

The role of Value Relevance of Accounting Earnings according to the explanatory ability in predicting the returns and prices of market stocks

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Abstract

Objective: The research intends to investigate the role of the appropriateness of the value of accounting Earnings in predicting returns and prices of market shares by utilizing explanatory power to assess the relationship between accounting Earnings and returns and prices of market shares.

Design, Methodology, and Approach: The analytical forecasting approach has been adopted for the accounting period (2011) to (2021) for case study purposes in the Mosul Investment and Development Bank research sample, which is listed on the Iraqi Stock Exchange. (Return Model) and (Model Price) have a significant impact on the market stock's return and price forecasts, thus leading to the rationalization of investment decisions by investors or shareholder stakeholders.

Results: One of the most important findings of the research is the high explanatory power when measuring accounting profits in predicting returns and market stock prices in both measurement models. While the results of the search for the price model scale (Ohlson) showed that there is a direct and significant effect of accounting profits and market stock prices.

Research, practical and social implications: Adopting methods of measuring the explanatory capacity by financial analysts and stakeholders interested in the field of information for the economic units listed in the Iraq Stock Exchange because of their positive results in the explanatory capacity of accounting profits and giving positive indicators for predicting returns and market stock prices.

Originality/value: We provide indications about the need to use the appropriate measurement of the value of accounting profits for the purposes of developing and improving performance measurement of economic units for the purpose of encouraging investment in them.

Keywords: the appropriate value of accounting Earnings, explanatory power, stock returns, stock prices.

Introduction

Accounting Earnings have received a great deal of attention in the accounting literature due to their ability to predict the returns and prices of market shares in stock markets through what is known as value relevance, which in contemporary accounting thought means the ability of specific information in

financial statements to predict market prices and returns. Among this information is (accounting Earnings), hence the word (accounting Earnings appropriateness) comes from the accounting concept (Value Relevance of Earnings). This word refers to the ability of accounting Earnings to anticipate the returns and prices of market stocks, and the larger explanatory power signifies (the appropriateness of the value is high). The adequacy of the value of accounting Earnings is one of the concepts that has received research interest, and this has been reflected in the interest of international accounting professional bodies, federations, and associations, on the one hand, and financial analysts, researchers, academics, and financial analysts on the other.

The research intends to analyze the function of the appropriateness of the value of accounting Earnings, according to explanatory ability, in predicting the returns and prices of market stocks, and then to achieve the following goals:

- A statement of the foundations of knowledge concerning the appropriateness of the value of accounting Earnings, predicting returns, and market share prices.
- By projecting stock returns and market prices, we may test the proper role of the value of accounting Earnings.
- Using explanatory ability, demonstrate the role of accounting Earnings in predicting returns and market share prices for Mosul Bank for Investment and Development.
- The following questions are crucial to the research problem:
- Does matching the value of accounting Earnings according to explanatory ability play a role in anticipating market stock prices?
- Does matching the value of accounting Earnings according to explanatory ability have a role in anticipating market stock returns?

Literature Review

Several studies have attempted to test the adequacy of book earnings values for predicting stock market returns and stock prices, and that study (Belesis and Sorros, 2012) found that earnings per share relative to stock prices. It is intended to assess the impact of the ratio of A book for measuring the value of companies listed on the Hellenic Stock Exchange for the period (1995) to (2009). To test the research hypotheses and achieve its objectives, an applied study was conducted on a sample of companies from various sectors (167 companies), excluding financial companies whose accounting policies differed from those of other sectors. rice field. However, companies with negative net book values and companies for which data are no longer available are excluded. For the fifth consecutive year, book earnings adequacy was measured using a pricing model (Allson) as the ratio of earnings per share to stock price and book value. This is important for both variables, and market stakeholders above do not favor either net income or book value as tools for evaluating economic entities and analyzing the Greek business environment. This study (Chandrapala, 2013) gives a real idea of an entity's performance and financial condition by examining the impact of ownership concentration and entity size on book earnings and book adequacy. The value of assets granted to companies listed on the Colombo Stock Exchange (Sri Lanka) for the period (2005) to (2009). Applied research was conducted on a sample of firms (924) from different sectors to meet the research objectives and examine the explanatory power of accounting variables, ownership concentration, etc. for large and small firms respectively. it was done. We checked the adequacy of the benefits individually as well as collectively. When financial data was analyzed using the price model (Ohlson) in the relationship of earnings per share with share prices and book value per share, the study found that the profit value and book value of large companies are more appropriate in terms of moral significance than small companies, and large companies have a higher level of accounting Earnings and information. The book value of small companies is more advantageous than profit because equity-concentrated companies have a higher appropriate to value than non-concentrated enterprises, and the book value is more favorable than profit. When financial data was analyzed using the price model (Ohlson) in the relationship of earnings per share with share prices and book value per share, the study found that

