The Effect of major customers concentration on cash holdings and capital structure of listed companies in Tehran Stock Exchange

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Abstract
This study focuses on the effects of concentration on major customers on the cash maintenance and capital structure. Cash holdings, short-term debt, long-term debt and equity were as dependent variable and the percentage of customer focus was considered as independent variables. Multivariate regression was used to test the research model. The information needs has collected from listed companies in Tehran Stock Exchange. The Study sample consisted of 112 firms for the six-year period of 2006-2011. The results showed, there is negative and significant relationship between concentration on major customers and cash holdings and there is positive and significant relationship between concentration on major customers and short-term debt and finally there is no relationship between concentration on major customers and long-term debt and equity.

KEY WORDS: CAPITAL STRUCTURE, LIQUIDITY, MAJOR CUSTOMER CONCENTRATION

Introduction
Today, Stock companies are beating heart of the economy of developed countries and developing countries. Thus, the components and features of these companies have been discussed by researchers and analysts. Among these features, we can note the variables related to measuring the performance and company risk. The variables such as productivity, profitability, cash flow, are used to measure the performance. For measuring the company risk some factors are used, including the company's capital structure, the beta of the company, amount of working capital, liquidity of assets. This study aimed to investigate the effect of major clients on capital structure and liquidity of the company as one of the risk factors of the company. Many major clients could adversely impact the company's capital structure and liquidity of the company. Moreover, the customers can make timely payment of dues and demands, companies are thriving now more than ever. And on the opposite side, some major customers defer payment of their dues, because the company is forcing them to sell their products. Thus, investigating the effect of these customers on the company can provide useful information for investors to make decisions. However, this variable (major clients) has been given little attention by researchers, thus we hope that this study will be useful for users.

Theoretical issue

Target market strategies selection for customer focus
In many companies, there are still boundaries between organizational units, which limit the marketing, accounting, customer service and product separates. Marketing unit design product strategies and guide promote and the promotion activity, print the brochure and do public relations activities. Product managers try to ensure that the products sold under their supervision. And introduction to log in Financial Research (Alipur 2012).

Differentiation Marketing Strategy
Firms that select Differentiated marketing strategy, develop one or more products for each customer groups with different needs. Differentiation strategy is when consumers select brands that are well known and has a distinct reputation in the market between brands.
Global giant companies follow this philosophy. The company offers a number of resources with diverse product line with different prices (Alipur, 2012).

**Traditional Marketing Strategies**

In ideal way, marketers must be able to define as precisely as portions of the market that could fully meet the needs of each individual or company's products and services are offered must meet. We received the level of this focus for personal or professional services about doctors, lawyers and professionals hairstyles. It is a marketing strategy commonly used in industrial field, where a manufacturer works with a number of large customers and develop product that they will use.

**Focusing Marketing Strategy**

Historically, the company's success in a product category is measured by their share of the market. For example, if 100 million pairs of shoes every year are for sale, a company that has sold 10 million of them has 10% of the sale of market. Regarding to the object of marketing is increase in sale, it may decrease the price of them or increase the marketing or provide a free basketball ball with every pair of shoes purchased. These ways may increase the sale in the short term but can do anything for shoe manufacturer in long term. In fact, such tactics may actually decrease its brand value.

**Cash holdings level**

The cash is the balance of cash and deposits in banks and financial institutions, including invested in short-term deposits, with no maturity that minus the extra demands placed impressions without prior notice. According to Financial Accounting Standard Board Statement No.1, the second objective of financial reporting is to provide information for present and potential investors and creditors and other users in assessing the amounts, timing, probability of future cash receipts from dividends or interest and the proceeds from the sale, redemption or maturity of securities or loans that.

**Balance model**

This model implies that firms compare the costs and benefits of holding cash and makedecisions. Cash maintenance reduces the likelihood of financial crises and reduces the potential loss of investment opportunities as a result of lack of access to enough funds to reduce.

**Hierarchical model**

According to this model, (that Presents the theory of Myers and Mjlof (1984) corporate prefers to finance from internal resources of the company to external financing which is sensitive to information. This theory is based on the assumption that the people in corporate are now more aware of the shareholders. If there is no enough internal resources for financing investment program and Information asymmetry is also hampered, managers may be forced to withdraw from the project will be profitable, in this state the cash is variable and single opportunity for issuing shares without market value occurs when there is information asymmetry (drobetz et al, 2010).

