African Journal of Business Management Vol. 6(5), pp. 1906-1915, 8 February, 2012
Available online at http://www.academicjournals.org/AJBM
DOI: 10.5897/AJBM11.1707
ISSN 1993-8233 ©2012 Academic Journals

Full Length Research Paper

The relation between financial information transparency and firms characteristics of listed companies on Tehran Stock Exchange

Mahdi Salehi[1]*, Mahdi Moradi[1] and Ali Mansoury[2]

[1]Accounting, Ferdowsi University of Mashhad, Iran.
[2]Management Department, Ferdowsi University of Mashhad, Iran.

Accepted 10 October, 2011

In this study, the transparency of listed companies on Tehran Stock Exchange is measured by determines transparency scales in Bushman et al. (2004). The characteristics of companies are classified into two groups of variables: Structural (size and leverage) and related to market (type of industry and listing status) during 2010. Spearman and Pearson correlation coefficient is employed to examine hypothesis and logistic regression is used to design the model to measure the transparency. Results show that 90% level of significance is transparency of financial information is related to companies' size and listing status and does not have any dependency on lever scale and type of industry.

Key words: Transparency criteria, transparency of financial information, characteristics of companies.

INTRODUCTION

Nowadays, the quick changes in the world are able to be controlled just on behinds of markets, organizations and people information. At the moments, managers are engaged with these challenges in making decisions and thereby their vital attentions are pointed to the information and its accuracy. Needs to accurate and punctual information to make decision and choose relevant strategies, have progress the different styles of communications and information networks in all organizations and markets (Salehi, 2008; Namazi and Salehi, 2010). Thus, organizations and markets need to have information transparency insides. The information transparency of market is depended on participated members in market to see the related information to transaction process. In fact, the information transparency in organizations and markets is a vital element to make decisions and safe control of information process.

The other reason of information role relief in modern ages is the increase of importance of private participation in improvement of goods and services quality (Salehi and Azary, 2009). The main objective of private participation expansion is to increase the proficiency of economic institutions and optimize the resources devotion. To achieve such an objective, the dominance of market instructions upon economic pragmatics decisions is more important. It is necessary to prepare safe comparative area for market instructions and the safe comparison is not signified without transparent information. So, one of the necessities of safe comparison is the access of market participants to transparent information. One of the important active markets in private department is capital market in which transparent information is highly affected on its functions. Imperfection of information increases the trade expenses and market failure in optimized devotion of resources (Salehi, 2009). If the information which does not form part of the decision making process is more transparent and achievable, better decisions are made in the optimized devotion of resources and finally devotional functions, which is the final goal of capital market are achieved (Salehi and Biglar, 2009). Market is always engaged in unsafe financial and information trades and lack of information in one of the unchangeable traits of market. Wherever there are financial cases, there are undoubtedly information problems and the reason for

*Corresponding author. E-mail: mahdi_salehi54@yahoo.com.

signing contract among different groups engaged in trades is to decrease the information problems (Salehi and Rostami, 2009). There is no doubt that no one knows companies best except themselves and there is always information asymmetry. The unsimilarity of sides' information and probability of use of mentioned information to achieve personal interests create two phenomena, "adverse selection", "moral hazards".

Transparency in presented information like intentional non distortion of information and not to hide relevant information and obligation for revelation of all relevant information in decision making process can decrease information asymmetry to some extent (Moradi et al., 2011). Such a situation results better and more wisely decision making in less risk. Thus, resources devotion is into more productive and functional companies and companies with weak functions can not earn by cheating market and presenting opaque information and companies with good functions never face to financial crises and problems in financial resources supplement. They probably continue their profitable process and market will be stable from the view of information transparency and decision made optimization (Moradi and Salehi, 2011).

