

Full Length Research Paper

A study of earning quality and return of shares: An Iranian perspective

Mahdi Salehi^{1*}, Hashem Valipour² and Mohamad Hadi Zodi²

¹Accounting Department, Ferdowsi University of Mashhad Iran

²Accounting Department, Islamic Azad University, Firozabad Branch, Iran

Accepted 16 March, 2011

Earning quality refers to the nearness of operational profit to cash flows, that is, the more the distance of profit to cash flow, the lesser the quality of earning and the ability of earning to define the changes of the return of shares. Therefore, in the current study, the relationship between earning quality and the return of shares was reviewed. In total, 157 listed companies on Tehran Stock Exchange (TSE) were selected during 2003-2008. In order to test the hypotheses, ANOVA and correlation test were employed. The results showed that among the companies classified based on earning quality, the average of the return of shares was not different. Further, the results revealed that there is no meaningful relation between the quality of profit and the return of shares within the companies.

Key words: Earning quality, return of shares, earning management.

INTRODUCTION

The initial years of the third millennium in the world of economy witnessed large companies like Enron and WorldCom going bankrupt (Barzegar and Salehi, 2008). Such bankruptcy resulted in finding fault with the accounting departments and financial reports which were later called the accounting scandals.

The main fault was found with the financial auditors of the companies. The accounting career paid heavy costs for such events such as the collapse of one of the five large accounting auditing companies like Arthur Anderson having a background of almost nine decades. But this was not the end as the system of financial reports had problems to attract public reliance again (Salehi and Azary, 2008). The increase in the number of cheatings which was mixed with the bankruptcy of large companies caused concerns regarding the quality of financial reports (Salehi, 2011). The verification of events relevant to the bankruptcy of these companies showed that the main source was based on the changes which

were made in the reports to show fake profits and resulted in pessimism to the career of accounting and auditing (Salehi and Rostami, 2009; Namazi and Salehi, 2010). Mostly, the managers of these companies designed and reported fake transactions in order to manage profit which lowered the quality of the financial reports to the lowest possible degree.

Research problem

The focus on earnings is so intense that a suggestion was made that the market should fixate on firms' bottom-line income, with the exclusion of other indicators of operating performance. Such single-minded attention fails to recognize that the reported net income is the result of an extended accounting process with considerable room for managerial discretion at every step. The perils of focusing exclusively on bottom-line earnings are vividly highlighted by the recent spate of corporate accounting scandals. Given the heightened attention to accounting income, managers have an incentive to be aggressive in applying accounting rules so as not to disappoint investors and analysts. As a result, there have been growing concerns about firms' quality of earnings, or the extent to which reported earnings reflect operating fundamentals. In the context of stock prices, to

*Corresponding author. E-mail: mahdi_salehi54@yahoo.com.
Tel: +989121425323.

Abbreviations: ANOVA, Analysis of variance; TSE, Tehran Stock Exchange.

the extent that the market fixates on reported income and does not take into account the quality of firms' earnings, there may be temporary deviations of prices away from their correct values. Put in another way, measures of earnings quality may have predictive power for future movements in stock prices. This paper examines whether or not, and why, there is information in earnings quality for future stock returns.

LITERATURE REVIEW

The analysts of stock exchange, the managers of the companies, the investors and all who are active in the market of investment, pay most of their attention to the amount of net profit as the latest information on balance sheet. Therefore the question raised is: to what extent can we rely on the figures in this way for decision making?

Decision making based on false information or incomplete information will result in unfair distribution of resources. The liability of managers in using realization and matching principle as well as prediction can affect earning quality. Because of their knowledge about the company, it is assumed that information is set in such a way that it best reflects the company's situation. On the other hand, based on other factors like their continuation of jobs in the company, rewards and other factors, the managers wotedly or unwotedly report the company situation as very favorable. Therefore the quality of the earning is affected by the reports or the managers' discretion. In other words, the real profit of the company is different from the financial reports which show the profit. So, if the users of financial information only pay attention to the accounting profit, they may be misled.

