The relationship of different measures' information content of company size in determining abnormal stock returns companies listed on Tehran Stock Exchange

Shahin Sanechi Mothlagh, Fatemeh Samadi, Zohre Hajiha

Electronic Branch, Islamic Azad University, Tehran, Iran

Original Article:
Received 24 Jan. 2015 Accepted 22 Feb. 2016 Published 06 March. 2016

ABSTRACT

The relation of information content of organization different criteria on abnormal stock returns of companies within Tehran stock exchange is studied in this paper. The scientific purpose of this study is to review the impact of accounting fundamental variables on explaining the value and returns of firms and its applicable purpose is to review the effective factors on stock price in order to help liberal analyzers to choose appropriate stocks for investment through providing effective factors on abnormal stock returns within Tehran stock exchange. Research data are the combination of financial variables of 120 firms participating in Tehran stock exchange in the period of recent 10 years (2004 – 2014). Research methodology, data method was panel and hypotheses test was through Fisher. Obtained results indicate negative and significant relation of future abnormal returns of firms with the asset value and the value of total asset market. In another analysis it is indicated that in case of considering market value to two variables of asset value and market value of total assets, the strength of model explanation and value relation will not be changed. In addition, abnormal stock returns in portfolio of firms with low and high total asset value and firms portfolio with high and low total asset market value are different.

Keyword:
- Abnormal stock returns
- criteria of organization size
- market value
- market value of total assets

* Corresponding author: Fatemeh Samadi

Peer review under responsibility of UCT Journal of Management and Accounting Studies
INTRODUCTION
A dynamic, agile and effective organization in leading and investment market policy-making with the purpose of achieving a fair, efficient, disciplined and dynamic market and having tools, entities and advanced financial markets are the goals of stock organization and it is known as the exchange organization outlook.

In this research, the relation between the criteria of organization size and its impact on abnormal stock returns of firms within Tehran stock exchange and some of effective factors on it are reviewed. This chapter is to explain research problem, the necessity and significance of the subject, research questions, expected results, methodology and the intended population. One of the significant purposes of accounting researches is to review the value relation of accounting variables. In 1995, Olson has provided a model based upon accounting data for determining intrinsic value of companies. In this model, he predicts the value of firms by the accounting information of companies. Since that time, lots of researches have been done in the area of accounting in order to review the relation among different accounting variables with the value of companies’ market, its results was that accounting information are having significant relation with the value of companies’ stock market. Such kind of studies is known as the studies of value relations. In such kind of studies, the purpose of review is to know whether accounting variables can have role in explaining firm’s value. Therefore, this study is to indicate whether using different criteria of organization size in model of explaining abnormal stock returns of companies can be effective on the strength of explaining related models or not.

Literature and previous research
The researcher-internal
In financial literature, several studies have reviewed the impact of fundamental variables on stock return rate. Ahmadpour and Saghafi (1999) have reviewed the impact of financial lever and operational lever and organization size on systematic risk of firms. The results of their study indicated that financial lever is affecting systematic risk, while operational lever is not having impact on systematic risk. Organization size (assets) is significantly effective on risk. In other words, the more is the asset of firms, their systematic risk will be decreased. Eivani (1999), in his study, has indicated that stock portfolio is not having high returns with the lowest ratio of asset value to market value. Hanifi’s (1997) and Zarif fard and Ghaemi (2003) studies have indicated that beta only cannot justify the dispersion of returns with the lowest ratio of asset value to market value.

Syed Jalal Sadeghi Sharif (2003) in his research, titled design of pricing model for capital assets (CAPAM) within Tehran stock exchange, has considered risk factor, the relation between risk and expected returns and localization of CAPAM model and providing an appropriate model in order to display the relation between risk and returns during all the periods even the periods which market risk is low. The obtained results indicate that pricing model for capital assets cannot explain returns behavior and its relation with beta under the condition that the market direction is negative (Negative market risk premium), and when the market direction is positive and it is going up, risk and returns relation is positive.

