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The evaluation of relationship between firm-specific characteristics and unitary disclosure of the companies listed in Tehran stock exchange

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Abstract

The aim of this study is to investigate the relationship between firm characteristics and the unitary disclosure of the companies listed in Tehran Stock Exchange. This research is applied based on objective and correlation based on nature and by means of linear regression. The relationship between the independent variables and the level of unitary disclosure during the 5-year period, 2007 to 2011 for the sample firms was studied. In this study, the size of corporate, debt rate, distribution of property, life of company, profit margins, return on equity, liquidity level, type of the industry and the audit firm size have been considered as independent variables. Some indicators, such as the names of board members, the complete information on company products, the statistical data for over two years, the information about the dividend policy etc were used as a unitary disclosure, dependent variables in this study. The research results show that between the variables of financial leverage, ownership dispersion, profit margins and return on equity and the level of unitary disclosure, there is a significant correlation, whereas the relationship between the firm size, firm life, amount of liquidity, industry type and size of the audit firm and the level of unitary disclosure was not approved.

Keywords: level of unitary disclosure, firm characteristics, financial reporting.

Introduction

The main purpose of the financial reporting is to provide information that leads to useful economic and business decision-makings Statement number 1of the concepts of the Financial Accounting Standards Board considers the emphasis on the financial data users, and focuses its focal point on the usefulness of the information for making decisions on investment and granting credits. This statement emphasizes that the role of financial reporting in the economy is providing the information that is useful for business and economic decisions, and not to determine what decisions should be made. In addition, according to the mentioned statement, the useful information for making decisions in investment and credit granting are the information, which is useful for current and potential investors and creditors and other users in making rational investment decisions, credit granting and similar decisions. The information should be perceivable for the people who have a reasonable understanding of business and economic activities. Financial reporting should provide information to assist the current and potential investors, creditors and other users in assessing the amounts, timing and uncertainty of future cash flows related to dividends, interest, sale proceeds, repayment or maturity of the guarantees or loans. Financial reporting should furthermore provide information about corporate economic resources, claims about these sources and effects of transactions, events and circumstances that change the rate of resources and claims on those resources.

Theoretical Principles

What is the purpose of the disclosure of financial information?

The purpose of disclosure in financial reporting is to provide the necessary information to achieve the following objectives:

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A) Evaluation of the performance of the business unit.

B) Judgment about how the business unit uses the resources.

C) Anticipation of the future profitability of the business unit.

Therefore, the information provided through financial reports must be relevant, appropriate and complete. In disclosure of financial information, the needs and demands of the main investors, investment institutions and financial analysts should be considered. The fact that all investors in order to assess the relative risks of investing in each of the business units need financial information should also be considered in the disclosure of the previously mentioned information. Although the creditors and government agencies usually possess the power and required facilities to obtain additional information to meet their needs, they should also be considered as the groups of financial data users in connection with the disclosure of the financial information (Aalivar, Aziz, 1986).

American Institute of Certified Public Accountants, AICPA has been described the goals of adequate disclosure as follows:

A) Provision of the useful information to investors and creditors for predicting, comparing and evaluating the cash flow input in terms of money, time and risk inved.

B) Provision of the information to users in terms of producing, comparison and evaluation of company profitability.

C) Provision of the helpful information for judging the management aptitude in effective utilize of resources to achieve company goals.

D) Provision of the useful information for predicting process.

E) Reporting on the company activities effective on society that must be recognized, interpreted and measured. Disclosure of such information shows the social role of the corporate.

Dimensions of the Disclosure

One of the important issues while discussing the adequacy or inadequacy of the disclosure is the existence of two levels of disclosure. One level represents the ideal or theoretical level of disclosure. Elements and concepts that have already been propounded in defining the ideal level of disclosure designate the level which is now unavailable. The inability to achieve such a level is due to the inadequate understanding of various factors including ideal disclosure model. For example, the nature of the decision model for different users of accounting information that can be used as an input is not fully understood. Other level represents the best standard of disclosure that is achievable under real conditions. This level, although it is available, there are factors that prevent from reaching this level. Failure or inability to obtain such a level is due to the complex and interaction effects of law, tradition, custom, lack of applied research, and the incapability of the accounting educational system (Buzby, 1974).