**Free Cash Flow Model**

The model presented by Jensen (1986) and states to accumulate funds under its control and to take investment decisions which may not necessarily be in the interests of the shareholders. The free cash flow is the cash that is surplus to fund all projects with positive net present value when discount rate is the cost of capital. Conflict of interest between managers and shareholders about the policy of dividends is more especially when organizations have more significant free cash flow.

**Incentives for cash holdings**

Areview of the literature relating to cash maintenance, general incentives for cash maintenance can be divided into five general groups as follows:
Transaction motive
Transaction motive is mostly because of the cost of other assets (except cash) in commercial transactions. It is expected that firms with higher transaction costs facing greater amounts of cash. Keynes (1936) argues that corporate are required to maintain cash between the receipt of the proceeds of the sale and commercial expenses. Not only do companies have to pay to creditors and other payments, but the cost to do deals to keep their cash. Keown (2006) suggests that hold cash enables a business unit to be faced with the daily expenses.

Caution motive
The incentive to hold cash was introduced by Keynes (1936) to express the company need to hold cash to remain safe against unpredictable risks arising from lack of cash. Azkan (2004) believes that the company hold cash for facing unpredictable risks arising from lack of cash and if the cost of Other sources of financing is extremely high, use the balance of cash to finance their investments. Drobetz and Gruninge believe that if external financing costs or financial problems are high, the corporate accumulate cash to deal with this deficit in unanticipated cash funding and financing the projects with positive net present value.

Speculative motive
As kinz (1936) argues, speculative motives are the weakest reason to hold cash. This motivation primarily is a type of response to a change in the amount of cash through the change in the worth, and usually represents a continuous response to gradual changes in interest rates. Keown (2006) argues that the motivation and incentive to trade are the main motive for holdingcash, but also speculative motives is more related to the uncertainty about interest rates and is effective on the cash held by the company.

Agency motive
When external shareholder protection is weak, firm value rises only when the company pays dividends. It means the only external shareholder protection is strong when cash held by managers is not related to the value of business unit (Kalcheva and Lins, 2007).

Tax incentives
Foley et al (2006) found other reasons to hold cash by studying of U.S companies that have kept large sums of cash. They found that companies that are subject to a heavier tax laws and paying tax, hold more cash.

Capital Structure
Capital structure is a combination of debt and equity.

Combination of debt and equity determination
Debt and equity are the sources of financing or capital resources and are used for investment. The most common funding sources include: accounts and notes payable, payroll taxes payable, loans received and published with different maturities securities, common stock, preferred stock and not paid corporate profits (Parsaeian, 1904).

Literature review
Internal research
Sadeghi et al (2002) examined the relationship between market structure and capital structure. This study uses data from 101 listed companies in Tehran Stock Exchange in the years 2007 to 2011. The results showed there is nonlinear relationship between market structure and capital structure and this could be the result of complex relationships in the market, bankruptcy costs and agency problems. So there is significant negative relationship between firm size and capital structure.

Assadi et al (2011) examined the relationship between capital structure and ownership structure. Experimental evidence shows a significant negative relationship between capital structure and ownership structure.
Foroughi et al (2001) examined the effect of earnings quality on the amount of cash maintenance. His recent research review concluded that the quality of accounting information led to reduction in cash maintenance. His 10-year study using data from 2000 to 2009 years, came to the conclusion that there is a significant negative relationship between the quality of earnings and the amount of cash.

Arbabian and Graily (2009) conducted a study that titled: "The effect of capital structure on profitability of listed companies in Tehran Stock Exchange". The results showed there is a positive relationship between short-term debt to total assets and profitability of company and between the ratio of debt to assets and profitability and also there is a negative correlation between profitability and long-term debt.

Ghorbani and Adili (2011) examined the relationship between cash holdings and the company value and information asymmetry in the Stock Exchange of Tehran. The study population consists of all companies listed on the Tehran Stock Exchange. Using a panel data analysis of 105 companies with 2003 to 2008 years, they found there is a significant inverse relationship between cash holding and company value.