Transparency measuring scales

Complexity of transparency concept made its measurement difficult. Conceptually, low transparency can be measured by received information accuracy which is a function of relevance and information quality. Recent attempts to measure transparency have used scales like financial crises, corruptions or profit grade. Nevertheless, mentioned factors cannot be attributed to opaque completely. Hallwood (2001), mention the transparency elements of relevance as follows:

1. Financial results and operational achievements of companies.
2. Major stockholders, voting, information of stockholders' commission.
3. Board of directors and key executive managers, structures and procedures, their awards.
4. Relevance related to clerks and other stockholders.
5. Juridical structure and proprietorship.
6. Outside of companies, comparative situations and strategies.
7. Financial objective of companies, achievements and provident manifests.
8. Real cost stimulus, risk predictable invoices and companies management style.
9. Non executive managers and their interests.

Previous researches have used different models like CIFAR indicator, Dipiazza et al., (2002) model, Bushman et al. (2004) model and standards and poors association model to measure the transparency. Tree dominant models are used to measure the transparency in the world which has been utilized in most previous researches: Buchman et al. (2004) model, CIFAR indicator and, S and P association model.

Center for international financial analysis research (CIFAR) indicator

International research and financial analyses center published relevance quality indicator and transparency in 1993 and 1995. This indicator examined more than 90 cases in annual financial reports of some corporations in different countries and some researchers like La Porta et al. (1998) have utilized these indicators to study the accounting transparency relations, legal structures, culture and economical proficiency in different countries.

Dipiazza et al. transparency model

Dipiazza et al. (2002) presented a new model for corporation transparency, three levels of company transparency which is a modern perspective of corporation. Three levels are:

1. First level: Numbers of global GAAP.
2. Second level: Specific standards of industry to assess and proficiency report which are administered by industries.
3. Third level: Specific information of corporation that is strategy, plans, risk management procedures, payment policies of specific proficiency indicators of corporation, juridical principals of corporation.

Not only three levels model does not need companies to report their information in three unsteady levels, but also investors and stockholders profit information in a way of reporting information in three integrated levels which reveals the perspective of corporations. Because the asset markets act proficiently and effectively, reporting chain of companies, executive managers, board of directors of information distributors, independent auditing, analyzers, standardisers and market regulators should be confident and trustable. The members of mentioned chain, to revive the public belief, should believe in transparency and practice it. Promotion of taking responsible culture, members' originality is also vitally important.

Bushman et al. transparency model

Bushman et al. (2004) have codified a framework to conceptualize and measure the corporation transparency which corporations' transparency has three main

elements:

1. Financial reporting (arbitrary or compulsory).
2. Announcing information via Medias and internet.
3. Gaining secret information and sending it by financial analyzers, fundamental investors and internal members of company. In different studies pointed to measuring different elements of transparency, followed scales are also used.

Related to first case, scales like information relevance through financial invoices footprint, information relevance about company dominance, relevance of major stockholders and managers, punctual financial reports, numbers of specific accounting items revealed in midterm reports, the amount of important procedures of accounting and numbers of midterm reports (International center of financial analyze and research, 1995), are used. One of the reasons of considering "information relevant instruments" as a transparency element is attention to "information availability" in transparency definition. Lack of appropriate instruments to transfer the information, faces financial reporting process by companies led to some problems. Thus, the information is not available for nominees and eaters so that advisable and optimized decisions will not be made. Dominance of different medias like numbers of published newspapers, TV channels per capita or medias proprietorship (governmental or personal, DJankov et al., 2001), are used to measure "the information announcing instruments".

Relation among information relevance to people, secret information processing and information collection process by investors are important criteria to devoting information to economics. Companies usually present secret information to market in three ways. More usual procedure of information presence is through financial analyzers. They analyze and present information after investigating financial reports of companies, interviewing managers or major suppliers of companies. So direct reporting of secret information by companies and analyzers who follow specific activity of corporation can be named for the last case of usable scale of transparency measurement (Chang et al., 2000). On the other hand, fundamental investors also collect and process information and deal within. This group does not have a common awareness of the market by their information, but are aware of the market with their decisions. Thus, the influence of fundamental investors in market (Beck et al., 1999) is another scale of measuring the transparency. Laws of secret information trade, considered as another scale, can be as an obstacle for corporations or persons who accessed the secret information. Whatever the laws are more rigorous, corporations or persons jobbery will be decreased or revelation of market information will be revealed more.

