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INVESTIGATION OF THE IMPACT OF POLITICAL, GOVERNMENT AND INSTITUTIONAL SUPPORT IN COMPANY'S POWER TO OBTAIN BANK LOANS AND THE VALUE OF THE COMPANY IN COMPANIES LISTED IN TEHRAN STOCK EXCHANGE

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ABSTRACT

The main objective of this paper is to evaluate the impact of political, government and institutional support in company's ability to obtain bank loans and the company's value. To achieve this goal, four hypothesis have been proposed in this research and for testing these assumptions, correlation coefficient method between variables and multivariate regression equations, through the method of panel data were used. Surveyed companies have formed 61 companies of the listed companies in the Tehran Stock Exchange that were selected based on the method of systematic elimination and the study period of 2007-2012 (time period of 6 years). The research findings showed that the political and government support aren't effective on company's ability to obtain bank loans; whereas the company's value can be reduced under these support. In addition, there is a significant and negative relationship between institutional support and power of companies to obtain bank loans; it should be noted that the results also indicates a significant and positive relationship between the firm value and institutional support.

Keywords: Political-government support, institutional support, bank loans, firm value

INTRODUCTION

Government intervention is often called as the macro-control and is the overall management of government in the national economy. Therefore, we cannot ignore the company's

relationship with tax authorities, legal authorities, environmental protection agency, police departments and other sectors to reach an agreement with the government to facilitate the access to the bank credits and a series of activities with political relations which leads to promotion and development of the company (Devon and Chick, 2012). The banks as one of the economic pillars of each society are responsible for collecting short and medium-term savings from society and their optimal allocation (Naghshineh et.al, 2013).

In many studies, it has been argued that political connections bring several benefits for companies, including financial services, tax benefits and government subsidies (Deng et.al, 2012). Political support that each company wields it, has a great influence in obtaining bank loans and ultimately the company's value which means that a higher percentage of company shares owned by the government can facilitate the process of obtaining bank loans in that company and will incur lower financing costs and will surely lead to an increase in the company's value.

Generally, it's thought that presence of institutional investors may lead to a change in company's behavior. This issue comes from the supervisory activities done by investors. The stock institutional ownership is intended as an effective and important governance factor in exchange companies. Two important motivation of institutional investors for managing their stock portfolio, are: 1) fiduciary responsibilities. 2) The higher investment performance (Moradzadeh Fard et.al, 2009).

Since the privatization program has been launched in developed and developing countries in past two decades, ownership structure of large companies have turned into private sector around the world that was owned and controlled by the government. Nevertheless, evidence indicates that the government still has the control of most companies. In fact, even if ownership be changed, governments will keep the control of private companies through political connections (Boubakri et.al.2008). Potential connection between political, government and institutional support, the ability to obtain bank loans by the company and firm value, is an important subject that has never been studied in Iran. A study by Khajavi and Hosseini caused an awareness about factors that determine political support. However, the focus of the article was on the company's capital structure (Khajavi and Hosseini, 2010). Thus, examining the relationship between political, government and institutional support in companies and their

banking debts and ultimately their impact on the company's value; is a debatable topic and the present research is trying to evaluate the effectiveness of political, government and institutional support in companies to obtain bank loans and to finally investigate their impact on the value of these companies. Results of the present research can help companies to identify a new criterion (political, governmental and institutional support) to obtain bank loans and promote the company's value.

2. Literature and Theoretical Principles

The interaction between government and companies is a long-discussed topic in economics and management research. Despite the tendency towards lower trade barriers and privatization around the world, policies of the government still has a strong impact on company's operation. With the notification and implementation of economic policies and regulations, the government can directly change the competitive environment (Wu and Cheng, 2011). Also, determining the value of a company and detecting effective factors on it, have always been a challenging topic for investors and financial analysts in capital markets. They have always been searching to identify effective factors on the company's value, to be able to determine the company's real value via controlling these factors. As a result, the market value of the company will be close to its intrinsic value. Thus, estimated future value of the company has always been one of the concerns of investors and various financial tools have been used in this way (Vali Pour et.al, 2010).