**External research**

Itzkowitz (2013) found a significant relationship between cash holdings and the major customers (customer focus). He believes when we use the ratio of sales to major customers, we find a strong correlation between these two variables. On average, each unit increase in customer participation cause 8% increase in the ratio of cash holdings. His research found that the relationship between the company's major customers and leverage. On the contrast of the amount of cash held, Customer focused company has no material effect on leverage.

Utami, S.R and Inanga (2012) examined the relationship between capital structure and life cycle of the listed companies in Indonesia Stock Exchange from the manufacturing industry in their research. Their own investigation period from 1994 to 2007 were selected. Multivariate ordinary least squares regression was used to test the hypotheses. They divided companies in the two groups: companies in the maturity stage and growth stage. They results showed financing has a significant positive impact on the net debt and net equity on both stage and has a negative impact on retained earnings. They showed that company exert more conservative, raise cash, has a greater effect on stock returns.

Lewis et al (2009) in a study examined the relation between accounting conservatism and cash holdings. They examined 101221 firm-years in the period of 1974 to 2006. They showed the companies that exert greater conservatism, raising cash, has a greater effect on stock returns.

Also Hardfor et al (2008) concluded that poor corporate governance has an inverse relationship with firm value and the inverse relationship becomes more prominent with the increase in the cash balance.

Teker (2008) in an article entitled "Macroeconomic Factors determining capital structure" examines the impact of macroeconomic factors on corporate financial leverage decisions. This study conducted in Turkey for the period 2007-2000. The factors include: tangible assets, firm size, growth opportunities and profitability that indicated an important negative relationship between profitability and financial leverage.

Ditmar and Smith (2007) examined the relationship between corporate governance and firm value. They believe that good corporate governance through better use of the cash increases value of the company.

Khauvla and Saddur (2006) examined the factors that determine the cash in French company. Their results showed that when companies have high financial leverage reduce the cash.

Chen & Strang (2005) examined factors effecting capital structure of listed companies on the Shanghai Stock Exchange in 2003. They found an adverse relationship between profitability and capital structure (ratio of debt).
Research Hypothesis

H1: there is a significant relationship between major customer concentration and the level of cash holdings.

H2: there is a significant relationship between major customer concentration and short-term debt.

H3: there is a significant relationship between major customer concentration and long-term debt.

H4: there is a significant relationship between major customer concentration and shareholders' equity.

Research Methodology

The population in this study is all of the companies listed in Tehran Stock Exchange. The reason for this is that companies listed on the stock exchange have more access to financial information, as well, due to regulations and standards Tehran Stock Exchange, the company's financial reporting information is homogeneous. In this study, all available data is used for choosing the sample. First all companies which could participate in the sampling chose. Then we deleted the companies that have not following characteristics:

1. Their financial year end be 12/29 each year.
2. The companies should not change their financial periods.
3. Sample companies have not been stopped during period of study permanently.
4. The company availability of information is required.
5. Sample companies would not be among financial (banks) and investment companies. (different capital structure).

Method of data collection

First, the sampling step is used. Then we used the statistics letters of the exchange, information provided to the stock exchanges and accounting firms and other relevant information.

Research methodology

The main objective of the research is study of relationship between focus on major costumers and the cash maintenance level and capital structure, so it is ex-post facto and applied research. And also because the data collected without researcher interference it is a type of quasi-experimental research. According to the analysis of the relationship between variables it is correlation research.

Data analysis methods

In this study we used different tests for analyzing the data, such as Pearson correlations, t tests, and multiple linear regression. Eviews software will be used in all statistical techniques.

Time and place scope of the study

Place scope

place scope is Tehran Stock Exchange.

Time scope

In this study, data from 2006 to 2011 will be used. The following model will be used to test the research hypotheses:

\[
\text{Cash}_{i,t} = B_0 + B_1 \text{Con}_{i,t} + B_2 \text{Size}_{i,t} + B_3 \text{Inv}_{i,t} + B_4 \text{Lev}_{i,t} + B_5 \text{Div} \text{Dmy}_{i,t} + B_6 \text{Cash Flow}_{i,t} + B_7 \text{Opport}_{i,t} + B_8 \text{Wor Cap}_{i,t} + B_9 \text{Cash Volat}_{i,t} + e_{i,t}
\]

To confirm the H1, that is expected focus on major clients caused a significant amount of cash held by the company above statistical model was used. Dependent variable was the amount of money held in the end of the year, the independent and controlling variables used in the calculation are described below. It should be noted that for adjustment the above variable divided by total assets.
Independent variables:
*Ccon*: percentage of customer concentration that is calculated as the share of sales made to major customers to total sales. The major clients are clients who have taken at least 10 percent of total sales.

