Evaluating the Relationship between Asymmetric Information, Debt Capacity and Capital Structure of Listed Companies in Tehran Stock Exchange

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Abstract
The survival and continuity of the companies in today's complex and competitive business environment require profitable activities such as investment in projects. Companies invest in projects due to various factors such as risk and expected rate of return, and financing the required resources for investment forms the company's capital structure. Financing decisions are one of the most basic areas of decision-making by managers. In addition, the phenomenon of asymmetric information affects the capital structure. Therefore, the importance of asymmetric information and debt capacity and considering the effect of these variables are important for the capital structure of companies. The main purpose of this research was to investigate the relationship between asymmetric information, debt capacity and the capital structure of listed companies on the Stock Exchange in Tehran. For this purpose, a sample of 95 companies listed in Tehran Stock Exchange has been studied during the five years (2010-2014). To verify the hypotheses, multivariate regression test was used. The results of hypotheses testing show that there is a significant relationship between debt capacity (using the criteria of net debt to total assets and shareholders' equity to total assets) and the capital structure of listed companies in Tehran Stock Exchange.

Keywords: Asymmetric information, debt capacity, capital structure.

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Introduction

Followed by developing companies and technology, large amounts of capital and increased financial resources were required and several financial markets were developed. In these conditions, capital budgeting and financing decisions were considered as the main areas of decision-making for financial managers of public companies. These decisions must be adopted in order to maximize the value of the company for the shareholders. In investigating the investment structure of companies, it is tried to explain their different applied financial resources in financing required activities and investments (Myers, 2001, Brounen et al., 2006). In addition, it can be said that the purpose of determining the capital structure is identifying the financial resources composition of any company in order to maximize the shareholders' wealth. The reason is that the cost of capital in the company is the function of its capital structure. Thus, choosing the optimal capital structure reduces the company's capital cost and increases its market value (Modarres and Abdullah Zadeh, 1999). The issue that how companies choose and adjust their financial resources composition has long been considered by financial economists, and it is still the source of many debates (Marques and Santos, 2004).

Theoretical Foundations of the Research

Companies should acquire financial resources to be able to invest and to provide their assets. Capital structure is the permanent financing of the company, which is shown by long-term debt and stockholders' equity and financial structure includes short-term debt, long-term debt as well as stockholders' equity that companies pay to finance their long-term assets. Therefore, the capital structure forms a part of the financial structure (Weston and Copeland, 1992). Companies' financial structure is optimum when they attempt to take out a loan or to issue new shares in the appropriate time. In investigating the investment structure of companies, it is tried to explain their different applied financial resources in financing required activities and investments (Brounen et al., 2006). The main purpose of capital structure decisions is maximizing the company's market value through the right combination of long-term sources of funds. This combination, which is called the optimal structure of the capital, minimizes the average cost of capital (Shin and Siegle, 1992). Knowledge of the firm's capital structure is important for shareholders and potential investors. On the one hand, the information about the capital structure is used by creditors. Financing decisions of many companies depend on the stock market value. When the stock market value is high, companies release their equity for more financing.

Division of financing by companies between debt and shareholders' equity, or in the other word, arranging their capital structure has allocated the subject of many studies to itself over the years. From Muller and Modigliani theories to the bankruptcy cost theory, all of them have followed this topic. Financing methods are affected internal and external factors such as company growth opportunities, retained earnings, firm size, debt ratio and intangible assets (Mashayekh and Shahrokhi, 1375). If the companies' capital structure to be looked in another way and the financial capacity or the financial capacity of companies to be considered as the basis of determining the capital structure, the debt capacity issue can be raised. Thus, this financial history issue can be solved in another way.
Determining debt capacity (ratio debts to assets as a measuring indicator of debt capacity) is one of the ways to prevent wasting resources and to make good use of investment opportunities. By predicting the maximum debt liability in any investment opportunity, investors can design their own financing program and start their activities with the least likelihood of inability to repay the debt. Investigating the debt capacity by financial managers is an effective factor in increasing the potential of continuing activities. Debt capacity is a simple but very powerful tool. Financial ratios are used to determine this value. In fact, there are some degrees of predictive power in every ratio, but the financial ratio, which is a representative for the debt capacity and helps us in predicting the company's cash position, as well as management decision-making, is the debt ratio to assets. The debt ratio to assets is the leverage ratio, which shows the long-term risk for investors and creditors of a business enterprise. In fact, this ratio measures the use of debt in financing a company (Abe et al., 2008).