Konan (2001) declares that the quality of profit depends on the nearness of accounting profit to the cash flow of the operations. The more the distance of earning with the cash flow, the less the quality of earning to determine the changes of return of shares, because there is a negative relationship between commitment and the future return of shares. Therefore, the weakness of the relation of earning with return is relevant to the low quality of earning. Lev (1989) also declares that the closer the profit to the cash flow, the higher the quality of profit and the lesser the commitment.

In this research, we tried to categorize companies based on earning quality and then verify whether or not there is a meaningful relationship between the average of return and their quality of earning. It is predicted that between the quality of accounting profit and the return of shares, there is a positive and meaningful relationship. If so, we can suggest to the users of information not only to take into consideration financial information such as accounting profit, but also the quality of profit. We can also suggest to the providers of such information to reveal the quality of information as well as the balance sheets.

As earning is one of the most important factors of assessing and determining the value of an organization, the quality of earning has been considered by researchers and professional accountants.

Earning quality

Earning is one of the most important factors of assessing and determining the value of an organization. Because of the natural limitations of accounting, it is probable that the reported profit does not fully conform to the real profit. To solve this problem, we will resort to the concept of earning quality.

Revsin (1999) believes in a more qualitative earning when it is more sustainable. Richardson et al. (2001) believe that earning quality lies in the degree of future sustainability.

Beneish and Vargus (2002) define earning quality as the probability of having a sustainable current income in future. Penman and Zhang (2002) define earning quality as showing the future income. Schipper and Vincent (2003) defined the quality of earning in relation to the definitions of previous researchers, that is, the degree of honesty in reporting profit. Hodege (2003) defines it as the degree of difference from the net earnings of real income. The definition of Mikhail et al. (2003) is that earning quality determines the degree of the past income of a company with the future cash flow. White (2003) defines it as the degree of applied attention and conservation in the reports of profit.

Lougee and Narrurdt (2004) believe that earning has more quality which is based on more informational factors and contents.

Kirscheneiter and Melumad (2004) believe that profit should be closer to the values of a company in long term and contain more information.

Scholer (2004) is of the opinion that earning quality is a form of relationship between cash flow and commitment. One of the probable reasons for the different definitions of earning quality is related to the different views of researches about the various aspects of this concept. For this reason, the concept of the quality of profit is a complex issue, and so far, researchers have not been able to give a unified definition of it.

Dechow and Dichev (2002) verified the role of commitment to better measurement of companies' assessment in a period of time. Because the commitment figures require presuppositions and predictions of future cash flow, the quality of commitment and earning decreases if there is a mistake in predictions. Cohn (2004) believes that the ability of earning to predict future cash flow is a means to measure the quality. Francis et al. (2005) came up with seven characteristics to define earning quality which are: the quality of commitment, profit sustainability, prediction ability, harmonization, relevancy of value, timeliness and conservativeness of earning.

Abdelghany (2005), referring to the different methods of measuring earning quality and applying only three of them, showed that the different methods of measuring earning quality will result in different assessments, though one industry or one company cannot be studied based on one method of measuring high quality profit or low quality earning. For this reason, he suggested that all the stakeholders should choose more than one method when they intend to invest. Barua (2006), through utilizing the qualitative characteristics of the information in financial reports, started to measure earning quality in a similar way it was brought in the concept of financial accounting. He utilized the analysis of the factors based on fifteen parameters which clarify different parts of two of the factors used for measuring earning quality. These two initial measuring characteristics are relevancy and reliability.

Methods of measuring earning quality

Although the expression “earning quality” has been used a lot, the same idea is not accepted by all for measuring the quality of earning.

There are three principle methods used to measure the quality of earning which control the three dimensions of profit management. The first method focuses on the function of profit based on the fact that the managers would like to have a sustainable profit because they believe that the investors prefer a fixed increase in earning. This method is also based on non-fluctuation of profit. Leuz et al. (2003) calculated the fluctuation of profit by measuring the deviation of profit standard with the standard deviation of operational cash flow. The smaller proportion shows the harmonization of the lower quality of earning. The second method is suggested by Barton and Simko (2003) which focuses on the unexpected profits in the first remainder of profit within the operational possessions relevant to the sales. They prepared experimental evidences which showed that in the companies, the first net remainders of operational possessions are larger, have less probability of reporting unexpected profits and therefore have higher qualities of earning. The third method is based on the proportion of cash flow which resulted from the operation to the operational earning. The more the profit is closer to the operational cash flow, the higher the quality of earning. As Penman (2001) mentioned, this is the simplest technique used to measure the quality of earning. In this research, Penman's (2001) method was used to calculate the quality of earning.