Now the question is, which variables should be used to measure market transparency in Iran? If the nominees' definition is accepted among different definitions of transparency, variables measuring the elements of definition are suitable. "Punctual and reliable progress of information" through nominees and "its availability" is underlined in definitions. Consequently, the presented variables suitable for measuring the first and second elements of transparency are suitable for qualified measurement of transparency. Hence, there are few financial analyzers in Iran market; thus, reliable measurement of related variables via third element of transparency is limited in Iran.

Standard Poor's (2003) association model

In recent years, Poor's association has studied the qualification of rendering information and company transparencies with cooperation of different universities in different countries around the world. The results about Asia, Latin America, Southeast of Asia, Japan, Europe and North America during 2002 and 2004 have been published. The large listed companies in international exchanges are ranked within the mentioned model annually by the association. The model contains 98 scales in below district and is designed according to reporting standards of membered countries in OECD: (1) Proprietorship structure and owners rights (28 scales); (2) Financial transparency and information relevance (35 scales); (3) Management and board of director structure (35 scales). Transparency in proprietorship and owners rights is measured by 28 scales. The scales emphasized in stockholders relevance according to their (juridical, real, private or governmental) identities, stocks, the cost of published stocks, records and brief of commission negotiations.

Financial transparency and information relevance are measured by 35 scales. Most important scales are description of guidelines, details and scales related to commercial area and industry process and details of productions, sales and profits and activity department and market stocks. Transparency in board of directors and management is measured by 35 usable scales as follows: Broadcasting information about headmaster, other members of board of directors except their names, and titles such as their background, previous experiences as well length of their company with corporation, of information about key managers and board of directors' roles and duties.

LITERATURE REVIEW

More of the researches have been developed towards efficient factors to transparency. Researches results are divided into two main groups:

1. A group of researches show that environmental factors role such as dominated legal systems within financial

Reporting, supportive laws towards investors, progress and development of countries to clarify the transparency among different corporations in the world (Bushman et al., 2004);
2. Most researches have studied special features of corporations and found significant relation among some features such as size of corporation, profitability, proprietorship, board of directors members who are independent and off duties, dependency on financial support of out-organization and reliable relations, investing opportunities and utilizing independent auditors enrolled in world four big associations.

Hallwood (2001) investigates the relation between transparency and stock price after defining relevance and transparency, investigating reasons of importance of transparency and manner of measuring transparency in a thesis titled "how can we use internet to increase corporation transparency". Findings show that information context of stock price of corporations with less conceal in showing information, reflects their good situation. Thereby, he described elements of a good website to show information and reports of corporations. Damodaran (2002) administered a research titled "transparency and evaluation: Can you evaluate whatever is not seen?" He investigated the reasons of difficult and vague publish of financial reports by corporations, and then he looks for a solution to consider the transparency or unclearness of corporation announcement in their values calculation.

Bushman et al. (2004) administered a research titled "what determines the corporation transparency?" they have presented a framework to define constitutive elements of transparency and have investigated correlation between constitutive elements of transparency and causes of differences in transparency criteria in the world. Consequently, the research has made a framework to conceptualization and measuring transparency which corporation transparency has three major elements: (1) Financial reporting (arbitrary or compulsory); (2) information report via media and internet; (3) gathering confidential information and sending them by financial analyzers, fundamental investors and indoor members of corporation. Chiang (2005) administered a research titled "empirical study of corporation's proprietorship and its proficiency" and has investigated transparency of financial information and marking theory in Taiwan. Chiang (2005) used poor standard criteria to measure the information transparency. Chiang (2005) interpreted findings in such a way that there is a direct relation between information transparenting of a corporation and its executive proficiency. Chiang (2005) realized that there is a positive significant relation between a good proprietorship of a corporation and its proficiency. Huse (2005) investigated the role of transparenting dimensions of financial information on increasing capitals of exchange market in a research titled "effect of financial information transparenting on stockholders' behavior in Taiwan Stock Exchange". Results show that all three dimensions of transparency that is financial information relevance, transparency of proprietorship structure and transparency of boards of directors' structure affect on investors' behavior in exchange and transparency of proprietorship structure is most effectual of all. Of course, investors insist on financial information relevance the most.