**Controlling variables of the study:**
*Size*: firm size, is the natural logarithm of firm assets
*As Inv*: changes in fixed assets, is the sum of fixed assets Fixed assets current year minus the previous year, divided by the sum of the fixed assets last year.
*Lev*: Financial leverage is the company's debt divided by total assets.
*Div dmy*: dividend payments
If the company is paying a dividend this year, this variable will be the number one and zero otherwise.

**Cash Fl**: operating cash flow
To calculate the variable operating cash flow divided by beginning assets.

**Inv Oppor**: investment opportunities
The market value of equity divided by the book value of equity share

**Wor Cap**: working capital of company is equal to current assets minus current liabilities divided by total assets.

**Cash Volat**: operating cash flow volatility is equal to cash operating divided by assets and then we calculate the standard deviation over the years.

The statistical model is used for testing the second hypothesis. Dependent variable in the model is short-term debt which is calculated by using independent and controlling variables described in the following research model. It should be noted that for adjustment the above variable divide by total assets.

The statistical model is used for testing the third hypothesis. Dependent variable is long-term debt which is calculated by using independent and controlling variables described in the following research model. It should be noted that for adjustment the above variable divide by total assets.

To confirm the fourth hypothesis statistical model is used. Dependent variable in the model is the sum of owner equity which is calculated by using independent and controlling variables described in the following research model. It should be noted that for adjustment the above variable divide by total assets.

**Descriptive Statistics Research**

<table>
<thead>
<tr>
<th>Table 1: Descriptive statistics related to companies</th>
<th>min</th>
<th>max</th>
<th>mean</th>
<th>s.d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash held</td>
<td>0.34</td>
<td>0.039</td>
<td>0.03597</td>
<td></td>
</tr>
<tr>
<td>Short-term debt</td>
<td>0.04</td>
<td>0.27</td>
<td>0.1977</td>
<td>0.05039</td>
</tr>
<tr>
<td>long-term debt</td>
<td>0.08</td>
<td>0.55</td>
<td>0.1587</td>
<td>0.03697</td>
</tr>
<tr>
<td>Total equity</td>
<td>0.15</td>
<td>0.76</td>
<td>0.61</td>
<td>0.12564</td>
</tr>
<tr>
<td>Percentage of costumer concentration</td>
<td>0</td>
<td>0.84</td>
<td>0.3982</td>
<td>0.15766</td>
</tr>
<tr>
<td>Firm size</td>
<td>9.34</td>
<td>18.1</td>
<td>13.1311</td>
<td>1.24799</td>
</tr>
<tr>
<td>Changes in fixed assets</td>
<td>-0.37</td>
<td>2.67</td>
<td>0.2672</td>
<td>0.1138</td>
</tr>
<tr>
<td>Financial leverage</td>
<td>0.18</td>
<td>0.65</td>
<td>0.2689</td>
<td>0.15912</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>0.04</td>
<td>0.39</td>
<td>0.1275</td>
<td>0.08932</td>
</tr>
<tr>
<td>Investment opportunities</td>
<td>2.23</td>
<td>18.29</td>
<td>4.3508</td>
<td>3.53383</td>
</tr>
<tr>
<td>Working Capital Inc</td>
<td>-0.21</td>
<td>0.33</td>
<td>0.0819</td>
<td>0.0352</td>
</tr>
<tr>
<td>Cash flow volatility</td>
<td>0.18</td>
<td>0.62</td>
<td>0.3157</td>
<td>0.08932</td>
</tr>
</tbody>
</table>
The result of testing first model

H₁: Customers concentration has a significant effect on the level of cash holdings.

H₀: There is no significant relationship between the two variables.

H₁: There is significant relationship between the two variables.