In the disclosure-related scientific literature, the quality of disclosure in annual reports of companies has been discussed in different ways and different ideas on its qualification are provided as follows:

1) Adequacy for the defined purposes: The disclosed information is considered adequate when it is related to users' needs and has the ability to realize these needs, and it is also disclosed timely (Buzby, 1974 , Owusu-Ansah, S. 1998b , Wallace, RSO and Naser, K. 1995, Wallace, RSO, Naser, K. and Mora, A 1994)

In other words, adequate disclosure of the corporate financial reporting is a function of the quantity and quality of the information disclosed in it, the form and manner its presentation and the way and timing of disclosure.

2) Information and notification: This means that whether, for example, the accounting profit figures in the annual financial report represents the trend of the stock returns and the stock price or not (Wallace, RSO, Naser, K. and Mora, A ,1994).

3) Timeliness: This means that whether at the time of the release of information of the company's annual report, the company is affected by the good or bad news, or the type of audit report or not (Wallace, RSO, Naser, K. and Mora, A ,1994).

4) Understandability: This means that whether the company's annual reports to effectively communicate with the reader and user or not. In addition, whether such level of performance is related to the risk and return or not (Wallace, RSO, Naser, K. and Mora, A ,1994).

5) Comprehensive: This means that whether the detailed information is fully disclosed or not. Or whether the full details of the information are disclosed in the financial statements or not(Wallace, RSO, Naser, K. and Mora, A ,1994).

Furthermore, it is noteworthy that the variability in the above measurement tools is due to the abstract nature of the disclosure that is resultant of the multiple and diverse needs of users of annual reports.

Motivations of the unitary disclosure

Companies tend to disclose accounting information to ensure the capital market participants that the procedures of accounting have been in accordance with the accounting requirements and to satisfy the information needs of shareholders. Researches show that companies in order to finance through debt and capital markets are likely to disclose a wide range of accounting information. While intend to issue bonds or stock or intend to acquire another company, companies tend to unitary disclosure in order to provide clear and transparent information to investors and impress their views (Healy, P., & Palepu, K., 1993; Healy, P., & Palepu, K., 1995)

The disclosure is nevertheless obligatory since in any case the directors are accountable and should realize certain goals of business and finance. Managers are willing to provide information and unitary disclosure in order to inform investors of their own management abilities and talents and to avoid investors from any misinterpretation and incorrect assessment of their status and performance, for the reason that the evidence shows that the poor performance is effective on the high rates of changes in management levels. This evidence indicates that managers are inclined to disclose information regarding their performance in order to create the desired effect on company's stock returns and as a final point to increase their own benefits through the impact on their own stock-related incentive options (Healy, P., & Palepu, K. 1995). It seems that managers attempt to timetable good news disclosure in order to maximize such benefits (Aboody, D., & Kaznik, R. ,2000)

In the periods of uncertainty, managers tend to provide forecasts in order to regain the confidence of investors and thus avoid a change in the stock returns and incentive plans (Dye, RA ,1990). Moreover, in cases where the stock is priced below market value, managers tend to provide unitary disclosure in order to correct the low pricing rate (Verrecchia, R. 1983).

Risk of lawsuits arising from inadequate disclosure can be a motivation for unitary disclosure in order to reduce the cost of these lawsuits (Skinner, D.,1994) . Consequently, managers may proceed to manage a timetable to disclose good and bad news. Companies with bad news are more likely to have more unitary disclosure than other companies so as to incur less potential legal costs with advance disclosure of the bad news. Managers may attempt to proceed unitary disclosure of information regarding their projections so as to demonstrate to the investors that they are is aware of the economic environment of the company and are able to react quickly to changes (Trueman, B.,1986).

Extensive disclosure of information can also reduce any uncertainty about the company's accounting performance as well as decision-making and thereby facilitate an enhancement in the company's growth. In other words, provision of the accounting unitary disclosure leads to reduction in the risk level that is attributed to the company and it can consequently enables the company to more easily raise capital in the debt and equity markets.

