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THE RELATIONSHIP BETWEEN TRANSPARENCY WITH PROPERTIES OUTPUT AND PROSPECTIVE OUTPUT

Elaheh Lotfi Aznaveleh[*1] and Roya Daraei[2]
[*1,2]Accounting Department, Tehran Jounub Azad University, Iran

ABSTRACT

Financial information transparency is proposed one of the most effective variables in determination of investing strategy in financial marketing. Despite of the matter, managers as the responsible person for preparing financial invoices have motivation to distort financial data for protecting their interests. Managers' proceedings when lead to non-transparency in financial data is management or profit manipulation. In this process, managers try to accumulate the negative news in their firms and do not expose. So, the main purpose of the research is study about the relationship between financial information transparency with properties output and stock prospective output in accepted firms in Tehran stock exchange during tim period 2009 up to 2014. Statistical society is used by screening (omissive) model for selecting a sample which is studied in 122 companies. Current research methodology is applicative by aiming, its type is correlated, its model is panel data and for analysis by software of EVIEWS8. For performing the analysis, we use two hypotheses (study the relationship between financial information transparency with properties output and stock prospective output) and (study the relationship between financial information transparency with stock prospective output). Obtained result by first hypotheses indicate that there is a positive and meaningful relationship between financial information transparency and properties output. Also, obtained findings by second hypotheses indicate that there is a negative and meaningful relationship between financial information transparency and stock prospective output rate.

Keywords- *Transparency, financial data transparency, properties output, stock prospective output rate.*

I. INTRODUCTION

Financial information transparency is as an affective factor in determination of decisions in appropriated resources and economic growth by Bummer and colleagues (2003). So, nowadays minority of people can ignore the importance of financial data transparency. There is a great chasm between quality and quantity of data which firms publish and stockholders need. Investors would like to have helpful, reliable, in time and available information to estimate managing revenue and investing decisions. Financial reportage transparency of an important invoice in a firm is as a fundamental function in business leadership system which has a great attraction for stockholders and investors. One of the scandal results in recent decades is more transparency in firm's financial invoices. Existence of interests' conflict between managers and owners lead to data asymmetry and influence on firm revenue and value (Lang and Lundholm, 2000). Financial reportage transparency can reduce interest's conflict problems and agency such as data asymmetry and also can realize duty of business leadership system. (Ashbaugh, Collins, LaFond, 2004)

Vishwanath and Kaufmann, (1999) defined the transparency like this: increasing in time flow and being reliable economic, social and political data which is available for all related beneficiaries. Also, they defined non-transparency as intentional prevention of access to data, offering false data or market disability in gain assurance about adequacy and quality in offered data. The OECD (Cooperating Organization and Economic Development) definition is more expansive which named the transparency as the mutual relationship between firms and other beneficiary groups.

This research is studied about manipulation in price formally using by Dynamic model in real properties marketing. Haurt is studied about the condition which profitable agiotage is possible in a non-probable situation. He found out that if static balance was not stable and demand functions would be nonlinear as if it acts as estimator of some technical conditions, in this case, agiotages can be able to do profitable transactions.

Ball was believed that ratio of price to any stock profit of an agent which is not named is in prospective output.

Sharp offered a balance model with pattern of fund properties pricing which those properties with more betas lead to more prospective output. Sharp model is actually a unit-factor pattern with marketing output factor, is

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trying to facility in calculation of risk determination and properties output (Sharp, 1964). So, the necessity of the research is felt strongly and offering necessary evidence in order to answer the research questions is as applicative purpose. Also, research results can be used for accepted firms in stock exchange, investors, managers, Tehran Stock Exchange Organization, researchers and students. So, the main purpose of the research is the relationship between financial information transparency with properties output and stock prospective output in accepted firms in Tehran stock exchange. And, we are looking for a answer to this question whether there is a meaningful relationship between financial information transparency with properties output and stock prospective output or not.

