



Investigating the Effect of Saliency Phenomenon on the price and Trading Volume of Shares of Companies Admitted to the Tehran Stock Exchange

Khadijah Rabiei

Assistant Professor, Department of Accounting, Payame Noor University (PNU), Tehran, Iran
(Corresponding Author)
k.rabiee@pnu.ac.ir

Iman Shahin Far

Master of Accounting, Payame Noor University, Tehran, Iran

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ABSTRACT

The aim of this research was to investigate the effect of saliency phenomenon on the price and trading volume of shares of companies admitted to the Tehran Stock Exchange. The price, the volume of stock transactions and the company's saliency phenomenon were considered as dependent and independent variables, respectively. This research is considered to be applied research from the objective aspect, and from the aspect of inference, it is placed in the descriptive-correlation research group. 143 companies were selected as the statistical sample from the Tehran Stock Exchange in the period of 2013 to 2022 in order to collect information. In order to analyze the data of the research hypotheses, panel data regression and combined regression were used in Eviews10 software. Hypotheses analysis was performed using the Error Components Generalized Least Squares (EGLS) method. The results showed that the saliency phenomenon has a positive and significant effect on the company's stock price. Therefore, the increase in prominence phenomenon leads to an increase in the company's stock price. Also, according to the results, it was found that the saliency phenomenon has a positive and significant effect on the trading volume of the company's shares. Therefore, with the increase of saliency phenomenon, the volume of the company's stock transactions increases.

Keywords: Saliency Phenomenon, Trading Volume of Shares, Stock price



1. Introduction

Due to the limitations of information and the power of information processing by investors, in order to interpret their decisions and judgments, investors use rules of thumb and intuitive methods and process only part of the available information. Therefore, they focus on a number of salience information drivers that they think are important. Saliency, as one of the causes of information availability, often originates from sustained subjective beliefs or limited ability of investors to use information related to stock value and this can lead to extreme reactions. There is also evidence that stock prices react to the publicly available ambiguous information republication, when the information is presented in a more salient or easier-to-process form. In the selection process, investors give more weight to salient information than their true probability, which causes systematic errors affecting market prices. According to many researchers, information gradually spreads in the market and affects stock prices with a time delay [6].

The cognitive limitations of investors and their limited ability are attributed to processing a large amount of information; This means that investors' focus on one issue prevents them from paying attention to other sources of information. On the other hand, if the quality of accounting information is low, psychological biases increase. Considering the use of various estimates in the preparation of information in financial reports, the amount of distortion and bias in these estimates is considered as a criterion for measuring the quality of accounting information. It means that, by making reliable information available to the public, the extent to which relevant information is provided to predict expected future profits, cash flows, and the complete image of the company's performance, position, and risk. The updating of estimated cash flows and share price adjustment depends on the quality of published information, in fact, the low quality of accounting information prevents the full reflection of share price adjustment information in a timely manner [7].

People invest more in high-risk projects and pay less attention to low-risk choices. Psychologists consider saliency as the main attention mechanism that enables investors to focus their limited cognitive resources on a portion of information. If the positive aspect of the choice is prominent, the decision maker is a risk taker, and if the negative aspect is prominent,

the decision maker is risk averse. In saliency theory, a unit explanation was provided for the characteristics and anomalies of choice under risk. According to mentioned theory, whenever investors' attention is differently drawn to one section of information more than other parts, the information in that section takes on more weight for future judgments. For example, in relation to high-risk choices, each person's attention is drawn to those returns that have the most distinctive saliency compared to the average, and the probability of recurrence is overestimated and assumed to be probable [19].