Bagherzadeh, in his study, has reviewed the effective factors on stock return within Tehran stock exchange in the period of 1998-2005. The results indicate that there is a linear and positive relation between systematic risk and Tehran stock exchange returns. But this relation is highly weak statistically. Also, among the studied variables, three variables of organization size, the ratio of asset value to market price and ratio of profit to price were having the highest impact in explanation of stock returns. Unlike the expectation of the three variables’ relation with stock returns were in contrary with recorded relation within financial literature. In other study, Rahmani et al, have reviewed significant relation between betas, ratio of asset value to market value with stock returns. The results of relation between beta and returns in three portfolios have indicated that the portfolios with higher beta are having higher returns in comparison with portfolios with lower betas. Bahramfar and Shams Alem (2005), have reviewed the impact of accounting variables on future abnormal stock returns for firms within Tehran stock exchange. The findings of their study have indicated that accounting variables are having information content and distribution of dates recorded within financial statements are impacting on future abnormal stock returns.

Also, the variables of financial lever degree, Accruals, the company's market value, debt-to-equity ratio, The cost of borrowing and the distribution of dividends are having negative relation with future abnormal stock returns while the variables of fixed assets’ return rate and operational cash are having direct relation with future abnormal stock returns. Modares and Asgari, in a research, have identified the effective factors on abnormal stock returns of initial stocks in Tehran stock exchange. The obtained results indicate that only three variables of the type of audit firm, organization size and the error of predicting profit for each stock are having significant relation with abnormal stock returns. The study by Rahmani et al (2007) indicates that there is a significant relation between beta, ratio of asset value to market value with stock returns. The results of the relation between Beta and returns in three stock portfolios indicate that the portfolios with higher betas are having higher returns in comparison with portfolios with lower betas. The results of Salamanpour (2005) study about the impact of organization size on stock returns indicated that size is not having significant impact on returns. Fama and French model have been tested in several studies within Tehran stock exchange. For instance, the results of the study by Robat Meili (2008), confirm three factorial models of Fama and French for predicting stock returns in Tehran stock exchange. Dr. Gholamreza Soleimani and Mahdi Shajar (2010) confirm significant relation of changes in profitability, receiving accounts and gross profit margin by abnormal stock return. On basis of studies by Dr. Syed Hossein Zolnour and Mohammadreza Heidarnia (2011), significant relation of some ratios of profit division policy, change in investment structure, change in sales ration on inventories, change in inventories, change in ration of net profit on the income of shareholders and change in profit of each share have been confirmed by abnormal stock returns. In other studies by Dr.
Abdolkarim Moghaddam and Sultan Javanmardi (2012), with subject of relation between financial reporting and dispersion of abnormal stock return, lack of significant relation between committed items’ quality and abnormal stock returns has been proven. The study by Mohammad Hosseinzadeh Ghaemi and Ghassem Askarzadeh (2012) indicates that the strength of items based on accounting variables for testing abnormal return is equal with strength of items based on market variables. Based on a comparison, between two methods of cumulative returns and identical return, the strength of different statistics for exploring abnormal returns in method of cumulative return in comparison with identical return was higher. The research by Dr. Syed Mahmud Musavi Shirii and Navid Mehrzad (2013) was about reviewing relation among conservativeness and abnormal stock return, positive and significant relation among the ratio of value to market and lack of significant relation among committed items have been confirmed by abnormal stock returns.

The researcher-foreign

The initial cross-sectional studies on stock return such as Nicholson (1960) were not getenough attention due to the used small samples to perform experimental tests. Finally the databases developed by the researchers were able to createlarge enough samples with high quality or reliable results and reliable way to test and predict the CAPM model. Subsequently after a few years of presenting the model, variables such as the ratio of market value to the book value and ratio of price to earnings did not exist. Kim (1990) in order to evaluate monthly return of stock portfolio, he first reviewed the impact of organization size on return and he found out that smaller companies are having higher returns rather than bigger companies; also Kim (2003) and Benz (1981) have concluded that the factor of size is having higher influence rather than Beta coefficient for explaining stock return, but the studies by Jeff et al (1989), and the research by Muska Ariolla (2004) indicate that there is no any significant relation between size and the rate of stock returns. The study by Luthia Garajan (1993) has introduced 12 variables as fundamental variables on stock returns. Abarbanelo Bushi (1997), Pivotski (2000) and Paskalniuen (2003) have considered these variables in studies.