II. THEORETICAL BACKGROUND AND LITERATIRE REVIEW

Lack of transparency in reported profit is create risk, as a result, stockholders like to have more risks, so firms stock investing cost will increase accordingly. On contrary, if reported profits are more transparency and without ambiguity, assurance level among stockholders would be increased, so, stockholder's prospective output rate and firms stock investing cost would be decreased accordingly. (Francis and colleagues, 2005)

Perise Water Hause Koupers defines accounting ambiguity like:
"accounting ambiguity is lack of public, transparency, accurate and formal accepted process about accounting methods and rules". This definition emphasized on disclosure accounting data quality by economic department and it would be possible to indicate about the process in accounting transparency measurement based on transparency data quality which will be more understandable, visible and available by using the information related to proceedings, decisions and current situation.

Florini, (1999) believe that transparency is information disclosure by firms which evaluate accordingly. He also believes that transparency is a tool for facility in firms revenue assessment process. Emphasizing on right of data access (considering the privacy of two parties of supplier and user) and possibility of firms revenue assessment is more outstanding by using the information in mentioned definitions. In fact, transparency has a close relationship with replication and demand reason for transparency is that marketing make responsible the firms concerning adopted politics and their revenue. (Bellver and Kaufmann, 2005)

Banz was believed that adding firms marketing value in regression between output and stock beta causes to explain the difference between firms stock output average better. Research results indicated small firms stock outputs average has more high estimated beta and great firms stock outputs average has more low beta. (Banz, 1981)

Mary and colleagues (2013) was studied investing cost and income transparency. They offered evidence in this research which firms with more transparency input benefits rather than lower investing cost. The obtained results of the research indicate that there is a meaningful and inverted relationship between transparency level and collection of averaged output and prospective output.

Barth and colleagues (2013) studied about the relationship between transparency and stock investing cost. Their model is the same as Bart and Landzman which named and measured the transparency as damping determination factor due stock outputs regression to profit and change in profitability. In their opinion, more transparency in profit leads to reduction of data asymmetry, data risk spending and reduction of stockholders prospective output. As a result, it will reduce firm's investing cost. They accomplished that there is a meaningful and negative relationship between profit transparencies with firms' ordinary stock investing cost. Moreover, they indicated that there is a meaningful and negative relationship between profit transparencies with future extra outputs.

Cheung and colleagues (2010) studied about the existence of transparency in accepted firms in China exchange. They indicated that there is a meaningful relationship between used transparency criterion and firms' stock value by studying 100 firms from year 2014 up to 2007 and using planed indexes by Cooperating Organization and Economic Development which shows the existence of transparency in China exchange.

Wang Lee (2010) studied about the affection of financial reportage quality on countries economic growth in his research. According to research hypotheses, data without assurance can be create some problems in decision and some problems for economic department and financial reportage quality would be able to reduce these problems. He is tested his hypotheses among countries which had financial data in Financial Analysis and Researches

International Center. So, he found out high data risk cause to growth of %12 till %22 of economy in countries which have higher reportage quality.

Callen and colleagues was tested about the relationship between low quality of accounting data and delay in stock price damping process in their research. Their assumption was that low quality of accounting data was along with lower quality of data which leaded to be longer the process of stock price damping. They indicated that there is a negative relationship between accounting data quality and delay in stock price damping by using delay criterion in stock price (Hu and Mouskuits (2005). Also, the research results show that there are low quality of obliging items, repeated losses and great negative exceptional items with more delay in stock price damping.

Chiu Chi (2009) studied about the affection of financial reportage transparency rate on revenue and firms value in Taiwan stock exchange. Its main purpose is about clarifying new rules and prescriptions and also preparing experimental evidence in order to indicating the relationship between financial disclosure transparency and firms' revenue in Taiwan environment. He categorized positivity and clearness of financial reportage of 880 firms based on reliance degree by transparency. His studying prepared the experimental evidence which indicates the relationships between total qualities of firm's disclosure transparency positively with firms' financial revenue. Moreover, he indicated that firm's financial invoices disclosure transparency is a kind of mechanism which maximize firms' value and prevent moral dangers between managers and owners.

