



***Journal of Administrative Management,
Education and Training (JAMET)***

ISSN: 1823-6049

Volume (12), Special Issue (5), 2016, 402-411

Available online at <http://www.jamet-my.org>

Citation:

F. Nasirzadeh, S. Sakaki, Evaluating the Dividend Changes According To Sustainability Criteria for Financial Performance of Companies Listed In Tehran Stock Exchange, Journal of Administrative Management, Education and Training, Volume (12), Special Issue (5), 2016, pp. 402-411

Evaluating the Dividend Changes According To Sustainability Criteria for Financial Performance of Companies Listed In Tehran Stock Exchange

F. Nasirzadeh, S. Sakaki

ABSTRACT

This study examined the changes in dividends with respect to sustainability criteria for financial performance of companies in the short-term and long-term. The portfolios test in the period of 2007-2014 was divided into two four-year periods of formation period (2007-2010) and period test (2011-2014). The changes in dividends (dependent variable) for persistent companies (losers or winners) were calculated in two groups of lower and upper quartiles of changes of four independent variables (net sales, net operating profit, cash flow and return on equity). Of the 102 companies surveyed, 26 winners and 26 losers were put in the category of sustainable companies and the rest were excluded from the test. The mean comparison was the method of hypotheses testing, which was performed with independent and paired t-test. The results showed that in the first group of hypotheses, winner or loser nature of sustainable companies in terms of liquidity growth has no impact on dividends' changes, while the winner or loser nature of sustainable companies in terms of net growth of operating profit, sales growth and growth on return are effective in the dividend changes. Also, in the second group of hypotheses, in the loser and winner companies of all sustainable companies with low (high) sales growth, net growth of operating profit, liquidity growth and return growth, the short-term dividends were different from the dividends in the long-term.

Keywords: Previous financial performance; Changes in dividends; Sustainable Companies; Portfolio Testing Period' Winner Portfolio; Loser Portfolio

Introduction

One of the main objectives of economic enterprises is to gain profits and increase the wealth of the shareholders (owners) in the long term (De Wet & Du Toit, 2007). The shareholders, creditors and other firms-related groups require reliable and relevant data on their performance and managers of the companies to make reasonable decisions. Given that the shareholders and creditors assign their limited financial resources to economic enterprises, evaluation of past performance of these units appears to be important and vital to ensure optimal allocation of the

limited resources. On-time evaluation of economic entities performance can lead to optimal allocation of limited resources. The value based performance measurement indices in the evaluation process to determine the amount of value-creation of businesses have come into a broader use compared with traditional identifiers based on historical data and become more profitable in informed and sustainable judgments; since, they target the concepts of value and value creation. There are several methods to evaluate the performance of firms' managers and determine its value, some of which have fundamental flaws, and if used as performance measurement criteria to determine the value of the company will fail to reflect the real information about the value of the company's stock price. At any point in time, a certain measure and special tool has been proposed for performance assessment, and each beneficiary has used different criteria according to his view of interest. The use of different criteria over time by the beneficiaries occurs to overcome the shortcomings of traditional models.