When one of the transaction parties has an information advantage towards the other, the economic system is asymmetric from the perspective of information (Scott, 1931). Asymmetric information in capital markets creates inequality among investors. This may also increase transaction costs, weak markets, decrease the liquidity in the market, and generally, decrease the profit from the transactions. Equality in information disclosure will lead to the efficiency of capital markets and increasing the efficiency. Uncertainty in the assessment of company assets due to asymmetric information may reduce the investment. It should be noted that external financing is more expensive than internal financing. As the economy changes from traditional to modern, the amount of asymmetric information increases. Based on theoretical analysis and empirical evidence, increasing asymmetric information or information imbalance has a relationship with reducing the number of traders, high costs of trading, low liquidity of securities, and low volume of transactions. Generally, it leads to reducing the social benefits arising from the transaction. Asymmetric information in capital markets creates inequality among investors. This may also increase transaction costs, weak markets, decrease the liquidity in the market, and generally, decrease the profit from the transactions. Equality in information disclosure will lead to the efficiency of capital markets and increasing the efficiency.

According to previous researches, companies prefer to have resources with the lowest level of asymmetric information because the cost of financing increases with increasing levels of asymmetric information (Komera and Lukose, 2014).

The survival and continuity of the companies in today's complex and competitive business environment require profitable activities such as investment in projects. Companies invest in projects due to various factors such as risk and expected rate of return, and financing the required resources for investment forms the company's capital structure. Therefore, financing decisions constitute one of the most fundamental areas of decision-making for managers. In addition, the phenomenon of asymmetric information affects the capital structure. Thus, the importance of asymmetric information and debt capacity and the effect of these variables are important (Komera and Lukose, 2014).

Therefore, in this research, it is tried to determine the role and impact of asymmetric information on the capital structure and debt capacity. In other words, in this research, we sought to answer
the question that "is there any relationship between the information asymmetry, debt capacity, and capital structure in the listed companies in Tehran Stock Exchange?"

**Research Literature**

Rahimian et al. (2013) have investigated the curved relationship between the capital structure and the performance and value of companies listed in Tehran's Stock Exchange. The applied sample in this research consists of 102 companies listed in Tehran Stock Exchange during the years 2007-2010. The hypotheses were tested by regression. The results indicate the U relationship of the capital structure and the performance and value of companies listed in Tehran's Stock Exchange.

Kordestani and Fadaii (2012) have examined the relationship between asymmetric information and the capital structure of listed companies in Tehran's Stock Exchange. The statistical population in this research includes all the listed companies in Tehran Stock Exchange. The evaluated sample included 322 companies from 52 different groups in the industry. Their data have been tested for the period of 2002-2010 using cross-sectional regression model (panel data) with fixed effects. The research results showed that there is a significant negative relationship between asymmetric information and long-term debt changes and there is a significant positive relationship between fiscal deficits and long-term debt changes. On the other hand, there is no significant relationship between asymmetric information and financial leverage and between asymmetric information and financial leverage changes. Accordingly, it can be expected that financing through debt increases by reducing the asymmetric information.

Hejazi and Khademi (2013) have evaluated the impact of economic factors and enterprise features on the capital structure of listed companies on Tehran's Stock Exchange. In this research, three factors including the asset structure, liquidity, and firm size and two economic factors, including inflation and economic growth are examined. The results of this study show that there is a negative and significant relationship between the company's capital structure with liquidity and inflation, but there is a significant positive relationship between the company's capital structure with the asset structure, firm size, and the economic growth.

Yahyazadeh et al. (2010) have investigated the effect of company features on its capital structure in listed companies in Tehran's Stock Exchange. The results of their study confirm that there is a negative and significant relationship between the capital structure and asset structure, profitability, expected growth, quick ratio, and return on assets and there is a significant positive relationship between the capital structure and firm size and the interest expense ratio.

Komera and Lukose (2014) have examined the selection of the capital structure, Asymmetric information, and debt capacity in listed companies in India's Stock Exchange for the period of 1192-2011. The results indicate that the Theory of Hierarchy among the companies with higher asymmetric information is weak, but this is stronger among the companies without debt capacity and with higher information asymmetry. Results also show that the hierarchical theory cannot explain the choice of financing type in the sample companies.
Nikolas et al. (2007) in their study entitled the features of a company affect the capital structure have used consolidated data (panel data) in the Greek market. They concluded that there is a negative relationship between the capital structure, expected growth rates of coverage, and quick ratio exists and there is a positive relationship between the firm size and the capital structure.