Fama and French research (1992) has indicated when Beta is utilized as the only factor for predicting returns, then the relation between Beta and return will be vanished; therefore, Beta cannot justify the dispersion of returns. Fama and French (1996), in other study, have concluded that the factors of profit ratio on price and organization size are more reliable factors for predicting stock return rather than Beta. It is also proven in studies by Basso (1983), Chan, Hamao and Lakonishok (1991), Lakonishok et al (1994). Clifford (1994), studied about the explanatory power of variables of Beta, value on market value ratio, ration of debit on the shareholders’ equities, ratio of profit on market value and past return for future return. Before that, Fama and French have found out that organization size and the ration of value on market value; are having more explanatory power for future returns rather than other variables. The result of Clifford study indicated that two variables of “ratio of book value to market value” and “organization size” are consisting of explanatory power for future return. However, these two variables are not enough for explaining expected returns. The results of Frankel and Lee (1998), indicate that market value is effective on abnormal stock return. The results of Levine (2000) show that the ratio of book value to market value, has the explanatory power of future returnsonly together with other factors such as beta. Lam (2002) showed that three factors of size, ratio of book value to market value and earnings-price ratio can explain the differences in stock returns on the Hong Kong Stock Exchange. Achick and colleagues (2003) demonstrated that ratio of book value to market value is very high in predicting the ability of future returns and that is linked with stock price dispersion. (2002) indicated that Fama and French three-factor model represent the better results in comparison with the capital asset pricing model in French stock exchange due to the addition of SMB and HML stock returns. Aim of the research of Penman et al (2007) was to examine the relationship between operational and financial components of stock returns. The results showed that operating component is positively related to stock returns and leveraged component has a negative correlation with stock returns as well. The results of Rosenberg and colleagues confirmed the important role of book value to market value in explaining the expected returns and positive relationship between the ratios of book value to market value yield was approved.

Questions and hypotheses

According to the theoretical foundations of the research, the following questions are arising:

1- Dothe book value of total and market value of total assets have negative and significant relationship with company’s future abnormal returns?
2- Dothe book value of total and market value of total assets increase explanatory power of the model of output and the value relevance? If the market value will be considered.
3- Is an abnormal stock return in the portfolio of companies with high and low total book value of assets different? In addition, is abnormal stock return in the portfolio of companies with high and low market value of total assets different?

To answer the research questions, the following hypotheses have been developed:

-Hypothesis number one: the book value of assets and the market value of total assets would have a significant negative relationship with company’s future abnormal returns
- Hypothesis number two: the book value of assets and the market value of total assets increased the explanatory power of model of output and the value relevance, if the market value will be considered
- Hypothesis number three: abnormal stock returns in the portfolio of companies with total high and low book value assets is different and abnormal stock returns in the portfolio of companies with total high and low market value of assets is different.

How to test hypotheses

Due to the superiority panel data rather than cross-sectional data, panel data used to estimate the research models in this study. It should be noted that using cross-sectional econometric methods might be associated with problems of inefficiency and incompatibility of models'
estimation. Mentioned problems in estimating the models to combined data method and using methods such as Fixed Effect Model, Random Effect MODEL, Seemingly Unrelated Regressions (SUR) and Pooled Data would not exist. Meanwhile to reviewing obtained results of t-tests to investigate the significance coefficients and F test for total significance of the model used. Adjusted $R^2$ is used for the relationship between dependent and independent variables.

Statistical Society

The statistical population of the present study companies listed on Tehran Stock Exchange since the beginning of 2004 until the end of 2013 for 10 years, during this period they preserved their membership in the Stock Exchange.

Sample and sampling

Among all companies, those who were not eligible for any of the following conditions deleted and finally, all remaining companies were selected for the test.

Companies must provide enough information to all financial statements, including balance sheet, income statement and statement of cash flows.

Their financial year must end to 29 March.

Companies must have activity during research period on the Stock Exchange.

They must not have financial year changes during research period.

At least two consecutive years’ data must be in access.