the profit value and book value of large companies are more appropriate in terms of moral significance than small companies, and large companies have a higher level of accounting Earnings and information. The book value of small companies is more advantageous than profit because equity-concentrated companies have a higher appropriate to value than non-concentrated companies, and the book value is more favorable than profit. This study (Salerno, 2014) examines the impact of the quality of disclosed accounting earnings, one of the characteristics of accounting information important to stakeholders, on the accuracy of forecasts made by financial analysts. The purpose is to verify by examining. Assess the quality of forecasts and book earnings by using two measures to forecast the first measure. Consider the environment in which financial analysts work and compare it with that of other analysts. The second measure, using accounting information disclosed to stakeholders outside the entity to show the impact of the information on stakeholder decision-making, included US companies in the sample (4877). The study concludes that the forecasted performance of participating financial analysts is affected by differences in the quality of accounting earnings, as measured by the amount of receivables not converted to cash on time. Negative cash flows and provisions indicate a deterioration in earnings quality, making financial reporting less important. This affects the performance of financial analysts as the information associated with the quality of earnings is uncertain. The quality of earnings has a significant impact on the accuracy of financial analyst performance, and in particular, the quality of earnings improves the accuracy of forecasts. The study (Bolibok and Finansow, 2015) examined the effect of the relationship of earnings per share, book value, operating cash flows, and net cash flows for companies listed on the Warsaw Stock Exchange (Poland) for the period from (1997) to (2014) using the price model (Ohlson). In terms of the above variables for each variable separately with stock prices. The applied study was conducted on a sample of the banking sector in order to test the study's hypotheses and achieve its objectives. The results revealed that the book value of the shares and the earnings per share are appropriate to the value because they showed a statistically significant correlation with the market value during the analysis period. Therefore, changes in earnings per share and book value can explain the change in stock price. As for the results of the stepwise multiple regression analysis, earnings have high predictive power for the book value of stocks, indicating high explanatory power. The relationship between operating cash flow, or net cash flow, and stock price is statistically weak, so cash flow cannot explain stock price fluctuations. The study (Senan, 2019) examined the possibility of accounting profit on the accrual basis and on the cash basis in predicting future cash flows. In order to test the hypotheses of the study in order to achieve its objectives, the applied study was conducted in the Riyadh Stock Exchange (Saudi Arabia) on a sample of (45) Saudi companies from various sectors for the period from (2006) to (2015). It was concluded that there is a highly significant relationship between the accrual-based accounting profit in predicting future cash flows and has a greater predictive ability than the cash-based profit, as the profit on the cash basis found a decrease in its predictive ability of future cash flows. The study (McInnis et al, 2022) aims to clarify the accounting debate about whether accounting profit or cash flow is better for predicting future cash flows due to its significant impact on valuation. equity value fit. In order to test the hypotheses of the study to achieve the set objectives, applied research was carried out according to scientific and practical procedures on all companies in the period (1987) to (2020), except for companies with a share price of less than a dollar, negative reported assets, companies with less than \ \$10 million in annual sales, and companies not included in the study period for Earnings accounting and cash flow. The results concluded that accounting profit plays an important role in evaluating and forecasting future cash flows and a good indicator in evaluating property rights, as accounting analysis and argument showed that extinction plays a negative role in accounting profit when predicting future cash flows, and accounting profit is equal to cash flows in the future and in the long term.