Management and earning quality

Supposing that the opportunist management just think of its personal earning, the managers may change the accounting profit in such a way that they obtain most of

the profit for themselves. Their motivation is to increase their rewards through the increase in accounting profit. Knowing the appropriate time of earnings, investing the current expenses instead of spending them, and the distribution of expenses for a longer period of time are some skills of earning management. One of the parts of profit management is to harmonize the earning which tries to show the increase of the profit and its sustainability. The opportunist behavior of the managers causes them to interfere with profit and when recognized, the earning quality of the company goes under question and the financial analysts have to assess the information again.

As many of the accounting skills need professional judgment, the choice of measuring skills and assessment of accounting like the methods of pricing of the existing goods, maintenance, accounting of treasury bills with the purpose of resources increase, and can be considered as a part of profit management. If the balance sheets show a different situation of results and financial performance, the earning quality is questioned. One of the aspects of assessing the quality of profit is by determining the points scored by management.

Earning quality and return of shares

Most of the researchers realized that earning quality has a direct relationship with the return of shares. Shiolin and Piang (2003) believe that earning quality has a good performance in choosing the shares and help the investors a great deal by acting as a legal reference for them. Beaver (1979) and Huimei (1994) say that earning quality has a direct connection with the return of shares which result in a growth in the companies' shares. Lev and Rajon (1993) stated that the companies with a high earning quality have a high future growth in their shares. Sloan (1996) and Houge and Loghra (2000) realized that shares with high commitment (low earning quality) have a low performance, that is, there is an opposite relationship between commitment and return of shares, and /or a direct relationship between earning quality and the return of investment.

Chan and Chan (2001) opined that there is a negative relationship between commitment and return of shares. Increase in profit with high commitment to low earning quality and little relationship with future return is proven. Penman and Zhang (2002) showed that there is a direct relationship between earning quality and return of shares. Chan et al. (2006) verified the difference between earning and cash flow with future return of shares, and opined that companies with high commitment will have a low return of shares in the future. It means that such companies in the next period of financial reports will have a declining return of shares as the investors realize this fact.

Zariffard (1998) reviewed the relevant factors with the assessment of the earning quality within the Iranian

Table 1. The three models of measuring earning quality.

Leuz (2001) Model	Barton and Simko (2002) Model	Penman (2003) Model
The quality of profit is measured by the fluctuation of profit which is equal to the division of the deviation of operational standard profit by the deviation of operational cash flow standards. The smaller proportion shows a lower earning quality	The quality of profit is measured by calculating the unexpected profit which is equal to the proportion of the remainder profit of the first period and the amount of sales. The smaller proportion shows a higher earning quality	The quality of profit is calculated by dividing the current cash flow by the net profit of operations. The bigger proportion shows a higher earning quality

economical organization, and designed a framework from the elements and factors which are related to the assessment of the earning quality.

Saghafi and Kordestani (2004) measured earning quality based on the ability to predict earning, sustainability of profit and cash flow. The results showed the following:

1. Earning quality is based on the sustainability of profit. Contrary to the predictions made, the reaction of the market to the increase of the company's cash profit is positive.
2. Earning quality is based on the relationship between profit and operational cash flow. In line with the predictions made, the reaction of the market to the decrease of the company's cash profit is positive.
3. The abnormal return of shares increases with the increase of cash profit. From a statistical point of view, the reaction of the market to the changes of cash profit is positive and meaningful.

Khajavi and Nazemi (2005) in a research reviewed the effect of commitment on earning quality within the listed companies on Tehran Stock Exchange (TSE). The results showed that the average of return of the shares of the companies is not affected by the commitment and its relevant parts. In other words, we cannot accept that there is a meaningful relationship between the companies' average of return and the commitment figures shown in the total reports.