Statement of the research problem

Today, information is considered is an important tool and means in economic decision-makings, and there no doubt that the quality of decisions will depend on the accuracy, precision and timeliness of information in the hands of decision makers at the time. In the capital market, such information can be reflected as different signs, symptoms, news and forecasts from inside or outside the company and made available to shareholders, which will create reactions and as a result, changes in the stock prices (Nikbakht and Moradi, 2006). The responses of stock market traders to advertisements and news are different. In some cases, the people's reactions are not rational, which will cause abnormalities such as overestimated or underestimated increases in the prices. The people's expectations are subject to their forecasts that sometimes suffer from inefficiencies. Identifying the source of these inefficiencies can have important applications in rationality of investors and the market efficiency (Damori; Saeida and Fallahzadeh Abargouei, 2009). Earnings stability means the repeatability (continual) of the ongoing profit. The greater stability of earnings, the more company's ability to maintain current profit, and it is assumed that the quality of profits would be (Imani Barabdagh, 2007). The earnings sustainability is among the qualitative features of profit, which will be considered by the investors in assessing an entity's future cash flows. The earnings sustainability is not limited to the past and current earnings profit, but includes future earnings as well. Thus, the events occurring in particular periods may be irregular (erratic), and are expected not to have a similar effect on profits of later periods (Wu, Zhang and Zhang, 2010). Therefore, unfamiliarity with this concept has led to the improper pricing of companies' stock and wrong prediction of stock returns, and as a result, high costs have been imposed in the financial statements due to such an unawareness as a result of identifying non-valid information. For years, investors and managers are seeking a timely and reliable identifier (criterion) to measure the shareholder wealth (Worthington & West, 2000). The organizations' need to adapt to today's complex and dynamic business environment for survival, which is caused by the development of competitive markets, on one hand and the push by investment assemblies to the managers for determining and explaining accurate and transparent value measurement the criteria on the other hand have made organizations to review traditional systems of reward and performance measurement developed in the previous decade and reexamine them to see whether they have been a reliable and accurate basis for decision making or not? Currently, the

measurement techniques have been built on economic theories rather than accounting framework (Shinder & McDowell, 1999). Financial performance measurement is a process that involves assessment, valuation and judgement of financial performance during a particular period. Such an evaluation in an organization level is usually synonymous with effectiveness of activities. The effectiveness refers to achievement rate of the aims and objectives with the characteristic of activities and operations efficiency (Baradarn Hassanzadeh, Abedinzadeh and Babaie Ghader, 2009). Performance evaluation is expressed in the form of efficiency indices in the aspect of using the resources. In general, the performance evaluation system can be defined as the process of assessing, measuring and comparing the rates and how to achieve a desired status according to specific attitudes and criteria in the scope and area covered by certain indices and period of time with the aim of continuous reviewing, correcting and improvement (ibid.). The main objective of any company is introduced as profit maximization for the capital owners, while financial performance demonstrates the real economic profit in the company more than anything else (Assaf Neto, Fregonesi, & Araujo, 2005). Performance evaluation represents the victory rate of organizational in achieving their goals, and the performance is closely related to the companies' targets. The manager success is measured by the amount of value that he has created for the shareholders. Economic efficiency and feasibility is defined as efficient and effective use of resources according to long-term profitability (Ebrahimi, HemmatFar and Vosoghi, 2010). Since the company's financial performance is of great significance for managers and investors as well as the creditors, this research aimed to study the financial performance (stability in sales growth, net growth of operating profit, liquidity growth and growth on stock returns) to seek answer to the questions that whether the financial performance of companies in the Tehran Stock Exchange in the long-term and short-term is effective on dividend changes?

Research background

Jegadeesh & Titman (2001) found that the stock prices of winners and losers during the first twelve months change in the same direction. However, more than half of the immediate incomes will disappear in two-three years after portfolio formation (goes back to the previous value). They continued their previous analysis until 1998 for a period of sixty months (5 years) after portfolio formation and achieved a similar similarity; for example, they raised that the immediate monthly average return is reversed from the thirteenth month until the end of sixty months period. Lee and Somintan (2000) provided evidence suggesting that the past winners achieve higher returns within the first three to twelve months; but within three to five years, the past winners (losers) will turn into the future losers (winners). At the end of the fifth year, the immediate incomes during the first twelve months will be completely neutralized with returned perfectly stock returns over the last two years of the maintenance period. They noted that previous research examined shorter retention periods (about three years) have not recorded this market instant movement pattern, and the consequent price return. In a study, Sehgal and Kumar (2004) examined the characteristics of the company and stock returns in India. The results of their research showed that the company size has a significant and strong effect on stock returns. The results also showed that the P / E ratio has a poor effect on stock returns. Chan et al. (2004) suggested that companies achieved a high degree