Companies must not be in type of investment or financial intermediation.

In the present study due to the limitations mentioned, 120 companies were selected and investigated as the statistical sample.

Variables and how to measure them

<table>
<thead>
<tr>
<th>How to Measure</th>
<th>Type</th>
<th>Symbol variable name of the measure</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\alpha_{it}$</td>
<td>Dependent</td>
<td>$\alpha_{it}$</td>
<td>abnormal returns</td>
</tr>
<tr>
<td>$r_{it}$</td>
<td>Independent</td>
<td>DIVY</td>
<td>Dividend payout ratio</td>
</tr>
<tr>
<td>$\beta_{i}$</td>
<td>Independent</td>
<td>BETA</td>
<td>BETA</td>
</tr>
<tr>
<td>$\beta_{i}B$</td>
<td>Independent</td>
<td>LnBTM</td>
<td>The ratio of book value to market value</td>
</tr>
<tr>
<td>$\beta_{i}V$</td>
<td>Independent</td>
<td>LnMV</td>
<td>Market Value</td>
</tr>
<tr>
<td>$\beta_{i}T$</td>
<td>Independent</td>
<td>LnTBA</td>
<td>Book value of total assets of the acquired company</td>
</tr>
<tr>
<td>$\beta_{i}C$</td>
<td>Independent</td>
<td>LnMVTA</td>
<td>Total market value of the company is obtained</td>
</tr>
</tbody>
</table>

Figure (1): descriptive statistics research

Date: Sample: 2004 - 2013

<table>
<thead>
<tr>
<th></th>
<th>LNBTM</th>
<th>LNBM</th>
<th>LNMVTA</th>
<th>LNTBA</th>
<th>RET</th>
<th>RM</th>
<th>BETA</th>
<th>DIVY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>-0.273649</td>
<td>5.508167</td>
<td>5.889658</td>
<td>5.748000</td>
<td>0.279100</td>
<td>0.330200</td>
<td>1.134733</td>
<td>0.614750</td>
</tr>
<tr>
<td>Median</td>
<td>-0.250000</td>
<td>5.450000</td>
<td>5.810000</td>
<td>5.705000</td>
<td>0.165000</td>
<td>0.157500</td>
<td>1.030000</td>
<td>0.700000</td>
</tr>
<tr>
<td>Maximum</td>
<td>1.510000</td>
<td>7.610000</td>
<td>7.980000</td>
<td>7.900000</td>
<td>1.860000</td>
<td>1.045000</td>
<td>3.850000</td>
<td>2.030000</td>
</tr>
<tr>
<td>Minimum</td>
<td>-2.770000</td>
<td>4.020000</td>
<td>4.320000</td>
<td>4.250000</td>
<td>-0.800000</td>
<td>-0.129000</td>
<td>0.050000</td>
<td>0.000000</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.362012</td>
<td>0.634060</td>
<td>0.585700</td>
<td>0.592826</td>
<td>0.504999</td>
<td>0.382417</td>
<td>0.577705</td>
<td>0.378054</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.304375</td>
<td>0.422934</td>
<td>0.624059</td>
<td>0.601531</td>
<td>1.055829</td>
<td>0.574730</td>
<td>1.108038</td>
<td>-0.045774</td>
</tr>
<tr>
<td>Jarque-Bera</td>
<td>419.0379</td>
<td>47.26903</td>
<td>128.1237</td>
<td>140.5469</td>
<td>297.0352</td>
<td>109.8764</td>
<td>393.5522</td>
<td>3.362415</td>
</tr>
<tr>
<td>Probability</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.186149</td>
</tr>
<tr>
<td>Sum</td>
<td>-324.0000</td>
<td>6609.8000</td>
<td>7067.5900</td>
<td>6897.6000</td>
<td>334.9200</td>
<td>396.2400</td>
<td>1361.6800</td>
<td>737.7000</td>
</tr>
<tr>
<td>Sum Sq. Dev.</td>
<td>155.0354</td>
<td>482.0364</td>
<td>411.3106</td>
<td>421.3796</td>
<td>305.7736</td>
<td>175.3447</td>
<td>400.1581</td>
<td>171.3665</td>
</tr>
<tr>
<td>Observations</td>
<td>1184</td>
<td>1200</td>
<td>1200</td>
<td>1200</td>
<td>1200</td>
<td>1200</td>
<td>1200</td>
<td>1200</td>
</tr>
</tbody>
</table>
In general, according to the information values above table shows the descriptive statistics of the variables in the variable dispersion medium can be concluded that this issue can be deduced the standard deviation, also from the mean and median of the can be symmetrical or variable not conclude that all variables with relative symmetry.