Theoretical Framework

Accounting Earnings

From an accounting perspective, the concept of profit refers to the final result of the income statement, i.e. net profit after tax (Ryan, 2014:13), as it is a measure of accounting performance, it comes after the financial statements of the economic unit, and therefore it is presented in the financial statements of financial analysts and other parties. relate to. The success or failure of economic unification (Kadri, 2015:3).

Value Relevance of Accounting Earnings

The relevance of accounting earnings value is a part of the relevance of accounting information that has attracted the attention of researchers in the field of accounting stock research and is believed to be the degree of ability of accounting returns to predict stock or stock returns. price. according to their explanatory power (Mirza et al, 2018:24), because you know that accounting Earnings fit in value if they have a significant (statistical) predictive relationship with market prices, and in this case, accounting Earnings decrease and increase accordingly. corresponding to the decrease and increase in market share price (Putri and Panggabean, 2020:174). Where accounting Earnings are a good measure that can summarize a substantial proportion of the important economic events that were reflected in the prices and returns of market stocks (Suhendra et al, 2022:516), and when they can help stakeholders in future prediction (Rachmawati, 2019:134).

Value Relevance of Accounting Earnings Important

The appropriateness of the value of accounting Earnings is important through the following (Putri and Panggabean, 2020: 175), (Aksu et al, 2021: 142), (Kim, 2021: 648):

- Evaluation of the decisions of economic entities in many investment sectors by financial analysts and stakeholders because analyst expectations are important in providing direction. important guidance for stakeholders, especially investors and shareholders.
- Availability of material stakeholder information to investors, shareholders, or other users in predicting market prices and returns, or the ability to confirm or adjust future expectations future for the economic unit in order to increase stakeholder awareness in understanding and interpreting that information. The benefit of accounting profit is one of the most important information of financial statements in decision making.
- Providing scientific, real-world, and field evidence on how much accounting Earnings may be used to forecast market stock returns and prices, as well as on the suitability, dependability, and significance of accounting Earnings for stakeholders.
- The requirement for specialized organizations that establish accounting standards, such as the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), to take into account the findings of research on the explanatory power of accounting earnings.

Forecasting For Return and Prices Stock

Return Market Concept

It is the return that stakeholders receive from investing in stocks, and it is measured as the rise in stock prices in addition to dividends distributed; thus, rates of return can be calculated by adding the change in stock prices and Earnings received, and market returns carry some characteristics represented in that they are linked to a result. Profit or loss is the activity (Heijker, 2014:9).

Prices Stock Concept

Equities are the primary funding vehicle for building capital for entities participating in the stock market, and equities have characteristics that distinguish them from other securities. Chief among these is the traceability and great flexibility of the stock market, which makes it possible to renounce commercial law by selling shares on exchanges (Keener 2011:2).

Forecasting

Forecasting is concerned with the future and seeks to investigate the outcomes of past and current events in the future, to predict what will occur in terms of events and their effects, and to investigate what options may be available in the future. Mathematical and statistical methods, as well as methods based on personal estimation based on experience and knowledge accumulation, contribute effectively to reducing the decision-makers state of uncertainty and aid in identifying and evaluating potential future risks in order to avoid them (Shofia and Utami, 2021:49).