Noravesh et al. (2006) evaluated the quality of commitment and earning and confirmed it with prediction faults. The results show that high level of commitment causes a decrease in earning quality. Therefore, more commitment means lower quality and lower sustainability of earning. Ghaemi et al. (2003) in their research titled "effect of harmonizing earning with the return of shares in the listed companies of TSE" showed that harmonizing profit is an effective factor on the abnormal return of the companies there.

Research objectives and hypotheses

In this study, the quality of earnings for companies is calculated, categorized and then verified to find out whether or not there is a meaningful difference between

the average of return in these companies and their quality of earning. Also, the relationship between the qualities of earning and their return was studied. To achieve these goals, the following hypotheses were considered:

- The first hypothesis: The listed companies on TSE with different earning qualities have different return of shares.

The objective is to see whether or not there is a meaningful difference between the averages of the companies' return considering their categorization. In other words, do companies with high earning quality have a high return of shares, and vice-versa?

- The second hypothesis: There is a meaningful and positive relationship between earning quality and return of shares in the listed companies on TSE.

The objective is to confirm if there is any relationship between the quality of earning and the return of shares. If there is any of such relationship, then we can suggest to the users of the information not only to pay attention to balance sheets, but also to the quality of earning, and to the providers of information to reveal the quality of their information.

The research variables

Earning quality

In this research, earning quality is defined as the nearness of the current operational cash flow to the operational profit. In order to calculate the earnings, the model of Penman (2001) was used.

This model focuses on the proportion of the operation's cash flow to the operational profit. Based on this model the higher the cash flow proportion, the higher the earning quality, and vice-versa.

$$\text{Earning Quality} = \frac{\text{Operational cash flow}}{\text{Operational net profit}}$$

Return of shares

To measure the return of shares, the initial investment is divided by the return of investment.

Table 2. Definition statistics of research variables during the five year period.

Item	Lowest	Highest	Average	Deviation
Quality of profit in 2004	-7.138	25.385	0.836	2.574
Quality of profit in 2005	-61.416	20.039	0.556	5.915
Quality of profit in 2006	-20.926	75.14	1.186	7
Quality of profit in 2007	-70.408	9197.412	70.814	786.671
Quality of profit in 2008	-24.406	149.289	2.255	16.034
Return of shares in 2004	-0.904	42.744	1.439	4.273
Return of shares in 2005	-0.792	9.598	0.319	1.195
Return of shares in 2006	-0.803	6.247	0.343	0.936
Return of shares in 2007	-0.830	5.635	0.215	0.934
Return of shares in 2008	-0.827	1.495	-0.125	0.348
Average of earning quality for five years	-9.13	84.1844	81.12	55.145
Average of return of shares for five years	-0.36	865	42	86

The return of investment is made up of two parts:

1. The amount of investment for the earning of shares or the interest of stock shares.
2. The benefit or loss of capital due to the change of shares during the period of investment.

RESEARCH METHODOLOGY

Any research should have a clear method based on the main issue, suppositions and plans in order to know the data and study them regularly.

In this research, the categorization of companies is based on the quality of profit and we aim to find the relationship between the variables.

The research method is 'correlation method', and for testing the supposition and their analysis, analysis of variance (ANOVA) and correlation methods were used. In this study, a trial was made to choose the statistical samples considering the limitations of collecting financial reports from the companies within the statistical community.

RESULTS

Here, the findings are divided into two parts. In the first part, the descriptive findings are presented and in the second part, the comprehension statistics are analyzed. Figure 1 and Tables 1, 4, 7, 8 and 9 show the results of this study.

Descriptive findings

The statistic presented here is related to the variables' definition. As it has been obtained from the results, the lowest average of the quality of profit is related to the fiscal year 2004, and the highest average is also related to the same year.

In 2004, the companies had their most qualitative profit

average as compared to the other years.

The average of the quality of profit of the companies during the five year period in the Iranian stock exchange market equals 12.81% with a deviation of 145.55% and a domain that equals 1831.75. The statistics showed that the highest return was observed in the fiscal year 2004 and the lowest was also observed in the same year.