2-1. Political support

In Iran's economy, government has an essential role in the structure of large corporations and major industries have been formed by companies with state ownership. The government's investment in corporations takes place directly or through controlling the banking sector and institutional investment (Khajavi and Hosseini, 2010). A company has political relations in case of having relations with at least one of the major shareholders (holding at least 10 percent of voting stock), or one of the senior managers (Managing Director, President, Chairman or Secretary), a member of the house, the minister or someone close to the high-ranking politicians or the party. Communication with government ministers included cases that a manager or a large shareholder or a person close to a politician can be in such a position (Berkman et.al, 2010).

2-1-1. Dimensions of political support

The government's political support has economic, social and individual aspects;

which two economic and social dimensions will be discussed in this article.

2-1-1-1. Economic dimension of the government's political support

In this paper, to show economic dimension of the government's political support, the direct percentage of government's ownership has been used in the company's capital. Therefore, in this model, the government support of small and medium businesses were classified into five groups, that a number of indicators have been intended for each of these support group (Afjah' and Sajjadi Naini, 2010):

1. Infrastructural Support: preparing appropriate space for factory construction, providing services in the fields of water supply, electricity supply, telecommunications (telephone), fuel supply (gas, oil, etc.) and providing services in the field of transport.

2. Financial and credit support: presenting facilities for preparation of land and buildings, presenting facilities for purchasing and modernization of production equipment, provide facilities for research and development, financial assistance or loans to supply liquidity requirements, creating guarantee funds.

3. Educational and technical support: holding lectures, seminars, conferences and educational workshops, conducting training courses to enhance the efficiency and productivity, contributing to the establishment and training of quality control system, contributing to the technology transfer and scientific achievements, helping to supply raw and desirable materials, improve the quality of products and providing laboratory services.

4. Consulting and promotional support: management consulting services, marketing consulting services, financial and accounting consulting services, consulting services in the field of informing, providing statistical information related to industry, creating linkages between industry and university.

5. Support marketing and market research: helping to identify domestic and foreign markets, improve advertising capabilities and sales promotion and promotion of export activities, providing services in the fields of marketing research, e-commerce and providing assistance to participate in local and international exhibitions.

In this regard two hypotheses have been proposed as follows:

1 - Government political support, affects the ability to obtain bank loans by companies.

2 - Government political support, affects the firm value.

2-1-1-2. Social dimension of government political support

To demonstrate the social dimension of government political support, investment percentage of government entities have been used in the capital of companies, which represents the state institutional support. One of the mechanisms of external control affecting corporate governance, which has been increasingly important, are the emergence of institutional investors as capital owners. In accordance with Bush definition, institutional investors are large investors such as banks, insurance companies, investment companies, etc. (Mehrani.et.al, 2010). Institutional investors as professional investors, have comparative advantage in collecting and processing the information and information related to long-term benefits of economic activity that aren't reflected in the profit of current year, will be considered in the share price (Noravesh and Ebrahimi Kordlor, 2005). According to Gillan and Starks, institutional investors have the main role in the formation of many changes in corporate governance systems (Gillan and Starks, 2003). Since, institutional owners constitute the largest group of shareholders, they play an important role in monitoring adopted procedures by managers and it's expected that the presence of these owners in the group of shareholders, be effective in company's practices (Mehrani.et.al.2010).

2-1-2. Supervisory role of institutional investors

It's generally thought that the presence of institutional investors may lead to a change in behavior and practices of companies. This matter comes from the supervisory activities of investors. The role of institutional owners and their relationship with earnings quality of their owned companies (including dividend conservatism) is vague and unknown. Theoretically, institutions may have motivations for active monitoring on management. Institutions may actively manage their investments which the volume of wealth invested, is among the most important motivations (Mehrani.et.al, 2010).

2-2.A review on the research history

In examining the impact of political-management connections and quality of government subsidies on 212 Chinese companies from listed companies in Shanghai and Shenzhen Stock Exchange, with the aim of evaluating the impact of political-management communication in accessing to specific external sources (government subsidies), Wu and Cheng concluded that political-management connections have a significant and positive effect in obtaining government subsidies; of course, as long as the reputation of management is high or when their past performance is higher than others

(Wu and Chang, 2011). The results of Chen.et.al (2011) in examining the political communication, ownership and financing limitations; by using methods of regression and ordinary least squares (OLS) for data analysis, shows that firms with political relations haven't faced with financing restrictions; whereas companies without political relations are facing with considerable limitations. Also, companies without familial-political relations have more tolerance against financing restrictions than state enterprises without political relations (Chen et.al, 2011).