Types of Forecasting

There are many types of forecasting used by stakeholders and financial analysts in order to plan investment activities, which are the following (Cao et al, 2018:3-4), (Young et al, 2019:155):

- **Revenue Forecasting:** -Through forecasting revenues, the economic unit performs all its work, because production is directly linked to sales, and knowing the number of raw materials needed for production for all current and future products.
- **Cash flow forecasting:** - Forecasting the cash flows of economic units is important in decision-making by stakeholders such as investors, shareholders, financial analysts, creditors, and management because profit distributions, interest payments, and other obligations are all dependent on cash flows, and the amount of flows is also determined. The cash generated by the economic unit's operational, investment, and financing operations, and thus the amount of cash flows, represents the guarantee of the distribution of Earnings to stakeholders who are shareholders in the economic unit, which in turn motivates stakeholders to invest.
- **Earnings Forecasting:** One of the main themes that have drawn the attention of financial analysts is forecasting future Earnings achieved by economic units for the purpose of comparing economic units with similar activities when making investment decisions connected to buying or selling shares. Furthermore, it is regarded as one of the most significant Achievements that have piqued the interest of researchers and academics in the search for the best way to communicate accounting information to stakeholders, as well as its capacity to aid stakeholders in making investment decisions.
- **Forecasting stock returns and prices:** This is one of the key issues that speculators, investors, and economic units face when attempting to forecast stock returns and prices. It is also one of the most important jobs for all stakeholders, including investors and economic units. They consider that what may happen in the future is partly based on past and present events and data in the sphere of investing and financial decision-making.

Importance of Forecasting

The importance of forecasting Earnings, returns, and market share prices stems from the importance of future accounting information, and its importance can be determined through the following (Travers et al, 2019:13), (Shofia and Utami, 2021:47):

- Facilitating the process of making investment decisions while developing future plans and serving as a source of analytical evidence for policymakers, lenders, and financial analysts.
- The application of novel prediction approaches helps to bridge the gap between scientific methodologies and practical practices, as well as to improve collaboration between academics and practitioners. Accounting research must include theoretical integration in order to reorganize

economic unit accounting procedures and the relationship between institutional and market factors. approach that aims to produce generalizable information that can be employed in the prediction of practical phenomena.

- It is an excellent indication for measuring management efficiency since the effectiveness of prediction methods and approaches provides a vision for stakeholders in the explanatory ability of the outcomes, hence increasing knowledge about the economic unit.
- The necessity for stakeholders from investors to predict share prices and returns when purchasing or selling shares in order to evaluate and know the expected returns from the investment process.

Objective of Forecasting

The objectives of forecasting market stock prices and returns are evident through the following (Nichols and James, 2011: 787), (Frank, 2018: 37):

- Calculating the true value of an economic unit by forecasting market stock prices and returns.
- Preparing accounting information on projecting market stock prices and returns, which determine the future return on investment for investors' stakeholders, and providing a foundation of critical information that establishes the economic feasibility of investing in economic units.
- Reducing the level of uncertainty that economic unit stakeholders will confront in the future.

The relationship of accounting Earnings to predicting market stock prices and returns.

Accounting Earnings and market stock prices have a relationship because the Earnings disclosed in financial reports have an explanatory ability to predict stock returns and prices, as investors view the information as appropriate and reliable if it can help them make investment decisions in the shares of the economic unit (Rani, 2011:12). Concerning the relationship between accounting Earnings and stock returns, information about earnings in future periods, dividends, and the share of each share of those distributions is available. Positive stock returns are experienced by economic units with a positive change in earnings (relative to earnings in the previous period), whereas negative stock returns are experienced by economic units with a negative earnings change. Furthermore, by demonstrating the potential of accounting Earnings to anticipate market stock returns over a longer period of time, assuming that accounting earnings over a longer period of time reflect the performance of the economic unit better than short-term accounting Earnings. The greater the correlation between accounting Earnings and stock returns, the greater the explanatory power (Heijker, 2014:16). The investigation of the link between accounting Earnings and stock prices and returns is appropriate for value research (Kadri et al, 2015: 3).