Saad et al. (2009) have investigated the relation between the income statements and corporations' features in a research towards transparency of income statements and features of listed companies in Malaysia. Companies' features are divided into three groups: Structural (size, ratio, and numbers of stockholders), related to market (listing situation, type of industry) and proficiency (margin of profit, rate of capital revenue and cash). Results show that numbers of stockholders is the only important factor in transparency of incomes and the other features of transparency of profit and loss are not so important.

RESEARCH PROBLEM

Experiences show that even in countries with a regular reporting and culture of accounting, observational regulations on board of directors and auditors are applied and the best and most precise financial information are reported. Despite different observations, some managers can cheat irrespective of these audited financial statements; premiums, unjustified payment, transaction in sub corporations and stock transaction belonging to managers and their relatives and then preserve a bankrupted corporation apparently which is separated in the first shock. In recent decade, national and international financial markets are engaged in many financial crises. One of the crises reasons are lack of transparent and enough financial information in current environment. Most investors insist on transparenting information in their strategies. Nowadays, lack of information or uncertainty to them, is a major problem in financial markets. Reporting dishonestly leads to corporations bankrupting. Enron and WorldCom bankrupted in 21century and shocked U.S.A capital markets.

Nowadays, world capital markets agree with importance of transparency in preventing from corruption and also distorted information aimed to act illegally. Hence, operationalizing expressions related to transparency is not brilliant in real life and it is considered to be an important distance between theoretical concepts and progress and gathering empirical evidences about transparency. Even, the lack of transparency is evident in governments and financial affairs of developed countries and free communities. Regarding to importance of transparency and despite administered researches, investigation of theoretical aspects of transparency like

their roles in increasing hope toward long-term progress, development of market stability and preventing from short and long term crises via empirical researches, are required. Criteria of relevance of information to people are determined through accounting standards and instructions of stock exchange organization. The results can investigate the success of criteria in increasing transparency. Consequently, researchers, capital market rules enactors, standardizers and also financial analyzers consider it in rule and regulation enacting and finding solutions to promote transparency. It is also important to design a model to determine the corporations' transparency.

This study investigates the situation of accepted corporations into Tehran Stock Exchange and examines the determined factors affected on transparency. Consequently, this research is looking for the answers of following questions:

1. Determining transparency of listed companies on Tehran Stock Exchange.
2. Helping to determine cases promote financial information transparency of listed in exchange.
3. Determining factors affected on transparency of corporations' information and explaining relations between the factors and transparency.

RESEARCH METHODOLOGY

In order to achieving to first and second purposes of Bushman et al. model, measuring the transparency administered as follows, and hypotheses are considered according to previous researches to achieve third purpose:
1. There is a significant relation between transparency of financial information and size of company.
2. There is a significant relation between transparency of financial information and leverage.
3. There is a significant relation between transparency of financial information and kind of industry.
4. There is a significant relation between transparency of financial information and exchange listing position.
In this research, studied population is 173 listed companies on Tehran Stock Exchange during 2010.

Variables measurement

Dependant variables

Transparency of financial information: transparency of financial information is measured by 7 following criteria in accordance with “Bushman et al." model research related to transparency:

1. Punctual financial reports: If the financial reports are given within 4 month after end period of auditing, 1 point otherwise 0 point is considered.
2. Relevance of most important accounting procedures: Numbers of most important revealed procedures in notes attached to financial statements should be 7, more is considered 1 point and less is 0 point.
3. Saving decrease of investment cost or merchandise inventory: For relevance of this item to semiannua l audited midterm financial statements, 1 point otherwise 0 point is considered.
4. Transaction to dependant individuals: For relevance of this item to semiannual audited midterm financial statements, 1 point otherwise 0 point is considered.
5. Capital commitments: For relevance of this item to semiannual audited midterm financial statements, 1 point otherwise 0 point is considered.
6. Unusual and unexpected items: For relevance of this item to semiannual audited midterm financial statements, 1 point otherwise 0 point is considered.
7. Numbers of midterm reports: in order to present 3 midterm reports, 1 point otherwise 0 point is considered.

