
The relationship between Corporate Life Cycle and Cost of Equity Capital in companies listed on the Tehran Stock Exchange

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In this study, the relationship between companies' life cycle and cost of equity in companies listed on the Tehran Stock Exchange was examined. In order to measure the cost of equity, Easton MPEG model (2004) is used and for the company's life cycle, Dickinson Model (2011) is considered. To achieve the desired aim in this study, three hypotheses have been provided. The sample included 126 companies listed on Tehran Stock Exchange during the period of 2009 to 2015. The methodology of the present study is applied in terms of objective and descriptive- correlation. To test the hypotheses, panel data and combined regression models were used. The results show that companies that are in growth stage were not higher cost of equity than in companies' maturity stage. So, the first hypothesis is not accepted. Also, the companies that are in a growth stage compared to companies that are in the decline stage have a lower cost of equity. So, the second hypothesis is not accepted. Companies that are in the growth stage compared to the companies that are in the decline stage have not a lower cost of equity. So, the third hypothesis is not accepted.

Keywords : Growth Stage, Maturity Stage, Decline Stage, Cost Of Equity.

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