Classification of Company Features

In various studies (Wallace, RSO and Naser, K., 1995; Wallace, RSO, Naser, K. and Mora, A., 1994.; Lang, M., & Lundholm, R.,1993) the basic features of corporate as the potential predictors of financial reporting quality are divided into three general categories:

1) Structure-related features
2) Performance-related features
3) Market-related features

Structure-related Features

Structure-related feature is relatively constant over time, and explains a commercial unit based on its structure. Some features such as firm size and the ratio of instantaneous in the research of Wallace *et al.* (Wallace, RSO, Naser, K. and Mora, A,1994) and the ratio of debt to equity, firm size and the ownership of shares or ownership structure in Wallace, RSO and Naser, K. (1995), and the firm size and return atility in Lang &Lundholm(Lang, M., & Lundholm, R. ,1993) have been mentioned as the structure-related features.

Performance-related Features

Performance-related features are particular to a certain fiscal period and indicate the information that the management has prioritized access to them and meanwhile is the disclosure subject during the financial period.

According to Wallace *et al.* (Wallace, RSO, Naser, K. and Mora, A ,1994) these features vary from one fiscal period to other fiscal period and include the information that could be useful to the users of this information.

In the researches of the aforementioned people, features such as liquidity ratio and profit margin have been mentioned as the performance-related features.

Market-related Features

Market-related features does not have the properties of the above two categories and are sometimes constant over time, and sometimes particular to a certain fiscal period. These features are under the internal control and external control of the institution. For example, the market value of corporate stock function of market reaction to the firm performance and other factors of the macro economy or audit firm type is a variable that is identified according to the agreement between the company ,employer and the audit firm. Other features in this category include industry type and stock status.

Research History

Malekian[1] in a research entitled "Comprehensiveness of the Annual Reports and Financial Characteristics of the Companies Listed in Tehran Stock Exchange has codified a checklist of disclosures with the study and review of the international accounting standards, disclosures in developed and developing countries, disclosures in the accounting press, the financial statements typical to the Stock Exchange of Tehran, the company reports available in Iran and Iran's trade laws in accordance with the state of economic and business environment, and sent this checklist as a questionnaire to three groups including accounting and financial management professors, financial analysts and shareholders. In addition, they were asked to score from 1 to 5 with regard to the relative importance of the items. After obtaining the results from all three groups, the balanced average of the three groups on each item of disclosures was determined and then concluded the information disclosure, which had the average of three or more as the information companies need to disclose.

The obtained results of the above study were summarized as follows:

1) There is a significant relationship between the firm size ,total assets and full disclosure of the annual report.

2) There is a significant relationship between the ratio of debt to equity and full disclosure of the annual report.

3) There is a significant relationship between the net sales to full disclosure of the annual reports.

4) There is no significant relationship between ratios of profit before tax to the total equity to full disclosure of the annual reports.

5) There is a significant relationship between the ratio of profit before tax to net sales and the full disclosure of the annual report (Saghafi, Ali and Malekian, Esfandiar (1997).

In 1998, Nourifard has accomplished a study entitled "Disclosure of Information in the Financial Reports of Companies". His aim of this study was to investigate the relationship between the characteristics of the companies and the disclosure. In fact, this research attempts to evaluate the quantity and quality aspects of information disclosure in Iran while reviewing the annual reports.

The indicator of the disclosure in this research was composed of 55 disclosures that amounted to 109 taking these items with sub-items; these items cover the contents of the annual reports in general. The mentioned items are based on the guidelines provided by scholars such as Surf, Buzby and so on and after appropriate modifications.

In this study, a single variety and multivariate regression analysis is employed to study the effect of independent variables on a dependent variable.

The obtained results of this study are as follows:

1) The relationship between the firm size ,total assets and the disclosure number of the firms is positive and statistically significant.

2) The relationship between the corporate profits and the disclosure number of the firms is positive and statistically assigned significant.

3) The firm size, total assets has a better relationship than profit margins with the amount of disclosure.

4) No significant relationship was found between the enterprise's industrial type and the disclosure number of companies. That is, the nature of the industry does not have any effect on the disclosure amount in the annual reports.

5) In this study, three factors were considered: the amount of assets, the profit margin, and

[1] Esfandyar Malekian, Ph.D., Faculty of Economics & Administrative Science, University of Mazandaran, http://eco.umz.ac.ir

the nature of the industry. Among these factors, we found that the size ,total assets is the most important factor that affects the disclosures.

Research questions

Main question: Is corporate features related to their unitary disclosure level?

