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Available online at http://UCTjournals.com

UCT Journal of Management and Accounting Studies

UCT . J.Educa.Manag .Account. Stud., (UJMAS)

Volume 4,Issue 2

16-21 (2016)

ISSN 2382-9745

The relationship between the proportion of long-term debt to total assets and economic value throughout the life of the company

Sedigheh Karimi Zarchi[1&2], Mohammad Ali Dehestani[3] and Alireza Farimani[4]

1department of Accounting, Tabas science and research branch, Islamic Azad University, Yazd, Iran.
2department of Accounting, Tabas branch, Islamic Azad University, Yazd, Iran.
3 Faculty of Accounting, Department of Accounting, Yazd Branch, Islamic Azad University, Yazd, Iran.
4Faculty of Accounting, Department of Accounting, Yazd Branch, Islamic Azad University, Yazd, Iran.

Original Article:
Received 20 Feb. 2016 Accepted 27 March. 2016 Published 15 April. 2016

ABSTRACT

Assess the true value of companies is one of the most important things about the accuracy of their shareholders. Traditional assessments of performance, mainly from the financial statements based on accounting principles that are working previously accepted.Economic Value Added is a new way of evaluating performance which in recent years has been a lot of attention as effective as a method of measuring corporate value and shareholder interests is reflected. However, the value added of different companies with different earnings even if they are similar. On the other hand, based on the life cycle hypothesis stages of life, including birth, infancy, growth, maturity and decline.Thus, it can be argued that the decisions of external financing (debt - equity) will be affected by a critical stage in which the company. The aim of this study was to investigate the association between firms' capital structure with EVA considering the period of life that is in the period 2008-2013 and for 1452 year is now. To test the hypothesis of multivariate regression analysis using panel data. The results indicate the existence of external financing priority on growth, maturity and decline stage is the absence of this priority. The results show that the size of the organization's funding priorities in the maturing process and to participate effectively in the decline stage is ineffective.

Keyword:
The ratio of short-term debt
capital structure
decline stage
external financing
panel data

*** Corresponding author:** ***Mohammad Ali Dehestani***

Peer review under responsibility of **UCT Journal of Management and Accounting Studies**