When investors decide whether to invest in a stock, there are two basic steps. First, they form a mental representation of the stock. They then evaluate this performance to form relevant expectations and decide whether to buy or sell the stock. In general, the distribution of historical stock returns is a proper mental representation that is easily accessible to investors, and it is natural for investors to extrapolate future stock returns based on this [5]. Several predictors derived from historical stock returns have also been documented. Nevertheless, the method of investors' assessment of stock representation is a controversial issue. In the case of representing historical returns, assigning weight to past stock returns with their objective probabilities by investors is a fundamental method. Cosemans and Frehen (2021) confirm another powerful past returns-based predictor, whereby investors evaluate past stock returns based on saliency theory, which was originally proposed. According to stickiness theory, cognitively constrained decision makers always pay attention to the most unusual features of their choices. As a result, they add salient features to the expense of non-salient features, leading to imbalanced decision weights on these features relative to their objective probabilities. Investors apply such saliency thinking to the level of cross-sectional stock returns. Investors raise expectations about high-yielding stocks and lower expectations about low-yielding stocks. Investors raise and lower expectations about high-yield and low-yield stocks, respectively [8]. As a result, primary (secondary) stocks are overvalued (undervalued) and earn low (high) future returns, indicating a negative saliency return effect [31].

The investigation into the saliency phenomenon and its impact on share prices and trading volumes in the Tehran Stock Exchange represents a

significant innovation in behavioral finance. Saliency theory posits that investors disproportionately focus on notable past returns, which can lead to mispricing of stocks. This study reveals that when certain stocks exhibit pronounced price movements—either up or down—investors are likely to react strongly, leading to increased trading volume and price volatility. The findings suggest that stocks with salient upsides tend to be overvalued, resulting in lower future returns, while those with salient downsides are undervalued, yielding higher future returns. This research contributes to understanding how cognitive biases affect market behavior, particularly in emerging markets like Iran, where investor sentiment and trading patterns may differ from more established markets. Based on the mentioned matters, the main goal of this research is to answer the question, does the saliency phenomenon have a significant effect on the price and trading volume of the company's shares? Investigating the impact of saliency phenomenon on the price and trading volume of the company's shares listed on the Tehran Stock Exchange is very important. This phenomenon may have a temporary or permanent effect on the price trend and volume of transactions and is of great importance for investors, companies and the capital market. This review can help to better understand market behavior and future trends, as well as to make better investment decisions. Also, examining these effects can help to understand the causes of the saliency phenomenon and market trends and predict the future behavior of the market.

2. Literature Review

2.1 Saliency phenomenon

During the past decades, the emergence of capital market inconsistencies and exceptional phenomena in financial markets caused many criticisms of economic theories. This fact created a sense of mistrust towards the performance of economic theories as important tools in valuing and predicting stock prices and became the foundation for the emergence of behavioral finance theory. Based on the behavioral finance approach, in addition to the fundamental values of stocks (rational values), psychological factors also play an important role in determining prices, which leads to the reaction of investors and their decision-making and behavior in the capital market [34].

As mentioned earlier, investors are limited in the field of large information and information processing ability, therefore, they interpret their decisions and judgments using rules of thumb and intuitive methods and in this process, they only use a part of the available information. Therefore, investors focus on a number of saliency drivers (based on important information from their point of view). Saliency, as one of the causes of information availability, often originates from sustained subjective beliefs or limited ability of investors to use information related to stock value and this can lead to extreme reactions. According to many researchers (such as Lambert et al., 2007; Callen et al., 2012), information gradually spreads in the market and affects stock prices with a time delay.

In Oden and Barber's (2008) research, the direct application of the "saliency bias" to financial knowledge showed that investors tend to deviate from the behavior of rational prescriptive economics because they often lack the capacity to process the massive amounts of data necessary for a rational purchase decision. Information available to investors (information that is published daily) is not always accessible from a cognitive perspective. This lack of access to relevant information finally causes a deficiency in investment decisions [20].

2.2 Trading volume and stock price

The volume of transactions and the price relation is a fundamental issue regarding the state of the stock price distribution, if sampling is performed at fixed time intervals, the rate of return has a quasi-normal curve distribution with different convexity than the normal curvature. In this case, there are two competing hypotheses; H1: the rate of return is the best factor for hypothesis classification and sampling; H2: when daily data is sampled in a specific period, the rate of return is more elongated compared to the normal distribution, and the curvature of the rate of return distribution curve is high. Because the price is sampled from mixed distributions with different variances and the sampled information has different variances (hypothesis of mixed distributions). The trading volume and price relation mainly supports the second hypothesis, and this case has some applications. For example, we can classify price information in the sampling process through variables with different variances using the volume of exchanges. Our

knowledge regarding the relation between volume and price can be used to determine the amount of change in price variance under various probabilities.

