Study the Relationship Between Firm Size and Capital Structure with Emphasis on Different Levels of Product Market Competition, Profitability and Liquidity of Small and Medium Enterprises

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ABSTRACT
The aim of this research is to investigate whether different levels of market competition, profitability and liquidity are effective on capital size and structure in small and medium enterprises. For this purpose four hypotheses were developed and they were analyzed according to the information of the recognized companies by Tehran Stock Exchange market between 2002 and 2011. The results showed that the relationship between firm size and the non-current financial leverage in the medium-sized companies is more than small companies. The results also showed that the relationship between firm size and the non-current financial leverage in the category of small and medium-sized enterprises across (high/low) levels of market competition is different. In addition, the results showed that the relationship between firm size and current financial leverage in the category of small companies at (high/low) levels of market competition is different. The results also showed that the relationship between firm size and the non-current financial leverage in the category of small and medium-sized enterprises across (high/low) levels of profitability is different. In addition, the results showed that the relationship between firm size and the current financial leverage in the group of small and medium-sized companies at (high/low) levels of liquidity is different.

INTRODUCTION
One of the challenges of financial management is capital structure that studies the effect of composition of capital structure of the companies on value of companies and in another way on capital costs. Financial leverage refers to the application of resources and sums that create fixed financial costs for the company. The more the used leverage for the amount of debts and prominent shares that create fixed costs for the company is, the higher the financial risk will be. The risk resulting from changes of leverage almost controls the management. Due to the effect of leverage on profitability and value of the company, a director should have sufficient information about the method to calculate and assess the leverage.

Investment is a necessary and vital issue in the economic growth and expansion of every country. To provide the necessary funds for investment, there should be a series of resources for funding. Thus the financial directors should pay attention to the risk and return of the company and its effect on risk and return of ordinary shares of the company in Stock Exchange Market for finance in addition to taking the different resources into consideration. The factors that determine the risk of a company are numerous. One of these factors is the capital structure of the company [4].

Statement of the issue:
One of the main duties of financial directors in companies is to determine the best composition of financial resources of the company or in other words, the capital structure. Decisions regarding the capital structure should be in line with increased value of the company. In order to maximize the value of the company decision should be made regarding the best investments and their composition as well as the method to finance them. Financing could be performed through using debts and creating leverage or through shareholders' shares. The

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existing debt in the companies’ financial structure in one hand leads to increased accounting profit due to tax effects and consequently it leads to increased return of shares and on the other hand increased costs of profit and the possibility for non-payment of debts on due date leads to increased financial risk and consequently reduced price of shares market and as a result the return of shares reduce. That is why one of the major concerns of the financial directors is to determine the composition of the optimal structure of the capital [2].

The main goal of managing the companies is to maximize the value of shares market, i.e., the shareholders' wealth in the joint stock companies. Thus in this direction, the duties of the financial management of the companies is divided into three categories of decisions about investment, financing and division of separable profit. The financing decisions that eventually determines the financial texture or structure of the company are of remarkable importance because such decisions lead to the company's achievement of the 'optimal structure of the capital' [11].

The capital structure of companies in different countries is tangibly different from each other. Hence the directors have to use different factors such as economic factors and characteristics of the companies when making decisions about the optimal composition of capital structure and should pay attention to the decision-makings about financing and effects of these factors on capital structure. In addition, financial directors should take the internal specifications of the company and economic factors into account to establish suitable financial structure and think about maximizing the company’s value considering these variables [1].

Modigliani & Miller, 1958 were the first people who paid attention to the capital structure concept and wrote in a paper under the title of 'capital costs, financing company and investment theory' that the capital structure is irrelevant to determine the value of company and its future performance. They believed that in a world without differences and inadaptability, there will be no difference between debt and capital as far as the company's value is concerned. Therefore, decisions about financing will not receive the attention of the management [5].

3. Effective factors on capital structure:

The effects of company's specifications and economic factors on capital structure were studied in different countries. Many studies were conducted in Iran regarding capital structure, but no study was found when looking for the researcher who conducted studies focusing on concurrent company's specifications and economic factors. In this direction, knowledge of the economic factors and specification of the companies that were effective on the capital structure of the companies was of paramount importance because the companies could be helped determine a suitable capital structure by taking these factors and specifications and the degree of effect on the capital structure into consideration. Hence study of the effect of prominent and major factors such as structure of properties, liquidity and size of the company are highly significant. It was tried in this study to assess the relation of each of the mentioned factors and capital structure [3].

Financing through debt is one of the important factors to make decisions about investment at macro and micro levels. The company's debt, imagining the availability of growth opportunities could play a bilateral role in the value of the company and this role could be explained through two theories of investment deficit and additional investment. The idea of investment deficit was firstly raised by Meyers. He emphasized that high debts will have negative effect on the company's value and will motivate the directors to invest in profitable projects [9]. Due to the priority given to the holders of government bonds in comparison with the shareholders to receive cash flows, the directors could pre-determine the projects having positive current net value if the profit of projects were held by the creditors [14].

Generally speaking, the two theories of stable balance and hierarchy explain the effective factors on capital structure. One of the factors that have effect on capital structure according to both theories is the profitability of companies. According to stable balance theory, the advantage of tax debt increases the value of the debtor company. On the other hand, the costs of possible bankruptcy as a result of not performing the commitments in a timely fashion will reduce the value of the company. Thus the structure of the company's capital could be considered as balance between debt tax advantages and possible bankruptcy costs resulting from debt. That is why these two neutralizing factors (balance of advantages and costs from debts) lead to optimal use of debt in the capital structure. The hierarchical theory expresses that the companies go through certain hierarchy to finance their required resources [11].

Assessment and performance of the companies have always been in the centre of attention by the shareholders, investors, financial creditors such as banks and financial institutions, creditors and particularly the directors. Performance assessment is divided into two indexes of liquidity power and profitability from financial point of view. Profitability is the sign of a healthy economic firm and its high cash power is the sign of the continued life of an economic firm. Although both are important, liquidity is of higher importance. Companies with low profitability or even non-profitable could serve the economy for a longer period of time, but the companies without liquidity have shorter life expectation. The indexes that are focused on liquidity assessment and situation of companies have been under study by analysts for a long time. This enables the analysts to present modern indexes by analyzing the defects of the traditional indexes. The mentioned indexes focus on the
problems caused by traditional indexes of liquidity which is not based on ignoring the details of the liquidity situation of the companies. This study investigates the comparison between the role of traditional indexes and modern liquidity indexes to assess the companies’ financial performance due to the tight relation that exists between the liquidity situation of companies and their financial performance [7].