First model

Cash = B₀ + B₁CCon + B₂Size + B₃Asst Invst + B₄Lev + B₅Div Dum + B₆Cash Fl + B₇Inv Oppor + B₈Wor Cap + B₉Cash Volat + e

Table 2: Test the accuracy of the regression model

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficient of Determination</th>
<th>Adjusted Coefficient of determination</th>
<th>Error of the estimate</th>
<th>Durbin-Watson statistic</th>
<th>F-statistic</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.32</td>
<td>0.27</td>
<td>0.3427</td>
<td>1.96</td>
<td>25.84</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 2 indicates that the adjusted coefficient is equal to 0.27, meaning that about 27% of the variation in the response variable (the amount of cash holdings) is justified by the independent variables included in the model. It also has a good range of statistics durbin-watson statistic. Also (Fisher) F-test which confirms the validity of the regression model is at a significance level of 95%. According to the above test whether F and durbin-watson, the first model results are reliable and will be discussed in the following section:

Table 3: Partial coefficients Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.07</td>
<td>3.87</td>
<td>0.00</td>
</tr>
<tr>
<td>Customer concentration</td>
<td>-0.03</td>
<td>-0.79</td>
<td>0.03</td>
</tr>
<tr>
<td>Firm size</td>
<td>-0.01</td>
<td>-2.08</td>
<td>0.04</td>
</tr>
<tr>
<td>Fix asset changes</td>
<td>0.02</td>
<td>0.8</td>
<td>0.42</td>
</tr>
<tr>
<td>Financial leverage</td>
<td>-0.01</td>
<td>-1.1</td>
<td>0.27</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>0.00</td>
<td>0.12</td>
<td>0.92</td>
</tr>
<tr>
<td>Cash flow</td>
<td>0.03</td>
<td>2.85</td>
<td>0.00</td>
</tr>
<tr>
<td>Investment opportunities</td>
<td>0.01</td>
<td>-0.11</td>
<td>0.91</td>
</tr>
<tr>
<td>Working capital</td>
<td>0.02</td>
<td>1.79</td>
<td>0.01</td>
</tr>
<tr>
<td>Operating cash flow volatility</td>
<td>0.00</td>
<td>1.29</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Table 3 shows the results of logistic regression analysis. As you can see in the above table, in the significance level of 95%, there is a negative and significant relationship between the level of cash holdings and customer concentration. So the first research hypothesis is confirmed by the significant level of 95%. Among the controlling variables, only firm size has negative and significant effects on cash holdings. It is worth mentioning that this does not mean that the larger the firm has lower cash holdings. It means larger firm has lower cash holdings proportion in asset. Also, among other variables, operating cash flow and working capital had a significant positive relationship with cash holdings. Remarkably, the results for other variables are not significant.

The result of testing second model

H₂: Customer concentration has a significant effect on short-term debt.

H₀: There is no significant relationship between the two variables.

H₁: There is significant relationship between the two variables.
The second model:

\[ \text{Short Debt} = B_0 + B_1\text{CCon} + B_2\text{Size} + B_3\text{Asst Invst} + B_4\text{Div Dum} + B_5\text{Cash Fl} + B_6\text{Inv Oppor} + B_7\text{Wor Cap} + B_8\text{Cash Volat} + e. \]

**Table 4: Test the validity of the regression model**

<table>
<thead>
<tr>
<th>P-value</th>
<th>F-statistic</th>
<th>Durbin-Watson statistic</th>
<th>error of the estimate</th>
<th>Adjusted coefficient of determination</th>
<th>Coefficient of Determination</th>
<th>model</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>27.67</td>
<td>1.51</td>
<td>0.32</td>
<td>1.51</td>
<td>27.67</td>
<td>0.32</td>
</tr>
</tbody>
</table>

As you can see in the table above, the adjusted coefficient of determination is 0.32 durbin-watson statistic also has a good range, indicating their lack of cohesion between sentences. Also, the F-statistic significant at the 95% level, it indicates that the regression results were reliable. In the whole the F-statistic and Watson statistics show the regression model is correct. The results of the partial regression coefficients are presented in Table 5. As you can see from the table above, there is a significant positive relationship between concentration customer and short-term debt. Therefore, the second hypothesis is confirmed by the 95% significance level. Among the other variables, there is significant negative relationship between firm size, financial leverage, dividend, operating cash flow and working capital with short-term debt.