Forecasting stock prices and returns using appropriate accounting earnings value

The return model and the price model were used to investigate the link between accounting Earnings as an independent variable and market value measures (returns and prices of market stocks) of appropriateness studies (Francis et al, 1999:160). It is determined by the statistical relationship using the coefficient of determination (R^2) to measure the explanatory power of the regression of accounting Earnings as the independent variable in predicting returns and market prices of stocks as dependent variables, and the closer the value of the determination coefficient is to (100%), the higher its value, indicating accounting Earnings' high ability in forecasting market stock prices and returns. The explanatory ability (determination coefficient (R^2)) can be illustrated through the following two measures (Heijker, 2014: 5):

- Return Model: - The return model describes the relationship between accounting Earnings and stock returns, and this model was done by (Easton and Harris, 1991):

$$R_{it} = \beta_0 + \beta_1 EP_{it} + e_{it}.$$

Price Model: This model, which was described by (Ohlson) in (1995), describes the relationship between accounting Earnings and market share prices at the same time using the following formula:

$$P_{it} = \beta_0 + \beta_1 EPS_{it} + e_{it}$$

Where:

EPS _{it}	accounting Earnings (the independent variable).
P _{it}	Market stock prices for the economic unit (dependent variable).
R _{it}	Return on market shares of the economic unit (dependent variable).
β ₁ , β ₂ , β ₃	appreciation transactions.

The Results:

By analyzing some prior literature connected to the two variables, addressing the statistical tools and methodologies employed, and seeking to fill the knowledge gap, the current research aims to build on what was previously given in terms of interest in the appropriateness of the value of accounting Earnings. In evaluating the forecasted returns and market share prices, as well as the notion of the appropriateness of the value of accounting Earnings from modern concepts, it was evidently lacking in local research and analysis in the Iraqi securities market.

Research Hypotheses

- There is a significant relationship between the appropriateness of the value of accounting Earnings and the prediction of market stock returns using explanatory power.
- There is a significant relationship between the appropriateness of the value of accounting Earnings and the prediction of market stock prices using explanatory power.

Statistical methods:

Statistical methods and tools and their sophistication, especially the SPSS program, are used to calculate results, validate relationship, and impact hypotheses and weighted arithmetic means, and validate them when discussing results and indicators.

Designing the results:

Utilize the measurement model to ascertain the measurement model's explanatory power to fit the worth of accounting Earnings (Easton and Harris).

The researchers discovered the results of the necessary regression equation, where Table (1) displays the values of the correlation coefficient along with the coefficient of determination and the corrected coefficient of determination. We note that the coefficient of determination amounted to a value of (0.68), and this indicates that the regression model used has the explanatory power by (68 %) of the differences. The total and the remaining percentage are caused by other factors not considered by this model, specifically:

Table 1. Correlation and specificity coefficients of the regression model.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.846	.716	.685	.119949
a. Predictors: (Constant), EPS				
b. Dependent Variable: Rit				

Source: - Prepared by the researchers. , based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

Table (2) includes the analysis of the variance table for the regression model used, where it is clear that the value of the F test) for the regression model above amounted to ((22.728), with a significant value equal to ((0.001), and this value is less than the significance level specified by the researcher and indicates that this model The moral of the data of this bank is as follows:

Table 2. Analysis of the variance table for the regression model.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.327	1	.327	22.728	.001 ^b
	Residual	.129	9	.014		
	Total	.456	10			
a. Dependent Variable: Rit						
b. Predictors: (Constant), EPS						

Source: - Prepared by the researchers. , based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

The researcher has found the estimated values of the parameters of the regression model, which will be adopted for the purpose of measuring the predicted return of the market shares. Table (3) shows this estimate in addition to the test values (t) for it and what it means, as follows:

Table 3. Estimated values of regression model parameters.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.106	.067		1.586	.004
	EPS	2.747	.576	.846	4.767	.001
a. Dependent Variable: Pit						

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

The researchers used the estimates of the aforementioned parameters to gauge the appropriateness of the value of the accounting Earnings estimated for this bank, which will later be used to demonstrate its influence in predicting market stock returns. Based on the aforementioned findings, the researchers estimated a regression model that is represented by the following equation:

$$Rit_i = \beta_0 + \beta_1 EPS_i + e_i$$

$$\widehat{Rit}_i = 0.106 + 2.747 EPS_i$$

Determine the explanatory power of accounting Earnings using the Ohlson measurement model

Utilize the Ohlson measurement model to ascertain the explanatory power of accounting Earnings.

