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DETERMINATION OF THE IMPACT OF THE STYLE-SHIFTING ACTIVITY MANAGEMENT AND PREDICTION OF THE PERFORMANCE OF COMPANY'S MARKET VALUE OF EQUITY

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ABSTRACT

This research aims to determine the impact of the style of managers' shift activities and predict the performance on the company's market value of equity. This is an analytical-causal study and is based on analysis of panel data. The statistical population includes all companies accepted in Tehran Stock Exchange with 520 companies a year. Of this financial information, 102 companies have been reviewed in the time period 2010 to 2015. The final analysis was performed using EViews®7, SPSS®20 and Minitab®16 software. The results showed that the style of managers' shift activities has a negative and inverse effect on the market value of the companies' equity. Also, predicting the performance has a positive and direct effect on the company's market value of equity.

1. INTRODUCTION

Managers are always looking for solutions to increase the company's performance and profitability. Providing long-term plans they are trying to push the company's productivity to the positive side (Barroso& Clara, 2015).

Some executives, depending on their high expertise, work in different organizations and companies in shifts. By increasing the workload of corporate executives in different fields and lack of focus in a specific field, their performance has dropped and their long-term policies in the field of increasing profitability will be ineffective (Agarwal et al., 2014).

One of the long-term policies of managers for maximizing the profitability and performance is to carry out capital expenditures through a stepped manner which means more capital expenditure will be allocated to that project by the progress of construction projects. But due to the style of managers' shift activities and their lack of focus in a particular activity they will not achieve their

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ultimate goal (Bessler et al., 2014).

The market value of equity depends on the implementation of managers' policies in relation to long-term plans and will have a bullish trend when the executives of that company have sufficient focus on applying management policies. Performance prediction through past events will be conclusive when events that have occurred in the past follow a consistent trend based on prior planning (Amihud and Goyenko, 2013).

Corporate executives need to decide if the identified risks are acceptable in relation to performance prediction. In case of facing an unacceptable risk management level, they should be responsible for it. Style-shifting activity management is one of the effective factors on increasing the company's risk (Wahal, 2014).

2. LITERATURE AND BACKGROUND OF THE RESEARCH

2.1 DEFINITIONS OF VARIABLES

2.1.1 STYLE-SHIFTING ACTIVITY MANAGEMENT

Style-shifting activity management is the level of managers' activity in one or more different companies. Some managers work in a company and devote their full time to the management of that company; however, on the other hand, there are other managers who are active in several companies and allocate their time to activities in several companies (Bessler et al., 2014).

2.1.2 PREDICT PERFORMANCE

Predicting the company's performance is to predict the company's profitability in the coming years with regard to information and events of the past year. In predicting the performance of companies, managers often use their experience as well as the company's history in previous years (Agarwal et al., 2014).

2.1.3 MARKET VALUE OF EQUITY

The value of the equity market is the total market value of the stock in the capital market. Usually, the market value of equity is based on the fluctuations of corporate profitability and is also affected by fluctuations of stock returns in the long run (Wahal, 2014).

3. BACKGROUND OF THE RESEARCH

Herrmann et al. (2016) in a study entitled "Style-shifting activity management, predict performance and the equity market values" have investigated the relationships between these variables. The results showed that style-shifting activity management, if it changes over consecutive courses, will affect the performance and efficiency of the company and will increase productivity. Also, the study found that by changing the style-shifting activity management, the market value of equity will also experience a positive trend.

Zahra and Pearce (2015) investigated the relationship between board composition, past performance and company strategies. They concluded that there is a positive and significant relationship between the presences of non-executive members as the criterion of board composition

and return on assets, equity returns, and net profit of each share as a measure of financial performance of the company.

Laing and Weir (2015) examined the relationship between managers' shift activities and corporate performance in Shanghai, China. The results of this research indicate that the presence of non-executives on the board increases the company's performance.

In the Shari'atPanahi research (2015), the evaluation of corporate performance prediction and controlling the behavior of managers from the point of view of representation has been discussed. The statistical population of this research is composed of 100 joint stock companies and the Tobin's Q financial variable is used to evaluate the performance. He tested the relationship between the seven mechanisms and the task of controlling the performance of managers and functional variables and failed to achieve a meaningful relationship between the company's ownership and performance

Ahmadvand (2015), in another study, investigated the effect of managers' shift activities in the performance of listed companies in Tehran Stock Exchange. The results also increase with the increase in the number of major shareholders in ROE, which indicates the impact of oversight and control conducted by major shareholders. Despite the lack of relevance, the smaller the number of major shareholder companies, the less and more desirable the P / E coefficient.

Managers increase market value of equity by providing some management solutions. Prediction of performance based on predetermined criteria is one of the ways that has drawn the attention of new investors. According to the issues raised the main problem is:

Style-shifting activity management and predict performance affects the market value of shareholders' equity of listed companies in Tehran Stock Exchange?

3.1 RESEARCH HYPOTHESES

- Style-shifting activity management affects the market value of shareholders' equity.

- Predict performance is effective on the market value of shareholders' equity.

3.2 RESEARCH METHOD

This is an analytical-causal study and is based on analysis of panel data. The statistical population includes all companies accepted in Tehran Stock Exchange with 520 companies a year. Of this financial information, 102 companies have been reviewed in the time period 2010 to 2015.

Dependent variable: The market value of the equity of the company i in year t ($\alpha_{i,t}$): is equal to the multiplication of the number of shares held by the shareholders in the market value of each stock at the end of the year under review (Elton et al., 2012).

Independent variable: Style-shifting activity management of company i in year t ($Style_{i,t}$): is an artificial variable that is equal to one if the director of the company under consideration works in several other companies otherwise it's equal to zero (Huang et al, 2011).

The prediction of the company's performance in year t ($Acitivity_{i,t}$): is equal to the growth rate of profitability calculated as follows (Meier, I., &Rombouts, J, 2009):

$$Acitivity_{i,t} = (ROA_{i,t} - ROA_{i,t-1})/ROA_{i,t-1} \quad (1),$$

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in which:

$ROA_{i,t}$ - is equal to the ratio of return on assets in the current year

$ROA_{i,t-1}$- is equal to the ratio of return on assets in the year before the current year, and

$$ROA_{i,t} = \frac{\text{Net profit in the current year}}{\text{Book value of total assets}}$$

(2).

Control variable: capital expenditure of company i in year t ($Expenses_{i,t}$)**.** Capital expenditures are expenditures that sustain or increase the capacity of producing goods and services and provide future profitability for the company. Capital expenditures are mainly spent on the purchase, construction, refurbishment and repair of fixed assets. How to calculate capital expenditures is as follows (Müller, S., & Weber, M, 2014):

$$Capex_{i,t} = \frac{\Delta Asset_{i,t}}{Asset_{i,t}}$$

$$Capex_{i,t} = \frac{\text{Capital expenditure}}{\text{The book value of total assets in year } t} \quad (3)\ .$$

Capital expenditures ($\Delta Asset_{i,t}$) = book value of assets in year $t -$ book value of assets in year $t - 1$.

Current ratio of company i in year $t(Turnover_{i,t})$ is equal to the ratio of current assets divided into current liabilities (Sias, R, 2007).

Size of company i in year t ($\log TNA_{i,t}$) is equal to the logarithm of the book value of the total assets of the company (Wermers, R, 2012).

The lifetime of the company i in year t ($FundAge_{i,t}/100$) is equal to the logarithm of the company's age from the beginning until now (Brands et al., 2005).

Income ratio of company i in year $t(Time_{i,t})$ is equal to the gross income ratio divided by the total book value of the total assets (Elton et al., 2012).

Profit division of company i in year $t(D_{i,t})$, to measure this variable we convert qualitative information into quantitative data so that companies that pay their profits in cash are measured with the number one, and other companies that had payments in a share are measured by zero (Wahal, 2014).

3.3 RESEARCH MODELS

Model number 1 to 2 will be used as follows to test the first and second hypotheses. In this model, if the coefficientsβ_i (coefficients related to independent variables) are significant at 95% confidence level, then the first to second hypotheses of the research will be confirmed.

Model No. 1:

$$\alpha_{i,t} = \alpha_0 + \beta_1 Style_{i,t} + \beta_2 Expenses_{i,t} + \beta_3 Turnover_{i,t} + \beta_4 \log TNA_{i,t} + \beta_5 FundAge_{i,t}/100 + \beta_6 Time_{i,t} + \beta_7 D_{i,t} + \varepsilon_{i,t}$$

Model No.2:

$$\alpha_{i,t} = \alpha_0 + \beta_1 Acitivity_{i,t} + \beta_2 Expenses_{i,t} + \beta_3 Turnover_{i,t} + \beta_4 \log TNA_{i,t} + \beta_5 FundAge_{i,t}/100 + \beta_6 Time_{i,t} + \beta_7 D_{i,t} + \varepsilon_{i,t}$$

In these models we have symbol i represents the company (sectional units) and t represents the year. Variable $\varepsilon_{i,t}$ refers to random error of company i in year t.

In this research, multivariate linear regression model was used to test the hypotheses. The statistical method used in this study is the panel data method, because two different aspects of the subject have been examined in order to investigate the relationship between independent variables and dependent variables. On the one hand, these variables are tested among different companies and, on the other hand, during the period of 2011-2014. In this study, 22 Spss, Eviews 8.1 software was used to test the hypotheses.

4. FINDINGS

A summary of the descriptive statistics related to the model variables after screening and deletion of outliers[2] using the SPSS® 22 software is presented in Table 1.

Table 1: Descriptive statistics of research variables

Symbol of variable	$\alpha_{i,t}$	$Style_{i,t}$	$Acitivity_{i,t}$	$Expenses_{i,t}$	$Turnover_{i,t}$	$\log TNA_{i,t}$	$FundAge_{i,t}/100$	$Time_{i,t}$	$D_{i,t}$
Variable title	market value of equity	Style-shifting activity management	predict performance	Capital expenditure	Current ratio	Firm size	Firm lifetime	Income ratio	profit Division
Average	0.25	0.45	0.25	0.50	0.33	4.43	0.17	0.66	0.44
Standard deviation	0.21	0.49	0.19	0.15	0.18	0.45	0.16	2.67	0.49
Skewed	1.13	0.17	0.81	-0.35	2.11	0.74	1.34	24.53	0.21
Elongation	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68
The lowest amount	0.004	0.000	0.006	0.105	0.000	3.58	0.002	0.01	0.000
The maximum amount	0.904	1.000	0.85	0.88	0.06	6.005	0.74	0.51	1.00

Outliers are observations that are distant from other data and their values are larger or smaller than other values in the data set. Outliers can affect undesirable effects such as increase the error variance; reduce test power, disturbance of normal distribution of data and cross estimation of parameters and it is necessary for the researcher to make his decision after identifying them in order to eliminate them.

According to Table 1-4, the average market value of the equity of the sample companies is equal to 0.2534 and its lowest and highest values were equal to 0.004 and 0.90 respectively. The results of investigating the skewed and elongation of this variable which should be 0 and 3, respectively, so that the variable has a normal distribution indicates that this variable does not have normal distribution. Based on the descriptive statistics presented in Table 1, the average style-shifting activity management and the prediction of the performance of sample companies during the research period

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was positive and was 0.45 and 0.25 respectively. Also, the positive average of capital expenditures, current ratio and company size were respectively 0.50, 0.33 and 4.43 and finally, the average life expectancy of the company, the income ratio and profit division which was based on the minimum and maximum amount are respectively 0.17, 0.66 and 0.44.

4.1 INVESTIGATING THE CORRELATION BETWEEN RESEARCH VARIABLES

Based on the results of Pearson statistics, performance prediction has also a positive and significant correlation with income ratio. Capital expenditures also show a negative and significant correlation with the current ratio.

Table 2: Pearson Correlation Coefficients Matrix between Research Variables

	1	2	3	4	5	6	7	8	9
Equity market value	1								
Style-shifting activity management	0.000 (0.997)	1							
Predicting the company's performance	-0.027 (0.511)	0.025 (0.523)	1						
Capital expenditure	-0.058 (0.153)	0.065 (0.109)	0.062 (0.124)	1					
Current ratio	0.018 (0.654)	-0.077 (0.055)	-0.013 (0.749)	-0.138 (0.001)	1				
size of the company	0.050 (0.214)	-0.027 (0.502)	-0.015 (0.720)	-0.053 (0.187)	-0.007 (0.861)	1			
Company's lifetime	-0.010 (0.814)	-0.058 (0.149)	-0.045 (0.271)	-0.060 (0.141)	0.025 (0.544)	0.044 (0.281)	1		
Income ratio	0.004 (0.923)	0.044 (0.275)	0.082 (0.042)	0.018 (0.657)	0.004 (0.931)	-0.038 (0.348)	0.046 (0.257)	1	
Divide profits	-0.013 (0.747)	0.199 (0.000)	0.013 (0.749)	0.011 (0.788)	0.023 (0.573)	-0.042 (0.302)	-0.045 (0.270)	0.041 (0.314)	1

4.2 THE RESULTS OF THE RESEARCH HYPOTHESIS TEST

In this section, firstly, the required pattern is defined to estimate the model for each research hypothesis and then, the model of the research is estimated and the results are interpreted. Also, for each hypothesis, the related test of statistical assumptions including the examination of the normality of the residues, the consistency of the variance of the residuals, the independence of the residuals, and the linearity of the model along with its description and its results have been presented and all of the above tests were analyzed by Eviews 8.1

4.3 TEST RESULTS OF THE FIRST HYPOTHESIS OF THE RESEARCH

The first statistical hypothesis is defined as follows

H0:Style-shifting activity management does not affect the market value of shareholders' equity.

H1: Style-shifting activity management affects the market value of equity

In order to determine if the panel data method is useful in estimating the desired model, it is necessary to use the chow or F test and Hausman test is used to determine which method (fixed effects or random effects) is more suitable for estimation. The results of these tests are presented in Table 3.

Table 3: Chow and Hausman test results for model (1)

Test	Number	Statistic	Amount of statistic	Degree of freedom	*P-Value*
Chow	612	F	2.8588	(503,101)	0.0050
Hausman	612	χ^2	2.8767	2	0.0062

According to the results of Chow test and its P-Value (0.0050), the H0 test hypothesis was rejected at 95% confidence level indicating that panel data method can be used. Also, according to the results of the Hausman test and its P-value (0. 0062) which is less than 0.05, the H0 hypothesis is rejected at the 95% confidence level and the H1 hypothesis is accepted. Therefore, it is necessary to estimate the model using fixed effects method.

The results of the Jarque-Bera test indicate that residuals from the estimation of the research model have a 95% confidence level of normal distribution, So that the probability of this test (0.5841) is greater than 0.05. Another statistical assumption of classical regression is the equivalence of variance of the remainder. If the variances are heterogeneous, the linear estimator is not bound and does not have the least variance. In this study, the Pagan Cutting test was used to check the consistency of the variances. Considering the significance level of this test which is smaller than 0.05 (0.0221), the zero hypothesis based on the existence of variance equivalence is rejected and it can be said that the model has a heterogeneous variance problem.

In this study, the generalized least squares method (GLS) has been used to solve this problem in estimation. Also, in this study, Durbin-Watson test has been used to test the non-correlation of the residuals which is one of the assumptions of regression analysis and is called self-correlation. According to the preliminary results of the model estimation, the value of the Durbin-Watson test is 2.41 and since it is between 1.5 and 2.5, it can be concluded that the residuals are independent from each other. In addition, Ramsey test has been used to test that the model has a linear relationship and to see if the model under study is properly explained in terms of linear or nonlinear relationship. Since the significance level of the Ramsey test (0.3141) is greater than 0.05, therefore, the zero hypothesis of this test based on the linearity of the model has been verified and the model has no specified error. The summary of the results of the above tests is presented in Table 4.

Table 4: test results related to statistical assumptions of the first hypothesis

Jarque-Bera statistic		Breusch-Pagan statistic		Durbin-Watson statistic	Ramsey statistic	
χ^2	$P-Value$	F	$P-Value$	D	F	$P-Value$
1.6629	0.5841	2.3581	0.0221	2.41	1.1603	0.3141

According to the results of Chow and Hausman tests as well as the test results of the statistical assumptions of the classical regression, model (1) of the research is estimated using panel data method and as constant effects. The results of the model estimation are presented in Table 4. The estimated shape of the model using the EViews® 7 software will be as follows:

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$$\alpha_{i,t} = 0.2894 - 0.0133Style_{i,t} - 0.0531Expenses_{i,t} + 0.0304Turnover_{i,t} + 0.8800 \log TNA_{i,t} + 0.0067\, FundAge_{i,t}/100 + 0.9300Time_{i,t} - 0.0143D_{i,t} + \varepsilon_{i,t}$$

Table 5: test results of the research's first hypothesis using constant effects method

Variable title	Sign of the Variable	coefficient	T statistics	P-Value	Relationship
Fixed component	C	0.4289	3.1968	0.0015	Positive
Style-shifting activity management	$Style_{i,t}$	-0.3013	-3.8210	0.0120	Negative
Capital expenditure	$Expenses_{i,t}$	-0.1053	-4.0335	0.0018	Negative
Current ratio	$Turnover_{i,t}$	0.4030	5.6314	0.0081	Positive
size of the company	$\log TNA_{i,t}$	0.0880	0.0026	0.9979	Meaningless
Company's lifetime	$FundAge_{i,t}/100$	0.7006	6.1428	0.0004	Positive
Income ratio	$Time_{i,t}$	0.0930	0.0137	0.9890	Meaningless
Profit division	$D_{i,t}$	-0.3014	-3.8862	0.0059	Negative
The model's Coefficient of determination					0.4525
The adjusted coefficient of determination of the model					0.3893
F statistic					2.8385
$P-Value$					(0.0001)
Significance level 95%					P≥95%
5% statistics					P≤5%

In investigating the significance of the whole model, considering that the probability of F statistics is less than 0.05 (0.0120), the whole model's significance is confirmed with 95% confidence. The coefficient of determination of the model also indicates that 45.25% of the equity market value of the companies is explained by the variables entered in the model.

Considering the significance of the coefficients according to the results presented in Table 5, since the probability of t statistics for the variable coefficient of Style-shifting activity management is less than 0.05 (1.020), as a result, the existence of a significant relationship between the Style-shifting activity management and the company's market value of equity is approved at 95% confidence level. Therefore, the first hypothesis of the research is accepted and with a 95% confidence level, it can be said that there is a meaningful relationship between the Style-shifting activity management and the company's market value of equity. The negative coefficient of this variable (-0.1333) indicates the existence of an inverse relationship between the Style-shifting activity management and the company's market value of equity. So that, when the Style-shifting activity management increases by 1 unit, the company's market value of equity decreases by 0.0133 units. Therefore, according to the analyzes carried out in relation to the confirmation of the research's first hypothesis it can be concluded that Style-shifting activity management has a negative and inverse effect on the company's market value of equity.

4.4 Test results of the second hypothesis of the research

The second statistical hypothesis is defined as follows:

H0 = predict performance does not affect the company's market value of equity

H1 = predict performance affects the company's market value of equity

The results of Chow (to determine the use of panel or combination data methods) and Hausman tests (to determine the use of static or random effects method in panel data method) for model (2) is presented in Table 6.

Table 6: Chow and Hausman test results for the second hypothesis

Test	Number	Statistic	Amount of statistic	Degree of freedom	P-Value
Chow	612	F	1.8472	(503,101)	0.0461
Hausman	612	χ^2	3.4337	7	0.0022

According to the results of Chow test and its P-value (0.0461), the H0 hypothesis was rejected at 95% confidence level, indicating that panel data can be used. Also according to the results of the Hausman test, and its P-Value (0.0000) which is less than 0.05, the H0 test hypothesis is rejected at the 95% confidence level and the H1 hypothesis is accepted. Therefore, it is necessary to estimate the model using constant effects method. In examining the classical regression assumptions, the results of the Jarque-Bera test indicate that the residuals from the estimation of the research model have a 95% confidence level of normal distribution, so that the probability of this test (0.4124) is greater than 0.05. Also, according to the significance level of the Pagan cut test which is smaller than 0.05 (0.0219), the zero hypothesis based on the homogeneity of variance is rejected and it can be said that the model has a heterogeneous variance problem. In this hypothesis, the generalized least squares estimation (GLS) method has been used to solve this problem. In the self-correlation test, the model's residuals that was performed using the Durbin-Watson test, the amount of Durbin-Watson statistic is 2.29 and since it is between 1.5 and 2.5, it can be concluded that the residues are independent from each other. Furthermore, given that the significance level of the Ramsey test is greater than 0.05 (0.2504), therefore, the zero hypothesis of this test based on the linearity of the model has been approved and the model does not have error correction. The summary of the results of the above tests is presented in Table 7.

Table 7: Results of tests related to statistical assumptions of the first hypothesis

Jarque-Bera statistic		Breusch-Pagan statistic		Durbin-Watson statistic	Ramsey statistic	
χ^2	$P-Value$	F	$P-Value$	D	F	$P-Value$
1.4390	0.3412	2.3612	0.0219	2.29	0.2504	1.3880

According to the results of Chow and Hausman tests as well as the test results of the statistical assumptions of the classical regression, the model (2) of the research is estimated using panel data method as a fixed effect. The results of the estimated model are presented in Table 8.

Table 8: Test results of the research's second hypothesis using fixed effects method

Title of the variable	Sign of the variable	Coefficient	T statistic	*P-Value*	Relationship
Constant part	C	0.3108	3.4164	0.0007	Positive
Predict Performance	$Acitivity_{i,t}$	0.0382	2.9669	0.0341	Positive
Capital expenditure	$Expenses_{i,t}$	0.0511	3.9927	0.0013	Positive
Current ratio	$Turnover_{i,t}$	-0.0335	-0.6935	0.4883	Meaningless
size of the company	$\log TNA_{i,t}$	0.0012	2.0700	0.0442	Positive
Company's lifetime	$FundAge_{i,t}/100$	-0.0021	-0.0462	0.9631	Meaningless
Income ratio	$Time_{i,t}$	0.0003	4.1207	0.0039	Positive
Profit division	$D_{i,t}$	0.0102	4.6513	0.0002	Positive
Coefficient of model determination					0.6514

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F statistics					3.4851
$P-Value$					0.0000

The estimated form of the model using EViews® 7 software will be as follows:

$$\alpha_{i,t} = 0.3108 + 0.0382Acitivity_{i,t} + 0.051Expenses_{i,t} - 0.0335Turnover_{i,t} + 0.0012 \log TNA_{i,t} - 0.0021\, FundAge_{i,t}/100 + 0.003Time_{i,t} + 0.0102D_{i,t} + \varepsilon_{i,t}$$

In examining the significance of the whole model, considering that the probability of the F statistic is smaller than 0.05 (3.4851), the significance of the whole model is confirmed with the confidence of 95%. The model's coefficient of determination also indicates that 65.14% of the equity market value is explained by the variables entered in the model.

In considering the significance of coefficients according to the results presented in Table 8, since the probability of t statistic for the variable coefficient of performance prediction is less than 0.05 (0.314), the existence of a significant relationship between predict performance and the company's market value of equity is confirmed at 95% confidence level. Therefore, the second hypothesis of the research is accepted and with 95% confidence it can be said that there is a significant relationship between predict performance and the company's market value of equity. The positive coefficient of this variable (0.3822) suggests a direct relationship between the performance prediction and the company's market value of equity, so that when the style-shifting activity management increases by 1 unit, the company's market value of equity increases by 0.0382 units. Therefore, according to the analyzes carried out in conjunction with the confirmation of the research's second hypothesis it can be concluded that performance prediction has a positive and direct effect on the company's market value of equity.

5. CONCLUSION

In examining the significance of the coefficients according to the results, a significant relationship is confirmed between the Style-shifting activity management and the market value of equity at 95% confidence level. Therefore, the first hypothesis of the research is accepted and with a 95% confidence level, it can be said that there is a meaningful relationship between the Style-shifting activity management and the market value of equity. The negative coefficient of this variable (-0.1333) indicates an inverse relationship between the Style-shifting activity management and the market value of equity so that when the style-shifting activity management increases by 1 unit, the company's market value of equity decreases by 0.0133 units. Therefore, according to the analyses carried out in relation to the confirmation of the research's first hypothesis it can be concluded that the Style-shifting activity management has a negative and inverse effect on the market value of the equity. The result of the first hypothesis is consistent with the research results of Agarwalet al (2014), Bessler et al (2014), Müller, S., & Weber, M (2014) in terms of the existence of a significant relationship between independent and dependent variables, however, it contradicts the research results of Elton et al. (2012) and Meier, I., &Rombouts, J (2009) in terms of the type of relationship (direct or vice versa).

In evaluating the significance of coefficients, according to the results, a significant relationship between predict performance and equity market value is confirmed at 95% confidence level. Therefore, the second hypothesis of the research is accepted and with 95% confidence it can be said that there is a significant relationship between performance prediction and equity market value. The positive coefficient of this variable (0.3822) indicates a direct relationship between the performance prediction and the equity market value, so that when the performance prediction increases by 1 unit, the company's market value of equity also increases by 0.0382 units. Therefore, according to the analyzes carried out in conjunction with the confirmation of the research's second hypothesis it can be concluded that performance prediction has a positive and direct effect on the company's market value of equity. The results of the second hypothesis of our research are consistent with the research findings of Amihud&Goyenko (2013), Wahal (2014), Bessler et al (2014), and contradict the findings of Binbous and Jochise (2011) and Huang et al. (2011).

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