Sub-questions

1) Are the structure-related variables of the company related to their unitary disclosure level?

2) Are the performance-related variables of the company related to their unitary disclosure level?

3) Are the market-related variables of the company related to their unitary disclosure level?

The hypotheses of the study

The first main hypothesis: There is a relationship between the structure-related variables of the company and the level of unitary disclosure.

The first sub-hypothesis: There is a positive relationship between the firm size and the level of unitary disclosure.

The second sub-hypothesis: There is a positive relationship between the corporate debt rate and the level of unitary disclosure.

The third sub-hypothesis: There is a positive relationship between the corporate distribution of ownership and the level of unitary disclosure.

The fourth sub-hypothesis: There is a positive relationship between the corporate life and the level of unitary disclosure.

The second main hypotheses: There is a relationship between the performance-related variables of the company and the level of unitary disclosure.

The first sub-hypothesis: There is a positive relationship between the company's profit margin and the level of unitary disclosure.

The second sub-hypothesis: There is a positive relationship between the company's return on equity and the level of unitary disclosure.

The third sub-hypothesis: There is a positive relationship between the liquidity of the company and the level of unitary disclosure.

The third main hypotheses: There is a relationship between the market-related variables of the company and the level of unitary disclosure.

The first sub-hypothesis: There is a positive relationship between the industry type and the level of unitary disclosure.

The second sub-hypothesis: There is a positive relationship between the size of the audit firm and the level of unitary disclosure.

Methodology

Study Statistical Society, Samples and Period

In the present study, the statistical society is all of the companies that are listed in Tehran Stock Exchange which were present in the list of Exchange members in the 2007-2011 periods. In determining the optimum statistical society, the following issues will be considered:

A) The financial and investment companies will be eliminated from the study statistical society regarding this fact that their data reporting method and the nature of their operations are different from other companies. Certainly, it is noteworthy that in this type of research, similar companies are omitted according to this reason (Leventis, S. & Weetman, P., 2004a; Leventis, S. & Weetman, P., 2004 b).

B) In order to remove the effect of the time of disclosure, or in other words to remove the probability of the financial period of each corporate on the unitary disclosure in the financial reporting, the firms whose financial year was not leading up to the end of "29 Esfand"[2] have been excluded from the study statistical society.

The time period of the research has been determined from 2007 to 2011, a period of 5 years; in view of the fact that the number of listed companies in Tehran Stock Exchange has increased considerably during recent years and the Exchange database system has witnessed a good growth and integrity over these years, therefore the companies information between the years 2007 to 2011 was used in this study. In case that more years were considered in order to select the samples, the number of the member companies in the statistical society and sample would decrease, which in return would reduce the validity of the study.

In the present study, the samples would be selected in two stages and the subsequent analysis of the samples would be done by using the sample-related data. First, by using a preliminary sample made up of 15 companies that were randomly selected in the statistical society, an estimation of the society variance will be achieved.

[2] 29th Esfand is the last day of the calendar and fiscal year according to Persian solar calendar which is equal to March 20th in Gregorian calendar.

Then, the final sample will be selected using equation:

$$n = \frac{N.Z^2_{\alpha/2}.\delta^2_X}{\varepsilon(N-1)+Z^2_{\alpha/2}.\delta^2_X}$$

Where:

ε: the accuracy of estimation

σ^2_x : Preliminary sample variance

N: number of society members

n: number of samples

Accordingly, 65 companies were selected as research samples.

Definition of Research Variables

In this study, firm size, degree of financial leverage, margin rate, rate of return on equity, industry type, ownership dispersion, the life of the company, audit firm size and liquidity are considered as the independent variables and the extent of unitary disclosure as the dependent variable, which in Table 1, the used standard and the source of the information were determined.

Data Analysis Method

With regard to this fact that in this study, studying library methods and review of the literature are used and its aim is to identify those attributes, preferences, characteristics and behavior of people by referring to them, it can be said that the present research based on the nature and methods of research is descriptive survey. Indeed, a descriptive survey research studies the characteristics, attributes of individuals of a society, and evaluates the status of the statistical society in the form of multi-attribute or variable; meanwhile the linear regression was used to test the research hypotheses.

Table 1. Operational definition of research variables.