The volume of transactions and the price relation has a significant application for researchers in the pre-purchase market. Price change has an effect on the volume of transactions in advance purchase contracts, and in fact, it includes the theory of whether speculation acts as a stabilizing factor for the price of goods in the future or disrupts the stability of future prices. The time of delivery of goods in pre-purchase contracts affects the volume of exchanges and the price changes based on this factor as well as the probability of delivery of goods. For investment purposes, the relation between trading volume and price also determines the importance of public information regarding appropriate goods. The relation between trading volume and stock price can indicate the importance of private versus public information in determining investors' demand [29].

On the theoretical aspect, new models have emerged and highlighted a systematic effect of individual attention on the decision-making process and on prices [3]. On the empirical aspect, new variables of attention coming from internet search data have allowed researchers to overcome limitations of traditional variables inspire new ways of research for them [9]. Saliency of information is one the items that researchers have interacted with limited attention. According to the definition of Taylor and Thompson (1982): "Saliency refers to the phenomenon that when one's attention is differentially directed to one portion of the environment rather than to others". Research work has demonstrated that saliency can explain decisions made in a wide range of fields. For instance, Hirshleifer and Teoh (2003) show that investors allocate attention to the most salient items in financial statements, and consequently, firms have incentives to manipulate the presentation of information to make selected parts stand out [26]. According to the saliency phenomenon, increasing the stability of past price trends due to the availability and access to price related information, the probability of the stability of this trend will be higher in the mind [25]. The studies conducted in recent decades also show the prediction of the future trend of stock returns using observed trends in the past periods, confirming this matter is actually an important challenge for the efficient market hypothesis. According to the efficient market

hypothesis, the process of changing stock prices in the capital market follows a random movement and cannot be predicted using past and available information, but the results allocate from the studies of the last two decades indicate the serial correlation in the stock price, which is caused by the incorrect and logical reactions of investors to new information [20].

Ding et al. (2024) in their research entitled the saliency theory in Cryptocurrency return and transaction volume, examined the digital currency market, analyzing the saliency theory, return and transaction volume. Investors in the cryptocurrency market react more strongly to volume changes, enhancing the predictive ability and influence of volume-based saliency over return [10]. So and Zhang (2024) investigated the consequences of asset pricing in the theory of saliency in the stock option market in their research entitled Saliency Theory and Equity Option Returns. Empirical evidence showed that the value of option-based saliency theory predicts returns negatively in the cross-section. Such relationship cannot be explained by the standard risk factors identified in the equity and option return literature [30].

Sun et al. (2023) in their research entitled Saliency theory in price and trading volume: Evidence from China investigated the incremental predictive power of its saliency trading volume on expected returns in the Chinese stock market. Despite the fact that the salient volume effect is stronger when investor disagreement is higher, both negative saliency effects are insensitive to stock capital states (gain or loss), lottery demand, short-term reversal, investor sentiment, and attention-grabbing news or events. Saliency-induced price pressure (order imbalance) analysis suggests that both institutional and retail investors can be salient thinkers regarding the stock return and trading volume [31].

Saleh et al. (2024) in research titled "Granger causality analysis mean patterns of the Kth interval of the cross-correlation between the standard residuals of returns and trading volume in crisis situation" investigated the Granger causality analysis in mean patterns to measure the Kth interval between the residuals and trading volume in crisis situation. For this purpose, based on daily data from April 2020 to April 2021, structural breakpoints were first determined and then the relationship between the volume of daily transactions and price changes of the Tehran Stock Exchange index was investigated using

the GARCH-ARMA model. Finally, the causality was investigated in the average between returns and volume of transactions for each sub-period. The results showed that when the prices fall sharply during the crisis period, market participants tend to use the volume of past transactions to predict current returns. Also, the results showed that when there is an upward price movement in the post-crisis period, it is observed that the correlations are significant from lag 2 to 20 [27].