Lin and colleagues (2007) studied about the relationship between information transparency and profit information content in their research. Information transparency would be estimated by two annual criterions of disclosure categories and longtime investing ratio of stock. Their findings show that financial information transparency cause to increase the profit information content and profitability accounting statistics among investors.

Hsiu (2006) studied about the role of financial information clear dimension in increasing the investing rate in stock exchange as the affection of financial information clearness on stockholders behavior in Taiwan stock exchange in his research. The research results indicated that there is a meaningful and positive relationship investor's perception from information clear dimension and their behavior. Among information clear dimension, ownership structure transparency has the most affection on investor's behavior.

Sadka (2006) studied about the relationship between stock liquidity and accounting information in New York stock change in his research. He indicated in his article that with reducing risks related to accounting information which takes place by increasing the quality and on reliance to accounting information, firms stock would be more attractive and finally it leads to stock liquidity.

Demerjian, Lev and Mc Vay, (2006) is studied and tested about the relationship between managerial ability and financial reportage quality. They ventured to creating a managerial ability measurement criterion by angular analysis and separating the managerial specific affections from firms' specific affections to identifying managerial specific affections. The research results indicated that is a financial reportage quality has a positive relationship with managerial ability. The mentioned finding is compatible with this general theorem that almighty and worthy managers can be more ability for estimating obliging items.

Sun (2005) is studied about the relationship between financial reportage qualities, efficiency, capital allocation and financing structure in his research. The results indicated that legal, political and economic infrastructures cause to be improvement to capital allocation efficiency. Forecasting high quality for financial reportage in legal, political and economic infrastructures cause to be improvement to capital allocation efficiency for some industries which is highly depend on financing structure from stock location.

Naser, Naseibeh (2003) studied about the quality of disclosure financial information by accepted non-financial firms in Saudi stock exchange. This research also studied about disclosure firms before and after establishment of Saudi Official Accountants' Organization. Analysis result indicates that the necessity of obligated disclosure by stock exchange has been observed to almost all industries exception of power industry. Regarding voluntary disclosure, the research indicated that Saudi firms reveal information more than obligated information by law. In this case, voluntary disclosure level was very low. Also, creating Saudi Official Accountants' Organization is slight affection on financial reportage quality in Saudi.

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III. RESEARCH HYPOTHESES

Main Hypotheses

First Hypotheses: there is a meaningful relationship between financial information transparency and properties output.

Second Hypotheses: there is a meaningful relationship between financial information transparency and stock prospective output.

IV. RESEARCH METHODOLOGY

Since we are finding a meaningful relationship between research variables in this research, study about dependant and independent variables which is in correlative researches category. So, research methodology in view of nature and content is a kind of correlation which acts like after-event methodology to find out correlation between variables.

Studying this research is in the inductive and deductive framework. It means that theoretical background and literature review are in the deductive format by library studies, articles and sites and in the inductive format by gathering data to confirm or reject the hypotheses.

In any researches, gathering real data have a high importance according to their purposes. In this research, we can use the library methodology with helping books, Persian and Latin articles and thesis in order to study the theoretical background and literature review. Then, research data will be extracted by gathering data of selected companies refer to audited financial invoices, explanatory notes, annually reports of stock exchange by new gift software, scheme maker refer to Kadal site and Iran Financial Data Processing Center.

Needed real data in this research will be gathered by real information of firms in Tehran Stock Exchange. In this research we will act like Kokran formula for sample volume determination based on below criterion:

1- According to demand information from year 2009, the companies which are accepted in Tehran Stock Exchange the maximum up to the end of Esfand 2009 and their names should not be eliminate till the end of year 2014 from the mentioned firms list.
2- Financial period should be leading to 29th Esfand with increasing the comparability.
3- It should not have fiscal year change during studied period.
4- Balance sheet should be at least in consecutive three years including cash properties.
5- Their stock should be in transacted exchange actively in the mentioned period.

