers to the dark side of financial innovation.

This view believes that financial innovation, by granting extensive credits for the prosperity and breaking down the housing prices (Brunnermeier 2009), designing securities that were considered safe but some of its risks were neglected (Gennaioli et al. 2012) and finally helping banks and financing institutions to design structured securities to take advantage of investors' ignorance of financial markets (Henderson and Pearson 2011), is known as the main reason of the world financial crisis. Anyway, the findings show that financial innovation provides significant benefits to the actual sector of the economy, but it has some risks that must be properly managed.

Literature Review:

According to the model of Sink and Tatel (1989), the performance of an organization is the result of complex relationships between seven performance indicators: effectiveness, efficiency, quality, productivity, quality of work life, innovation, and profitability. Many changes have occurred in the industry since the introduction of this model, but these seven indicators are still important for the organization's performance. In this model, innovation is the key element for the development of performance. Furthermore, based on the model of results and determinants, there two specific performance indicators in the organization. Indicators related to results include financial performance and competitiveness, and those that focus on determinants of results include quality, flexibility, resource utilization, and innovation. So, it can be said that innovation is an influential factor on determinants of performance results. According to these theoretical foundations, using management accounting tools in Iranian companies can be considered a significant innovation and it is expected that any kind of innovation in the company leads to a value and this value should be reflected in performance indicators. Schumpeter (2011) considered financial innovation as the stimulus of economic development. As a pioneer in the field of entrepreneurship, he claimed that the concept of entrepreneurship is the ability to break the current policy, destroy the existing structures, and move the system out of balance. It should be noted that Schumpeter school of thought, emphasizes more on technological innovation. Researchers have linked innovation to performance and many studies have shown that organizations need innovation to succeed. However, the culture off innovation has an important role in the performance (Calenton and Knight 2000). Organizations with a culture of innovation are well aware that making a successful brand does not always depend on the interpretation of customer feedback and current competitors; rather, it depends on the innovative development through new ways of creating higher value for customers (O'Cass, Aron, & Viet Ngo).

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Tsai et al. (2012) presented a model to support financing decisions for single sector companies using multi-criteria and multi-objective methods. Their financing sources were: raising capital through common stock, raising capital through preferred stock, using bank debt and issuance of bond. For this reason, they first identified the relationships between the influential criteria on choosing financing method by DEMATEL method and then prioritized the financing methods using the Network Analysis Process (ANP) method. Finally, using the goal programming technique, they extracted funding from each resource. Kross et al. examined the impact of entrepreneurship dimensions (risk-taking, innovation, and pioneering) on the performance of small and medium-sized enterprises in the Netherlands. The researchers (using the information of 118 questionnaires) concluded that the relationship between risk-taking and innovation with the performance of small and medium enterprises is not significant, but the path breaking relationship with the performance of small and medium enterprises is significant. Shafinaz et al. investigated the impact of entrepreneurship dimensions (innovation, risk-taking, aggressive competition, path breaking and independence) on the financial performance of small and medium sized enterprises based on Malaysian technology. The researchers (using information of 118 questionnaires) concluded that there was no relationship between the four dimensions of innovation, risk-taking, aggressive competition and path breaking with the performance of these firms. Kabiri and Mokshapasi (2013) studies the impact of aggressive competition, risk aversion, path breaking (pioneering), independence and innovation on the export performance of small and medium enterprises in Iran (small and medium enterprises in the fruit and vegetable market of Tehran). The results (using data from 76 questionnaires) showed that the dimensions of entrepreneurship have a positive effect on the performance of exporting firms. Hertz et al. examined the long-term performance of companies on the New York Stock Exchange that offered private placement. To measure the operational performance of stock private placement, three measures of return on assets, the ratio of operating income before deduction of depreciation and exploitation, and operating profit of dividend on assets were used. The results showed that, despite the rising market value of stocks at the time of offering, companies that offered stocks privately had a better performance during the three-year period after the emission, although after the emission, the companies' performance was lower than industry average. Bahrami et al. (2012) studied innovation in market management by applying business intelligence and reported that it is not possible to accurately measure the value of business intelligence and its impact on the organization, but there are simple and practical ways to measure financial performance and markets of smart business organizations. Jalali et al. (2013) investigated the impact of innovation, risk-taking and pioneering (path breaking) on the performance of small and medium enterprises of Iran. The researchers (using 150 questionnaires information) concluded that the tendency toward innovation, risk-taking and pioneering has a positive effect on the performance of small and medium-sized enterprises of Iran.