**Table 5: Partial coefficients Regression**

<table>
<thead>
<tr>
<th>variables</th>
<th>B</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>1.28</td>
<td>16.31</td>
<td>0.00</td>
</tr>
<tr>
<td>Customer concentration</td>
<td>0.01</td>
<td>0.78</td>
<td>0.02</td>
</tr>
<tr>
<td>Firm size</td>
<td>-0.03</td>
<td>-4.57</td>
<td>0.00</td>
</tr>
<tr>
<td>Fix asset changes</td>
<td>0.01</td>
<td>1.32</td>
<td>0.32</td>
</tr>
<tr>
<td>Financial leverage</td>
<td>-0.81</td>
<td>-22.2</td>
<td>0.00</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>-0.05</td>
<td>-2.83</td>
<td>0.00</td>
</tr>
<tr>
<td>Cash flow</td>
<td>-0.19</td>
<td>-4.04</td>
<td>0.00</td>
</tr>
<tr>
<td>Investment opportunities</td>
<td>0.00</td>
<td>0.17</td>
<td>0.99</td>
</tr>
<tr>
<td>Working capital</td>
<td>-0.9</td>
<td>-45.7</td>
<td>0.00</td>
</tr>
<tr>
<td>Operating cash flow volatility</td>
<td>0.01</td>
<td>1.88</td>
<td>0.06</td>
</tr>
</tbody>
</table>

**The results of testing third model**

H3: customer concentration has a significant effect on long-term debt.

\{H0: There is no significant relationship between the two variables.\}
\{H1: There is significant relationship between the two variables.\}

**The third model:**

\[ \text{Long Debt} = B_0 + B_1\text{CCon} + B_2\text{Size} + B_3\text{Asst Invst} + B_4\text{Div Dum} + B_5\text{Cash Fl} + B_6\text{Inv Oppor} + B_7\text{Wor Cap} + B_8\text{Cash Volat} + e. \]
Table 6: test the validity of the regression model

<table>
<thead>
<tr>
<th>P-value</th>
<th>F-statistic</th>
<th>Durbin-Watson statistic</th>
<th>error of the estimate</th>
<th>Adjusted coefficient of determination</th>
<th>Coefficient of Determination</th>
<th>model</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>0.29</td>
<td>0.27</td>
<td>0.09</td>
<td>1.88</td>
<td>25.4</td>
<td>0.00</td>
</tr>
</tbody>
</table>

As you can see in the table above, the adjusted coefficient of determination is 0.27. Durbin-Watson statistic also has a good range, indicating their lack of cohesion between sentences. Also, the F-statistic significant at the 95% level, it indicates that the regression results were reliable. In the whole the F-statistic and Watson statistics show the regression model is correct.

Table 7: Partial Coefficients Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.12</td>
<td>-2.07</td>
<td>0.04</td>
</tr>
<tr>
<td>Customer concentration</td>
<td>-0.08</td>
<td>-0.52</td>
<td>0.61</td>
</tr>
<tr>
<td>Firm size</td>
<td>0.16</td>
<td>2.66</td>
<td>0.01</td>
</tr>
<tr>
<td>Fix asset changes</td>
<td>-0.03</td>
<td>-0.95</td>
<td>0.35</td>
</tr>
<tr>
<td>Financial leverage</td>
<td>0.36</td>
<td>13.8</td>
<td>0</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>-0.01</td>
<td>-0.81</td>
<td>0.42</td>
</tr>
<tr>
<td>Cash flow</td>
<td>-0.11</td>
<td>-3.25</td>
<td>0.00</td>
</tr>
<tr>
<td>Investment opportunities</td>
<td>0.00</td>
<td>-2.53</td>
<td>0.01</td>
</tr>
<tr>
<td>Working capital</td>
<td>0.03</td>
<td>2.29</td>
<td>0.02</td>
</tr>
<tr>
<td>Operating cash flow volatility</td>
<td>-0.01</td>
<td>-2.02</td>
<td>0.04</td>
</tr>
</tbody>
</table>

The results of the partial regression coefficients are presented in Table 7. According to the coefficient, that is not significant for major customer by 95% significant level. So third hypothesis rejected by 95% significant level. Also, among controlling variables, there is a significant positive relationship between firm size, financial leverage and profitability with long-term debt. Moreover, operating cash flow and operating cash flow volatility have significant negative effect on long-term debt. The calculated coefficients for other variables are not significant.

The results of testing forth model

H4: customer concentration has a significant effect on equity.

H0: There is no significant relationship between the two variables.
H1: There is significant relationship between the two variables.