of financial performance sustainably should encounter an excessive reaction, and as a result, these companies are not properly priced and will experience lower returns in the long term. On the other hand, the companies with sustainable low financial performance should have less than expected response, and as a result, these companies are not also properly priced and will gain higher returns in the long term. Sustainability in the past stock return is a determinant of immediate profitability. The winning stocks have a more stable performance at the time of new information release and their maintenance period than other shares. In a study, Chaopricha et al. (2007) investigated the relationship between stock returns and a company characteristics. Their results showed that the ratio of market value to book value, size and the P/E ratio have a significant effect on stock returns. In a study, Kandir (2008) examined the relationship between macroeconomic variables and company features with the stock return. His study showed that the exchange rates, interest rates and market returns affect the portfolio returns, while industrial production, money supply and oil prices have no significant effect on stock returns. Bartlett (2013) did a research entitled as "The effect of reporting of sustainability criteria of company in creating value for the company". In his thesis, by using a scoring system of normal sustainability, he examined the effects of sustainability reporting on the firm value. This study showed that reporting of the corporate sustainability standards is effective in connection with the increased value of the company. The findings also revealed that sustainability can be a useful business tool over time to increase the company's value in the recession times. In another study, Moradi and Nikbakht (2006) evaluated the overreaction of ordinary shareholders in Tehran Stock Exchange. They examined sixty companies and investigated the phenomenon of excessive reaction by calculating the cumulative abnormal returns through using weekly prices and indices during two three-year periods. Their results have confirmed the overreaction in the long term. Damori et al. (2009) investigated the excessive reaction of shareholders in Tehran Stock Exchange. This study was done in the first phase without controlling for variables of book value to market value ratio of shareholders' equity and company size, while in the second phase, it was conducted by controlling the ratio of book value to market value of shareholders' equity and company size as measures of risk. The study period included an eight-year range from 2000 to 2007. The study population involved the companies listed on the Tehran Stock Exchange. The research methodology was portfolio testing. The results suggested that the shareholders in Tehran Stock Exchange overreact to the profit variables before extraordinary items, sales and stock returns, but they do not show too much reaction to the cash flow variable. Nasirzadeh and Harirbafan (2013) assessed the reaction of investors regarding criteria sustainability of the past performance of companies in the short-term and long-term. They found in the stable companies, in terms of sales growth, profit (before unexpected items), operating cash flows, return on equity and changes in stock returns, returns changes of winner companies in the long-term are less than changes in returns in the loser companies, and the excessive reaction of investors against sustainability criteria of the past performance was confirmed.

Research Hypotheses

First group of the research hypotheses

In sustainable companies in terms of sales growth, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.

In sustainable companies in terms of growth in net operating profit, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.

In sustainable companies in terms of cash flow growth, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.

In sustainable companies in terms of return growth, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.

Second group of the research hypotheses

In sustainable companies with high (low) sales growth, the dividend in the short term is higher (less) than the dividend in the long term.

In sustainable companies with high (low) growth in net operating profit, the dividend in the short term is higher (less) than the dividend in the long term.

In sustainable companies with high (low) liquidity growth, the dividend in the short term is higher (less) than the dividend in the long term.

In sustainable companies with high (low) growth stock returns, the dividend in the short term is higher (less) than the dividend in the long term.

Research Methodology

This research is considered as an applied study in terms of objective. As this article is to describe what that is or describe the current situation with no manipulation (and with no specific requirements and recommendations) and given that the value judgements are intangible in this study, this research is seen as accounting descriptive studies. In addition, given that historical information is used in hypotheses testing (correlation of the relationships between variables), in view of the nature and methodology used in this study, it is considered as a descriptive-correlational research. The data required for this study consisted of two parts. To provide data for the theoretical part, the best way to evaluate research record background inside and outside the country is the use of library approach. In addition, to collect data of experimental section and testing the research hypotheses, the audited financial statements of Tehran Stock Exchange companies were used, which were collected from Research, Development and Islamic studies Website and the official website of the Tehran Stock Exchange, and in some cases, by using Rahavard Novin software. The study population include all active companies listed on the Stock Exchange of Tehran, and the random sampling method was used for selection. The independent variables studied in this research included sales growth, profit growth, cash flow and growth of stock return, and the companies' past financial performance were measured and evaluated by changes in these variables. The sales variable in this study was the net sales; i.e., the sales after deducting sales returns, discounts and sales cash discounts. The profit growth referred to net profit operational growth. Also, the cash flow referred to operating cash flow discussed in the accounting literature, which includes input or output net cash flows from operating activities and activities that are not placed in other classes of cash flow circulations. The return on equity was calculated as follows:

$$R_e = \frac{P_1 - P_0 + Dps + ((p_1 - 1000) \times \alpha) + (p_1 \times \beta)}{p_0}$$

Where,

R_e : Return per share of the Company

α : Percentage of capital increase from receivables and cash achievements

p_1 : Stock price at end of period

β : Increase in capital from retained earnings and reserves

p_0 : Stock price at the beginning of the period

DPS: Gross dividend per share

Hypotheses testing & Data analysis

The study period included 8 years (2007-2014), which was divided into two four-year periods of portfolio formation period (2007-2010) and portfolio test period (2011-2014). Also, in the second stage, for period to period evaluation (multi-period portfolio), three periods as portfolio formation periods and three 3-year periods as test periods were considered. The student's t-test in SPSS software was used in testing each hypothesis to test the significance of hypotheses. To investigate the present hypotheses, the mean comparison method was used. Doing this test, the SPSS software first displays the results of equality of variances (Levin) test. In the Levine's test output, if the significance level is less than the error rate, the variances inequality can be concluded.

Research findings

The following table shows the central parameters and dispersion of the research variables. As can be seen, the factors of mean, median, standard deviation, coefficients of Kurtosis and skewness, minimum and maximum of data and percentage changes for all variables are calculated.

Table 1: Descriptive statistics of research variables

	Dividend (EPS)	Sales (S)	Net operating profit (OE)	Operations cash flow (CFO)	Stock returns (R)
Mean	994/3676	3136388/696	850538/9939	631117/4510	53/3584
Standard deviation	1107/01630	10079003/39	2822308/437	2328742/536	102/5220
Kurtosis coefficient	11/550	50/769	37/048	40/782	14/521
Skewness coefficient	2/710	6/577	5/613	5/788	3/143
Minimum	-1204	14983	206	-6446290	-77/7100
Maximum	9276	107420961	30887476	24765735	820/1600

The results of the hypotheses in previous section are summarized in Tables 4 and 5 as follows:

Table 2: Summary of the results of testing the first group of hypotheses

Hypothesis	Title	F-value	P-value	Result
1	In sustainable companies in terms of sales growth, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.	3/144	0/001	Accepted
2	In sustainable companies in terms of growth in net operating profit, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.	10/586	0/037	Accepted
3	In sustainable companies in terms of cash flow growth, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.	7/906	0/072	Rejected
4	In sustainable companies in terms of return growth, the changes in dividend of winner companies in the long-term are less than the changes in dividend of loser companies.	8/856	0/008	Accepted

Table 3: Summary of the results of testing the second group of hypotheses

Hypothesis			Title	Paired t-test	P-value	Result
5	Loser	In sustainable companies with low sales growth, the dividend in the short term is less than the dividend in the long term.		0/721	0/477	Rejected
	Winner	In sustainable companies with high sales growth, the dividend in the short term is higher than the dividend in the long term.		0/836	0/411	Rejected
6	Loser	In sustainable companies with low growth in net operating profit, the dividend in the short term is less than the dividend in the long term.		1/812	0/082	Rejected
	Winner	In sustainable companies with high growth in net operating profit, the dividend in the short term is higher than the dividend in the long term.		1/282	0/212	Rejected
7	Loser	In sustainable companies with low liquidity growth, the dividend in the short term is less than the dividend in the long term.		1/323	0/198	Rejected
	Winner	In sustainable companies with high liquidity growth, the dividend in the short term is higher than the dividend in the long term.		1/186	0/247	Rejected
8	Loser	In sustainable companies with low growth stock returns, the dividend in the short term is less than the dividend in the long term.		0/867	0/394	Rejected
	Winner	In sustainable companies with high (low) growth stock returns, the dividend in the short term is higher (less) than the dividend in the long term.		1/863	0/396	Rejected