Boubakeri et.al have used the information of 1248 companies to evaluate the cost of shareholders equity in companies with political relations and investigate the hypothesis that "companies with political relations, have lower cost of shareholders equity than their peers who are deprived of this relationship". The achieved results indicates that effects of political communication on financial expenses of company's capital will be under the influence of institutional and political environment of the country and characteristics of company. Also, results showed the low risk of companies with political connections in comparing with firms without political relations (Boubakeri et.al, 2012). In examining the effect of verifying political relations of companies and implications of its performance in the society of private companies in China, Deng et.al (2012) concluded that there are more probability for diversify in companies with political connections and for those companies that don't have political connections, relationship between diversification strategy and corporate performance have the shape of a curve (u reverse), and for companies with political connections have the shape of a reversed L (Deng.et.al, 2012).

By investigating relations between companies with political connections and leverage, Bliss and Gul showed that there are positive relationship between leverage and political support. This study showed that a significant part of companies (approximately 12%) with political relations have a negative special value and based on former articles and by presenting new evidence which the ratio of market value to book value has a positive connection with leverage and the borrowing in firms with political relations ROA is significantly lower than companies without political relations (Bliss and Gul, 2012). With the goal of more investigation of intensity of political relations and create a mix of three variables institutional environments, corporate communications and capital structure, Devan and Chick used two views of

theory and validation of data. The results implies the existence of stronger political connections in private companies which are placed in areas with lower levels of protection of property rights and financial development. Also, companies that have strong political connections are more successful in obtaining bank credits (Devon and Chick, 2012).

By examining the how of political relations from the influence process of entrepreneurs and implications of privatization in Chinese companies, Theo et.al.2013 discovered that entrepreneurs have received preferential assistance with political relations and have become higher-quality companies during full privatization. Also, communications with too much political connections by entrepreneurs are associated with low performance of companies after privatization (Theo et.al, 2013). By classifying political communications in three dimensions and two categories of ownership control, we discovered that general political communications of management have a negative effect with creating connection in private companies, but they have a positive relationship with creating connection in government agencies(we et.al, 2013). Su et.al, in a research entitled "Political relations and company's major investments: evidence from China" showed that political connections have a positive effect on major investment of companies in China and transactions with related parties have a negative impact on major investments. Also, government agencies that are controlled by the central government of China have more major investments than non-governmental agencies (Su et.al, 2013). The research results of Riddick and Norris with the aim of investigating factors which effects on senior government official support for electronic participations in America's local government, showed that demand is the most important factor for predicting political and management support for electronic participation and its effects (Riddick and Norris, 2013).

Zhang et.al. Have analyzed the relationship between political communication, government subsidies and financial performance of wind and solar manufacturing companies in China and stated that government subsidies in long-term and short-term have had significant positive effects on financial performance of wind energy manufacturing companies. However, the government's background from company executives, weakens the effects of subsidies (Zhang et al., 2014). Research results of Dieng et.al in examining effects of final control and political communication of senior

managers on corporate performance and supervisory role of board of directors, indicated that the state keeps government agencies with a weak independence of the board of directors but improves the performance of accounting and the positive impact of political connections of the board of directors on companies performance have been registered only in government agencies (Dieng et.al, 2014). Su et.al (2014) with evaluating dividend policy in Chinese companies which seems to be a strong impetus to costs of representation and political relationship, have found that companies that pay less cash dividends are more connected with party trades which represents the wealth expropriation from public shareholders. Also, companies with political connections pay higher cash dividends than companies without political connections (Su et.al, 2014).

RESEARCH METHODOLOGY

The method of current study is an applied type and in terms of method's type, it's a non-experimental correlational research. Also, it's after events in terms of data situation. The statistical population of this research consists of all companies listed on the stock exchange in period of 6 years (2007-2012) which the data have been collected for the period of 2007-2012. The quota sampling method is used in this research. In this study, the whole available data has been used. First, all companies that could participate in sampling, were selected.

Then, among all the listed companies, companies that aren't qualified in any of the following conditions were removed and finally 61 companies were selected for testing. Obtaining the following conditions is necessary for being selected:

1. Don't be an active investment company in financial intermediation industry.
2. Companies that didn't stop trading in the studied period.
3. Companies with available data.
4. The end of the financial year in these companies should be end of March of each year and company shouldn't change the fiscal years during the years under investigation.