In a study entitled "Investigating the Limitations of Financial Resources with an Attitude Towards Financial Innovations in the Framework of Usury-Free Banking System", Amiri investigated the companies listed on the Tehran Stock Exchange and argued that during the research period, more than 70% of companies' financial resources are secured through debts, 90% of which are short-term, and the lack of long-term debt resources (long-term loans and long-term bonds) has forced companies to provide long-term financial resources by relying on the release of new stocks, especially bonus shares. While calculating the corporate debt ratio based on the current stock value (adjusting value based on inflation) indicates that the necessary borrowing capacity and support for lenders are existed in companies. The most important suggestions of research were reducing the presence and direct control of government financial institutions in the country's financial market, the need to change the country's financial system from a basic banking system to a variety of securities and the issuance of various types of securities compatible with usury-free banking (Amiri 1995). In a study entitled "Investigating the relationship between Capital Structure and Profitability of Companies Listed on the Tehran Stock Exchange", Namazi and Shirzadeh (2005) about methods of financing stated that it is

always a question of how companies financing can be effective in making positive profits and returns of stakeholders. Different s factors such as the nature of the activity, assets and type of industry affect the financing and capital structure of the company. For example, the nature of the company's activity can be such that the cash flows are easily provided. In such a situation, using debts instead of stocks (debt financing) is cheaper that stocks and increases the company's profits.

In a study with the title of "Investigating the Impact of Marketing and Innovation on the Performance of Stock Exchange Food Companies", Hosseini and Salar found that marketing and innovation have a positive effect on the performance of companies (Hosseini and Salar 2012). Furthermore, market -orientation influences performance through the mediator variable of innovation. In fact, the main part of market –orientation impact on performance is related to innovation. In addition, Hajiha and Kharatzadeh in a study explored the relationship between the application of management accounting innovations and financial indicators of performance evaluation in companies listed on the Tehran Stock Exchange during 2007-2011 (Hajiha and Kharatzadeh 2014). In this research, the relationship between ROA, ROE and return on sales has been considered as an indicator of financial performance evaluation and the application of management accounting innovations in manufacturing companies. The findings showed that there is a significant relationship between return on assets and the application of management accounting innovations. Moreover, according to the results, there is no significant relationship between return on equity and return on sales with the application of management accounting innovations.

In a study, Namazi and Mousavinejad also investigated the relationship between intangible assets as an indicator of innovation and financial performance of companies listed on the Tehran Stock Exchange (Namazi and Mousavinejad 2016). The results indicated that there is the most positive correlation among Tobin's Q ratio and the return on assets and market overvaluation to book value and net profit. Furthermore, among the performance criteria, the net profit criterion has a stronger relationship with intangible assets. In general, internal and external studies suggested that the process of using innovation in the company is growing in the world, and companies have understood the importance of innovation and some related structures in developing the company's performance. Conducted studies around the world indicates that there is a positive relationship between innovation and financial performance of the company. The present study differs from previous studies because in Iran no research has been conducted to examine growth factors as well as innovation challenges as a mediator variable, and also the effect of this study on financial and economic performance experimentally and simultaneously in Tehran Stock Exchange companies has not been formed. This study seeks to find a solution for the shortcomings.

RESEARCH HYPOTHESES

Research Hypotheses

According to introduced theoretical foundations, two hypotheses were developed to explain the relationship between modern financial instruments and corporate performance.