With regard to competition which is one of the other factors to justify the capital structure, it should be said that competition makes the companies move in the direction of using cheaper financial resources and more stable interaction with the suppliers and under such circumstances, the transparency of financial reporting and consequently the costs of financing will reduce for companies under competitive conditions so that they could be active in their commercial environment in this way [10].

Research background:

Mehrani et al, [8] studied the life cycle of commercial unit, capital structure and value of companies recognized by Stock Exchange Market. The results of the statistical tests showed that the life cycle of company is effective on the relation between capital structure and value of company so that this relation is of higher intensity in growing companies in comparison with mature companies. In other words, the power of elaboration of the model of growing companies is higher than the model of mature companies.

Hijazi and Khademi, [3] studied the effect of economic factors and specifications of the company on the structure of the companies recognized by Tehran Stock Exchange Market. The effect of three factors of specifications of the company consisting of property structure, liquidity and size of the company and the two economic factors consisting of inflation and economic growth were studied. The results of the study showed that there is a negative and significant relation between capital structure of the companies and liquidity & inflation, while there is a positive and significant relation between the capital structure of companies and the property structure, size of company and economic growth.

Sinaei et al, [14] studied the effect of growth opportunities on the relation between capital structure, divided profit and structure of valuable ownership of the company. The results of the study showed that there is a significant relation between capital structure (leverage) and divided profit & company value. In case of growth opportunities, this relation is negative and significant. But this relation is positive and significant without growth opportunities. Also the results showed that there is a non-linear and significant relation between ownership structure and value of company & growth opportunities.

Setayesh and Jamalianpour, [11] studied the usefulness of the capital structure and its changes to push forward financial strategies of the companies recognized by Tehran Stock Exchange Market. The results showed that there is a statistical relation between the type and degree of pushing forward financial strategies and capital structure and the type and degree of change in it in most statistical relations. However this result depends on the type of the financial strategy. Eventually the results of the study showed that using capital structure and type and degree of change in them, one can achieve a suitable model to anticipate the degree and type of advancing financial strategies of the commercial unit.

Utami and Inanga, [16] tested the relation between capital structure and company’s life style. The results of their study showed that all the companies including growing and the mature companies follow a hierarchical theory. However their results showed that hierarchical theory is a financial model that explains the growing companies better than the mature companies.

Udomsirikul et al, [15] studied the relation between cashing shares and capital structure of companies. This study was conducted in Thailand whose stock exchange market is less developed than the American stock exchange market and where the bank loans and company’s ownership is more concentrated. Following this study, they found out that the companies owning cash shares, experience less capital costs and enjoy the incentive to use issued shares in comparison with the debt in the structure of their capital. The experimental evidences show a reverse relation between financial leverage and cash.

Lesmond et al, [6] conducted a study regarding the capital structure and cashed shares. The findings show that using debts will reduce cashed shares. Therefore, the companies whose ratio of debt to capital is higher because they used debts to finance have possibly a higher rate of non-symmetrical information. However they believe that the selection of financial leverage over cashed shares is effective, but cashed shares have no effect on choosing the financial leverage.

Statistical society and sample of study:

The statistical society of the current study is all the companies recognized by Tehran Stock Exchange Market. Therefore according to the official notice of Tehran Stock Exchange Market, all the companies recognized by 2011 consisted of 457 companies in 37 industrial groups.

In this study in order to have the research sample with one suitable representative of the statistical society in question, sampling was made using Criteria-Filtering Technique. For this purpose, the following criteria were considered and if a company has all the criteria, it will be selected as one of the sample companies and the trend of sample selection is shown in figure 3.1.
1. The company should have been recognized by Tehran Stock Exchange Market before 2002 and to be active in the Stock Exchange Market by the end of 2011.
2. The company should not have change of fiscal year between 2002 and 2011 and its fiscal year should end in March. The reason is to be able to compare the data in different periods.
3. The company should not be in the group of investment companies or financial brokers because the nature and classification of the items of the financial statements of this group of companies is different from other companies.
4. The book value of shareholders’ equities of the sample companies should not be negative because the bankrupt companies will not be studied in the current research.
5. The required information of the company should be accessible. Eventually 92 companies of the statistical society were selected. Thus the volume of sample is equal to the total statistical society under study.

Research hypotheses:
The research hypotheses were prepared as follows:

Major Hypothesis 1: The relation between size of the company and capital structure in medium companies is more than small companies.

Minor Hypothesis 1.1.: The relation between size of the company and non-current financial leverage in medium companies is more than small companies.

Minor Hypothesis 1.2.: The relation between size of the company and current financial leverage in medium companies is more than small companies.

Major Hypothesis 2: The relation between size of the company and capital structure in medium and small companies is affected by levels (high and low) of market competition.

Minor Hypothesis 2.1.: The relation between size of the company and non-current financial leverage in medium companies is affected by levels (high and low) of market competition.

Minor Hypothesis 2.2.: The relation between size of the company and non-current financial leverage in small companies is affected by levels (high and low) of market competition.

Minor Hypothesis 2.3.: The relation between size of the company and current financial leverage in medium companies is affected by levels (high and low) of market competition.

Minor Hypothesis 2.4.: The relation between size of the company and current financial leverage in small companies is affected by levels (high and low) of market competition.

Major Hypothesis 3: The relation between size of the company and financial leverage in medium and small companies is affected by levels (high and low) of profitability.

Minor Hypothesis 3.1.: The relation between size of the company and non-current financial leverage in medium companies is affected by levels (high and low) of profitability.

Minor Hypothesis 3.2.: The relation between size of the company and non-current financial leverage in small companies is affected by levels (high and low) of profitability.