A remarkable note is the much difference between the highest points for the different fiscal years, and the little difference between the lowest returns during the different fiscal years.

It is worth mentioning that the return of the companies during the five year period is equal to 42%, from which a deviation of 86% was obtained as shown in Table 2.

Perceptive statistics

Correlation between variables

To determine the relationship between the research variables, which include the quality of profit and the average of return, the Pierson Model was used. Table 3 shows that a meaningful correlation does not exist between these two variables; in other words, there is no relationship between the average of the quality of profit in the companies which were studied during the five year period from 2003 to 2008 and the average of return rate. This means that the increase or decrease of the quality of profit has not been effective on their return rate. Table 3 shows the matrix correlation of earning quality.

Variance analysis

Comparison of the average of return for five years is based on the classification of earning quality. SPSS software is used to equally divide the average of the companies' quality of profit for five years. The implication

Table 3. Correlation matrix of earning quality and return of the companies during five years.

Variable	Correlation index	Meaningful level
Quality of profit return for the period of five years	-0.04	0.620
Quality and return for 2004	0.05	0.544
Quality and return for 2005	-0.19	0.818
Quality and return for 2006	-0.38	0.664
Quality and return for 2007	-0.54	0.536
Quality and return for 2008	-0.33	0.696

Table 4. The quality of profit points within the studied companies.

The number of companies	157	
The average of quality of profit for five years	12.808	
The average of quality of profit for five years	1593	
	20	0.143
The points per cent	40	0.478
	60	0.727
	80	1.054

Table 5. The descriptive statistics of points of the quality of profit within the studied companies for five years.

Levels		Number	Average	Deviation	Lowest	Highest
Very little	Less than 0.143	32	0.228	0.493	-0.626	1.672
Little	0.143 to 0.478	31	0.328	0.578	-0.362	2.843
Average	0.478 to 0.727	31	0.464	0.683	-0.131	3.002
Much	0.727 to 1.054	31	0.744	1.55	-0.023	8.654
Very much	More than 1.054	32	0.392	0.451	-0.278	1.466
Total		157	0.432	0.861	-0.362	8.654

Table 5. The descriptive statistics of points of the quality of profit within the studied companies for five years.

Levels		Number	Average	Deviation	Lowest	Highest
Very little	Less than 0.143	32	0.228	0.493	-0.626	1.672
Little	0.143 to 0.478	31	0.328	0.578	-0.362	2.843
Average	0.478 to 0.727	31	0.464	0.683	-0.131	3.002
Much	0.727 to 1.054	31	0.744	1.55	-0.023	8.654
Very much	More than 1.054	32	0.392	0.451	-0.278	1.466
Total		157	0.432	0.861	-0.362	8.654

Table 6. Comparison of the levels of the studied companies' quality of profit for the average of return during the five year period.

Variable	The average of earning quality					Statistic of F	The meaningful level
	Very low (lower than 0.143)	Low (between 0.143 to 0.478)	Average (between 0.727 to 1.054)	High (between 0.727 to 1.054)	Very High (more than 1.054)		
The five averages return	0.23a	0.33 a	0.46a	0.74a	0.39a	0.16	Jan-67

"a" shows that there is no meaningful difference between the groups.

Table 7. Comparison of companies for the average of return for five years.

Variable	Average								Statistic F	Meaningful level
	Gerbbaf yazd	...	Iran Darou	Isfahan Petrochemical	Firouza Engineering	Farabi Petrochemical	Aloumank	Urumia Cement		
Return of five years	0.44 a	...	1.67 a	2.60 a	2.71 a	2.84 a	3.00 a	8.65 a	%77	%97

"a" shows a meaningful difference based on comparative test of Toki.

Table 8. Points of the quality of profit in the studied companies.

Number of companies	157
Five year average of earning quality	12.808
Five year average of earning quality	0.593
Points	33.33
	0.435

Table 9. The descriptive statistic of points for the quality of profit within the studied companies for five years.