Tests correlation coefficients

Figure (2):
Pearson correlation coefficients

<table>
<thead>
<tr>
<th>Correlation Probability</th>
<th>LNBTM</th>
<th>LNMV</th>
<th>LNMVT</th>
<th>LNTBA</th>
<th>RET</th>
<th>RM</th>
<th>BETA</th>
<th>DIVY</th>
</tr>
</thead>
<tbody>
<tr>
<td>LNBTM</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LNMV</td>
<td>-0.335865</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LNMVT</td>
<td>0.0000</td>
<td>0.071862</td>
<td>0.896475</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LNTBA</td>
<td>0.197713</td>
<td>0.762093</td>
<td>0.950088</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RET</td>
<td>-0.096213</td>
<td>0.094830</td>
<td>0.023843</td>
<td>-0.033978</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RM</td>
<td>0.012461</td>
<td>0.077841</td>
<td>0.083193</td>
<td>0.082475</td>
<td>0.219144</td>
<td>1.000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BETA</td>
<td>-0.027255</td>
<td>-0.065222</td>
<td>-0.064053</td>
<td>-0.069376</td>
<td>0.279084</td>
<td>0.163498</td>
<td>1.000000</td>
<td></td>
</tr>
<tr>
<td>DIVY</td>
<td>-0.013457</td>
<td>0.156908</td>
<td>0.027481</td>
<td>-0.001880</td>
<td>0.180747</td>
<td>-0.038833</td>
<td>-0.153892</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

To detect the presence and direction of a linear relationship between variables, Pearson correlation coefficients were tested and the results are in table (4-2) is provided. As can be seen, the correlation coefficient Independent variables in the model represents no greater affinity to each other.

Assess the reliability of variables

Prior to estimate model parameters, variables, the Dickey-Fuller test is investigated. The results of a reliability test the variables in Table 3-4 reads:

<table>
<thead>
<tr>
<th>Variables</th>
<th>LNBTM</th>
<th>LNMV</th>
<th>LNMVT</th>
<th>LNTBA</th>
<th>RET</th>
<th>RM</th>
<th>BETA</th>
<th>DIVY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dickey-Fuller test</td>
<td>642.106</td>
<td>526.852</td>
<td>594.401</td>
<td>816.843</td>
<td>703.034</td>
<td>573.074</td>
<td>541.796</td>
<td></td>
</tr>
</tbody>
</table>

As you can see unknown variables are stable at 95 percent. Parameters can be estimated without the worry of them being false.

A summary of the second hypothesis and statistical results obtained
### Figure (4): The first hypothesis and results at a glance

<table>
<thead>
<tr>
<th>Description</th>
<th>Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The first hypothesis</strong></td>
<td>Hypothesis reviews</td>
</tr>
<tr>
<td>Do the book value of total and market value of total assets have negative and significant relationship with company's future abnormal returns?</td>
<td>Question assumptions</td>
</tr>
<tr>
<td>the book value of assets and the market value of total assets would have a significant negative relationship with company's future abnormal returns</td>
<td>Target hypothesis</td>
</tr>
</tbody>
</table>

**Model 1**

\[ \alpha_{it} = (r_{it} - r_{mt}) = \alpha + \beta_1 \text{DIVY}_{it} + \beta_2 \text{BETA}_{it} + \beta_3 \text{LnBTM}_{it} + \beta_4 \text{LnTBA}_{it} + \epsilon_{it} \]

**Model 2**

\[ \alpha_{it} = (r_{it} - r_{mt}) = \alpha + \beta_1 \text{DIVY}_{it} + \beta_2 \text{BETA}_{it} + \beta_3 \text{LnBTM}_{it} + \beta_4 \text{LnMVT}_{it} + \epsilon_{it} \]