Minor Hypothesis 3.3.: The relation between size of the company and current financial leverage in medium companies is affected by levels (high and low) of profitability.

Minor Hypothesis 3.4.: The relation between size of the company and current financial leverage in small companies is affected by levels (high and low) of profitability.

Major Hypothesis 4: The relation between size of the company and capital structure in medium and small companies is affected by levels (high and low) of liquidity.

Minor Hypothesis 4.1.: The relation between size of the company and non-current financial leverage in medium companies is affected by levels (high and low) of liquidity.

Minor Hypothesis 4.2.: The relation between size of the company and non-current financial leverage in small companies is affected by levels (high and low) of liquidity.

Minor Hypothesis 4.3.: The relation between size of the company and current financial leverage in medium companies is affected by levels (high and low) of liquidity.

Minor Hypothesis 4.4.: The relation between size of the company and current financial leverage in small companies is affected by levels (high and low) of liquidity.

Research models:
In this study to test the hypothesis (1.1), the following model was used:

\[ \text{LT LEV} = \alpha_3 + \alpha_2 \text{MSIZE} + \alpha_2 \text{LSIZE} + \alpha_5 \frac{\text{CF}}{A} + \alpha_4 \frac{\text{TPA}}{A} + \alpha_3 \text{Tobin} + \varepsilon_{it} \]

In order to approve the hypothesis, \(a1 > a2\).

To test the hypothesis (1.2.), the following model was used:

\[ \text{ST LEV} = \alpha_3 + \alpha_2 \text{MSIZE} + \alpha_2 \text{LSIZE} + \alpha_5 \frac{\text{CF}}{A} + \alpha_4 \frac{\text{TPA}}{A} + \alpha_3 \text{Tobin} + \varepsilon_{it} \]
In order to approve the hypothesis, \(a_1 > a_2\).
To test the hypothesis (2.1.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ M Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HComp} + \alpha_5 \text{ LComp} + \alpha_6 \text{ MSize} \times \text{ HComp} + \alpha_7 \text{ MSize} \times \text{ LComp} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to approve the hypothesis, \(a_6 \neq a_7\).
To test the hypothesis (2.2.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ L Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HComp} + \alpha_5 \text{ LComp} + \alpha_6 \text{ LSize} \times \text{ HComp} + \alpha_7 \text{ LSize} \times \text{ LComp} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to test the hypothesis (2.2.), \(a_6 \neq a_7\).
To test the hypothesis (2.3.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ M Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HComp} + \alpha_5 \text{ LComp} + \alpha_6 \text{ MSize} \times \text{ HComp} + \alpha_7 \text{ MSize} \times \text{ LComp} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to approve the hypothesis (2.3.), \(a_6 \neq a_7\).
To test the hypothesis (2.4.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ L Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HComp} + \alpha_5 \text{ LComp} + \alpha_6 \text{ LSize} \times \text{ HComp} + \alpha_7 \text{ LSize} \times \text{ LComp} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to test the hypothesis (2.4.), \(a_6 \neq a_7\).
To test the hypothesis (3.1.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ M Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HProfit} + \alpha_5 \text{ LProfit} + \alpha_6 \text{ MSize} \times \text{ HProfit} + \alpha_7 \text{ MSize} \times \text{ LProfit} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to approve the hypothesis (3.1.), \(a_6 \neq a_7\).
To test the hypothesis (3.2.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ L Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HProfit} + \alpha_5 \text{ LProfit} + \alpha_6 \text{ LSize} \times \text{ HProfit} + \alpha_7 \text{ LSize} \times \text{ LProfit} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to approve the hypothesis (3.2.), \(a_6 \neq a_7\).
To test the hypothesis (3.3.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ M Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HProfit} + \alpha_5 \text{ LProfit} + \alpha_6 \text{ MSize} \times \text{ HProfit} + \alpha_7 \text{ MSize} \times \text{ LProfit} + \varepsilon_{it} \\
\text{E-control} = & \left( \frac{\text{TFA}}{\text{TA}}, \text{qtobin} \right)
\end{align*}
\]

In order to approve the hypothesis (3.3.), \(a_6 \neq a_7\).
To test the hypothesis (3.4.), the following model was used:

\[
\begin{align*}
\text{LT LEV} = & \, \alpha_0 + \alpha_1 \text{ L Size} + \alpha_2 \text{ qtobin} + \alpha_3 \text{TFA} \\
& + \alpha_4 \text{ HProfit} + \alpha_5 \text{ LProfit} + \alpha_6 \text{ LSize} \times \text{ HProfit} + \alpha_7 \text{ LSize} \times \text{ LProfit} + \varepsilon_{it}
\end{align*}
\]
In order to approve the hypothesis (3.4.), \( \alpha_6 \neq \alpha_7 \).

To test the hypothesis (4.1.), the following model was used:

\[
\Sigma_{control} = \left( \frac{TFA}{TA} \right) \cdot Qtobin
\]

In order to approve the hypothesis (4.1.), \( \alpha_6 \neq \alpha_7 \).

To test the hypothesis (4.2.), the following model was used:

\[
LT \ LEV = \alpha_6 + \alpha_1 \ M \ Size + \alpha_2 \ qto/bin + \alpha_3 \ \frac{TFA}{TA} + \alpha_4 \ Hliq + \alpha_5 \ Lliq + \alpha_6 \ MSize \times H \ Liq + \alpha_7 \ MSize \times Lliq + \epsilon_{it}
\]

\[
\Sigma_{control} = \left( \frac{TFA}{TA} \right) \cdot Qtobin
\]

In order to approve the hypothesis (4.2.), \( \alpha_6 \neq \alpha_7 \).

To test the hypothesis (4.3.), the following model was used:

\[
ST \ LEV = \alpha_6 + \alpha_1 \ L \ Size + \alpha_2 \ qto/bin + \alpha_3 \ \frac{TFA}{TA} + \alpha_4 \ Hliq + \alpha_5 \ Lliq + \alpha_6 \ LSize \times H \ Liq + \alpha_7 \ LSize \times Lliq + \epsilon_{it}
\]

\[
\Sigma_{control} = \left( \frac{TFA}{TA} \right) \cdot Qtobin
\]

In order to approve the hypothesis (4.3.), \( \alpha_6 \neq \alpha_7 \).

