

Investigation of the Relationship between Financial Leverage, Corporate Growth, Institutional Investment and Firm Size

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The purpose of this study was to investigate the relationship between financial leverage, corporate growth, institutional investment, and firm size. This research was conducted in the period of 5 years (2012-2016) among 162 companies admitted to Tehran Stock Exchange by screening method. In order to test the research hypotheses, tests were performed on static consolidated data model and generalized least squares estimation method, such as Lymer, Hausman test and unit root test, using Eviews9 software. In this research, the variables of financial leverage, institutional investment and firm size as independent variables, company growth as an associated variable, and eventually the variables of company's history, return of assets, financial constraints, investment opportunities and book value to market value as variables Control was used. The results of the data analysis showed that financial leverage had a significant effect on the growth of companies and, given that the path coefficient was positive, the direct relationship between the two variables was confirmed. The results also showed that financial leverage on institutional investment had no significant effect and therefore this hypothesis was not approved. On the other hand, the results on the relationship between financial leverage and firm size were positive and showed that there is a meaningful relationship between the two variables. Finally, it was also found that there is a positive and significant relationship between the size and growth of companies admitted to the stock market.

Keywords : Financial leverage, corporate growth, institutional investment, corporate size

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