According to the conditions and mentioned limitations, totally 122 companies are selected as research statistical sample among all accepted companies in Tehran Stock Exchange.

V. RESEARCH VARIABLES AND MODEL

Research Model

Model of First Hypotheses Test: There is a meaningful relationship between financial information transparency with properties output.

$$ROA_{it} = \alpha + \beta_1 TRANS_{it} + \beta_2 LEV_{it} + \beta_3 SIZE_{it} + \varepsilon_{it}$$

ROA: ratio of output asset

TRANS: financial information transparency

LEV: financial leverage

SIZE: firm size

α= variable stable factor

β= value relationship with any variables

$\varepsilon_{i,t}$: firm random error (i) at the end of year (t)

Model of Second Hypotheses Test: There is a meaningful relationship between financial information transparency and stock prospective output.

$$E(R)_{it} = \beta_0 + \beta_1 TRANS_{it} + \beta_2 SIZE_{it} + \beta_3 MTB_{it} + \beta_4 CFR_{it} + \varepsilon_{it}$$

E (R): firms' stock prospective output (i) in year (t)

TRANS: financial information transparency

SIZE: firm size

MTB: growth opportunity

CFR: firm's cash flow risk (i) in year (t)

Model (3): for calculating financial information transparency

Measuring information transparency is used according Barth and colleagues (2013) research, criterion of profit transparency (TRANS) which is equal to determination factor (R2) regression from stock output to profit and changing to profitability as below:

$$R_{it} = \alpha_0 + \alpha_1 E_{i,t} / P_{i,t-1} + \alpha_2 \Delta E_{i,t} / P_{i,t-1} + \varepsilon_{i,t}$$

R: firms stock annual output (i) in year (t)

E: every stock profit before firms enormous items (i) in year (t)

$\Delta E^{\Delta E}$: changes in every stock profit before enormous items from year (t)

P: stock price at the end of year (t1)

∞= ordinate factor from origin

Research Variables

Properties Output

$$\text{Firms properties output} = \frac{\text{Net Profit}}{\text{Total Firm Properties}}$$

Prospective Output

Firms' stock prospective output (i) in year (t) in obtained according to the below formula:

$$E(R)_{it} = R_f + \beta(R_m - R_f)$$

$$E(R)_{i,t} = R_f + \beta(R_m - R_f)$$

E (R): prospective output rate

R $^{(t)}$: marketing output in year (t) determined by Tehran stock exchange index (TEDPIX) as below:

$$E(R)it = \frac{TEDPIX_t - TEDPIX_{t-1}}{TEDPIX_{t-1}}$$

R $_f$: output rate without risk

β: systematic risk index

$$\beta = \frac{COV - (r_t, r_m)}{\delta_M^2}$$

Financial Information Transparency

We can name the financial information transparency as a widespread availability to related information and being reliable the revenue, financial situation, investing opportunity, rule, value and firms risky in economic.

Financial Leverage

$$\text{Financial leverage} = \frac{\text{Total Firm Debts}}{\text{Total Firm Properties}}$$

Firm Size

Firm size is a control variable which will be measured by logarithm of total properties.

Cash Flows Risk

It is estimated by deviance of cash flow criterion obtained from operating activities'.

Growth Opportunity

Growth opportunities are tantamount with market value ratio to stock owners' law book value.

VI. RESULTS

Test Results of Research Hypotheses

First Hypotheses: There is a meaningful relationship between financial information transparency and properties output.

This theory is enlisted in table number (1-1), odds amount (P-Value) of any variables are less than 0.05, so research variables in assurance level of %95 is stable. Also, according to table number (4-4), odds amount (F) Limer is less than 0.05 for this model. Therefore, we use picture method for this hypothesis. According to Harman's test odds and first model test odds is more than %5 which is used randomly in this research. The results regarding determination factor indicates that almost %17 of variable changes depend on independent variables instrument and control model. In factors meaningful study, since the method odds (t) for financial information transparency variable factor is less than 0.05. As a result, existence of meaningful relationship between financial information transparency and properties output will be confirmed in assurance level of %95. It means that there is a meaningful relationship between financial information transparency and properties output. Being positive for the ratio of financial information transparency variable (0.002564) represents the existence of a straight relationship. It means that there is a meaningful and positive relationship between financial information transparency and properties output. In the other words, if financial information transparency increases, properties output will increase, too. Obtained result of the research is adjusted with result of Mary and colleagues, research (2013), Ghaemi and Alavi research (1391).

