



Study of the effect of short-term and long-term institutional shareholders on the capital structure of companies listed in the Tehran Stock Exchange

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ABSTRACT

Managers when making decisions regarding capital structure, look for a way of financing so that it can add to the company's value. Many researches have been done and different theories have been emerged to explain the best model to justify the formed capital structure. It is expected that institutional shareholders, because of their supervisory mechanism, affect decisions regarding the financing and somewhat decrease problems of representativeness; therefore, the aim of this study was to investigate the effect of short-term and long-term institutional shareholders on the capital structure. In this regard, the level of financial leverage was used to examine changes in the capital structure. In order to analyze data, multiple linear regressions in the panel data were used. For this purpose, financial information of 98 listed companies in the Tehran Stock Exchange during the years 2010 to 2014 was collected. The results suggested a positive and significant effect of the percentage of short-term institutional shareholders on financial leverage. Moreover, the percentage of long-term institutional shareholders had a significantly negative impact on the company's financial leverage.

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Ownership structure,
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