The researchers discovered the necessary regression equation's results, where Table (4) displays the values of the correlation coefficient along with the coefficient of determination and the corrected coefficient of determination. We note that the coefficient of determination amounted to a value of (0.81), and this indicates that the employed regression model has the explanatory power by (81%) of the differences. Other factors not considered by this model account for the sum and the remaining percentage as follows:

Table 4. Regression model's correlation and specificity coefficients.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.913 ^a	.834	.816	.409877
a. Predictors: (Constant), EPS				
b. Dependent Variable: Pit				

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

Table (5) contains the analysis of the variance table for the regression model that was used, and it is evident that the value of the (F) test for the aforementioned regression model was (45.342), with a significant value equal to (0.000). Because this value is below the significance level that the researchers have set, it is clear that this model does not meet their criteria for significance. The lesson to be learned from this bank's statistics is as follows:

Table 5. for the regression model's analysis of variance.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.617	1	7.617	45.342	.000 ^b
	Residual	1.512	9	.168		
	Total	9.129	10			

a. Dependent Variable: Pit
b. Predictors: (Constant), EPS

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

The predicted values of the regression model parameters, which will be used to gauge the accuracy of forecasting market stock returns, were discovered by the researchers. These estimated values, along with their (t) test values and significance, are shown in Table (6) as follows:

Table 6. Estimated values of regression model parameters.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.056	.228		.242	.004
	EPS	13.261	1.969	.913	6.743	.000

a. Dependent Variable: Pit

The source is prepared by the researchers using data from the (SPSS) program and the Mosul Bank for Investment and Development.

As the estimated regression model is as in the following equation based on the above results, the researchers relied on the estimations of the above parameters to measure the appropriateness of the value of the accounting Earnings estimated for this bank, which will be used later to indicate its impact in predicting market stock prices:

$$Pit_i = \beta_0 + \beta_1 EPS_i + e_i$$

$$\widehat{Pit}_i = 0.056 + 13.261 EPS_i$$

The role of appropriating the value of accounting Earnings in predicting market stock returns

Table (7) shows the values of the correlation coefficient along with the coefficient of determination and the corrected coefficient of determination, where we note that the coefficient of determination amounted to (0.68). These values were then used to indicate their impact on predicting market stock returns after the sufficiency of the value of accounting Earnings was measured in the above. Accordingly, the regression model utilized has an explanatory power of (68%) of the total differences, while the remaining percentage is attributable to additional factors not considered in this model, as follows:

Table 7. Regression model's correlation and specificity coefficients.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822 ^a	.675	.639	.425866

a. Predictors: (Constant), Pithat

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

Table (8) alone includes the analysis of the variance of the used regression model, in which it is clear that the value of the (F) test for the above regression model is 18,719 (with a significant value equal to 0.002), and this value is lower than the significance level specified by the researchers and indicates that this model's data ethics in this bank is as follows:

Table 8. Analysis of variance table for the regression model.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.391	1	3.391	18.696	.002 ^b
	Residual	1.632	9	.181		
	Total	5.023	10			
a. Dependent Variable: Y1						
b. Predictors: (Constant), Pithat						

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

The researchers found the estimated values of the regression model parameters. Table (9) shows these estimated values in addition to the (t) test values for them and their significance as follows:

Table 9. Estimated values of regression model parameters.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.276	.307		.901	.004
	Pithat	3.220	.745	.822	4.324	.002
a. Dependent Variable: Y1						

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

The values of the appropriate regression parameters, the value of accounting profit in forecasting market stock returns shown in the table above, are up to (3,220) with a significance level (sig) of (0.002) is smaller at the significance level (5%) and indicates the presence of a significant direct impact of the forecasted stock return on the stock price of this bank, or in other words, the value of the accounting profit increases by one unit lead to an increase in the value of stock earnings by (3,220), so research hypothesis (1) is accepted, which states as follows:

(There is a significant relationship between the appropriateness of the value of accounting Earnings and the prediction of market stock returns using the explanatory power)

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Table (10) shows the values of the correlation coefficient along with the coefficient of determination and the corrected coefficient of determination, where we note that the coefficient of determination amounted to 0.64). These values were then used to indicate their impact on predicting market stock returns after the sufficiency of the value of accounting Earnings was measured in the above. Accordingly, the regression model utilized has a (64%) explanatory power for the total differences, leaving the remaining 35% to additional factors not considered in this model.