Table (1-1): First Model Estimation Results

variables	Estimate Factor	Standard Error	Method (t)	Supposition
C	0.466264	0.081888	5.693948	0.0000
financial information transparency	0.002564	0.001683	1.522861	0.0084
financial leverage	-0.400753	0.022907	-17.49440	0.0000
firm size	-0.006975	0.005707	-1.222287	0.2221
determination factor	0.176			
damping determination factor	0.172			
camera- Watson	1.652			
method F	39.6303			
odds (method F)	0.0000			

Second Hypotheses: There is a meaningful relationship between financial information transparency and prospective output.

According to table number (2-1), odds amount (F) Limer is less than 0.05 for this model. Therefore, we use picture method for this hypothesis. According to Harman's test odds and second model test odds is less than %5 which is used by stable affections method in this research. The results regarding determination factor indicates that almost %28 of variable changes depend on independent variables instrument and control model. In factors meaningful study and according to offered result, since the method odds (t) for financial information transparency variable factor is less than 0.05. As a result, existence of meaningful relationship between financial information transparency and prospective output will be confirmed in assurance level of %95. It means that there is a meaningful relationship between financial information transparency and prospective output. Being negative for this variable (1.220075-) represents the existence of a reverse relationship. It means that there is a meaningful and negative relationship between financial information transparency and prospective output. In the other words, if financial information transparency increases, prospective output rate will decrease. Second hypothesis results of the research are adjusted with result of Mary and colleagues' research (2013), Barth and colleagues' research (2013), Haghighat and Alavi research (1392).

Table (2-1): Second Model Estimation Results

variables	Estimate Factor	Standard Error	Method (t)	Supposition
C	-44.81669	81.13416	-0.552378	0.0210
financial information transparency	-1.220075	0.240310	-5.077100	0.0000
firm size	4.933189	6.019782	0.819496	0.4130
growth opportunity	-1.865054	0.171269	-10.88962	0.0000
Cash flows risk	3.124300	7.182753	0.434973	0.6638
determination factor	0.313			
Damping determination factor	0.283			
camera- Watson	2.173			
method F	1.5624			
odds (method F)	0.0006			

VII. DISCUSSION AND CONCLUSION

Financial information transparency can be reduced interest conflict problems and agency like information asymmetry and realize the business leadership system duty. (Ashbaugh, Collins, LaFond, 2004)

Vishwanath and Kaufmann, (1999) defined the transparency as in time flow increasing and being reliable economic, society and politic information which is available for all related beneficiaries.

Banz was believed that adding firms marketing value in regression between output and stock beta cause to describe the difference between firms stock output average better.

Mary and colleagues (2013) studied about investing cost and income transparency in their research. Also, they offered evidence that companies with more transparent income benefit less investing cost.

The main purpose of the research is studying the relationship between conditional conservatism and financial crisis in accepted firms in Tehran stock exchange during time period 2009 up to 2014. Statistical society is used by screening (omissive) model for selecting a sample which is studied in 122 companies. Current research methodology is applicative by aiming, its type is correlated, its model is panel data and for analysis by software of EVIEWS8.

VIII. SUGGESTIONS BASED ON RESEARCH RESULT

Based on obtained results of the research first hypotheses, managers and Stock Exchange Organization can assess firms past revenue and the affection of properties output on financial information transparency and also investors can have perfect decisions by using the research results.

Based on obtained results of the research second hypotheses, managers and Stock Exchange Organization can assess firms past revenue, take optimized decisions for future and affection of stock prospective output on financial information transparency and also investors can have perfect decisions by using the research results.

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