- **Hypothesis 1:** Using modern and innovative financial instruments has a positive and significant effect on the return on equity.
- **Hypothesis 2:** Using modern financial instruments has a positive and significant effect on return on assets.

Methodology:

The present research method is a retrospective (expost facto) correlational descriptive method and in terms of purpose is applied research.

Statistical Population and Sample:

The statistical population of this research consisted of all the companies listed on the Tehran Stock Exchange that use sukuk for financing. These bonds were first used in 2011 by Saman Bank. The time domain of research was during 2011-2018. In the statistical sample, due to the inaccessibility of companies' balance sheet information, we were forced to remove some companies.

Patterns for Testing Research Hypotheses:

In order to test hypotheses, two models were processed as follows:

Hypothesis 1: Using new financial instruments has a positive and significant effect on the return on equity.

eigen capital = C (1) *alt + C (2) *growth + C (3) *leverage + C (4) *risk + C (5) *size + C (6) *sukuk (-2) + C (7) + [CX=R]

Hypothesis 2: Using modern financial instruments has a positive and significant effect on return on assets.

Gewinn = α+ β_1 gewinn (-1) + β_2 internal + β_3 external (-1) + β_4 leverage + β_5 risk + β_6 size + β_7 alt + β_8 sukuk (-2) + ε

Operational Definition of Study Variables:

In the Table 1, all the variables used in the model are described in detail.

Table 1. Operational definition of variables.

Variable	Symbol	Operational definition
Return on equity	eigenkapital	Net income ratio to the equity
Return on assets	Bgrowth	The annual profit ratio to total assets
Net profit margin	gewinn	Net profit ratio to the total sales
Internal financing	Internal	$internal = \dfrac{RE_{t-1} - RE_{t-2}}{RE_{t-2}}$ RE=retained earnings or losses
External financing	External	External=ΔEquity + ΔLTD +Δopliab Δopliab= operational debt
Assets growth	Growth	$growth = \dfrac{TA_{t-1} - TA_{t-2}}{TA_{t-2}}$ TA- total assets
Financial leverage	Leverage	The ratio of debt to the equity
Risk	Risk	The net profit ratio to the capital

Company size	Size	Assets logarithm
Company age	Alt	The company age
Sukuk	Sukuk	If the company has used the modern financing instrument of sukuk, the number is one and otherwise zero will be entered.
Financing through capital market	Δ Equity	$\Delta \text{ Equity} = \dfrac{BE_{t-1} - BE_{t-2}}{TA_{t-2}}$
Financing through a long-term debt	LTD Δ	$\Delta \text{ LTD} = \dfrac{LTD_{t-1} - LTD_{t-2}}{TA_{t-2}}$
Financing through operational debt	Opliab Δ	$\Delta \text{ Opliab} = \dfrac{Opliab_{t-1} - Opliab_{t-2}}{TA_{t-2}}$
Expanded capital	BE	Capital stock+ equity premium
Operational debt	Opliab	Business accounts and notes payable+ advances

RESEARCH FINDINGS

Descriptive Statistics of Research Variables

Descriptive statistics of variables are presented in Table 2.

Table 2. Descriptive Statistics of Variables.

Statistical indicators	Eigenkapital	Alt	growth	Leverage	Risk	size	sukuk
Mean	20	33.68	0.17	0.90	1.60	7.32	0.16
Maximum	211	65	1	14.03	134.74	9	1
Minimum	-330	1	-0.3	-7.8	-7.54	5	0
Standard deviation	50.35	19.36	0.20	2.49	11.66	0.85	0.37
Skewness	-2.52	-0.035	0.94	1.67	11.20	-0.44	1.81
Kurtosis	20.76	1.60	5.86	11.49	128.44	2.56	4.28

Testing the Assumptions of Regression:

The most important assumptions for estimating regression were studied. In order to remove error sentences, the variable c was added to the model. In order to ensure the absence of autocorrelation, we examined a series of error terms with subsequent error sentences, and the results showed that there was no autocorrelation between the error terms. The next assumption was that there was no linearity between the coefficients, which was examined by the coefficient matrix and some coefficients were removed due to having very high linearity.