To test the hypothesis (4.4.), the following model was used:

\[
ST \ LEV = \alpha_6 + \alpha_1 \ L \ Size + \alpha_2 \ qto/bin + \alpha_3 \ \frac{TFA}{TA} + \alpha_4 \ Hliq + \alpha_5 \ Lliq + \alpha_6 \ LSize \times H \ Liq + \alpha_7 \ LSize \times Lliq + \epsilon_{it}
\]

\[
\Sigma_{control} = \left( \frac{TFA}{TA} \right) \cdot Qtobin
\]

In order to approve the hypothesis (4.4.), \( \alpha_6 \neq \alpha_7 \).

**Definition of variables and method to calculate them:**

The variables of this study are:

- Non-current financial leverage (LT LEV): This variable is calculated through ratio of non-current debts to total properties.
- Current Financial leverage (ST LEV): This variable is calculated through ratio of current debts to total properties.
- Ratio of cash flow current (CFR): This variable is calculated through ratio of total net profit and cash profit divided by total properties.
- Current Ratio (CR): This ratio is the result of dividing current properties by current debts.
- Profitability growth (GOPER): This variable is calculated by growth rate of sale income of company in comparison with last year.
- Competition intensity (Comp): To calculate the competition index, the ratio of sale of each year of the company over sale of the same year of industry through three periods and in circulating form is used.
- Growth opportunities (QTOBIN): To calculate this variable QTOBIN ratio was used. It is worth mentioning that this ratio is calculated through division of the total book value of debts and market value of shareholders' equities by book value of total properties.
- Properties structure (TAN ASS): This variable is calculated through ratio of dividing fixed assets and equipment by total assets.
- Size of company (SIZE): To calculate the size of companies and categorization of companies on that basis, the two criteria of number of staff and book value of assets were used.

To get the companies to form two groups of L size and M size, clustering method were used.

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>M</th>
<th>H</th>
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<td>H</td>
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<tr>
<td>L</td>
<td>M</td>
<td>L</td>
<td>M</td>
<td>M</td>
</tr>
</tbody>
</table>

Book value of properties

H: High,  M: Medium  L: Little
Conducted clustering is as such that firstly for the entire year, companies whose natural logarithm is the number of staff, their book value of the properties is calculated and then the information of the companies are put in spss software and it is classified according to clustering method to four groups as per the above figure. The conducted clustering is as such that firstly the companies are divided into three categories, i.e., High [H], Medium [M], and Low [L]. At the end, the companies that are located simultaneously in the groups set according to above figure are divided into groups, for example large, small and medium size companies. It is also worth mentioning that according to the conducted clustering, two companies are part of the first group, 10 companies are part of the second group, 37 companies want to participate in the third group and 43 companies want to participate in the fourth group.

It is also worth mentioning that for the control variables (competition, profitability and liquidity) clustering has to be conducted. For clustering, firstly the quantity of the variable in question for each company is put in order every year and is classified as 40%, 20% and 40%. It means that in the first group, 40% of them are under observations, in the second group, 20% of the are under observations and in the third group, 40% of them are under observations. At the end, some observations were made for the first and last groups and these first and last groups are considered as the largest and the smallest groups per year for each company.

Descriptive statistics:
Table 1 shows the descriptive statistics of quality variables of research including non-current financial lever, current financial lever, ratio of cash flow, structure of properties and growth opportunities, current ratio, profitability growth, market value (day) of shares and intensity of competition.

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Number</th>
<th>Average</th>
<th>Criterion deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current financial leverage</td>
<td>920</td>
<td>0/07</td>
<td>0/074</td>
<td>2/58</td>
<td>12/14</td>
<td>0/0004</td>
<td>0/5739</td>
</tr>
<tr>
<td>Current financial leverage</td>
<td>920</td>
<td>0/58</td>
<td>0/158</td>
<td>-0/37</td>
<td>2/74</td>
<td>0/1156</td>
<td>0/9763</td>
</tr>
<tr>
<td>Ratio of cash flow</td>
<td>920</td>
<td>0/15</td>
<td>0/119</td>
<td>1/16</td>
<td>4/95</td>
<td>-0/1639</td>
<td>0/6302</td>
</tr>
<tr>
<td>Property structure</td>
<td>920</td>
<td>0/24</td>
<td>0/157</td>
<td>0/98</td>
<td>4/00</td>
<td>0/0033</td>
<td>0/8785</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td>920</td>
<td>1/61</td>
<td>1/195</td>
<td>4/33</td>
<td>26/81</td>
<td>0/6252</td>
<td>11/8045</td>
</tr>
<tr>
<td>Current ratio</td>
<td>920</td>
<td>1/18</td>
<td>0/464</td>
<td>2/62</td>
<td>18/65</td>
<td>0/2225</td>
<td>5/6214</td>
</tr>
<tr>
<td>Profitability growth</td>
<td>920</td>
<td>0/19</td>
<td>0/363</td>
<td>10/09</td>
<td>199/09</td>
<td>-0/5909</td>
<td>7/6819</td>
</tr>
<tr>
<td>Intensity of competition</td>
<td>920</td>
<td>0/07</td>
<td>0/144</td>
<td>3/11</td>
<td>13/20</td>
<td>0/000007</td>
<td>0/0035</td>
</tr>
</tbody>
</table>

Considering the obtained results of descriptive statistics of research variables, it could be said that all variables have suitable distribution.

Testing research hypotheses:
Hypothesis No. 1:
The general goal of this hypothesis is to study whether the relation between the size of the company and the capital structure in medium companies is more than the small companies or not. This hypothesis was divided into two minor hypotheses and they were tested accordingly.

The goal of the first minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is more than the small companies or not that was studied and tested through model 1.1. The goal of the second minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies is more than the small companies or not that was tested and studied through model 1.2.

In this study, Pooling Data Method (Pooled Least Squares-PLS) was used considering the type of used data.