Levels		Number	Average	Deviation	Lowest	Highest
Low	Less than 0.435	52	0.252	0.457	-0.362	1.672
Average	0.435 to 0.765	53	0.581	1.295	-0.131	8.654
High	More than 0.765	52	0.462	0.548	-0.278	2.604
Total		157	0.432	0.861	-0.362	8.654

Table 9. The descriptive statistic of points for the quality of profit within the studied companies for five years.

Levels		Number	Average	Deviation	Lowest	Highest
Low	Less than 0.435	52	0.252	0.457	-0.362	1.672
Average	0.435 to 0.765	53	0.581	1.295	-0.131	8.654
High	More than 0.765	52	0.462	0.548	-0.278	2.604
Total		157	0.432	0.861	-0.362	8.654

of this is that the amount of data by the software at different points of 20, 40, 60 and 80 is calculated and used as a factor to classify the earning quality (Table 6).

Table 5 shows the descriptive statistics of each level. In order to determine the quality of the companies' classified profit during the five year period (2003 to 2008) and calculate their return of shares, analysis of variance with F Test was used. The results show that there is no significant difference between the levels of earning quality in 5% level ($F = 0.16$ and $P > 0.05$) (Table 6 and Figure 1). To confirm these results, these companies were studied based on the average of return and there was no significant difference for the return of shares in the 0.05 level ($F = 0.77$ and $P > 0.05$) (Table 6).

Testing of hypotheses

Considering the analysis of data, the suppositions of this study were tested under two hypotheses.

Test of the first hypothesis

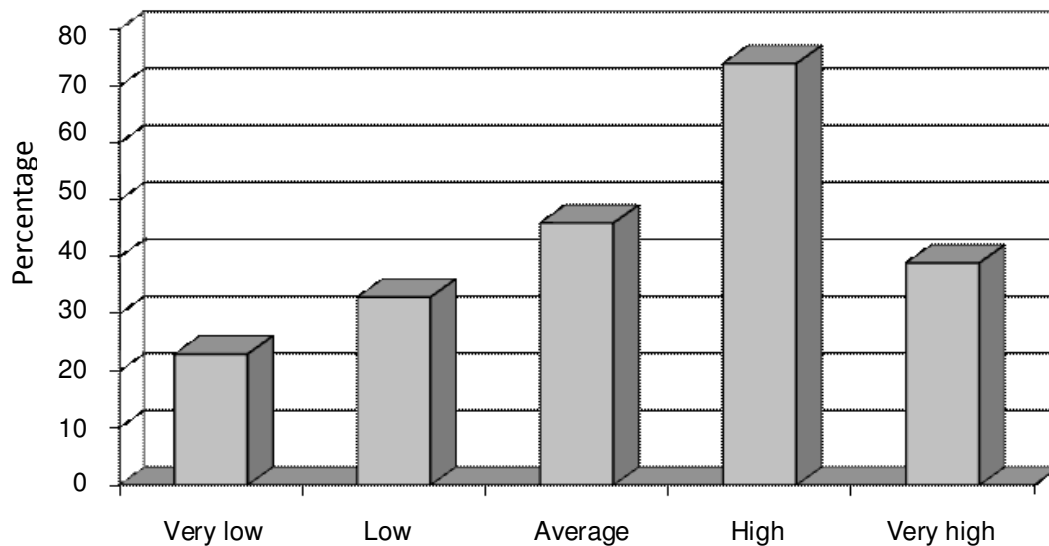
H_0 : The listed companies in TSE with different earning qualities do not make different return of shares.

H_1 : The listed companies in TSE with different earning qualities make different return of shares.

In order to determine the quality of profit of the listed

Table 10. Comparison of the levels of the studied companies' quality of profit for five years.

Variables	Average of quality of profit			Statistic F	Meaningful level
	Low: less than 0.435	Average: between 0.435 to 0.765	High: more than 0.765		
Average of return	0.25 a	0.58 a	0.46 a	2.04	0.133

**Figure 1.** Distribution of the average of returns based on the classification of the quality of profit.

companies in the stock exchange market during the five year period (2003 to 2008) and calculate their return of shares, analysis of variance with F-Test was carried out. The companies were categorized into two parts considering their quality of profit. As it is shown in Table 6, there is no meaningful difference between earning quality and return of shares in the 0.05 level ($F=2.04$ and $P>0.05$).