3-1 research variables and how to calculate

In this paper, independent variables included the government political support (GOV) and institutional support (INST) and dependent variables formed by bank loans (DEBT) and company's value (QTOBIN).

The government political support (GOV)

Babaei Zakili, Ahmadvand, Khajavi and Hosseini have done studies on this criterion. In this study, the percentage of government ownership is used as a criterion for measuring the government political support. To calculate

this variable, a number of shares that are in the government's hand, have been divided by the whole number of ordinary shares of the company at the beginning of the period (Zakili and Ahmadvand, 2008; Khajavi and Hosseini, 2010).

Institutional support (INST)

This criterion has been examined in many studies. Including Noravesh and Ebrahimi Kordlor.2005, Hassas Yeganeh et.al.2008, Moradzadeh Fard et.al.2009, Khajavi and Hosseini.2010, Mehrabani.et.al. (2010) Melkian and Adili (2013) have done studies on this criterion. Here, the ownership percentage of institutional investors is used to calculate social dimension of the government political support which named as institutional support. The ownership of institutional investors includes number of ordinary shares of company which is in hands of investment institutions and other commercial companies.

To calculate the ownership percentage of institutional investors in each a company, shares number of institutional investors will be divided by the total number of ordinary shares at the beginning of the period (Khajavi and Hosseini, 2010).

Bank loans (DEBT)

This criterion has been studied in many research. Including Yang et al. (2012), Choi et al. (2012), Nakhili and Chref (2011) and Hong et al (2012) have done studies on this criterion. Here, for calculating this variable, the total debt (including current and long-term debts) is divided by the whole assets (Yank et.al.2012).

Value of the company (QTOBIN)

This criterion have been examined in many internal and external investigations. Including sajadi et.al.2010, Valipour et.al.2010, Mahdavi and Maydary (2005), Sameti and Moradian Tehrani (2007), Deng et.al.2012, Kumar and Sinag (2013), Yang et.al.2012, Zhang et.al.2012, Choi et.al. (2012), Hu et.al.2011 and Chan et.al.2011 have done studies on this criterion. From a variety of methods for calculating Tobin Q, the following model is used to calculate the Tobin Q in the study:

Q=Market value / Book value

In the above relation, the market value represents total market value of shares and book value of debt shows the book value of assets (Sameti and Moradian Tehrani.2007).

3-2 Control variables

The ratio of tangible fixed assets

This variable can be calculated by dividing the value of tangible fixed assets to the total assets (Yank et.al, 2012).

The profitability index (ROA)

This index can be calculated by dividing company's annual return to average assets (Yankees et.al, 2012).

The growth index

This index consists of the average growth ratio of operating revenues in the past three years (Yank et.al, 2012).

The size of the company

The variable of company size in this research is the natural logarithm of the total value of company assets (Yank et.al, 2012).

Other liabilities

The whole debt minus bank debts can be divided by the total assets for calculating this variable (Yank et.al, 2012)

Agency cost

This variable includes the ratio of management expenses divided by main operating revenues of company. In this research, management expenses have been obtained from the total general and administrative costs and sales and cost of goods sold (Yank et.al, 2012).

RESEARCH FINDINGS

The impact of government political support and institutional support in company's ability to obtain bank loans and company' value have been investigated. Therefore, four main hypothesis were proposed and by using the correlation coefficient between variables and multivariate regression equations, panel data methods have been used for testing.

4-1. Analysis of the first main hypothesis

This hypothesis has been raised about investigating the presence of the impact between government political support (GOV) and power to obtain bank loans by companies (DEBT) and is tested by using the following model:

$$1)\ DEBT_{it} = \alpha_i + \alpha_1 GOV_{it} + \alpha_2 ROA_{it} + \alpha_3 LEV_{it} + \alpha_4 AGANCY_{it} + \alpha_5 GROW_{it} + \alpha_6 TANGIBEL_{it} + \alpha_7 SIZE_{it} + \varepsilon_{i,t}$$

At first, according to the model's type, cross-sectional and time fixed effects are tested. In combined data, time and cross-sectional effects of data and their simultaneous effects have been tested. In testing all research hypotheses, based on Chow test statistic about the cross-sectional fixed effects with the probability of less than 0.05 and time fixed effects with the probability of more than 0.05, the model of cross-sectional fixed effects is preferred. After the Chow test and the selection of time fixed effects model, for choosing the method of data test, Hausman test has been used between two methods of fixed effects and random effects. In testing all research hypotheses, according to the probability of the test which is less than 0.05,

in 95% confidence level, random effects are rejected and fixed effects are accepted. Also, the results of the Durbin–Watson statistic for all models shows the relative independence of data. The test results of main hypothesis is presented in Table 1.

