



The relationship between capital structure and business cycle in companies listed on Tehran Stock Exchange

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ABSTRACT

The aim of this study was to investigate the relationship between the business cycle and capital structure of the company is listed on the Tehran Stock Exchange. In this study, data collection and information you need, the library and documentary methods used Accordingly, theory and literature of Latin books and professional journals and selected explanatory notes Companies, CDs, video archives and statistical Tehran Stock Exchange Persian be collected. Then the data necessary to test hypotheses by reference to the financial statements, website, stock securities and other related databases and software management of the mining process. Mansour to the relationship between the variables of the software Eviews is used. The results of this study indicate that the business cycle and the capital structure of listed companies in Tehran Stock Exchange is significant.

Keyword:

business cycles, capital structure, Tehran Stock Exchange

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Introduction

The company's capital structure to the structure of financing sources, such as short-term debt, bonds, long-term debt, preferred stock and common stock refers. Some companies are no predetermined plan for its capital structure not consider And only for the financial decisions taken by financial management, without any specific plan of action to determine the capital structure of the company. Although these companies may succeed in the short term, but eventually the financial resources required for its activities with the main problems encountered. Such companies may not be able to make optimal use of their resources. As a result, the fact more and more evident is that a company should structure its capital in such a way planning is capable of the productivity of the funds to the maximum and its position with greater ease by changing adapt (Afza T. and Hussain A, (2011).

Capital structure decisions on rate of return and risk affecting shareholders and stock market value may be as a result of capital structure decisions, be affected.

Significant differences between capital structure of companies operating in different industries. Because of several factors that influence a company's capital structure decisions, to judge by the person who determines the capital structure in the middle of a very important role. Should the judge decide the degree of importance of the different factors affecting capital structure is different, the capital structure is the same company could be different. These factors greatly affect the psychological, complex and qualitative and because capital markets are perfect but the decision may also be associated with risks of inadequate knowledge, It has always been a theory not follow. In general, all companies interested in investing financial resources required to provide a minimum cost (Aydogan A,2006).

Statement of the problem

Asrtrazhy the general term plan and the prospect of future goals Asrt that an entity to achieve its objectives, the strategy is to develop and track. But in management, strategy management, which is indeed one of the duties of managers on decisions vital to the survival of the organization and its excellence. Today, most organizations instead of adopting a comprehensive strategy and a single set of related strategies they use, each designed for different levels of the company. Three step strategy in large organizations more Mhsvlh are: 1. Strategy Organization - Board 2 Business Strategy (trade) (3) 3 functional strategy (functional).

Business Strategy Consultants at the product level or strategic business unit runs on improving the competitive position of the company's goods and services in a particular industry or a particular part of the market is Baker M. and Wurgler J. (2002)Among the issues that have been the subject of capital structure research and many tests have been done on it. The main objective of capital structure decisions, create the right combination of long-term sources of funds in order to minimize the cost of capital and thereby, maximize market value. Done some research suggests that variation in the debt and equity, led to a change in the economic value added.

A study these issues between the economic value added index as the dependent variable and capital structure ratios (Debt ratio, debt-to-equity ratio and the ratio of debt to equity Bhrhdar) as independent variables, there is nothing to be based on the best combination of financial resources (capital structure) in order to maximize the economic value added and consequently, the Company achieved (Bradshaw M. Richardson S. and Sloan R. (2006).

According to the convergence of interests, a large property with a market value of associated companies. Jensen and Mac Ling (1976) believed in its shares owned by company executives, shareholders and managers to help coordination. This makes the conflict between managers and shareholders and managers strive to reduce the company's resources in the interests of the shareholders desire (Chen J. and Roger S. (2005).

Even if managers to have greater ownership, there may be more effort to improve their performance. Jensen (1993) states that, if the shares have significant property managers, internal controls would be more effective. In contrast, the entrenchment theory (bias) indicates that the value of the stock market negatively related to ownership is high. As property managers increase, they do not consider the interests of other shareholders. Creating and increasing development firms in the economy needed to finance is worth noting that most of the foreign institutions, the market capitalization of companies the opportunity to provide the financial resources needed by providing equity and debt issues provide. Managers use the resources obtained for the survival and growth of their organizations work. In an efficient market, growth and profitability and ultimately increase shareholder wealth will be achieved once The yield resulting from the application of equity funds over the opportunity costs of capital projects to be implemented. Since the methods of financing with investment decisions and dividend payout policy value and eventually the shareholders' wealth effect, identify patterns and model that decision and managers that follow, the importance of is great. Economic growth, increased corporate and separating management from ownership issues today represent one of the most important concerns of investors have turned. On behalf of the owners of wealth maximization is the goal, So in order to achieve this aim representative to oversee the work and assess his performance the day. In this case, the question to consider is whether the difference in the ownership structure affect their performance? (Brennan M.J. and Schwartz E.S. (2010).

This means that if business owners have various groups such as government, financial institutions, banks and other companies to form what would be their function? And which of the different combinations of ownership in the company's performance is more effective? By achieving these questions to improve the company's performance, investors In order to achieve optimal performance call for economic units to combine business owners will consider (Cadsby C.B. Frank M.Z. and Maksimovic V,1990).

According to the above research question now is whether the capital structure and business cycle The companies listed in the Tehran Stock Exchange there is a significant relationship?