Table 10. Correlation and specificity coefficients of the regression model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.822 ^a	.675	.639	.425866
a. Predictors: (Constant), Rithat				

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

Table 11 shows the analysis of the variance table for the regression model that was used, and it is evident that the value of F test F) for the regression model above was equal to 18.696, with a significant value equal to 0.002, and that this value is less than the level of significance specified by the researchers, indicating that this model is not statistically significant. The lesson to be learned from this bank's statistics is as follows:

Table 11. Presenting the regression model's analysis of variance.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.391	1	3.391	18.696	.002 ^b
	Residual	1.632	9	.181		
	Total	5.023	10			
a. Dependent Variable: Y1						
b. Predictors: (Constant), Rithat						

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

The researchers found the estimated values of the regression model parameters. Table (12) shows these estimated values in addition to the (T) test values for them and their significance, as follows:

Table 12. Estimated values of regression model parameters

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	.102	.230		.445	.004
	Rithat	.667	.154	.822	4.324	.002
a. Dependent Variable: Y1						

Source: - Prepared by the researchers, based on the data of the Mosul Bank for Investment and Development and the (SPSS) program.

(There is a significant relationship between the suitability of the value of accounting Earnings and the prediction of market stock prices using the explanatory power)

The values of the suitable regression parameters, the value of accounting Earnings in predicting the returns of market stocks shown in the table above, amounted to 0.667 (sig), which is less than the level of significance (5%) and suggests the presence of a significant direct effect of the suitability of the value of accounting Earnings. In other words, when forecasting market returns for this bank, a rise in the value of accounting Earnings by one-unit results in an increase in the anticipated value of market returns by (0.667), hence the following research hypothesis (2) is accepted:

(There is a significant relationship between the suitability of the value of accounting Earnings and the prediction of market stock prices using the explanatory power)

Conclusions:

In order to support the confidence of investors' stakeholders in the annual financial reports, the appropriate value of accounting Earnings contributes to improving the measurement of future accounting information through the explanatory ability, which improves investment decision-making in predicting market stock prices and returns. The analysis's findings demonstrated that accounting Earnings had a direct and considerable impact on forecasting the market share returns of the Mosul Bank for Investment and Development. To put it another way, an increase of one unit in the appropriateness of the value of accounting Earnings causes an increase of (3.220) in the prediction of market stock returns. The analysis's findings demonstrated that accounting Earnings had a direct and considerable influence on forecasting market stock prices for Mosul Bank for Investment and Development. In other words, an adequate increase of one unit in the value of accounting Earnings causes an increase of (0.667) in stock prices. The price model, which was actually used, studies the relationship between market stock prices and accounting Earnings to determine what is the reflection of accounting Earnings on the value of the economic unit at a specific point in time. As a result, the return model measures how much the value of accounting Earnings appropriately develops over time through the relationship between returns on market stocks and accounting Earnings. This gives these metrics a good picture when measuring the prediction of returns and stock prices for the purpose of evaluating the economic unit at any time during the fiscal year.

Future Research Suggestions:

The research article makes several recommendations that researchers can use in their upcoming investigations. the following Using the accounting standards used in our research, conducting a study of the effects of accounting policies on the appropriateness of the value of accounting Earnings in a different sector, such as the industrial sector or the telecommunications sector, and comparing the findings with those of the future study. Additionally, it encourages academics to apply governance mechanisms' function in appropriating the value of accounting Earnings in the Iraqi context while considering how the size of the economic unit affects the value of accounting Earnings' appropriateness.

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