Table 1- Analysis of first main hypothesis

0.966932					**Adjusted coefficient of determination**
106.9989					**F Statistic**
0					**Probability**
2.051246					**Durbin–Watson statistic**
Confidence level	**Probability**	**t Statistic**	**Standard deviation**	**Coefficient**	**Explanatory variable**
Mean less	**0.3923**	**-0.85664**	**0.000125**	**-0.00011**	**The government political support**
99%	**0**	**-17.5109**	**0.000491**	**-0.0086**	**The profitability index**
99%	**0**	**-21.2751**	**0.031739**	**-0.67524**	**Other debts**
99%	**0**	**-4.55915**	**0.025232**	**-0.19073**	**Agency Cost**
95%	**0.0405**	**2.057451**	**0.011144**	**0.022928**	**Growth index**
Mean less	**0.936**	**-0.08034**	**0.033822**	**-0.00272**	**The ratio of tangible fixed assets**
99%	**0**	**4.189765**	**0.008509**	**0.035651**	**Size of the company**
95%	**0.0163**	**2.415283**	**0.128054**	**0.309286**	**intercept**

According to F-statistics and its probability, it can be concluded that regression equation is significant in 99% confidence level. The model's adjusted coefficient of determination indicates the amount of relevancy between independent variables and dependent variable of ability to obtain bank loans by companies (debts ratio). In accordance with Table 2, model's adjusted coefficient of determination is 0.96. Therefore, on average, 96% of dependent variable changes is explained by this model. Due to the possibility related to variable of the government political support (GOV) which is greater than 0.05, this variable isn't significant in 95% confidence level of model.

Among the covariates, variables of ROA (return on assets), LEV (other liabilities), AGENCY (management fees to the main operating income ratio) and SIZE (size of the companies) have the probability of less than 0.01. Therefore, these variables are significant in 99% confidence level of the model. Also, the variable of GROW (company growth) has the probability of less than 0.05, so this variable is significant in 95% confidence level in the model. But, the variable of TANGIBL (fixed assets to total assets ratio) has the probability of more than 0.05. Therefore, this variable isn't significant in 95% confidence level of the model. According to this issue that the government political support (GOV) as the main variable of the model isn't significant, so the government political support isn't associated with the power to obtain bank loans by companies (ratio of debts). Thus, it can be claimed that the government political support doesn't

affect the power to obtain bank loans by companies (ratio of debts) and the main hypothesis of this study cannot be verified.

4-2. Analysis of the second main hypothesis

This hypothesis has been raised about investigating the presence of impact between government political support (GOV) and company value (QTOBIN) and is tested by using the following model:

$$2)\ QTOBIN_{it} = \alpha_i + \alpha_1 GOV_{it} + \alpha_2 ROA_{it} + \alpha_3 LEV_{it} + \alpha_4 AGANCY_{it} + \alpha_5 GROW_{it} + \alpha_6 TANGIBEL_{it} + \alpha_7 SIZE_{it} + \varepsilon_{i,t}$$

Test results of the second main hypothesis is presented in Table 2. According to F-statistics and its probability, it can be concluded that the regression equation is significant in 99% confidence level.

Table 2- Analysis of second main hypothesis

0.723922					**Adjusted coefficient of determination**
15.28495					**F Statistic**
0					**Probability**
1.893661					**Durbin–Watson statistic**
Confidence level	**Probability**	**t Statistic**	**Standard deviation**	**Coefficient**	**Explanatory variable**
99%	**0**	**-5.33001**	**0.000763**	**-0.00406**	**The government political support**
Mean less	**0.4259**	**-0.79726**	**0.001357**	**-0.00108**	**The profitability index**
Mean less	**0.0658**	**1.846868**	**0.052819**	**0.097549**	**Other debts**
99%	**0.0003**	**-3.65498**	**0.101643**	**-0.3715**	**Agency Cost**
Mean less	**0.0776**	**1.770857**	**0.056999**	**0.100937**	**Growth index**
99%	**0**	**-5.17669**	**0.060449**	**-0.31293**	**The ratio of tangible fixed assets**
99%	**0.0041**	**-2.89657**	**0.034906**	**-0.10111**	**Size of the company**
95%	**0**	**6.33116**	**0.48684**	**3.082263**	**intercept**