Choosing Model:

Here it should be reminded that the study data in this article is in the form of a panel and in addition to the time factor, it is also influenced by the companies themselves. Therefore, it is

natural to have a special feature in the model for each company. The following three types of models are considered in panel data.

1. Pooled model;
2. Model with fixed effect
3. Model with random effect
4.

First, the F-Limer test was examined and the results showed that the model in question was not a pooled model. Then, the Hausman test was performed. That is, model 1 has random effects, but model 2 is different. The results of F-Limer and Hausman test are presented in the following table according to the models (Table 3).

Table 3. F-Limer and Hausman Results on the Models 1, 2, and 3.

Model 1	**EIGENKAPITAL = C (1) *ALT + C (2) *GROWTH + C (3) *LEVERAGE + C (4) *RISK + C (5) *SIZE + C (6) *SUKUK (-2) + C (7) + [CX=R]**		
Test type	Test statistic value	Freedom degree	p-value
F-Limer	2.075	16.79	0.014
Hausman	7.40	6	0.28
Model 2	**BGROWTH = -0.041*BGEWWINN (-2) + 0.811*BGROWTH (-1) + 26.6211*INTERNAL - 1.64*SUKUK1 - 0.336*EXTERNAL - 0.04457*ALT + 3.502**		
Test type	Test statistic value	Freedom degree	p-value
F-Limer	0.96	16.92	0.496
Hausman	0.00	8	1

Hypotheses Testing and Their Results:

Significant results of fixed variables including constant value variables, financial leverage, company age, company size, risk, sukuk and asset growth are described in the following table. Risk variables, financial leverage, company size, and sukuk have a significant effect on our dependent variable, which is the rate of return on equity (Table 4).

Table 4. Fitting Results on Regression Model.

Patterns	Pattern 1			Pattern 2		
Variable	Regression coefficients	T statistic value	p-value	Regression coefficients	T statistic value	p-value
Constant value (C)	-47.46	-1.02	0.30	3.50	3.50	0.0007
Company risk (risk)	27.35	-2.11	0.036			
Company size (size)	9.27	1.48	0.14			
Company age (alt)	-0.28	-1.10	0.27	-0.044	-2.200	0.03
Financial leverage (leverage)	-3.49	-2.11	0.036			
Assets growth (growth)	-37.80	-1.65	0.10			
Sukuk (sukuk)	25.15	2.43	0.016	-1.64	-1.31	0.1914
Internal financing (Internal)				26.62	5.49	0.000

External financing (external)				-0.33	-0.43	0.66
Net profit margin (bgewwinn)						
Return on assets (bgrowth)				0.811	19.45	0.00

According to the mentioned statistic in the above Table, in Model 1, the return on equity has a positive and significant relationship with the company's risk and its coefficient value is 27.35. The relationship between financial leverage and return on equity is negative and significant and its value is -3.49. The sukuk variable has a positive and significant relationship with the return on equity and its coefficient value is 25.15. In Model 2, internal financing has a positive and significant relationship with return on assets; but the sukuk variable has no significant effect on this model.

The results of investigating the significance of regression model are presented in the following table. According to this test, there is at least one regression coefficient in the mentioned model, because the p-value of the test is less than significance level of 5% (Table 5).

Table 5. Significance Results of Regression Model.