Final point of financial information transparency calculates through following equation:

$$\text{Transparency} = \frac{\sum_{i=1}^{7} d_i}{N}$$

In this equation:
Transparency = final rank of financial information transparency.
I = number of criteria
d = devoted point to each criteria
n = extreme point determinable

Independent variables

a) Size of company: Total current and incurrent assets are used to determine the size of corporation (Saad et al., 2009).
b) Leverage: Leverage is measured through dividing the incurrent debts into stockholders' equity (Saad et al., 2009).
c) kind of industry: The purpose is productive and unproductive. If the industry is productive, 1 point otherwise 0 point is considered (Saad et al., 2009).
d) Listing situation in exchange: First and second markets are considered as a listing situation in exchange. Corporations which are located in first market, get 1 point, the rests in second market get 0 point (Saad et al., 2009).

Data analysis

At first, descriptive statistics was used to investigate features of sample, then inferential statistics (Spearman correlation coefficient, Pierson chi-square test) was used to examine the hypothesis.

Descriptive statistics

Research data was gathered from 173 which consist of information of 173 listed companies on Tehran Stock ex$change. This information is about variables that is, size, Leverage, kind of industry, listing situation and transparency of financial information. The purpose is to study and investigate the relation and effects of independent variables such as size, lever ratio, kind of industry and listing situation on dependant variable, transparency of financial information. Calculation of every variable except kind of industry and listing situation are applied according to their formulas and changed to numbers. The data is measured according to ratio scale. Variability and central tendency scales are utilized to describe the variables. Each variable has 173 observations. The skewness and kurtosis coefficients of all variables show that all variables have inconsistent distribution. Central tendency and variability of variables are shown in Table 1.

Table 1. Central tendency and variability of variables.

Variable	Mean	Median	Variance	Skewness	Kurtosis
Transparency information	0.593	0.570	0.035	-0.174	0.812
Size of corporation	2331270	562192	5.647	7.901	72.633
Leverage	0.44	0.150	1.092	6.195	46.014

Inferential statistics

At first, Kolmogorov Smirnov test was administered to investigate the relation between independent variables, size of corporation and leverage and financial transparency in ratio scale. Results showed that distribution of any variables is not normal. The distribution diagram has shown that there is no linear relation between research variable. Regarding to unrealization of normal data distribution, relation between independent and dependent variables is not linear. So Pierson correlation coefficient can not be utilized. This test application is ignored and nonparametric analysis has been utilized. Dependent variable is divided into two states, up-median and down-median, to investigate relation between independent variables, that is, kind of industry and listing situation in nominal scale. Pierson's chi-square test has also been utilized. Results of Kolmogorov Smirnov test are shown in Table 2.

Hypotheses testing

H_1: There is a significant relation between transparency of financial information and size of company.

Spearman correlation is used to investigate the relation between transparency of financial information and size of company. Because the calculated error is less than 0.05 and gained correlation is positive, H_0 is rejected in level of significant 95% and H_1 is confirmed. So, a positive and significant relation between transparency of financial information and size of companies is accepted. Results are shown in Table 3.

H_2: There is a significant relation between transparency of financial information and leverage.

Spearman correlation is used to investigate the relation between transparency of financial information and lever ratio. Because the calculated error is more than 0.05, H_0 is accepted so there is no significant relation between two variables that is, there is any significant relation between transparency of financial information and leverage. Results are shown in Table 4.

H_3: There is a significant relation between transparency of financial information and kind of industry.