The result of hypothesis 1.1:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is more than the small companies or not. To conduct this study, the significance level of the coefficient of medium and small size in model no. 1.1. was less than 5% and the coefficient of medium size was more than the coefficient of the small size \( (a_{1} > a_{2}) \). Considering the results of the test, the significance level of the medium size and the small size is less than 5% and the coefficient of the medium size is more than the coefficient of the small size \( (a_{1} > a_{2}) \). Thus this hypothesis is accepted at 99% certainty level.
The result of hypothesis 1.2: 
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies is more than the small companies or not. To conduct this study, the significance level of the coefficient of medium and small size in model no. 1.2. was less than 5% and the coefficient of medium size was more than the coefficient of the small size \((a_1 > a_2)\). Considering the results of the test, the significance level of the medium size and the small size is less than 5% and the coefficient of the medium size is less than the coefficient of the small size \((a_1 < a_2)\). Thus this hypothesis is rejected.

Hypothesis No. 2: 
The general goal of this hypothesis is to study whether the relation between the size of the company and the capital structure in medium and small companies is affected by levels (high/low) of market competition or not. This hypothesis was divided into four minor hypotheses and they were tested accordingly.

The goal of the first minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.1. The goal of the second minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.2. The goal of the third minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.3. The goal of the fourth minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.4. In this study, Pooling Data Method (Pooled Least Squares-PLS method) was used considering the type of used data.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Probability</th>
<th>VIF</th>
<th>Coefficient</th>
<th>Probability</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 2.1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 2.2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
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<td>0/000</td>
<td>--</td>
<td>0/780</td>
<td>0/000</td>
<td>--</td>
</tr>
<tr>
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<td>0/000</td>
<td>8/180</td>
<td>-0/111</td>
<td>0/000</td>
<td>8/180</td>
</tr>
<tr>
<td>Small size</td>
<td>0/034</td>
<td>0/000</td>
<td>8/136</td>
<td>-0/089</td>
<td>0/000</td>
<td>8/136</td>
</tr>
<tr>
<td>Ratio of cash flow</td>
<td>-0/108</td>
<td>0/000</td>
<td>1/767</td>
<td>-0/594</td>
<td>0/000</td>
<td>1/767</td>
</tr>
<tr>
<td>Structure of properties</td>
<td>0/144</td>
<td>0/000</td>
<td>1/023</td>
<td>-0/259</td>
<td>0/000</td>
<td>1/023</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td>-0/0004</td>
<td>0/000</td>
<td>1/757</td>
<td>0/028</td>
<td>0/000</td>
<td>1/757</td>
</tr>
<tr>
<td>Adjustment determination (R^2) coefficient</td>
<td>0/576</td>
<td>0/683</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F statistic</td>
<td>17294/54</td>
<td>27363/38</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of Significance F</td>
<td>0/000</td>
<td>0/000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durbin-Watson Statistic</td>
<td>1/9</td>
<td>2/05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The result of hypothesis 2.1: 
Model 1.1. was less through model 2.1. The goal of the second minor hypothesis is to study the relation between the size of the company and the current financial leverage in medium companies is more than the small companies or not. The result of hypothesis 1.2: was less than 5% and the coefficient of medium size was more than the coefficient of the small size \((a_1 > a_2)\). Considering the results of the test, the significance level of the medium size and the small size is less than 5% and the coefficient of the medium size is less than the coefficient of the small size \((a_1 < a_2)\). Thus this hypothesis is rejected.

Hypothesis No. 2: 
The general goal of this hypothesis is to study whether the relation between the size of the company and the capital structure in medium and small companies is affected by levels (high/low) of market competition or not. This hypothesis was divided into four minor hypotheses and they were tested accordingly.

The goal of the first minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.1. The goal of the second minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.2. The goal of the third minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.3. The goal of the fourth minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies is different at (high/low) levels of market competition or not that was studied and tested through model 2.4. In this study, Pooling Data Method (Pooled Least Squares-PLS method) was used considering the type of used data.

Table 2: Result of testing models 1.1. and 1.2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Probability</th>
<th>VIF</th>
<th>Coefficient</th>
<th>Probability</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 2.1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 2.2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant (coefficient)</td>
<td>0/018</td>
<td>0/000</td>
<td>--</td>
<td>0/780</td>
<td>0/000</td>
<td>--</td>
</tr>
<tr>
<td>Average size</td>
<td>0/044</td>
<td>0/000</td>
<td>8/180</td>
<td>-0/111</td>
<td>0/000</td>
<td>8/180</td>
</tr>
<tr>
<td>Small size</td>
<td>0/034</td>
<td>0/000</td>
<td>8/136</td>
<td>-0/089</td>
<td>0/000</td>
<td>8/136</td>
</tr>
<tr>
<td>Ratio of cash flow</td>
<td>-0/108</td>
<td>0/000</td>
<td>1/767</td>
<td>-0/594</td>
<td>0/000</td>
<td>1/767</td>
</tr>
<tr>
<td>Structure of properties</td>
<td>0/144</td>
<td>0/000</td>
<td>1/023</td>
<td>-0/259</td>
<td>0/000</td>
<td>1/023</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td>-0/0004</td>
<td>0/000</td>
<td>1/757</td>
<td>0/028</td>
<td>0/000</td>
<td>1/757</td>
</tr>
<tr>
<td>Adjustment determination (R^2) coefficient</td>
<td>0/576</td>
<td>0/683</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F statistic</td>
<td>17294/54</td>
<td>27363/38</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of Significance F</td>
<td>0/000</td>
<td>0/000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durbin-Watson Statistic</td>
<td>1/9</td>
<td>2/05</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The result of hypothesis 2.1:

As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is different at (high/low) levels of market competition or not. To conduct this study, the significance level of the coefficient of medium size in intensity of high competition with the coefficient of medium size in intensity of low competition in model no. 2.1 was less than 5% and the coefficient of medium size in high intensity of competition is different from the coefficient of medium size in low intensity of competition ($\alpha_6 \neq \alpha_7$). Considering the results of the test, the significance level of the medium size in intensity of high competition and the medium size in intensity of low competition was more than 5% and the coefficient of the medium size in intensity of high completion is different from the coefficient of medium size in intensity of low competition ($\alpha_6 \neq \alpha_7$). Thus this hypothesis is accepted at 99% certainty level.