Variable	Used Criteria	Sources of Information
Unit size under study	Log the book value of assets	Financial statements, stock reports
Liquidity	Book value of assets and current liabilities	Financial statements, stock reports
Return on equity	Net profit, the book value of equity	Financial statements, stock reports
Profit margins	Ratio of net profit to net sales	Financial statements, stock reports
Financial leverage	Ratio of debt to assets	Financial statements, stock reports
Industry type	History, the company's main activities under study	Financial statements, stock reports
Ownership dispersion	Zero and one	Financial statements, stock reports
Corporate life	Corporate Life logarithm	Financial statements, stock reports
Audit firm size	Zero and one	Financial statements, reports of the certified public accountants
Unitary disclosure rate	Ratio of disclosure items inserted in the disclosure list	Similar studies, consideration of effective legislation

Test results of the hypotheses

First hypothesis: In this hypothesis, the positive effect of firm size on the level of unitary disclosure has been investigated; the results show that the size variable has no significant relationship with the unitary disclosure level. Rate of statistic tequals1/51 whose significance level is greater than 5%, therefore, the assumption that two variables relationship is linear cannot be verified. In other words, the level of unitary disclosure for the small and large does not have difference.

Second hypothesis: In this hypothesis, the positive effect of leverage on corporate unitary disclosure has been investigated; the results show that the variable of the corporate leverage has a significant positive correlation with unitary disclosure level. The variables coefficient shows that corporate leverage has a direct relationship with the level of unitary disclosure. With regard to the statistic F, the fitted regression model is significant and with regard to the coefficient of determination, this variable describes 27 percent of the changes in the level of unitary disclosure. Subsequently, we can conclude that with the increase in corporate leverage, the level of unitary disclosure improves.

Table 2. Results of a single variant regression between the independent variables and the level of unitary disclosure.

Variable	Coefficient	Significant	Statistic t	Statistic F	Coefficient of Determination	Durbin-Watson
Company size	0.187	0.137	1.51	2.273	0.035	1.985
Corporate Debt	0.516	0.00	4.778	22.882	0.266	1.553
Property Dispersion	- 0.252	0.042	- 2.071	4.290	0.064	2.099
Corporate Life	0.197	0.122	1.722	2.453	0.045	1.931
Profit Margin	- 0.244	0.049	- 1.966	- 3.986	0.06	1.968
Return on Equity	0.289	0.020	2.396	5.741	0.084	1.935
Stock Liquidity	0.097	0.442	0.774	0.599	0.009	1.976
Industry Type	- 0.066	0.60	- 0.527	0.278	0.004	1.940
Audit Firm Size	0.020	0.887	0.156	0.024	0.00	1.943

Source: The researcher findings

Third hypothesis: In this hypothesis, the positive effect of ownership dispersion on the unitary disclosure level has been studied; the results show that the variable of the ownership dispersion has a significant positive relationship with the unitary disclosure level. The variables coefficient shows that the ownership dispersion has a direct relationship with the level of unitary disclosure. With regard to the statistic F, the fitted regression model is significant and with regard to the coefficient of determination, the variable explains 6 percent of the changes in the level of unitary disclosure. As a result, we can conclude that with the increase of the corporate ownership dispersion, the level of unitary disclosure will improve.

Fourth hypothesis: In this hypothesis, the positive effect of the company's life on the unitary disclosure level was examined; the results show that the variable of life does not have a significant relationship with the unitary disclosure level. The rate of statistic equals to 1/722, whose significance level was higher than 5%, it is therefore assumed to be a linear relationship between two variables cannot be verified. In other words, the level of unitary disclosure does not have any significant difference for companies with up and down life.

Fifth hypothesis: In this hypothesis, the positive effect of the company's profit margins on the unitary disclosure level was examined; the results indicate that the variable of the company's profit margin has a significant positive relationship with the level of unitary disclosure. The variables coefficient shows that the company's profit margin is directly related to the level of unitary disclosure. According to the amount of the statistic F, the fitted regression model is significant and with regard to the coefficient of determination, this variable explains 6 percent of the changes in the level of unitary disclosure. Thus, we can conclude that with the increase in corporate profit margins, the level of unitary disclosure improves.