Shahrazi and Shahrazi (2023) in a research titled *Application of Econophysics to Study the Relationship between trading volume and stock returns in Tehran Stock Exchange*, investigated the correlation between stock returns and trading volume in Tehran Stock Exchange in the period from March 2009 to March 2021. In this research, an econophysical approach called "Detrended Cross Correlation Analysis (DCCA)" was used to identify the possible relationship between stock price returns and trading volume. Unlike the previous methods, according to this method, it will be possible to change both the amount and the direction of correlation due to the change in time and scale. The DCCA method is implemented based on sliding windows with variable sizes and rolling. In order to more detailed analysis and comparison, the results allocated from the windows with 20, 60 and 241 observations (based on the approximate number of working days in each month, season and year after excluding holidays) have been analyzed and compared. The results showed that when the window length is equal to 20 and 60, the correlation values are very low and close to zero in many years. By significant increase in the number of observations and considering the windows of length 241, the intensity of correlation has increased and has been positive in most years with a downward trend. In other words, the pattern of time changes observed around the correlation coefficient between these two variables indicates that this relationship is dependent on the length of the rolling windows and the number of observations [28]. Accordingly, cross-correlations are not constant and exhibit considerable variations with the change in time and scale, so that with a significant increase in the length of the scale and the number of observations, the correlation has increased and is positive in most years, but it has been in a downward trend.

Khaleghi Kasbi and Aghaei (2020) investigated trend salience, investor behaviors and momentum profitability in their research. To test the hypotheses, a multivariate regression model was used and the selected sample includes companies admitted to the Tehran Stock Exchange in the period from 2012 to 2016. The results of the research showed that investors are sensitive to the value of the price signal in the formation period and are likely to estimate stocks with an increasing trend, for this reason it can be argued that the prominent momentum strategy works better than the non-salience momentum strategy. Considering the consequences of decision-making based on salient information, some researchers investigated how to overcome or modify behavioral errors [20]. In Oden and Barber's (2008) research, the direct application of the "salience bias" to financial knowledge showed that investors tend to deviate from the behavior of rational prescriptive economics because they often lack the capacity to process the massive amounts of data necessary for a rational purchase decision [24]. Information available to investors, that is published daily, is not always accessible from a cognitive perspective. This lack of access to relevant information finally causes a deficiency in investment decisions.

Andreassen and Kraus (1990) by showing the effect of relative salience of information on forecasts of time tendencies and trading behavior, argued that investors use trends that are influential in future stock price forecasts, leading to Investors will overreact to information and ultimately pricing will be disproportionate [2]. Hirshleifer and Teoh (2003) stated that more salient information or information that requires less saliency is used more by investors and finally is completely reflected in the share price [18].

The application of salience theory is expanded from two aspects. Whether there is a negative salient return effect in the stock market and compared to other markets, the market has its own unique characteristics in investor composition, information environment and institutional arrangements [23]. A different market (from a developed to an emerging market) is important for a valuable out-of-sample test of the predictability of the salient theory. Therefore, investigating the predictability of returns related to the salience theory in the market is interested by both researchers and practitioners. Investors may mentally represent a stock based on the distribution of past trading volume and

then evaluate this representation based on salience theory. On the one hand, trading volume is important for price discovery in the stock market because it contains multivariate information and is related to volatility, liquidity, investor dissent, investor attention and private information, etc. [17]. Extensive research has also shown that trading volume provides more predictive information than price signals about future stock returns, both theoretically and empirically [31]. Based on the stated principles, research hypotheses were designed as follows:

H1: the salience phenomenon has a significant effect on the company's stock price.

H2: the salience phenomenon has a significant effect on the trading volume of the company's shares.

3. Methodology

Correlation research is used in research where the relationship between two or more variables is measured. Considering that the purpose of this research was to investigate the relationship between independent and dependent variables, this type of research was chosen. In terms of the purpose, the current research is classified as applied research and in terms of data collection, it is descriptive, the type of relationship between variables is correlation, and the model used in the research is regression. Due to the use of previous information in order to investigate the relationships between variables, this research is included in Ex post facto studies. In this research, first, each of the independent, dependent and control variables was calculated using the financial statements of companies in the Tehran Stock Exchange, and then the research hypotheses regarding the existence of a relationship between the variables were analyzed by the regression model in EViews10 software.