The model's adjusted coefficient of determination indicates the amount of relevancy between independent variables and dependent variable (the value of companies). In accordance with Table 2, the model's adjusted coefficient of determination is 0.72. Therefore, on average, 72% of the dependent variable changes is explained by this model. Based on the possibility of the variable of the government political support (GOV) which is less than 0.01, this variable is significant in the 99% confidence level of the model. Also, the coefficient mark of this variable is negative in the model. Therefore, there will be a negative relation between the variable of government political support and the value of the company. In other words, the increase in the government political support will reduce the value of the company and by decreasing the government political support, the value of the company will increase.

Among the covariates, variables of AGENCY (the ratio of management fees to the main operating income), TANGIBLE (the ratio of fixed assets to total assets) and SIZE (the size of the companies) have the probability of less than 0.01. Therefore, these variables are significant in 99% confidence level of the model. But, the variables of ROA (Return on assets), LEV (other liabilities) and GROW (company growth) have the probability of more than 0.05, so these variables aren't significant in 95% confidence level. Based on this issue that the government political support (GOV) as the main variable of the model is significant, so government political support is connected with the value of the company. Thus, it can be claimed that the government political support affects the company's value and the second main hypothesis of this study will be verified.

4-3. Analysis of the third main hypothesis

This hypothesis has been raised about investigating the presence of impact between institutional support (INST) and the power to obtain bank loans by companies (DEBT) and is tested by using the following model:

$$3)\ DEBT_{it} = \alpha_i + \alpha_1 INST_{it} + \alpha_2 ROA_{it} + \alpha_3 LEV_{it} + \alpha_4 AGANCY_{it} + \alpha_5 GROW_{it} + \alpha_6 TANGIBEL_{it} + \alpha_7 SIZE_{it} + \varepsilon_{i,t}$$

The test results of the third main hypothesis is presented in Table 3. According to F-statistics and its probability, it can be concluded that the regression equation is significant in 99% confidence level.

Table 3- Analysis of third main hypothesis

0.929891					**Adjusted coefficient of determination**
73.25688					**F Statistic**
0					**Probability**
1.780673					**Durbin–Watson statistic**
Confidence level	**Probability**	**t Statistic**	**Standard deviation**	**Coefficient**	**Explanatory variable**
99%	**0.0003**	**-3.62677**	**0.000154**	**-0.00056**	**The government political support**
99%	**0**	**-10.3843**	**0.000826**	**-0.00858**	**The profitability index**
99%	**0**	**-17.0618**	**0.038974**	**-0.66497**	**Other debts**
99%	**0**	**-4.87199**	**0.036588**	**-0.17826**	**Agency Cost**
95%	**0.042**	**2.042646**	**0.010882**	**0.022228**	**Growth index**
Mean less	**0.8866**	**0.142741**	**0.032737**	**0.004673**	**The ratio of tangible fixed assets**
99%	**0**	**5.342826**	**0.007857**	**0.04198**	**Size of the company**
Mean less	**0.0596**	**1.890696**	**0.120296**	**0.227443**	**Intercept**

The model's adjusted coefficient of determination indicates the amount of relevancy between independent variables and dependent variable of the ability to obtain bank loans by companies (ratio of debts). In accordance with Table 3, model's adjusted coefficient of determination is 0.92. Therefore, on average, 92% of dependent

variable changes is explained by this model. Based on the possibility of institutional support variable (INST) which is less than 0.01, this variable is significant in 99% confidence level of the model.

Also, the coefficient mark of this variable is negative. Therefore, there will be a negative relation between institutional support and ability to obtain bank loans by companies (ratio of debts). In other words, the increase in institutional support will reduce power to obtain bank loans by companies and company's power to obtain bank loans will increase, in case of decreasing institutional support.