In this hypothesis, basic assumptions such as independency of observations, inconsistency of adaptive cells table and majority of expected distributions are considered. Results of comparison between expected distributions and observations of each variable are shown in Table 5. There are no distributions less than 5 in cells of distribution table. The least expected distribution is 8.3 and the least distribution is 10. Critical statistic of Pierson's chi- square in 95% level of significance and with degree of freedom 1 is 3.841. Statistic of chi-square is 0.654 and regarding to being less than critical statistic, level of significance is more than 0.05 and consequently sample function of examine is not in critical zone. So null hypothesis is not rejected and there is no significant relation between transparency of financial information and kind of industry.

It is shown in Table 5 that financial transparency over the median is 40.5% in productive industry and it is 50% in non productive industry. It is concluded that there is no significant difference between financial transparency of over median in productive industry and non productive industry. It is also verified in under median financial transparency and finally shows no significant relation between transparency of financial information and kind of industry. Thus, results of Pierson chi-square test are verified.

H_4: There is a significant relation between transparency of financial information and listing situation.

In this hypothesis, basic assumptions such as independency of observations, inconsistency of adaptive cells table and majority of expected distributions are considered. Results of comparison between expected distributions and observations of each variable have been shown in Table 6. There are no distributions less than 5 in cells of distribution table. The least expected distribution is 22.1 and the least distribution is 23. Critical statistic of Pierson's Chi-square in 95% level of significance and with degree of freedom 1 is 3.841. Statistic of chi-square is 7.062 and regarding to being more than critical statistic, level of significance is less than 0.05 and consequently sample function of examine is in critical zone. So null hypothesis is rejected and there is a significant relation between transparency of financial information and listing situation. Referring to significant relation between transparencies of financial information and listing situation, Mann-U Whitney test is utilized to determine the transparency of markets.

Hypothesis: There is a difference between financial transparency in first market and second market. Mann-U Whitney results show that level of significance is less than 0.05, thus significance difference is verified between two markets' transparency in 95% level of significance and on the other hand, the mean of first market rank is more than second market. Table 7 shows the results of Mann-U Whitney results.

Design and model explanation

We can apply verified independent variables in order to forecast the transparency of financial information after testing hypothesis. Logistic regression is utilized to do so. Results of logistic regression are shown in Table 8. Having coefficients of independent and dependent variables, logistic regression model can be explained and shown as follows:

$$Y = \frac{e^{0.621-0.881X_2}}{1+e^{0.621-0.881X_2}}$$

Consistent coefficient and variables coefficients and consistent scales of above model as follows:

e = 2.71828182
y = dependent variable (financial transparency)
X_i = independent variable (I = 1, 2)

In Table 8, *β1* is more than 0.05 and accounted level of

Table 2. Results of distribution test of studied variables.

Variable	Sample	Kolmogorov Smirnov test	Level of significance	Results of test
Transparency information	173	2.671	0.000	Test distribution is not normal
Size of corporation	173	4.990	0.000	Test distribution is not normal
Leverage	173	4.411	0.000	Test distribution is not normal

Table 3. Result of examining relation between transparency of financial information and size.

Hypothesis / Descriptive	Sample	Correlation coefficient	Level of significance	Statistical results
There is a significant relation between transparency of financial information and size	173	0.278	0.000	H_1 is accepted

Table 4. Result of examining relation between transparency of financial information and lever ratio.

Hypothesis / Description	Sample	Correlation coefficient	Level of significance	Statistical results
There is a significant relation between transparency of financial information and leverage	173	-0.065	0.393	H_2 is rejected

Table 5. Result of testing the relation between transparency of financial information and kind of industry. Industry type (transparency cross tabulation).

Industry		`Transparency		Total
		High median	Low median	
Non-manufacturing	Count	10	10	20
	Expecting count	8.3	11.7	20.0
	% within industry	50.0	50.0	100.0
	% within transparency	13.9	9.9	11.6
Manufacturing	Count	62	91	153
	Expected count	63.7	89.3	153.0
	% within industry	40.5	59.5	100.0
	% within transparency	86.1	90.1	88.4
Result of testing	Pearson chi-square		0.654	
	Level of significance		0.419	

significance of *β2* is less than 0.05 so it can be concluded that regression of transparency of financial information and listing situation in 95% level of significance, is significant. But the relation between transparency of financial information variable and size in this model can not be verified. On other hand, there is no significant relation between transparency of financial information and size of corporation in this model.