The result of hypothesis 2.2:

As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in small companies is different at (high/low) levels of market competition or not. To conduct this study, the significance level of the coefficient of small size in intensity of high competition with the coefficient of small size in intensity of low competition in model no. 2.2 was less than 5% and the coefficient of small size in high intensity of competition is different from the coefficient of small size in low intensity of competition ($\alpha_6 \neq \alpha_7$). Considering the results of the test, the significance level of the small size in intensity of high competition and the small size in intensity of low competition is less than 5% and the coefficient of the small size in intensity of high completion is different from the coefficient of small size in intensity of low competition ($\alpha_6 \neq \alpha_7$). Thus this hypothesis is accepted at 99% certainty level.

The result of hypothesis 2.3:

As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies is different at (high/low) levels of market competition or not. To conduct this study, the significance level of the coefficient of medium size in intensity of high competition with the coefficient of medium size in intensity of low competition in model no. 2.3 was less than 5% and the coefficient of medium size in intensity of high competition is different from the coefficient of medium size in intensity of low competition ($\alpha_6 \neq \alpha_7$). Considering the results of the test, the significance level of the medium size in intensity of high competition and the medium size in intensity of low competition was more than 5% and the coefficient of the medium size in intensity of high completion is different from the coefficient of small size in intensity of low competition ($\alpha_6 \neq \alpha_7$). Thus this hypothesis is rejected.

Table 4: The result of testing models 2.3, 2.4.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 2.3.</th>
<th>Model 2.4.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>Probability</td>
</tr>
<tr>
<td>Constant (coefficientship)</td>
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</tr>
<tr>
<td>Average-small size</td>
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</tr>
<tr>
<td>Growth opportunities</td>
<td>0/009</td>
<td>0/000</td>
</tr>
<tr>
<td>Structure of properties</td>
<td>-0/174</td>
<td>0/000</td>
</tr>
<tr>
<td>High intensity of competition</td>
<td>-0/022</td>
<td>0/000</td>
</tr>
<tr>
<td>Low intensity of competition</td>
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<td>0/000</td>
</tr>
<tr>
<td>Average-small size in high intensity</td>
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</tr>
<tr>
<td>Average-small size in low intensity</td>
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<td>0/000</td>
</tr>
<tr>
<td>Adjusted determination (R²)coefficient</td>
<td>0/635</td>
<td>0/635</td>
</tr>
<tr>
<td>F statistic</td>
<td>16580/59</td>
<td>16580/59</td>
</tr>
<tr>
<td>Level of significance F</td>
<td>0/000</td>
<td>0/000</td>
</tr>
<tr>
<td>Durbin-Watson (Statistic)</td>
<td>2/109</td>
<td>2/109</td>
</tr>
</tbody>
</table>
The result of hypothesis 2.4:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies is different at (high/low) levels of market competition or not. To conduct this study, the significance level of the coefficient of small size in intensity of high competition with the coefficient of small size in intensity of low competition in model no. 2.4. was less than 5% and the coefficient of small size in high intensity of competition is different from the coefficient of small size in low intensity of competition $\alpha \neq \alpha T$. Considering the results of the test, the significance level of the small size in intensity of high competition and the small size in intensity of low competition is less than 5% and the coefficient of the small size in intensity of high completion is different from the coefficient of small size in intensity of low competition $\alpha \neq \alpha T$. Thus this hypothesis is accepted at 99% certainty level.

Hypothesis No. 3:
The general goal of this hypothesis is to study whether the relation between the size of the company and the capital structure in medium and small companies is affected by (high/low) levels of profitability or not. This hypothesis was divided into four minor hypotheses and they were tested accordingly.

The goal of the first minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies in (high/low) levels of profitability is different or not that was studied and tested through model 3.1. The goal of the second minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in small companies in (high/low) levels of profitability is different or not that was studied and tested through model 3.2. The goal of the third minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies in (high/low) levels of profitability is different or not that was studied and tested through model 3.3. The goal of the fourth minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies in (high/low) levels of profitability is different or not that was studied and tested through model 3.4. In this study, Pooling Data Method (Pooled Least Squares-PLS method) was used considering the type of used data.

Table 5: The result of testing models 3.1., 3.2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 3.1.</th>
<th></th>
<th></th>
<th>Model 3.2.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
<td>Coefficient</td>
<td>Probability</td>
<td>VIF</td>
<td>Coefficient</td>
<td>Probability</td>
<td>VIF</td>
</tr>
<tr>
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<td>0/041</td>
<td>0/000</td>
<td>0/0041</td>
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<td>0/000</td>
</tr>
<tr>
<td>Growth opportunities</td>
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<td>-0/008</td>
<td>0/000</td>
<td>-0/008</td>
<td>0/000</td>
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<td>0/000</td>
<td>0/156</td>
<td>0/000</td>
</tr>
<tr>
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<td>0/349</td>
<td>0/0005</td>
<td>0/349</td>
</tr>
<tr>
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<td>-0/004</td>
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<td>-0/004</td>
<td>0/000</td>
</tr>
<tr>
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<td>-0/005</td>
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</tr>
<tr>
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<td>0/005</td>
<td>0/000</td>
</tr>
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<td>0/569</td>
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<td>0/569</td>
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<td>1260690</td>
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<tr>
<td>Level of significance F</td>
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<td>0/000</td>
<td>0/000</td>
<td>0/000</td>
<td>0/000</td>
</tr>
<tr>
<td>(Durbin-Watson Statistic)</td>
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<td>1/889</td>
<td>1/889</td>
<td>1/889</td>
<td>1/889</td>
<td>1/889</td>
</tr>
</tbody>
</table>

Table 6: The result of testing models 3.3., 3.4.