Lafond and Watts (2006) in evaluating the relationship between asymmetric information and conservative financial statements in the US stock market in the period of 1983-2001 recognize that companies with higher asymmetric information have more conservative financial statements. In their opinion, conservative financial reporting as a governance mechanism is able to reduce the lack of asymmetric information and its losses and to increase the cash flows and the value of the company through limiting the ability of managers to manipulate and overstating the financial performance.

Research Hypotheses

In this research, we sought to examine the relationship between information asymmetry, debt capacity, and capital structure in the listed companies on Tehran's Stock Exchange. For this purpose, the following hypotheses have been developed in this research according to theoretical principles:

The first main hypothesis: there is a significant relationship between the asymmetric information and the capital structure of listed companies in Tehran's Stock Exchange.

The second main hypothesis: there is a significant relationship between the debt capacity and the capital structure of listed companies in Tehran's Stock Exchange.

The first subsidiary hypothesis: there is a significant relationship between the debt capacity (net debt to assets) and the capital structure of listed companies in Tehran Stock Exchange.

The second subsidiary hypothesis: there is a significant relationship between the debt capacity (stockholders' equity to assets) and the capital structure of listed companies in Tehran Stock Exchange.

Research Methodology

The research method in this research is correlational in terms of nature and content, which analyzes correlational relationship using secondary data extracted from the financial statements of listed companies in Tehran Stock Exchange. This research will be conducted within the deductive-inductive reasoning framework. Correlation method was used to discover correlation equations between variables. Correlational research is one of the descriptive researches. In the present research, the correlation between variables is tested. Then, we will attempt to estimate multivariate regression models if there was a correlation between the variables. On the other hand, the present research is a post facto research (semi-experimental). This means that, it is conducted based on the analysis of the past and historical information (financial statements). In addition, this research is a library, and analytical-causal study based on panel data analysis. This research is considered as a descriptive-analytic study in terms of method and practical in terms of purpose.
Dependent variable:

Capital Structure: In this research, we use the ratio of total debt to total adjusted assets to assess the company's financial leverage as the dependent variable. It should be noted that the book value of stockholders' equity was deducted from the book value of total assets for the calculation of adjusted assets. Then, the market value of stockholders' equity was added to it. Alternatively, in the simplest definition, the amount of debt that a company will employ to finance its assets is called financial leverage (Hampton, 1990). The following equation has been used to calculate the company's financial leverage:

\[
F_{li,t} = \frac{T_{li,t}}{NA_{li,t} - NS_{li,t} + MS_{li,t}}
\]

In which,
- \(F_{li,t}\): Financial leverage of company \(i\) in year \(t\).
- \(T_{li,t}\): The total debt of the company \(i\) in year \(t\).
- \(NA_{li,t}\): The book value of the total assets of company \(i\) in year \(t\).
- \(NS_{li,t}\): The book value of stockholders' equity of company \(i\) in year \(t\).
- \(MS_{li,t}\): The market value of stockholders' equity of company \(i\) in year \(t\).

Independent variables of the research:

Debt capacity:

The commitments that a company has against individuals and other companies, which are caused from past transactions and events that should be settled through money, delivery of goods, performance of service or transfer of other assets is called debt. Debt capacity of a company is the maximum ability to create financial liability by the company. This means that the company could repay the debt and its interest in this amount of debt. The ratio of total debts to assets shows the debt capacity. In this research, like the research of Komera and Lukose (2014), the ratio of net debt to total assets and the ratio of stockholders' equity to total assets are used.

Net debt = short-term debt + long-term debt - cash and cash equivalents funds

Asymmetric information (ASY):

Numerous criteria have been raised in financial literature to measure asymmetric information in the market. Since, the level of asymmetric information is not directly observable, thus researchers have used some indicator variables to measure it. One of these criteria is the suggested price range for buying and selling stocks. Analytical models such as Glosten and Milgrom (1985) predict that asymmetric information increases adverse selection risk in liquidity providers. This issue causes them to expand the range of the proposed prices and to reduce the market depth and react to it by liquidity reduction. In other words, higher levels of asymmetric information will be associated with higher suggested price range (Bhattacharya et al., 2009). Therefore, the suggested price range for asking and bidding stocks has widely been used in previous researches as an asymmetric information criterion. In this research, Venkatesh and Chiang (1986) model is used to determine the suggested price range for asking and bidding stocks as following:

\[
SPREAD_{li,t} = \frac{AP_{li,t} - BP_{li,t}}{(AP_{li,t} + BP_{li,t})/2} \times 100
\]
In which,
t: studied period
i: studied sample
SPREAD\textsubscript{i,t}: the difference range of the suggested price range for asking and bidding stocks
AP\textsubscript{i,t}: ask price for asking and bidding stocks of the company i in period t
BP\textsubscript{i,t}: bid price for asking and bidding stocks of the company i in period t

Control variables
Tangibility of assets:
Tangibility of assets, which indicates the company's collateral ability, is calculated like the investigations of Hunag and Song (2005) and Gonzalez et al. (2009) using the ratio of tangible fixed assets. This ratio is obtained from dividing tangible fixed assets by total assets.

Firm size:
Different criteria are used to measure the firm size. In this research, the firm size was measured like Bharath et al. (2009) research from the natural logarithm of net sale.

Profitability Ratio (Profit):
In this research, the rate of return on assets is used to measure the profitability of the company like the research of Hunag and Song (2005). Return on Assets is achieved by dividing earnings before interest and taxes by total assets.

Research findings
Descriptive statistics of research variables: In order to analyze this research, the studied variables were first described. Since, 109 companies were selected as the sample using the systematic elimination method, thus the value of each variable is given in Table 1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Median</th>
<th>Standard deviation</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Structure</td>
<td>0.568</td>
<td>0.590</td>
<td>0.230</td>
<td>0.000</td>
<td>0.973</td>
</tr>
<tr>
<td>Capacity debt (net debt to total assets)</td>
<td>0.615</td>
<td>0.613</td>
<td>0.282</td>
<td>-0.079</td>
<td>1.992</td>
</tr>
<tr>
<td>Debt Capacity (stockholders' equity to total assets)</td>
<td>0.332</td>
<td>0.339</td>
<td>0.263</td>
<td>-1.078</td>
<td>0.977</td>
</tr>
<tr>
<td>Asymmetric information</td>
<td>0.021</td>
<td>0.022</td>
<td>0.013</td>
<td>-0.042</td>
<td>0.095</td>
</tr>
<tr>
<td>Asset tangibility</td>
<td>0.278</td>
<td>0.230</td>
<td>0.203</td>
<td>0.000</td>
<td>1.431</td>
</tr>
</tbody>
</table>
As can be seen, the descriptive results of variables are presented in Table 1. Reviewing the average debt capacity in the surveyed companies indicated that capacity debt (net debt to total assets) and debt capacity (stockholders' equity to total assets) were respectively equal to 0.615 and 0.332. In addition, the asymmetric information of companies was equal to 0.021. The Company's capital structure was equal to 0.568.

Testing and analysis of research hypotheses:
Testing and analysis of the first main hypothesis

The first main hypothesis: there is a significant relationship between the asymmetric information and the capital structure of listed companies in Tehran's Stock Exchange.

As can be seen, the significance level of variable t for asymmetric information was 0.731 at 5 percent confidence level, which was greater than 5% (sig=0.465). Therefore, the hypothesis $H_0$ was not rejected at the confidence level higher than 95%. This means that there is no significant relationship between the asymmetric information and the capital structure of listed companies in Tehran's Stock Exchange (Table 2).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Regression coefficient</th>
<th>Standard error</th>
<th>T-statistic</th>
<th>Significant level.</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.006</td>
<td>0.097</td>
<td>0.061</td>
<td>0.951</td>
<td>-</td>
</tr>
<tr>
<td>Asymmetric information</td>
<td>0.187</td>
<td>0.256</td>
<td>0.731</td>
<td>0.465</td>
<td>$H_0$ lack of rejection</td>
</tr>
<tr>
<td>Asset tangibility</td>
<td>-0.025</td>
<td>0.012</td>
<td>-2.087</td>
<td>0.038</td>
<td>-</td>
</tr>
<tr>
<td>Firm size</td>
<td>0.046</td>
<td>0.007</td>
<td>6.200</td>
<td>0.000</td>
<td>-</td>
</tr>
<tr>
<td>Profitability ratio</td>
<td>-0.472</td>
<td>0.042</td>
<td>-11.302</td>
<td>0.000</td>
<td>-</td>
</tr>
<tr>
<td>The coefficient of determination</td>
<td>0.970</td>
<td></td>
<td>F-statistic</td>
<td>124.382 (0.000)</td>
<td></td>
</tr>
<tr>
<td>Adjusted coefficient of determination</td>
<td>0.962</td>
<td></td>
<td>Durbin Watson</td>
<td>1.836</td>
<td></td>
</tr>
</tbody>
</table>