**Independent variables:**

- \( \text{Ln MVTA} \)
- \( \text{Ln TBA} \)

**Dependent variable:**

- \( \alpha_{it} \)

**Test**

- Durbin-Watson statistic (the assumption of autocorrelation between the sentences of the remaining models)
  - Model: Durbin-Watson statistic = 2.12
  - Four: Durbin-Watson statistic = 2.08

- F statistic (Fisher assumption of significant adoption of the model (there was a significant linear relationship between independent and dependent variables))

**The result of the estimation models**

- Model 1
  - Variable rate asset book value: -1.1
  - Significant level of asset book value: 0.000
- Model 2
  - Variable coefficient market value of total assets: -0.814
  - Total market value of assets are significant: 0.000

**The results of research**

The result of the first hypothesis indicates that there is a negative and significant relationship between Book value of assets and the market value of total assets of company's upcoming abnormal returns.

### A summary of the third hypothesis and statistical results obtained

### Figure (5): The second hypothesis and results at a glance

<table>
<thead>
<tr>
<th>Description</th>
<th>Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The second hypothesis</strong></td>
<td>Hypothesis reviews</td>
</tr>
<tr>
<td>Do the book value of total and market value of total assets increase explanatory power of the model of output and the value relevance? If the market value will be considered.</td>
<td>Question assumptions</td>
</tr>
<tr>
<td>The book value of assets and the market value of total assets increased the explanatory power of model of output and the value relevance, if the market value will be considered</td>
<td>Target hypothesis</td>
</tr>
</tbody>
</table>

**Model 1**

\[ \alpha_{it} = (r_{it} - r_{mt}) = \alpha + \beta_1 \text{DIVY}_{it} + \beta_2 \text{BETA}_{it} + \beta_3 \text{LnBTM}_{it} + \beta_4 \text{LnTBA}_{it} + \epsilon_{it} \]

**Models used to test the first hypothesis**

*Model 1*
Independent variables:

\( \ln MVTA \)

\( \ln TBA \)

\( \ln MV \)

Dependent variable:

\[ \alpha_i = (r_{it} - r_{mt}) = \alpha + \beta_1\text{DIVY}_{it} + \beta_2\text{BETA}_{it} + \beta_3\text{LNTBA}_{it} + \beta_4\text{LNMVTA}_{it} + \beta_5\text{LNMV}_{it} + \varepsilon_{it} \]

\[ \eta_{it} = (r_{it} - r_{mt}) = \alpha + \beta_1\text{DIVY}_{it} + \beta_2\text{BETA}_{it} + \beta_3\text{LNTBA}_{it} + \beta_4\text{LNMVTA}_{it} + \beta_5\text{LNMV}_{it} + \varepsilon_{it} \]

\[ \omega_{it} = (r_{it} - r_{mt}) = \alpha + \beta_1\text{DIVY}_{it} + \beta_2\text{BETA}_{it} + \beta_3\text{LNTBA}_{it} + \beta_4\text{LNMVTA}_{it} + \beta_5\text{LNMV}_{it} + \varepsilon_{it} \]

Variables

\( F \) statistic Fisher assumption of significant adoption of the model (there was a significant linear relationship between independent and dependent variables)

Wong z test (content analysis of the relationship Value of Models 1 and 3 / models of 2 and 4)

The results of the estimation model

- Determining factor model 1: 0/192
- Determining factor model 2: 0/1651
- Determining factor model 3: 0/191
- Determining factor model 4: 0/1648

The significance level Wong Compare Models 1 and 3: 0/17
The significance level Wong Compare Models 2 and 4: 0/44

The results of the second hypothesis indicate that if market value is into account, we will have significant negative relationship. In the second part of this hypothesis, it was shown that the market value of total assets has lower effect than value of assets of abnormal stock returns.