<table>
<thead>
<tr>
<th>Variable</th>
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<th></th>
<th></th>
<th>Model 3.4.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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<td>Coefficient</td>
<td>Probability</td>
<td>VIF</td>
<td>Coefficient</td>
<td>Probability</td>
<td>VIF</td>
</tr>
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<td>Constant (coefficientship)</td>
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<td>0/590</td>
<td>0/000</td>
<td>--</td>
</tr>
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<td>5/242</td>
<td>0/023</td>
<td>0/000</td>
<td>5/303</td>
</tr>
<tr>
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<td>0/000</td>
<td>1/005</td>
<td>0/008</td>
<td>0/000</td>
<td>1/002</td>
</tr>
<tr>
<td>Structure of properties</td>
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<td>1/019</td>
<td>-0/174</td>
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<td>0/009</td>
<td>0/000</td>
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</tr>
<tr>
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<td>0/000</td>
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<td>0/004</td>
<td>0/000</td>
<td>3/039</td>
</tr>
<tr>
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<td>5/151</td>
<td>0/009</td>
<td>0/000</td>
<td>4/622</td>
</tr>
<tr>
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<td>0/000</td>
<td>4/706</td>
<td>0/013</td>
<td>0/000</td>
<td>5/185</td>
</tr>
<tr>
<td>Adjusted determination (R^2-coefficient)</td>
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<td>0/635</td>
<td>0/635</td>
<td>0/635</td>
<td>0/635</td>
<td>0/635</td>
</tr>
<tr>
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<td>1662855</td>
<td>1660640</td>
<td>1662855</td>
<td>1660640</td>
</tr>
<tr>
<td>Level of significance F</td>
<td>0/000</td>
<td>0/000</td>
<td>0/000</td>
<td>0/000</td>
<td>0/000</td>
<td>0/000</td>
</tr>
<tr>
<td>(Durbin-Watson Statistic)</td>
<td>2/119</td>
<td>2/119</td>
<td>2/119</td>
<td>2/119</td>
<td>2/119</td>
<td>2/119</td>
</tr>
</tbody>
</table>
The result of hypothesis 3.1:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is different at (high/low) levels of market profitability or not. To conduct this study, the significance level of the coefficient of medium size in intensity of high profitability with the coefficient of medium size in intensity of low profitability in model no. 3.1. was less than 5% and the coefficient of medium size in high intensity of profitability is different from the coefficient of medium size in low intensity of profitability \((a6 \neq a7)\). Considering the results of the test, the significance level of the medium size in intensity of high profitability and the medium size in intensity of low profitability is less than 5% and the coefficient of the medium size in intensity of high profitability is different from the coefficient of medium size in intensity of low profitability \((a6 \neq a7)\). Thus this hypothesis is accepted at 99% certainty level.

The result of hypothesis 3.2:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in small companies is different at (high/low) levels of market profitability or not. To conduct this study, the significance level of the coefficient of small size in intensity of high profitability with the coefficient of small size in intensity of low profitability in model no. 3.2. was less than 5% and the coefficient of small size in high intensity of profitability is different from the coefficient of small size in low intensity of profitability \((a6 \neq a7)\). Considering the results of the test, the significance level of the small size in intensity of high profitability and the small size in intensity of low profitability is less than 5% and the coefficient of the small size in intensity of high profitability is different from the coefficient of small size in intensity of low profitability \((a6 \neq a7)\). Thus this hypothesis is accepted at 99% certainty level.

The result of hypothesis 3.3:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium profitability is different at (high/low) levels of market profitability or not. To conduct this study, the significance level of the coefficient of medium size in intensity of high profitability with the coefficient of medium size in intensity of low profitability in model no. 3.3. was less than 5% and the coefficient of medium size in high intensity of profitability is different from the coefficient of medium size in low intensity of profitability \((a6 \neq a7)\). Considering the results of the test, the significance level of the medium size in intensity of high profitability and the medium size in intensity of low profitability was more than 5% and the coefficient of the medium size in intensity of high profitability is different from the coefficient of small size in intensity of low profitability \((a6 \neq a7)\). Thus this hypothesis is accepted at 99% certainty level.

The result of hypothesis 3.4:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in small profitability is different at (high/low) levels of market profitability or not. To conduct this study, the significance level of the coefficient of small size in intensity of high profitability with the coefficient of small size in intensity of low profitability in model no. 3.4. was less than 5% and the coefficient of small size in high intensity of profitability is different from the coefficient of small size in low intensity of profitability \((a6 \neq a7)\). Considering the results of the test, the significance level of the small size in intensity of high profitability and the small size in intensity of low profitability is less than 5% and the coefficient of the small size in intensity of high profitability is different from the coefficient of small size in intensity of low profitability \((a6 \neq a7)\). Thus this hypothesis is accepted at 99% certainty level.

Hypothesis No. 4:
The general goal of this hypothesis is to study whether the relation between the size of the company and the capital structure in medium and small companies is affected by (high/low) levels of liquidity or not. This hypothesis was divided into four minor hypotheses and they were tested accordingly.

The goal of the first minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies in (high/low) levels of liquidity is different or not that was studied and tested through model 4.1. The goal of the second minor hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in small companies in (high/low) levels of liquidity is different or not that was studied and tested through model 4.2. The goal of the third minor hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies in (high/low) levels of liquidity is different or not that was studied and tested through model 4.3. The goal of the fourth minor hypothesis is to study whether the relation between the size of
the company and the current financial leverage in small companies in (high/low) levels of liquidity is different or not that was studied and tested through model 4.4. In this study, Pooling Data Method (Pooled Least Squares-PLS method) was used considering the type of used data.