Sixth hypothesis: In this hypothesis, the positive effect of return on equity of the company on the unitary disclosure level was examined; the results indicate that the variable of the return on equity has a significant positive relationship with the level of unitary disclosure. The variables coefficient shows that the company's return on equity is directly related to the level of unitary disclosure. With regard to the statistic F, the fitted regression model is significant and with regard to the coefficient of determination, the variable describes 8 percent of the changes in the level of unitary disclosure. Hence, we can conclude that with the increase in return on equity of the firms, the level of unitary disclosure improves.

Seventh hypothesis: In this hypothesis, the positive effect of corporate stock liquidity on the level of unitary disclosure has been investigated; the results show that the stock liquidity variable has no significant relationship with the unitary disclosure level. Rate of statistic t equals 0/774 whose significance level is greater than 5%, therefore, the assumption that two variables relationship is linear cannot be verified. In other words, the level of unitary disclosure for the companies with high or low stock liquidity does not have significant difference.

Eighth hypothesis: In this hypothesis, the positive effect of the type of the industry on the level of unitary disclosure has been investigated; the results show that the industry type variable has no significant relationship with the unitary disclosure level. Rate of statistic t equals 1/527 whose significance level is greater than 5%, therefore, the assumption that two variables relationship is linear cannot be verified. In other words, the level of unitary disclosure for the companies in various industries does not have significant difference.

Ninth hypothesis: In this hypothesis, the positive effect of the audit firm size on the level of unitary disclosure has been investigated; the results show that the audit firm size variable has no significant relationship with the unitary disclosure level. Rate of statistic t equals 0/156 whose significance level is greater than 5%, therefore, the assumption that two variables relationship is linear cannot be verified. In other words, the level of unitary disclosure for the companies that have been audited by large audit firms and other audit firms does not have significant difference.

Conclusions and Recommendations

This study aimed to examine the connection between the firm characteristics and the extent of unitary disclosure. Based on the goals of this research, nine hypotheses have been designed and tested. The obtained results from the first hypothesis suggest that the level of unitary disclosure of companies has no significant relationship with their size. It seems that the small and large companies in Tehran Stock Exchange are willing to disclose information similarly. The mentioned result is contrary to the research conducted in the United States (Singhvi, S. and Desai, HB 1971; Buzby, SL 1975; Cooke, TE 1991, Cooke, TE 1992; Tai, BYK, Au-Yenug, PK, Kowk, M., & Lau, LWC 1990; Owusu-Ansah, S. 1998b). Besides, the first research hypothesis testis similar to the study conducted in Bangladesh (Ahmed, K. Nicholls, D. 1994).

The obtained results of the second hypothesis test of this study showed a significant positive and direct relationship between the financial leverage and the extent of unitary disclosure of financial information. The mentioned result is contrary to the research conducted in Mexico(Chow, CW, & Wong-Boren, A. 1987a), Spain (Wallace, RSO, Naser, K. and Mora, A 1994), and Saudi Arabia (Alsaeed, K. 2006). In addition, this result is similar to the study conducted by Belkaoui and Kahl (Belkaoui, A. and Kahl, A. 1978) and Maloneet al. (Malone, D., Fries, C. and Jones, T. 1993).

The obtained results of the third hypothesis test of this study showed significant positive and direct relationship between the ownership dispersion and the extent of unitary disclosure of financial information. Consequently, the finding is contrary to the result of research conducted in Saudi Arabia (Alsaeed, K. 2006).

The fourth hypothesis test results indicate no significant positive and direct relationship between the company's life and the extent of unitary disclosure of financial information. Consequently, this finding is similar to the result of research conducted in Saudi Arabia (Alsaeed, K., 2006). It seems that the companies with shorter life proceed to disclose and publish this information in order to stay ahead of the company's with higher life in unitary disclosure of information.

The obtained results of the fifth hypothesis test of this study showed significant positive and direct relationship between the company's profit margin and the extent of unitary disclosure of financial information. The mentioned result is contrary to the research conducted in New Zealand (McNally, GM, Eng, LH and Hasseldine, CR 1982) , Spain(Wallace, RSO, Naser, K. and Mora, A, 1994), and Saudi Arabia (Alsaeed, K. 2006). The logical reason for this result could be not to disclose some of the unitary information by the companies with low profit margins.