In the second form, the companies were categorized into three parts. As shown in Table 10, there is no meaningful difference between the levels of earning quality and the return of shares in the 0.05 level ($F=0.77$ and $P>0.05$). The result obtained for the test of the first hypothesis shows that H_0 is rejected on a 95% level.

Test of the second hypothesis

H_0 : There is no meaningful and positive relationship between earning quality and return of shares in the companies of stock exchange market.

H_2 : There is a meaningful and positive relationship between earning quality and return of shares in the companies of stock exchange market.

If we take a careful look at the situation in Iran, we would observe that politics has a lowered effect on its trend, and

gradually this meaningful relationship may appear in the stock market. The findings show that the average of returns of the classified companies is not different from the quality of earning.

Also there is no significant relationship between the quality of earning and the return of shares. So, the result obtained for the test of the second hypothesis shows that H_0 is not rejected on a 95% level.

REFERENCES

- Abdelghany K (2005). Measuring The Quality of Earning, Manage. Audit. J. 20:1001-1015.
- Barton J, Simko PG (2002). The Balance Sheet As An Earning Management Constraint. Account. Rev. pp. 1-27.
- Barua A (2006). Using the FASB's Qualitative Characteristics in Quality Earning Measures, PhD Theses, Louisiana Sate University.
- Barzegar B, Salehi M (2008). Re-emerging of Agency Problem: Evidences From Practicing Non-Audit Services By Independent Auditors, J. Audit Pract. 5(2):55-66.
- Dechow P, Dichev I (2002). The Quality Of Accruals And Earning The Role Of Accruals In Estimating Errors, Account. Rev. 77:35-59.
- Francis J, Lafond R, Olsson P, Schipper K (2005). The Market Pricing Of Accruals Quality. J. Account. Econ. 39(2):56-61.
- Ghaemi H, Gheitasvand M, Toujaki M (2003). The Effect of Harmonizing of the Earning on the Return of the Listed Companies In TSE, Iranian Account. Rev. 33:131-150.
- Khajavi S, Nazemi A (2005). Reviewing the Relationship Between The Earning Quality And Return Of Shares Considering The Commitment

- In TSE. Iranian Account. Rev. 40:24-33.
- Leuz C (2001). IAS versus US GAAP: A market based comparison, Working paper, University of Pennsylvania.
- Leuz C, Nanda D, Wysocki P (2003). Earning Management And Investor Protection: An International Comparison. J. Financ. Econ. 69:27-50.
- Namazi M, Salehi M (2010). The Role of Inflation in Financial Repression: Evidence of Iran. World Appl. Sci. J. 11(6):653-661.
- Noravesh IR, Nazemi A, Heidari M (2006). The Quality of Commitment and Profit with the Role of Prediction Errors, Iranian Account. Rev. 43:135-160.
- Penman S, Zhang X (2002). Accounting conservatism, the quality of earnings and stock returns, Account. Rev. 77(2):237-264.
- Penman S (2001). Financial Statement Analysis and Security Valuation, McGraw Hill, New York.
- Penman SH (2003). The Quality of Financial Statements: Perspectives from the Recent Stock Market Bubble, Account. Horizons 17: 77-96.
- Saghafi A, Kordeastani G (2004). Reviewing And Determining The Relationship Between The Earning Quality And Market Reaction To The Changes Of Return. Iranian Account. Rev. 37:42-52.
- Salehi M (2011). Audit Committee Non-Existing Reasons': Evidence Of Iran, Mediterranean J. Soc. Sci. 2(1):188-214.
- Salehi M, Azary Z (2008). Fraud Detection And Audit Expectation Gap: Empirical Evidence from Iranian Bankers. Int. J. Bus. Manage. 3(10):65-77.
- Salehi M, Rostami V (2009). Audit Expectation Gap: Some International Evidence. Int. J. Acad. Res. 1(1):140-146.
- Zariffard A (1998). Recognition and Analysis of Factors Related to the Assessment of Economical Organization, Working paper, Management Faculty, Tehran University, Iran.