The results of research

A summary of the fourth hypothesis and statistical results obtained

Figure (6): The third hypothesis and results at a glance

<table>
<thead>
<tr>
<th>Case</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis reviews</td>
<td>The third hypothesis</td>
</tr>
<tr>
<td>Question assumptions</td>
<td>Is an abnormal stock return in the portfolio of companies with high and low total book value of assets different? In addition, is abnormal stock return in the portfolio of companies with high and low market value of total assets different?</td>
</tr>
<tr>
<td>Target hypothesis</td>
<td>Abnormal stock returns in the portfolio of companies with total high and low book value assets is different and abnormal stock returns in the portfolio of companies with total high and low market value of assets is different.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variables</th>
<th>(( \ln MVTA ))</th>
</tr>
</thead>
<tbody>
<tr>
<td>(( \ln TBA ))</td>
<td></td>
</tr>
</tbody>
</table>
Dependent variable:

Average comparison test

- Test

Comparison test measures average abnormal returns with a book value of total assets

The average at least: 0.049
Average in most categories: 0.043

Compare abnormal test average return on equity criteria Total market value

The average at least: 0.036
Average in most categories: 0.043

The results of the estimation models

The results of research

Conclusion assumptions and suggestions

After reviewing the 120 companies listed on Tehran Stock Exchange during the period 2004-2013, the following results were obtained from the hypothesis:

The result of the first hypothesis:
The result of the first hypothesis indicates that there is a negative and significant relationship between Book value of assets and the market value of total assets of company's upcoming abnormal returns.

The result of the second hypothesis:
The results of the second hypothesis indicate that if market value is into account, we will have significant negative relationship. In the second part of this hypothesis, it was shown that the market value of total assets has slower effect than value of assets of abnormal stock returns.

The result of the third hypothesis:
In a further analysis of the third hypothesis in this study, it was shown that I the market value will be considered for two variables of book value of assets and the market value of total assets, the explanatory power of the model and the value relationship does not change.

The result of the fourth hypothesis:
After the fourth hypothesis, it was concluded that abnormal stock returns is different in portfolio of companies with a total high and low book value of assets and portfolio of companies with total market value of low and high.

Limitation of research journal

Restrictions arising from the terms of the population

Lack of reliable data required to calculate the variables caused some firms to the firms in the sample are not Located in the domain

Limitation of time

In this study, only firms listed in the Tehran Stock Exchange between the years 2004 to 2013 were studied. Therefore, the results obtained can be used only for the period under review.

Complex and costly procedure

Data collection for the combined data difficult, frustrating and costly. That's about the complexity and costliness of restrictions arising from the method of statistical technology growth

Practical suggestions

Identify factors affecting stock returns are always subject to many different countries and has been the basic needs of shareholders and analysts. Continued research in this area may lead to provide the ability to extend the model with fewer errors and more. According to bottlenecks and research findings, recommendations can be expressed as follows.

A - Due to abnormal changes in the overall model efficiency to all market participants, analysts and investment recommendations Recommended measures of firm size in terms of the decision in order to select high-yielding.

B - The results of the study suggest that shares fundamental analysis of publicly available through the Tehran Stock Exchangeshareholders, to the shareholders with full knowledge of the fundamental conditions of the share purchase.

To research proposals for the future

A - Investigate the nonlinear relationship between the prediction error abnormal stock returns.

B - Due to the significance of the relationship between accounting items and future abnormal returns of stocks, it is recommended that auditors with enough sensitivity to assess the trusted exchange items that have information content and behoof of investors, more developed to predict the next abnormal returnsstockof themgetsethem.

C - The impact of accounting variables that can affect stock returns in the stock market and securities industry separately examined.

D - The relationship between accounting value and other indicators of macroeconomic variables on abnormal stock
returns due to economic and political issues affecting returns.

E - Review global economic policies and issues of economic sanctions on the abnormal stock returns in the capital market

F- the identification and evaluation of accounting variables influencing cumulative abnormal returns of new shares that have not been investigated in this study, such as the degree of financial leverage, accruals, return on investment, the growth of fixed assets, operating cash flow, debt-to-equity ratio, interest costs and dividend distribution.

G - The effect of inflation and other macroeconomic indicators on the relationship between the prediction error and abnormal stock returns.

Sources and references

List of resources for research.

Persian sources:

English resources: