Exploring the Effect of Accounting Information on Systematic Risk: An Empirical Evidence of Tehran Stock Exchange

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Abstract : This paper highlights the empirical results of analyzing the correlation between accounting information and systematic risk. This association is analyzed among financial ratios and systematic risk by considering the financial statement of 39 companies listed on the Tehran Stock Exchange (TSE) for five years (2014-2018). Financial ratios have been categorized into four groups and to describe the special features, as representative of accounting information we selected: Return on Asset (ROA), Debt Ratio (Total Debt to Total Asset), Current Ratio (current assets to current debt), Asset Turnover (Net sales to Total assets), and Total Assets. The hypotheses were tested through simple and multiple linear regression and T-student test. The findings illustrate that there is no significant relationship between accounting information and market risk. This indicates that in the selected sample, historical accounting information does not fully reflect the price of stocks.