Models	Pattern 1		Pattern 2	
Test type	**Statistic test value**	**p-value**	**Statistic test value**	**p-value**
Regression	14.96	0.0000	142.39	0.000
Durbin-Watson	1.29		2.093	
R-squared	0.48		0.90	
Adjusted R-squared	0.45		0.89	

In general, the final and acceptable regression model in patterns 1 and 2 is as follows:

Pattern 1:

EIGENKAPITAL = -0.286*ALT - 37.805*GROWTH - 3.494*LEVERAGE + 27.350*RISK + 9.273*SIZE + 25.155*SUKUK (-2) - 47.4678 + [CX=R]

Pattern 2:

BGROWTH = -0.041*BGEWWINN (-2) + 0.8116*BGROWTH (-1) + 26.6*INTERNAL - 1.64*SUKUK1 - 0.336*EXTERNAL - 0.044*ALT + 3.50

CONCLUSION

Companies use different financial resources in different ways to apply profitability projects and achieve the maximum returns in order to enhance the wealth of stakeholders. One of the man factors in the growth and development of any company is its ability in determining internal or external resources in providing capital and appropriate financial programs. These financial resources and their using are one of the influential factors on the operational performance of companies. Financial theorists presented two conflicting views about the effect of using debt instrument on future stock returns. On the one hand, some theorists such as Jensen (1986) believe that debt increases the free cash flow available to corporate managers who do not have much free cash flow but instead benefit from profitable investment opportunities and therefore, increase the future stock returns. On the other hand, other theorists argued that as financial

leverage increases, the agency costs of debt, including the cost of bankruptcy, will increase. In addition, the effect of debt control on high-growth companies with profitable investment projects that are without free cash does not matter, since these companies mostly resort to capital markets to finance their investment projects. In such a situation, the market has enough time to evaluate the performance of the company, its management and investment projects, and to some extent, reduces the agency problem (Jensen, 1986). In a study with the title of "Studying the Relationship between Asset Growth and Stock Returns", Yao et al. (2010) concluded that there is a significant negative relationship between asset growth and stock returns and this negative relationship is greater in companies that rely on bank financing for growth. They said that banking financing may affect returns for two reasons:

First, the bank may have a significant monitoring effect on the company through direct access to the company's financial information and financing, and as an efficient supervisor, it can decrease over-investment. Second, the banking system may support companies' growth opportunities on the condition that they invest less. In other words, banks can discourage companies from participating in risky and venture but profitable projects due to greater risk aversion than shareholders.

However, there are various methods and instruments for financing in the capital market, including debt-based instruments (Islamic securities or sukuk, special investment time deposit certificates, securitized loans, etc.) and capital-based instruments (capital increase, publicly listed company, land and building funds to finance the housing sector and project-based funds). The first model in the present study was with the title of "Studying the Effect on Innovations on the Company Performance" in the research of Cooper et al. (2008) and Yao et al. (2010) and in fact, it is expanding their research by considering the role of financial innovations and new financial methods on the performance of companies. The hypothesis test shows that there is a positive and significant relationship between sukuk and return on equity. Different financing patterns can affect the financial performance of companies, and this article shows that along with other methods and patterns of internal and external financing, using sukuk as a modern financing tool can affect the performance of companies and companies have shown a better performance using this method.

Furthermore, in their studies, Lee and Zhang (2008) concluded that different financing methods have completely different effects on asset growth. Asset growth rates in less developed countries are more consistent with relatively efficient markets than in developed countries. This issue reduces the growth rate of the asset. In fact, the low growth impact of assets can be attributed to the low tendency to implement investment projects in these countries. Because business units in these countries prefer the company's internal resources to external resources to expand the scope of their activities and financing needs. That is, they first finance from retained earnings or savings, then if internal resources are not enough; Among the financial external resources of the company, they first resort to borrowing (mostly through the bank), and if the borrowing is not enough and more financial resources are needed, they will start issuing shares. Increasing financing by creating debt to achieve asset growth decreases managers' willingness to invest in risky and venture but high-yield projects and boldly confront investment risks. The results of this paper are consistent with the paper presented by Lee Lee and Zhang and also confirmed it.

At the end, for future research, it is better to study all listed companies separately by industry. We can also do more research on other financial innovations and new tools that have recently entered the Iranian capital market, and examine their impact on industries separately.

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