The fourth model:

Total Debt = B0 + B1CCon + B2Size + B3Asst Invst + B4Div Dum + B5Cash Fl + B6Inv Oppor + B7Wor Cap + B8Cash Volat + e
Table 8: Test the validity of the regression model

<table>
<thead>
<tr>
<th>P-value</th>
<th>F-statistic</th>
<th>Durbin-Watson statistic</th>
<th>error of the estimate</th>
<th>Adjusted coefficient of determination</th>
<th>Coefficient of Determination</th>
<th>model</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>0.26</td>
<td>0.24</td>
<td>0.12</td>
<td>1.7</td>
<td>34.81</td>
<td>0.00</td>
</tr>
</tbody>
</table>

As you can see in the table above, the adjusted coefficient of determination is 0.24. Durbin-Watson statistic also has a good range, indicating their lack of cohesion between sentences. Also, the F-statistic significant at the 95% level, it indicates that the regression results were reliable. In the whole the F-statistic and Watson statistics show the regression model is correct.

Table 9: Partial coefficients regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.02</td>
<td>14.98</td>
<td>0.00</td>
</tr>
<tr>
<td>Customer concentration</td>
<td>0.04</td>
<td>0.48</td>
<td>0.63</td>
</tr>
<tr>
<td>Firm size</td>
<td>-0.01</td>
<td>-1.45</td>
<td>0.15</td>
</tr>
<tr>
<td>Fix asset changes</td>
<td>0.00</td>
<td>0.36</td>
<td>0.72</td>
</tr>
<tr>
<td>Financial leverage</td>
<td>-0.03</td>
<td>-1.68</td>
<td>0.09</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>-0.26</td>
<td>-6.56</td>
<td>0.00</td>
</tr>
<tr>
<td>Cash flow</td>
<td>-0.02</td>
<td>-2.3</td>
<td>0.02</td>
</tr>
<tr>
<td>Investment opportunities</td>
<td>-0.88</td>
<td>-51.52</td>
<td>0.00</td>
</tr>
<tr>
<td>Working capital</td>
<td>0.00</td>
<td>-0.16</td>
<td>0.87</td>
</tr>
<tr>
<td>Operating cash flow volatility</td>
<td>1.02</td>
<td>14.98</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The results of the partial regression coefficients are presented in Table 9. According to the coefficient, that is not significant for major customer by 95% significant level. So, fourth hypothesis rejected by 95% significant level. Also, among controlling variables, there is a significant negative relationship between operating cash flow, working capital and profitability with equity. The calculated coefficients for other variables are not significant.

Conclusions

The study of customer structure can contain a lot of information about their relationship with suppliers and vendors. The type of customers can now form a significant impact on the structure of assets of companies. Capital can participate. For example, if the company has major customers, which has major exchanges with them, the clients can make significant impact on the profitability and risk of the company.

According to the description provided, four hypotheses were formulated for the study. The first hypothesis examined the impacts of customer focus on cash holdings and the second, the third and fourth examined the impacts of customers focus on capital structure. After compiling the above assumptions, the required data was collected using Rahavardeh novin software. Some information including customer concentration was extracted from the notes attached to the financial statements. To test the research hypotheses the correlation and regression analysis was used. The results show, significant negative relationship between customer concentration and cash maintenance level. However, we found there is a significant positive relationship between customer concentration and short-term debt. Finally we did not find relationship between long-term debt and equity.
Limitations
In the process of conducting a scientific study, there are circumstances that are not control by researcher. We can mention following limitations:
This study, like other studies describe the limitations of time and space. So, results should generalize to other times and other statistical society accuracy. Accounting researches usually are ex-post facto, so it is not permitted to be present at the time variables. Although no research is complete controlling variables even science research. Political, economic, cultural and psychological climate prevailing on the Tehran Stock Exchange and also awareness among participants in the capital market impact on supply and demand, volume boom or bust. It is important to be considered in future research.

Recommendations for future research
The population of this study consists of manufacturing firms listed in Tehran stock exchange, so the results can't be generalized to other unproductive firms. We recommend other research conduct on all companies and compare the results to this study. The study of the effects of corporate lifecycle, information asymmetry, liquidity and stock ownership structure (concentration and composition) on rate of customer focus. The study of earning management and customer concentration, the study of the effect of the type of customer (can be public or private) on the level of cash holdings.
References