Among the covariates, variables of ROA (return on assets), LEV (other liabilities), AGENCY (the management fees to the main operating income ratio) and SIZE (size of the companies) have the probability of less than 0.01. Therefore, these variables are significant in 99% confidence level of the model. Also, the variable of GROW (company growth) has the probability of less than 0.05, so this variable is significant in 95% confidence level in the model. But, the variable of TANGIBL (fixed assets to total assets ratio) has the probability of more than 0.05. Therefore, this variable isn't significant in 95% confidence level of the model. According to this issue that the institutional support (INST), as the main variable of the model, is significant, the institutional support (INST), is associated with the power to obtain bank loans by companies (ratio of debts). Thus, it can be claimed that institutional support (INST), affects the power to obtain bank loans by companies (ratio of debts) and the third main hypothesis of this study will be verified.

4-4. Analysis of the fourth main hypothesis

This hypothesis has been raised about investigating the presence of impact between institutional support (INST) and company's value (QTOBIN) and is tested by using the following model:

$$4)\ QTOBIN_{it} = \alpha_i + \alpha_1 INST_{it} + \alpha_2 ROA_{it} + \alpha_3 LEV_{it} + \alpha_4 AGANCY_{it} + \alpha_5 GROW_{it} + \alpha_6 TANGIBEL_{it} + \alpha_7 SIZE_{it} + \varepsilon_{i,t}$$

Test results of fourth main hypothesis is presented in Table 4. According to F-statistics and its probability, it can be concluded that regression equation is significant in 99% confidence level.

Table 4- Analysis of fourth main hypothesis

0.731992					**Adjusted coefficient of determination**
15.87913					**F Statistic**
0					**Probability**
1.715292					**Durbin–Watson statistic**
Confidence level	**Probability**	**t Statistic**	**Standard deviation**	**Coefficient**	**Explanatory variable**
99%	**0.0036**	**2.937097**	**0.001074**	**0.003155**	**The government political support**
Mean less	**0.6925**	**-0.39591**	**0.001785**	**-0.00071**	**The profitability index**
Mean less	**0.2255**	**1.214442**	**0.06901**	**0.083809**	**Other debts**
95%	**0.0428**	**-2.03484**	**0.160135**	**-0.32585**	**Agency Cost**
95%	**0.048**	**1.985178**	**0.050444**	**0.10014**	**Growth index**
99%	**0.0016**	**-3.18281**	**0.084452**	**-0.26879**	**The ratio of tangible fixed assets**
Mean less	**0.0776**	**-1.7711**	**0.04317**	**-0.07646**	**Size of the company**
99%	**0**	**4.409431**	**0.575946**	**2.539596**	**Intercept**

The model's adjusted coefficient of determination indicates the amount of relevancy between independent variables and dependent variable (company value). In accordance with Table 4, model's adjusted coefficient of determination is 0.72. Therefore, on average, 72% of the dependent variable changes is explained by this model. Based on the possibility of institutional support variable (INST) which is less than 0.01, this variable is significant in 99% confidence level. Also, the coefficient mark of this variable is positive in the model. So, there will be a positive relation between institutional support and the company value. In other words, the increase in institutional support will increase the company value and in case of decreasing the institutional support, company's value will be reduced.

Among the covariates, variables of TANGIBLE (ratio of fixed assets to total assets), ROA (Return on assets), LEV (other liabilities) AGENCY (ratio of management fees to the main operating income), and SIZE (size of the companies) have the probability of less than 0.01.Therefore, these variables are significant in 99% confidence level of the model. Also, variables of GROW (Company growth) and AGENCY (ratio of management fees to the main operating income) have the probability of less than 0.05, so these variables are significant in 95% confidence level. But, variables of ROA (Return on assets), LEV (other liabilities) and SIZE (size of the companies) have the probability of more than 0.05, so these variables aren't significant in 95% confidence level. Based on this issue that the institutional support (INST) as the main variable of the model is significant, thus, institutional support is connected with the company value. So, it can be claimed that institutional support affects the company value and the fourth main hypothesis of this study will be verified.

DISCUSSION AND CONCLUSION

The first main hypothesis investigates the presence or absence of influence of the government political support (GOV) in the ability to obtain bank loans (DEBT) by companies. The results showed no significant relationship between two variables of GOV and DEBT. Thus, the government political support has no connection with the power to obtain bank loans by companies and it can be claimed that amount of the government's participation in companies doesn't affect the power of obtaining bank loans and first main hypothesis cannot be confirmed. So, it seems that companies shouldn't only be dependent on government or government investments in their shares as the basis for their financing through banking system, but also, based on their correct management and proper use of assets, should be able to increase their power of debt repayment. Then, it will be easier for banks to grant loans to them.