The research population was all companies admitted to the Tehran Stock Exchange between 2013 and 2022. In order to carry out the research, in each year from 2013 to 2022, the data of the companies admitted to the stock exchange, which had the following characteristics, was allocated:

- 1) In order to ensure comparability, the financial year of the companies ending at the end of March of each year was considered.
- 2) During the research area, the companies did not stop their activities and did not change their financial period.

- 3) All the required information from the companies for the research should be available
- 4) Do not belong to banks and financial institutions (investment companies, financial agencies, holding companies, leasing and insurance companies).
- 5) Companies shall be admitted to the stock exchange before 2013.

According to the mentioned characteristics and using the systematic elimination method, 143 companies were selected as the statistical sample of the research.

3.1 operational model and measurement method for research variables

The research variables were calculated from the financial statements of the sample companies and analyzed using the regression model corresponding to each hypothesis in EViews10 software. The regression models to test the hypotheses are as follows:

H1 regression model:

$$STP_{it} = \beta_0 + \beta_1 SAL_{it} + \beta_2 SIZE_{it} + \beta_3 BM_{it} + \beta_4 REV_{it} + \beta_5 CF_{it} + \beta_6 ROA_{it} + \beta_7 LEV_{it} + \epsilon_{it}$$

H2 regression model:

$$STVOL_{it} = \beta_0 + \beta_1 SAL_{it} + \beta_2 SIZE_{it} + \beta_3 BM_{it} + \beta_4 REV_{it} + \beta_5 CF_{it} + \beta_6 ROA_{it} + \beta_7 LEV_{it} + \epsilon_{it}$$

Where:

STP_{it}: Stock price of company i in year t

STVOL_{it}: Trading volume of shares of company i in year t

SAL_{it}: Saliency phenomenon of company i in year t

SIZE_{it}: Size of company i in year t

BM_{it}: Book to market value of company i in year t

REV_{it}: Stock return of company i in year t

CF_{it}: cash ratio of company i in year t

ROA_{it}: return on assets of company i in year t

LEV_{it}: Financial leverage of company i in year t

3.2 Research Variables

The dependent variables in this research were as follows:

Stock price: the logarithm of the company's stock price.

Stock trading volume: the logarithm of the company's stock trading volume.

The independent variables are as follows:

Saliency phenomenon: based on the research of Khaleghi Kasbi et al. (2019) and Bordalo et al. (2012), the following function can be used to explain saliency based on the definition:

$$\sigma(X_s^i, \bar{X}_s) = \frac{|X_s^i - \bar{X}_s|}{|X_s^i| + |\bar{X}_s|}$$

(1)

Where:

X_s^i = Return of company i in industry s

$|\bar{X}_s|$ = Industry Return

According to the conceptual definition of saliency, increasing the distance from the mean leads to an increase in the standard deviation (saliency). In fact, according to the ordering property, changes in the distance from the mean have different messages. In negative, positive and equal digits, considering that the distance from the mean is the same, the same message is reflected. According to Bordalo et al (2012), in this research, in order to calculate the saliency of returns, according to the saliency theory and choice under risk, the saliency of the returns of this stock of company i depends on the difference between the stock returns of the company and the mean return of the industry. In this regard, refer to Article 18 of the Commercial Law, which states that the interval between the invitation to the General Assembly and the date of holding it shall be at least ten days and at most forty days (by considering the working days and trading breaks), the weighted average of stock returns during the period of twenty days [-11, -30] before the announcement of the profit and the industry return was used to calculate the difference between the return of company i and the mean return of the same day of the industry, and then the allocated numbers were sorted from the smallest to the largest digit and the weighted average of the saliency return calculated [20]. The control variables of the research are as follows:

Company size calculated as the natural logarithm of the company's total assets at the end of the financial year.