Discussion & Conclusion

Discussion & Conclusion in testing the first group of research hypotheses

In the first hypothesis, the results showed that in the total of single-period and multi-period methods, the loser companies had lower mean rates of variation in dividends than the winner companies. This difference only is only greater in the third period of the multi-period method. The hypothesis of variances equality in the single-period method was not confirmed according to Levine's test, and the pre-assumption of variances inequality was established. Based on results, the probability value resulting from the second row of the test was not confirmed at error rate of 5%. Therefore, the null hypothesis of the test was established. Thus, the research first hypothesis was not confirmed. The results of this hypothesis are similar with the results of Nasirzadeh and Harirbafan (2013), which had similarly targeted the changes in stock returns. In the second hypothesis, the results showed that in the total of single-period and multi-period methods, the loser companies had lower mean rates of variation in dividends than the winner companies. Based on results, the probability value resulting from the first row of the test was significant at error rate of 5%. Therefore, the null hypothesis of the test was not confirmed. Thus, the second hypothesis in the first group of the research hypotheses was confirmed. The results of this hypothesis are similar with the results of Nasirzadeh and Harirbafan (2013), which had similarly targeted the changes in stock returns. In the third hypothesis, the results showed that in the total of single-period and multi-period methods (first and second periods), the loser companies had lower mean rates of variation in dividends than the winner companies, while a reverse result was achieved in the third period of the multi-period approach. Based on results, the probability value resulting from the first row of the test was not confirmed at error rate of 5%. Therefore, the null hypothesis of the test was established. Thus, the research third hypothesis was not confirmed. The results of this hypothesis are dissimilar with the results of Nasirzadeh and Harirbafan (2013), which had similarly targeted the changes in stock returns.

In the fourth hypothesis, the results showed that in the total of single-period and multi-period methods, the loser companies had lower mean rates of variation in dividends than the winner companies. The

variances equality assumption was not confirmed according to Levine's test in the studied groups, and the assumption of variances inequality was established. Based on results, the probability value resulting from the first row of the Levin's test was significant at error rate of 5%. Therefore, the null hypothesis of the test was not confirmed. Thus, the fourth hypothesis in the first group of the research hypotheses was confirmed. The results of this hypothesis are similar with the results of Nasirzadeh and Harirbafan (2013), which had similarly targeted the changes in stock returns.

Discussion & Conclusion in testing the second group of research hypotheses

In the fifth hypothesis, examining this assumption on the difference between dividend of companies in short and long terms for winner and loser companies was performed as follows: First, the statistical assumption about the loser companies was evaluated as "in sustainable companies with low sales growth, the dividends in the short term are lower than dividends in the long-term." The probability level related to the t-test to assess the studied hypothesis is equal to 0.423, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding loser companies (sustainability in terms of sales growth), the dividends in the short term are not less than the long-term. Thus, the sub-hypothesis raised about the loser companies was not confirmed. The second statistical assumption about the winner companies suggested that "in sustainable companies with high sales growth, the dividends in the short term are lower than dividends in the long-term." The probability level related to the t-test to assess the studied hypothesis is equal to 0.825, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding winner companies (sustainability in terms of sales growth), the dividends in the short term are not more than the long-term. Thus, the second sub-hypothesis raised about the loser companies was not confirmed. In the sixth hypothesis, examining this assumption on the difference between dividend of companies in short and long terms for winner and loser companies was performed as follows: First, the statistical assumption about the loser companies was evaluated as "in sustainable companies with low operating net profit growth, the dividends in the short term are lower than dividends in the long-term." The probability level related to the t-test to assess the studied hypothesis is equal to 0.083, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding loser companies (sustainability in terms of operating net profit growth), the dividends in the short term are not less than the long-term. The second statistical assumption about the winner companies suggested that "in sustainable companies with high operating net profit growth, the dividends in the short term are lower than dividends in the long-term." The probability level related to the t-test to assess the studied hypothesis is equal to 1.276, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding winner companies (sustainability in terms of operating net profit growth), the dividends in the short term are not more than the long-term. Thus, the second sub-hypothesis raised about the loser companies was not confirmed. In the seventh hypothesis, examining this assumption on the difference between dividend of companies in short and long terms for winner and loser companies was performed with the help of paired t-test as follows:

First, the statistical assumption about the loser companies was evaluated as "in sustainable companies with low liquidity growth, the dividends in the short term are lower than dividends in the long-term." The probability level related to the paired t-test to assess the studied hypothesis is equal to -0.496, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding loser companies (sustainability in terms of liquidity growth), the dividends in the short term are not less than the long-term. Thus, the sub-hypothesis raised about the loser companies was not confirmed. The second statistical assumption about the winner companies suggested that "in sustainable companies with high liquidity growth, the dividends in the short term are lower than dividends in the

long-term." The probability level related to the paired t-test to assess the studied hypothesis is equal to 1.357, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding winner companies (sustainability in terms of liquidity growth), the dividends in the short term are not more than the long-term. Thus, the second sub-hypothesis raised about the loser companies was not confirmed. In the eighth hypothesis, examining this assumption on the difference between dividend of companies in short and long terms for winner and loser companies was performed with the help of paired t-test as follows:

First, the statistical assumption about the loser companies was evaluated as "in sustainable companies with low stock returns growth, the dividends in the short term are lower than dividends in the long-term." The probability level related to the paired t-test to assess the studied hypothesis is equal to 0.408, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding loser companies (sustainability in terms of stock returns growth), the dividends in the short term are not less than the long-term. Thus, the sub-hypothesis raised about the loser companies was not confirmed. The second statistical assumption about the winner companies suggested that "in sustainable companies with high stock returns growth, the dividends in the short term are more than dividends in the long-term." The probability level related to the paired t-test to assess the studied hypothesis is equal to 1.814, which is greater than 0.05. Therefore, the null hypothesis cannot be rejected. As a result, regarding winner companies (sustainability in terms of liquidity growth), the dividends in the short term are not more than the long-term. Thus, the second sub-hypothesis raised about the loser companies was not confirmed.

Suggestions

It is recommended to investors in the capital market to more closely monitor the changes in the net operating profit growth and stock returns growth and ask help from financial analysts in taking investment decisions, since being winner or loser for sustainable companies can affect changes in their dividends in terms of net operating profit and stock returns growth, this can be important in wealth creation for the shareholders. It is recommended that investors pay attention to the trend of profit and financial performance measures reported in the past and its sustainability in assessing companies listed on the exchange in addition to evaluate the profitability status of the company's shares. It is recommended that, in order to stabilizing the sustainability measures of companies' performance, the Stock Exchange organization helps to improve monitoring mechanisms, regulatory reforms, greater stability in policies and the establishment of an appropriate mechanism to provide informative information to the investors. Thus, instead of making decisions based on financial and non-financial information obtained from unofficial sources, the investors can improve their decision making by studying accounting variables. The investors are suggested to consider that a company that has experienced successful performance in terms of sales, liquidity and net operating profit in the past may not necessarily be a good opportunity for investment. The investors, observing a chain of changes in positive (negative) returns in the past during a long-term period, tend to extend the pattern of past earnings changes to the future aspects of positive (negative) returns of the company.