Model correction

After investigating two variables of study, final model of study includes listing situation variable. Logistic regression test should be administered with just one rest variable to explain the correct model. The model of final regression relied on data of Table 9:

$$Y = \frac{e^{0.619-0.885X_2}}{1+e^{0.619-0.885X_2}}$$

In aforementioned model:

X_2= listing situation
Y≥0.57 = corporation has financial transparency over median.

Table 6. Result of testing the relation between transparency of financial information and listing situation (listing status transparency cross tabulation).

Listing status		Transparency		Total
		High median	Low median	
Second market	Count	42	78	120
	Expect count	49.9	70.1	120.0
	% within listing status	35.0	65.0	100.0
	% within transparency	58.3	77.2	69.4
Main market	Count	30	23	53
	Expected count	22.1	30.9	53.0
	% within listing status	56.6	43.4	100
	% within transparency	41.7	22.8	30.6
Result of testing	Pearson chi-square		7.062	
	Level of significance		0.008	

Table 7. Result of Mann-U Whitney test is utilized to compare the transparency of first and second market.

	Market	N	Mean rank	Sum of ranks
Transparency	Second market	120	80.39	9646.50
	Main market	53	101.97	5404.50
	Total	173		

Table 8. Results of logistic regression with two independent variables.

Step	B	S.E.	Wald	df	Sig.	Exp (B)
Size	0.000	0.000	0/003	1	0.959	1.000
Listing status	-0.881	0.343	6/619	1	0.010	`0.414
Constant	0.621	0.194	10/255	1	0.001	1.860

Table 9. Result of logistic regression with an independent variable.

Step	B	S.E.	Wald	df	Sig.	Exp (B)
Listing status	-0.885	0.337	6.900	1	0.009	0.413
Constant	0.619	0.191	10.462	1	0.001	1.857

Y≥0.57 = corporation has financial transparency down the median.
e = 2.71828182.

Table 9 means accounted level of significance is less than 0.05, so regression model is significant to them and there is a significant relation between financial transparency and listing situation.

Conclusions

The purpose of research is to investigate the relation between transparency of financial information and Characteristic of listed companies on Tehran Stock Exchange. Characteristics are divided into two groups: Structural (size and leverage) and related to market (kind of industry and listing situation). Results of hypotheses test show that there is a significant relation between transparency of financial information and size of corporation and listing situation and there is no correlation between transparency of financial information and leverage and kind of industry. Hence, there is no correlation between utilizing financial leverage and kind of industry and financial transparency, it can be concluded that there are not sufficient motivations to increase the transparency in current conditions, so in order to increase the transparency of financial information

and sustain the retail stockholders, enacting and observing are necessary to be applied by independent competent organizations.

Due to investigation of international experts' organization, developing countries like Iran do not have a good transparency and it is necessary to improve information transparency and codify required regulations to promote the content of publishable reports of companies and increase the transparency by continuous and effected observation of stock exchange organization. Opinions of competent experts and managers should be utilized in regulations codification and it should be insisted on relevance of non financial information. Moreover, legal solutions should be considered for the active elements in the reporting chain, that is, managers, auditors, enactors, capital market proctors etc. to reply to the third persons and also should be more insistent on revision of accounting and auditing standards and observational processes on auditors. Increasing communication channels and creating analyzing institutions can be as positive steps to increasing the transparency. Realizing the purpose of transparency of listed companies information in exchange, requires enough executive guarantees to do so, determination of delinquencies examination organization and also executive guarantees to promote the process of examining delinquencies.

SUGGESTIONS OF THE STUDY

1. Use other criteria to determine the transparency and applying an indicator, that is, effects of auditing conditioning items in determination of transparency.
2. Investigation of relation between transparency and independent auditor of exchange corporations segregated by auditory organization and private association.
3. Investigation of the relationship between proprietorship (government or private) and transparency.
4. Comparison between regulations and rules of Tehran stock exchange: transparency, relevance of information, and regulations and rules of some successful countries.