Different research have been conducted by researchers in relation to the political connections; but in those research, definition of political communication is different with this study, and also, the political support hasn't been studied in two dimensions of social and economic as the way which is done in this study. But, because of the closeness of definitions, their results can be linked together. According to contents of the above research, results of the present study aren't in the same direction of conducted research by Fraser et.al.2005, Wu and Cheng.2011, Chan et.al.2011, Yang et.al.2012, Bliss and Gul.2012, Devon and Chick.2012 and Khajavi and Hosseini.2010.

The second main hypothesis examined the existence or absence of impact between government political support (GOV) and company value (QTOBIN). The results showed a significant negative relationship between two variables of GOV and QTOBIN. So, government political support is connected with the company's value. Thus, it can be claimed that government political support affects the company's value, also, this relation is negative; In other words, the increase in government political support will reduce the company's value and by decreasing government political support, the company value will increase and second main hypothesis of this study will be verified. Perhaps this result is caused by the lake of effort of managers to raise the company's value by using available resources. The results of the present research were in the same direction of studies conducted by Deng et.al.2012 and weren't matched with results of Yang et.al.2012.

The third main hypothesis examined the existence or absence of impact between institutional support (INST) and power to obtain bank loans by companies (DEBT). The results showed a significant negative relationship between two variables of INST and DEBT. So, institutional support is connected with the power to obtain bank loans by companies. Thus, it can be claimed that institutional support affects the power to obtain bank loans by companies. Also, this relation is negative; which means the increase in institutional support will reduce the power to obtain bank loans by companies and by decreasing institutional support, power to obtain bank loans by companies will increase and the third main hypothesis of this study will be verified. The reason of this relationship can be searched in the existence of representation relations between institutional companies and the amount of their investment. Results of the present research weren't in the same direction of studies conducted by Fraser et.al.2005, Wu and Cheng.2011, Chan et.al.2011, Yang et.al.2012, Bliss and Gul.2012, Devon and Chick.2012 and Khajavi and Hosseini.2010.

The fourth main hypothesis examined the existence or absence of impact between the institutional support (INST) and company's value (QTOBIN). The results showed a significant positive relationship between two variables of INST and QTOBIN. So, institutional support is connected with company's value. Thus, it can be claimed that institutional support affects the company's value. Also, this relation is positive; which means by increasing the institutional support, company's value will also increase and by decreasing the institutional support, company's value will also reduce and the fourth main hypothesis of this study will be verified. Perhaps, this relationship is because of the strong supervisions of institutional companies on corporate performance and conducting annual audits and intense dependence to laws and regulations. The results of the present research are in the same direction of studies conducted by Hassas Yeganeh et.al.2008 and weren't matched with the results of Deng et.al.2012.

Recommendations based on research

Research results showed that the government political support has no relationship with the ability to obtain bank loans by companies. Hence, it's recommended that companies use other methods such as stock issue and issuing securities for financing. Since the results indicate the presence of a significant negative relationship between governments political support and company value, so the use of ownership structure of government cannot be

useful in promoting the company's value. Therefore, it's recommended that companies reduce the amount of government's investment in conducting their activities and move towards privatization and the use of public small investments. From the third hypothesis test, it can be inferred that institutional support has a significant negative relationship with company's ability to obtain bank loans; so, the use of institutional ownership structure couldn't be an appropriate indicator for obtaining more bank loans by companies. It's suggested that companies reduce their dependence on institutional companies and increase their foreign investments to overcome their financial needs.

Based on results of the fourth hypothesis test, which is according to the significant positive relationship between institutional support and company value, the use of institutional ownership structure can be introduced as an identifier for improving the company's value. Because, according to the volume of investments and institutional owners who are skilled, their presence can lead to supervision in management and due to this issue, instead of focusing on short-term goals of profitability, maximizing the company's long-term value should be considered by managers. Furthermore, it's recommended to all capital market participants, decision-makers, financial analysts and potential and actual investors in the stock exchange that pay attention to other variables that can be useful in improving the company's value and also the company's power to obtain bank loans, in using the government or institutional ownership structure. Because, considering all these important factors leads to the selection of optimal investment portfolio with minimum risk and maximum efficiency.

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