References

- Ebrahimi, M., and Saeedi, A., (2011); The impact of accounting variables and firm characteristics on stock prices of companies listed on the Tehran Stock Exchange, *Evaluation of accounting and auditing*, 17 (42), 1-16
- Ebrahimi, MH., Hemmatfar, M., and Vosoughi, S., (2010); Study the relationship between Economic Value Added (EVA) with stock quotes and "price to earning" ratio (P / E per share) of shares in listed companies on Tehran Stock Exchange; *Basirat Quarterly*, 16 (42), 131: 109
- Imani Barandagh, M., (2007); Providing a model for the relationship between earnings quality and stock returns of companies listed on the Tehran Stock Exchange, PhD thesis, Tarbiat Modarres University
- Bradaran Hassanzadeh, R., Abedinzadeh, GA. and Babaei Ghader, H., (2009); EVA: A new attitude in the performance evaluation, National Conference on the future perspective of accounting and auditing, Islamic Azad University, Bonab Branch, 2009
- Damori, D., Saeida, S., and Fallahzadeh Abargouei, A., (2009); Study the overreaction of investors to patterns of past performance of companies listed on Tehran Stock Exchange, *Accounting and auditing evaluations*, 47, 54-62
- Nasirzadeh, F., and Harirrbafan, M., (2013); Evaluating the reaction of investors against past performance sustainability criteria of companies in the short term and long term; Master's thesis in accounting, Ferdowsi University of Mashhad
- Nikbakht, MR., and Moradi, M., (2006); Evaluation of the overreaction of common stockholders in the Tehran Stock Exchange, *Accounting and auditing evaluations*, 40, 97-122
- Hashemi, SA., and Saedi, R., (2010); Study the effect of firm-specific characteristics on the information content of earnings and operating cash flows in explaining stock returns; *Financial accounting*, 1 (4), 108-130
- Assaf Neto. A., Fregonesi, M.S.F.A., & Araujo, A.M.P. (2005). Value Based Management Applied to the Third Sector, In: BALAS annual Conference. Madrid
- Bartlett, B.D. (2013). The Effect of Corporate Sustainability Reporting on Firm Valuation, CMC Senior Theses. Paper 489; http://scholarship.claremont.edu/cmc_theses/489
- Chaopricha, P., Chan, P. & Pollard, D. (2007). Firm Characteristics and Stock Return, *International DSI / Asia and Pacific DSI 2007 Full Paper* (July 2007)
- De Wet, J., & Du Toit, E. (2007). Return on Equity: A Popular, But Flawed Measure of Corporate Financial Performance, *South African Journal of Business Management*, 38 (1), 59-69
- Jegadeesh, N., & Titman, S. (2001). Profitability of momentum strategies: an evaluation of alternative explanation, *Journal of Finance*, 56, 699-720
- Kandir, S.Y. (2008). Macroeconomic Variables, Firm Characteristics and Stock Returns: Evidence from Turkey, *International Research Journal of Finance and Economics*, 16, 35-45
- Kumar, M., & Sehgal, S. (2004). Company Characteristics and Common Stock Returns: The Indian Experience, *Vision-The Journal of Business Perspective*, 8 (2), 33-45
- Lee, J., Pati, N., & Roh, J.J. (2011). Relationship between Corporate Sustainability Performance and Tangible Business Performance: Evidence from Oil and Gas Industry, *International Journal of Business Insights and Transformation*, 3 (3), 72-82
- Shinder, M., & McDowell, D. (1999). ABC, the Balanced Scorecard and EVA, *Evaluation*, 1 (2), 1-5
- Worthington, A., West, T. (2000). A Review and Synthesis of the Economic Value-Added Literature, 12th Annual Australasian Finance and Banking Conference, University of New South Wales, Discussion & Working Papers Series, 075, 1-21
- Wu, J., Zhang, L., & Zhang, X.F. (2010). The q-theory approach to understanding the accrual anomaly. *Journal of Accounting Research*, 48 (1), 177-223.

FARZANEH NASIRZADEH, Associate Professor of Accounting, Faculty of Economics and Administrative Sciences, Ferdowsi University of Mashhad

SAMANEH SAKAKI, M.A. in International Accounting Unit, Ferdowsi University of Mashhad