Table 7: The result of testing models 4.1., 4.2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 4.1</th>
<th>Model 4.2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>VIF</td>
</tr>
<tr>
<td>Constant (coefficientship)</td>
<td>0.0042</td>
<td>0.000</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td>-0.0010</td>
<td>0.000</td>
</tr>
<tr>
<td>Structure of properties</td>
<td>0.0177</td>
<td>0.000</td>
</tr>
<tr>
<td>High intensity of liquidity</td>
<td>0.021</td>
<td>0.000</td>
</tr>
<tr>
<td>Low intensity of liquidity</td>
<td>-0.0036</td>
<td>0.000</td>
</tr>
<tr>
<td>Average-small size in high liquidity intensity</td>
<td>-0.0012</td>
<td>0.000</td>
</tr>
<tr>
<td>Average-small size in low liquidity intensity</td>
<td>0.0027</td>
<td>0.000</td>
</tr>
<tr>
<td>Adjusted determination (R²) coefficient</td>
<td>0.595</td>
<td></td>
</tr>
<tr>
<td>F statistic</td>
<td>13996/54</td>
<td>14012/39</td>
</tr>
<tr>
<td>(Durbin-Watson Statistic)</td>
<td>1/83</td>
<td>1/833</td>
</tr>
</tbody>
</table>

Table 8: The result of testing models 4.3., 4.4.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 4.2</th>
<th>Model 4.3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>VIF</td>
</tr>
<tr>
<td>Constant (coefficientship)</td>
<td>0.0057</td>
<td>0.000</td>
</tr>
<tr>
<td>Average-small size</td>
<td>-0.0037</td>
<td>0.000</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td>0.0016</td>
<td>0.000</td>
</tr>
<tr>
<td>Structure of properties</td>
<td>-0.0003</td>
<td>0.000</td>
</tr>
<tr>
<td>High intensity of liquidity</td>
<td>0.0086</td>
<td>0.000</td>
</tr>
<tr>
<td>Low intensity of liquidity</td>
<td>0.0002</td>
<td>0.015</td>
</tr>
<tr>
<td>Average-small size in high liquidity intensity</td>
<td>-0.0016</td>
<td>0.000</td>
</tr>
<tr>
<td>Adjusted determination (R²) coefficient</td>
<td>0/747</td>
<td></td>
</tr>
<tr>
<td>F statistic</td>
<td>28244/24</td>
<td>28195/08</td>
</tr>
<tr>
<td>(Durbin-Watson Statistic)</td>
<td>2/134</td>
<td>2/136</td>
</tr>
</tbody>
</table>

The result of hypothesis 4.1:

As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in medium companies is different at (high/low) levels of liquidity or not. To conduct this study, the significance level of the coefficient of medium size of high liquidity with the coefficient of medium size of low liquidity in model no. 4.1. was less than 5% and the coefficient of medium size in high liquidity is different from the coefficient of medium size in low liquidity (α₆ ≠ α₇). Considering the results of the test, the significance level of the medium size of high liquidity and the medium size of low liquidity is less than 5% and the coefficient of the medium size of high liquidity is different from the coefficient of medium size of low liquidity (α₆ ≠ α₇). Thus this hypothesis is accepted at 99% certainty level.

The result of hypothesis 4.2:

As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the non-current financial leverage in small companies is different at (high/low) levels of liquidity or not. To conduct this study, the significance level of the coefficient of small size of high liquidity with the coefficient of small size of low liquidity in model no. 4.2. was less than 5% and the coefficient of small size in high liquidity is different from the coefficient of small size in low liquidity (α₆ ≠ α₇). Considering the results of the test, the significance level of the small size of high liquidity and the small size of low liquidity is less than 5% and the coefficient of the small size of high liquidity is different from the coefficient of small size of low liquidity (α₆ ≠ α₇). Thus this hypothesis is accepted at 99% certainty level.
The result of hypothesis 4.3:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in medium companies is different at (high/low) levels of liquidity or not. To conduct this study, the significance level of the coefficient of medium size of high liquidity with the coefficient of medium size of low liquidity in model no. 4.3, was less than 5% and the coefficient of medium size in high liquidity is different from the coefficient of medium size in low liquidity. Considering the results of the test, the significance level of the medium size of high liquidity is more than 5% and the level of significance of medium size of low liquidity is less than 5% and the coefficient of the medium size of high liquidity is different from the coefficient of medium size of low liquidity. Thus this hypothesis is rejected at 99% certainty level.

The result of hypothesis 4.4:
As it was previously said, the goal of this hypothesis is to study whether the relation between the size of the company and the current financial leverage in small companies is different at (high/low) levels of liquidity or not. To conduct this study, the significance level of the coefficient of small size of high liquidity with the coefficient of small size of low liquidity in model no. 4.4, was less than 5% and the coefficient of small size in high liquidity is different from the coefficient of small size in low liquidity. Considering the results of the test, the significance level of the small size of high liquidity and the small size of low liquidity is less than 5% and the coefficient of the small size of high liquidity is different from the coefficient of small size of low liquidity. Thus there is no reason to reject this hypothesis and it is accepted at 99% certainty level.

Conclusion:
The goal of this research is to investigate whether different levels of market competition, profitability and liquidity are effective on capital size and structure in small and medium enterprises. For this purpose four main hypotheses were prepared and analyzed according to the information of the companies recognized by Tehran Stock Exchange Market. The results showed that the relation between size of company and non-current financial leverage is more in medium companies than small companies. The results also showed that the relation between size of the company and non-current financial leverage across the categories of small companies and medium companies is different at different levels of market competition. Furthermore, the results showed that the relation between size of the company and current financial leverage in the category of small companies is different at different levels of market competition. The results also showed that the relation between size of the company and non-current financial leverage across the categories of small companies and medium companies is different at different levels of profitability. In addition, the results showed that the relation between size of the company and current financial leverage across the categories of small companies and medium companies is different at different levels of liquidity. Considering the obtained results, it could be said that the variables of market competition, profitability and liquidity and the size of the company have significant effect on the capital structure of the companies.

Suggestions for Research:
Considering the obtained results, the following suggestions are made:
The directors of the companies recognized by Tehran Stock Exchange Market are recommended to pay more attention to the effective variables in this study as the important and effective factors on the method of financing and adopt them in their decision-making models.
The investors are also recommended to treat with due care under different economic conditions regarding the method to invest in the shares of companies or banks to avoid sustaining loss.
The other researchers are also recommended to study the following topics in line with developing the researches in this area:
- To study the relation between mechanisms of the principles to lead a company and the capital structure of companies
- To study the relation between individual characteristics of the directors of companies (such as their level of financial and economic knowledge) to make decisions about financing them.
- To study and perform feasibility study of the new financing methods in the companies of Tehran Stock Exchange Market.
- To conduct similar studies in different companies divided by different industries or importing and exporting production companies or production, commercial and service companies.
- To study the reasons for financing through shares against debts from the viewpoint of the directors of the companies.
REFERENCES