Book to market value, which is calculated by dividing the book value of shares by the market value of the company's shares.

The return on shares is calculated by following equation:

$$R_{it} = \frac{D_{it} + P_{it}(1 + \alpha + \beta) - (P_{it-1} + \alpha)}{P_{it-1} + \alpha} \times 100$$

(2)

Where:

R_{it} = stock return

D_{it} = cash dividend per share during the year

P_{it} = market price of the stock at the end of the year

P_{it-1} = market price of the share at the beginning of the year

α = represents the percentage of capital increase from receivables and cash receipts

β = means capital increase from savings and accumulated profit

C = shows the nominal amount paid by the shareholder from cash receipts or receivables.

Cash ratio: It is calculated from the division of cash in the company's balance sheet to the company's total assets.

Return on assets: It is calculated by net profit to total assets.

Financial leverage: It is calculated by dividing the ratio of total debt to total assets of the company.

4. Results

In this section, after compiling the final models and performing the tests related to classical regression hypotheses and model selection tests for the research models, was performed to estimate the coefficients of the variables of the models using the combined regression method.

In this table, the lowest mean is related to the cash ratio (0.046) and the highest mean is related to the company size (14.919). Also, among research variables, the highest Std. is related to the stock trading volume (2.180) and the lowest Std. is related to the cash ratio (0.052). To ensure the results of the research and the non-fakeness of the relations in the regression and the significance of the variables, the stationary test was performed and the unit root of the research variables was calculated in the research model. The intended test was performed by EViews10 software and the methods of Levin, Lin and Chu test, Im, Pesaran and Shin, generalized Fisher-Dickie-Fuller unit root test and Fisher-Phillips unit root test. In the unit root test, the null hypothesis indicates the existence of a unit root, and if the probability of the tests is lower than 0.05, the null hypothesis is not accepted with a probability of 95%. The results of the unit root test for the variables of the models are shown in Table 2.

Table (1): Descriptive statistics of variables

Variable	Mean	Median	Max.	Min.	Std.	Skewness	Kurtosis
STP	8.951	8.866	12.699	6.565	1.139	0.333	2.416
STVOL	18.644	18.804	25.960	8.747	2.180	0.388-	3.899
SALI	0.686	0.740	1.000	0.0006	0.306	0.620-	2.168
SIZE	14.919	14.634	21.571	11.035	1.701	0.835	4.069
BM	0.387	0.305	5.215	1.455-	0.347	3.067	32.788
REV	0.991	0.396	18.387	0.859-	1.875	3.180	17.601
CF	0.046	0.029	0.599	0.0002	0.052	3.246	21.520
ROA	0.150	0.128	0.673	0.581-	0.155	0.388	3.747
LEV	0.540	0.541	1.824	0.031	0.207	0.297	4.173
Obs.	1430	1430	1430	1430	1430	1430	1430

Table (2): Results of the Stationary test of research variables

Variable	Levin, Lin & Chu		Im, Pesaran and Shin W-stat		ADF - Fisher Chi-square		PP - Fisher Chi-square	
	S	P	S	P	S	P	S	P
SALI	-29.230	0.000	-15.903	0.000	803.267	0.000	907.701	0.000
BM	-20.409	0.000	-6.669	0.000	451.814	0.000	480.763	0.000
REV	-30.924	0.000	-13.866	0.000	721.024	0.000	845.226	0.000
CF	-20.053	0.000	-7.505	0.000	517.639	0.000	581.059	0.000
ROA	-10.891	0.000	-3.059	0.001	383.314	0.000	389.289	0.000
LEV	-30.924	0.000	-13.866	0.000	721.024	0.000	845.226	0.000

The results of table (2) show that the calculated significance of stationary tests for all variables is less than 0.05. Therefore, all research variables are stationed. Before estimating the regression model of the research to test the hypotheses, the collinearity of the variables shall be checked. Pearson correlation analysis was used to check the existence or non-existence of collinearity between research variables. Table (3) shows the Pearson correlation coefficients between the variables.