RESEARCH LIMITATIONS

Each research is affected by uncontrollable limitations and it should be considered in generalization of research findings. The research limitation is that the criteria utilized to measure the transparency described just being or not being of a parameter in presented information by companies and do not examine their quality and reliability. The mentioned limitation decreases the application of judgment in transparency determination.

REFERENCES

Beck T,Demirgue-Kunt A, Levine R (1999). A New Database on Financial Development and Structure, Unpublished Paper, World Bank.

Bushman RM, Piotroski JD, Smith AJ (2004). What determines corporate transparency? J. Acc. Res., 42(2): 207-252.

Chang J, Khanna T, Palepu K (2000). Analyst Activity Around the World. Working Paper No. 01-061, Harvard Business School.

Chiang H (2005). An Empirical Study of Corporate Governance and Corporate Performance. J. Am. Acad. Bus., 6(1): 95-101.

Damodaran A (2002). Information Transparency and Valuation: Can You Value What Connote See? Stern School of Business, available at: http://www.caplix.com/pdf/Transparency.pdf.

Dipiazza Jr, Samuel A, Eccles Robert G (2002). Building Public Trust, The Future of Corporate Reporting .John Wiley & Sons.

Djankov S, Mcleish C, Nenova T, Shleifer A (2001). Who Owens the Media? Harv. Inst. Econ. Res. Discussion, p. 1919.

Hallwood T (2001). How can the web be used to increase corporate transparency? Available at: http://www.tobyhallwood.com/files/transparency.pdf

Hope O (2003). Firm- Level disclosures and the relative roles of culture and legal origin. J. Int. Financ. Manag. Acc., 14(3): 218-248.

Huse M (2005). Corporate governance: understanding important contingencies, *Corporate* Ownership & Control, 2(4): 41-50.

La Porta R, Lopez-de Silanes F, Shleifer A, Vishny B (1998). Law and Finance. J. Polit. Econ., 106: 1113-1155.

Moradi M, Salehi M (2011). Evaluating the Investors' Overreaction to Financial Measures: Some Evidence of Tehran Stock Exchange. Int. J. Acad. Res., 3(2): 921-929.

Moradi M, Salehi M, Shirdel J (2011). An Investigation of the Relationship between Audit Firm Size and Earning Management in Quoted Companies in Tehran Stock Exchange. Afr. J. Bus. Manag., 5(8): 3345-3353.

Namazi M, Salehi M (2010). The Role of Inflation in Financial Repression: Evidence of Iran. World. Appl. Sci. J., 11(6): 653-661.

Saad SM, Ahmad SNS, Jusoff K, Daud MM, Rahim MA (2009). Income Statement Transparency and Firms' Characteristics of Companies Listed on the Bursa Malaysia. Am. J. Appl. Sci., 6(9): 1718-1724.

Salehi M (2008). The Role of Financial Intermediaries in Capital Market, Zagreb. Int. Rev. Econom. Bus., 6(1): 97-109.

Salehi M (2009). Tobin's Q Model and Cash Flows from Operating and Investing Activities Evaluating in Listed Companies in Iran, Zagreb. Int. Rev. Econ. Bus., 7(2): 71-82.

Salehi M, Azary Z (2009). Stakeholders' Perceptions of Corporate Social Responsibilities: Empirical Evidence from Iran, Int. J. Bus. Res., 2(1): 63-72.

Salehi M, Biglar K (2009). Study of the Relationship between Capital Structure Measures and Performance: Evidence from Iran. Int. J. Bus. Manag., 4(1): 97-103.

Salehi M, Rostami V (2009). Relationship between Going Concern Concept and P/E Ratio in Emerging Market: Case of Iran. J. Manag. Res., 1(1): 1-22.

Standard and Poor's (2003). Transparency and Disclosures: Overview of Methodology and Study Results- United States.