The obtained results of the sixth hypothesis test of this study showed significant positive, positive and direct relationship between the company's return on equity and the extent of unitary disclosure of financial information. The mentioned result is contrary to the research conducted by Wallace et al. (Wallace, RSO, Naser, K. and Mora, A, 1994), Comfferman and Cooke, 2002 and Khalid Alsaeed (Alsaeed, K. 2006). The rationale for this result could be the same argument for the above item. In other words, companies that may have a lower return on equity, have less unitary disclosure.

The obtained seventh hypothesis test results indicate no significant positive and direct relationship between the company's liquidity and the extent of unitary disclosure of financial information. Therefore, the mentioned result is the same as the research conducted in Spain (Wallace, RSO, Naser, K. and Mora, A., 1994), Hong Kong (Wallace, RSO and Naser, K., 1995), Jordan (Naser, K. and Nuseibeh, R., 2003), and Saudi Arabia (Alsaeed, K., 2006). Furthermore, this result is different from the research conducted by Cooke (Cooke, TE, 1989; Cooke, TE, & Wallace, RSO, 1989) . The logical reason for this result could be, as Wallace et al. (Wallace, RSO, Naser, K. and Mora, A, 1994) argued that in opposition to the motivations described in the second chapter, the poor liquidity situation might persuade companies to expand its disclosure to lessen the worry about its weak liquidity position with the stakeholders by pointing out that management is aware of the problem.

The obtained eighth hypothesis test results indicate no significant, positive and direct relationship between the type of industry and the extent of unitary disclosure of financial information. Therefore, the mentioned result is the same as the research conducted in Saudi Arabia (Alsaeed, K., 2006).

The obtained ninth hypothesis test results indicate no significant positive and direct relationship between the audit firm size and the extent of unitary disclosure of financial information. The mentioned result is the same as the research conducted in Saudi Arabia (Alsaeed, K, 2006). The logical reason for this result may be familiarity of the audit firms in Iran with the unitary disclosure debate.

The average amount of the unitary disclosure of companies for a 5-year period of 2007 to 2011 equals to 23 percent. This percentage indicates that the companies averagely proceed to disclose 23 percent of the unitary disclosure items. The low level of designated extend of the corporate unitary disclosure could be related to the fact that the disclosure of such information is unitary in nature and no official legislation enacted by the authorities on financial reporting have made the disclosure of such information obligatory.

With regard to the obtained results of the research and the literature review, the following recommendations are offered:

1. It is recommended that the draftsmen and compilers of the accounting and financial reporting standards and regulations to codify the standards in the following areas:

- By considering this issue that the research results suggest the lack of correlation between corporate equity returns and the unitary disclosure,therefore,with regard to the importance of financial reporting, it is necessary to consider the setting of the useful rules concerning the information disclosure from the company with relatively low return on equity for further clarification of the financial position of the company.
- By considering this issue that the research results suggest the lack of correlation between the extend of the corporate liquidity and the unitary disclosure, therefore, with regard to the importance of financial reporting, it is necessary to consider the codification of the useful rules concerning the information disclosure from the company with relatively low percentage of the liquidity for further clarification of the financial position of the company.

2. With regard to the fact that the company's annual financial reporting is one of the tools for providing information to users of financial statements, it is suggested to these companies, with their unitary disclosure of information beyond the required limits, take action to use this tool to attract users to achieve their goals of attracting investment and increasing their credit ceiling.

3. With reference to the importance of financial reporting, it is suggested to the group of the data users who have an effective extend of influence to benefit from the company's annual financial reporting as an opportunity to influence in order to disclose a great deal of the useful information to achieve higher levels of information transparency and accountability in the company.

Meanwhile, the following recommendations for the future research seem necessary:

1. Study the effects of the variables of this research with the unitary disclosure indicator composed of the data items not included in this study.
2. Study the effects of the variables of this research with the unitary disclosure indicator classified based on features of the items, for example, unitary disclosure of information concerning the structure, performance, prediction and ...
3. Study the effects of the variables of this research with the mandatory disclosure indicator extend in the corporate annual financial reporting.
4. Study the effects of the variables of this research with the unitary disclosure indicator created based on a balanced approach to form unitary disclosure of information index based on the relative importance determined by the users of the information.

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