Hypotheses

To evaluate the relationship between capital structure and business cycle in companies listed on Tehran Stock Exchange, has been designed and developed the following hypothesis:

1. a positive relationship between firm size and there is a significant business cycle.
2. the growth of the business cycle there is a significant positive relationship.
3. Between the profitability of the business cycle there is a significant positive relationship.
4. Between the fixed assets of the business cycle there is a significant positive relationship.

Research Methodology

The type of research

The aim of this study is based on the classification, and the classification based on applied research methods, descriptive research and the research is descriptive, correlational, because the relationship between the dependent and independent variables reviews. Also, due to the impossibility of controlling all extraneous variables and use historical data to test the hypothesis, the study in terms of data gathering practices among quasi-experimental

research after the event. In these projects, data from an environment where there are natural or incident that happened without the direct involvement of the researcher, is provided.

Methods and tools for data collection

The data collection methods used library and taking notes. All information related to variable outcomes research using new software And a comprehensive bank of information exchange listed firms through financial statements and accompanying notes obtained.

The method of analyzing information.

Data analysis in this study are the following:

After collecting data from the application processor is used tact. First, the extracted data into Excel Software After initial analysis of the statistical software was ready. To estimate the statistical software Eviews is used.

Statistical Society

The population of this study included all public companies listed on Tehran Stock Exchange during the period 2011 to 2015 is.

The results of the research model

The results of the model in the table below.

$$BC_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 Sales\ growth_{it} + \beta_3 Profitability_{it} + \beta_4 Fixed\ assets_{it} + \beta_5 LEV_{i,t} + \beta_6 GWTH_{it} + \epsilon_{it}$$

Table 4.6 summarizes the statistical results of the first research model

The significance level (sig)	T statistic	Standard deviation	Coefficients	Variable
0.0000	-10.8523	0.8963	-8.7145	B ₀
0.0006	9.9177	0.1628	0.2216	SIZE
0.0078	2.5390	0.0026	0.635	Sales growth _{it}
0.0014	2.5511	0.0023	0.049	Profitability _{it}
0.0000	4.9782	0.1481	0.0316	Fixed
0.0000	4.9782	0.1481	0.7372	LEV
0.0016	2.7280	0.0891	0.4216	GWTH
0.0000	F statistic significant level		2.360	F Fisher statistics
2.2093	Durbin Watson		0.7492	The coefficient of determination

Before testing the hypotheses based on the results, we must ensure the accuracy of the results.

In order to determine the significance of the F-test was used. Due to the significant level of F calculated statistic (0.0000), it can be argued that the fitted regression model is significant.

According to determine the coefficient of the fitted model can be claimed about 75 percent of the variation in the dependent variable (the business cycle), placed explained by the independent variables.

The results of hypotheses:

The first hypothesis:

H0: between the size of the company with the business cycle and there is no significant positive relationship.

H1: between size and business cycle there is a significant positive relationship. The results of hypotheses:

SIZE estimated coefficient for the independent variable in the table above indicate a significant positive relationship between firm size with the business cycle is at the level of 0.05. Because the p-value was calculated for the independent variable coefficient of less than 0.05 is obtained. So it can be said that the size of the company with the business cycle at 95% and there is a significant positive relationship.

The second hypothesis:

H0: between the growth of the business cycle and there is no significant positive relationship.

H1: between the growth of the business cycle there is a significant positive relationship.

The estimated coefficient for the independent variable Sales growth in the table above, indicating there was a significant positive correlation between the growth of the business cycle is at the level of 0.05. Because the p-value was calculated for the independent variable coefficient of less than 0.05 is obtained. So it can be said that the growth of the business cycle at 95% and there is a significant positive relationship.

The third hypothesis:

H0: between the profitability of the business cycle and there is no significant positive relationship.

H1: between the profitability of the business cycle there is a significant positive relationship.

The estimated coefficient for the independent variable Profitability in the table above indicate a significant positive correlation between the profitability of the business cycle is at the level of 0.05. Because the p-value was calculated for the independent variable coefficient of less than 0.05 is obtained. So we can say that the profitability of the business cycle at 95% and there is a significant positive relationship.

Fourth hypothesis:

H0: between the fixed assets of the business cycle and there is no significant positive relationship.

H1: between the fixed assets of the business cycle there is a significant positive relationship.

The estimated coefficient for the independent variable Fixed assets in the above table indicating the existence of a significant positive relationship between the proportion of fixed assets of the business cycle is at the level of 0.05. Because the p-value was calculated for the independent variable coefficient of less than 0.05 is obtained. So would be said that the ratio of fixed assets of the business cycle at 95% and there is a significant positive relationship.

The control variables:

LEV independent variable in the table above are estimated coefficient indicating a significant positive relationship between financial leverage and the business cycle is at the level of 0.05. Because the p-value was calculated for the independent variable coefficient of less than 0.05 is obtained. So we can say that the financial leverage and business cycle at 95% and there is a significant positive relationship. GWTHit estimated coefficient for the independent variable in the table above, indicating the existence of a significant positive relationship between growth opportunities and business cycle is at the level of 0.05. Because the p-value was calculated for the independent variable coefficient of less than 0.05 is obtained. So it can be said that the growth opportunities and business cycle at 95% and there is a significant positive relationship.

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