The second main hypothesis: there is a significant relationship between the debt capacity and the capital structure of listed companies in Tehran's Stock Exchange.
The first subsidiary hypothesis: there is a significant relationship between the debt capacity (net debt to assets) and the capital structure of listed companies in Tehran Stock Exchange. As can be seen, the significance level of variable t for debt capacity (net debt to assets) was 6.508 at 5 percent confidence level, which was smaller than 5% (sig=0.000). Therefore, the hypothesis \( H_0 \) was rejected at the confidence level higher than 95%. This means that there is a (direct) positive and significant relationship between the debt capacity (net debt to assets) and the capital structure of listed companies in Tehran's Stock Exchange. On the other hand, regarding the positive results of regression coefficients for the independent variables, it can be said that whatever the debt capacity (net debt to assets) in companies increases (decreases), the capital structure of companies with be increased (decreased) (Table 3).

Table 3. The test results of the regression model for the second main hypothesis (first subsidiary)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Regression coefficient</th>
<th>Standard error</th>
<th>T-statistic</th>
<th>Significant level.</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.067</td>
<td>0.092</td>
<td>-0.723</td>
<td>0.470</td>
<td></td>
</tr>
<tr>
<td>Capacity debt (net debt to total assets)</td>
<td>0.168</td>
<td>0.026</td>
<td>6.508</td>
<td>0.000</td>
<td>Rejection</td>
</tr>
<tr>
<td>Asset tangibility</td>
<td>-0.028</td>
<td>0.009</td>
<td>-2.968</td>
<td>0.003</td>
<td></td>
</tr>
<tr>
<td>Firm size</td>
<td>0.042</td>
<td>0.007</td>
<td>6.132</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Profitability ratio</td>
<td>-0.282</td>
<td>0.048</td>
<td>-5.888</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>The coefficient of determination</td>
<td>0.972</td>
<td>F-statistic</td>
<td>137.785 (0.000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted coefficient of determination</td>
<td>0.965</td>
<td>Durbin Watson</td>
<td>1.778</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The second subsidiary hypothesis: there is a significant relationship between the debt capacity (stockholders' equity to assets) and the capital structure of listed companies in Tehran Stock Exchange.

As can be seen, the significance level of variable t for debt capacity (stockholders' equity to assets) was -3.563 at 5 percent confidence level, which was smaller than 5% (sig=0.000). Therefore, the hypothesis \( H_0 \) was rejected at the confidence level higher than 95%. This means that there is a (inverse) negative and significant relationship between the debt capacity (stockholders' equity to assets) and the capital structure of listed companies. On the other hand, regarding the negative results of regression coefficients for the independent variables, it can be said that whatever the debt capacity (stockholders' equity to assets) in companies increases (decreases), the capital structure of companies with be decreased (increased) (Table 4).
Table 4. The test results of the regression model for the second main hypothesis (second subsidiary)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Regression coefficient</th>
<th>Standard error</th>
<th>T-statistic</th>
<th>Significant level</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.057</td>
<td>0.098</td>
<td>0.585</td>
<td>0.559</td>
<td>-</td>
</tr>
<tr>
<td>Capacity debt (stockholders' equity to total assets)</td>
<td>-0.084</td>
<td>0.024</td>
<td>-3.563</td>
<td>0.000</td>
<td>H0 Rejection</td>
</tr>
<tr>
<td>Asset tangibility</td>
<td>-0.056</td>
<td>0.022</td>
<td>-2.533</td>
<td>0.012</td>
<td>-</td>
</tr>
<tr>
<td>Firm size</td>
<td>0.044</td>
<td>0.007</td>
<td>6.082</td>
<td>0.000</td>
<td>-</td>
</tr>
<tr>
<td>Profitability ratio</td>
<td>-0.409</td>
<td>0.048</td>
<td>-8.592</td>
<td>0.000</td>
<td>-</td>
</tr>
<tr>
<td>The coefficient of determination</td>
<td>0.967</td>
<td></td>
<td>F-statistic</td>
<td>110.721 (0.000)</td>
<td></td>
</tr>
<tr>
<td>Adjusted coefficient of determination</td>
<td>0.958</td>
<td></td>
<td>Durbin Watson</td>
<td>1.845</td>
<td></td>
</tr>
</tbody>
</table>

Results of hypotheses testing

Table 5. The results of Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis No.</th>
<th>Hypothesis</th>
<th>Research result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is a significant relationship between the asymmetric information and</td>
<td>Rejected</td>
</tr>
<tr>
<td></td>
<td>the capital structure of listed companies in Tehran's Stock Exchange.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>There is a significant relationship between the debt capacity and the</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>capital structure of listed companies in Tehran's Stock Exchange.</td>
<td></td>
</tr>
<tr>
<td>1-2</td>
<td>There is a significant relationship between the debt capacity (net debt to</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>assets) and the capital structure of listed companies in Tehran Stock</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exchange.</td>
<td></td>
</tr>
<tr>
<td>2-2</td>
<td>There is a significant relationship between the debt capacity (stockholders'</td>
<td>Confirmed</td>
</tr>
<tr>
<td></td>
<td>equity to assets) and the capital structure of listed companies in Tehran</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stock Exchange.</td>
<td></td>
</tr>
</tbody>
</table>

Conclusion

In this research, the relationship between asymmetric information, debt capacity, and capital structure of listed companies in Tehran Stock Exchange was investigated. The second main hypothesis and subsidiary hypotheses related to the research based on "the significant relationship between debt capacity (using the criteria of the ratio of net debt to asset and the ratio of stockholders' equity to assets) and the companies' capital structure" were confirmed in the
multivariate regression test. This means that the debt capacity plays an important role in creating the capital structure.

In general, the capital structure of a company is the permanent financing of the company, which is shown by long-term debt and stockholders' equity and financial structure includes short-term debt, long-term debt as well as stockholders' equity that companies pay to finance their long-term assets. Therefore, the capital structure forms a part of the financial structure.

In addition, determining debt capacity (ratio debts to assets as a measuring indicator of debt capacity) is one of the ways to prevent wasting resources and to make good use of investment opportunities. By predicting the maximum debt liability in any investment opportunity, investors can design their own financing program and start their activities with the least likelihood of inability to repay the debt.

Therefore, it can be said that companies should always consider their debt capacity when creating debt to prevent facing with inability to repay debts. According to the theoretical foundations and previous researches and findings of this research, they should consider the factors affecting the debt capacity and its size include asset tangibility, profitability, and firm size.

Based on the research results based on "the significant relationship between debt capacity (using the criteria of the ratio of net debt to asset and the ratio of stockholders' equity to assets) and the companies' capital structure" and the results of previous researches and theoretical foundations, investigating the debt capacity by the companies' financial managers is an effective factor in increasing the potential of activities continuation. Debt capacity is a simple but very powerful tool. Financial ratios are used to determine this value. In fact, there are some degrees of predictive power in every ratio, but the financial ratio, which is a representative for the debt capacity and helps us in predicting the company's cash position, as well as management decision-making, is the debt ratio to assets and the ratio of stockholders' equity to total assets. The debt ratio to assets and the ratio of stockholders' equity to total assets are the leverage ratio, which show the long-term risk for investors and creditors of a business enterprise. In fact, these ratios measure the use of debt in financing a company.

Considering the important role of asymmetric information in the formation of the capital structure, it is suggested to consider strong executive guarantees for better implementation of the information disclosure regulations by the companies listed on the Tehran Stock Exchange, as well as timely disclosure of information, which was directly or indirectly related to stocks and affects the investors' decisions to ask or bid stocks in the case of disclosure.

According to the results of hypotheses testing based on "the significant relationship between the debt capacity and the capital structure, as well as the role and importance of debt in determining the optimal capital structure and its role in reducing agency problems and increasing shareholders' wealth, it is recommended to Stock Exchange to provide the necessary opportunities for an organized market to propagate the debt securities of public companies.
Given the importance of capital structure, trying to create a debt market, in which companies can meet their financial needs from the market, seems to be necessary. According to the testing results of research hypotheses based on the positive and significant impact of tangibility of assets, profitability ratio, and firm size on the capital structure of companies to avoid dealing with inability to repay the debts, they should always consider their debt capacity when creating debt. Factors that affect the debt capacity and capital structure are tangibility of assets, profitability ratio, and firm size.

Some topics, which are recommended for future researches include:

1. Evaluating the relationship between asymmetric information, debt capacity, and capital structure with the separation of various industries.
2. Conducting research for a longer period of time.
3. Evaluating the impact asymmetric information on the relationship between debt capacity, capital structure decisions, and capital cost in listed companies in Tehran Stock Exchange.
References