Based on the results of the collinearity test of the variables in table (3), it was found that there are no correlation coefficient values that are too high or too low (close to +1 and 1) to affect the results of the regression analysis, as a result, there is no linearity between research variables. The results of the estimation of the research hypothesis test model using the EGLS method are shown in table (4)

According to the results of Table-4, the P-value of the F-test is equal to 0.000, which is less than 0.05, and since the F-statistic shows the overall validity of the model, it can be said that this model is significant with a probability of 95% and has high reliability. Also, the results show that the Adjusted R-Squared of

the model is approximately 0.768. This number indicates the ability to explain 76% of the changes in the dependent variable by the explanatory variables of the model. Since the Durbin-Watson statistic of this model is equal to 1.688 and this value is between 1.5 and 2.5, it can be said that there is no autocorrelation in the model. The results inserted in Table-4 show that the P-value calculated for the independent variable of the salience phenomenon (0.000) is smaller than 0.05 and the estimated coefficient of that variable (0.138) is positive. As a result, it can be stated that the salience phenomenon has a positive and significant effect on the company's stock price. Based on this matters, the first hypothesis of the research is accepted at the 95% confidence level that the salience phenomenon has a significant effect on the company's stock price. Table-5 shows the results of estimating the second hypothesis model of the research using Eviews10 software and the generalized least squares estimation method. According to the results of Table-5, the P-value of the F-test is equal to 0.000, which is less than 0.05, and since the F-statistic shows the overall validity of the model, it can be said that this model is significant with a probability of 95% and has high

reliability. Also, the results show that the Adjusted R-Squared of the model is approximately 0.648. This number indicates the ability to explain 64% of the changes in the dependent variable by the explanatory variables of the model. Since the Durbin-Watson statistic of this model is equal to 1.783 and this value is between 1.5 and 2.5, it can be said that there is no autocorrelation in the model. The results inserted in Table-5 show that the P-value calculated for the independent variable of the salience phenomenon

(0.000) is smaller than 0.05 and the estimated coefficient of that variable (0.138) is positive. As a result, it can be stated that the salience phenomenon has a positive and significant effect on the company's trading volume of shares. Based on this matters, the first hypothesis of the research is accepted at the 95% confidence level that the salience phenomenon has a significant effect on the company's trading volume of shares.

Table (3): The results of the non-collinearity test of the variables

Correlation	STP	STVOL	SALI	SIZE	BM	REV	CF	ROA	LEV
STP	1.000								
STVOL	-0.061	1.000							
SALI	-0.076	0.108	1.000						
SIZE	0.124	0.602	0.021	1.000					
BM	-0.561	-0.068	0.049	-0.039	1.000				
REV	0.392	-0.049	-0.075	-0.059	-0.292	1.000			
CF	0.211	0.031	-0.064	-0.051	-0.135	0.126	1.000		
ROA	0.610	0.016	-0.070	0.223	-0.176	0.128	0.242	1.000	
LEV	-0.132	-0.114	0.041	-0.052	-0.143	-0.041	-0.144	-0.589	1.000

Table (4): Model estimation results

$\epsilon_{it} + \beta_7 LEV_{it} + STP_{it} = \beta_0 + \beta_1 SALI_{it} + \beta_2 SIZE_{it} + \beta_3 BM_{it} + \beta_4 REV_{it} + \beta_5 CF_{it} + \beta_6 ROA_{it}$				
Variable	Coefficient	Std. Error	t-Statistic	Prob
SALI	0.138	0.035	3.875	0.000
SIZE	0.242	0.015	15.495	0.000
BM	-1.089	0.048	-22.399	0.000
REV	0.131	0.006	19.951	0.000
CF	0.607	0.271	2.240	0.025
ROA	3.891	0.138	28.075	0.000
LEV	1.244	0.126	9.858	0.000
C	4.423	0.269	16.432	0.000
R-Squared = 0.782		Adjusted R-Squared = 0.768		
F-Test Prob.= 0.000		F-Test statistics = 64.232		Durbin-Watson Statistic = 1.688

5. Discussion and Conclusion

The prominence phenomenon can have different effects on the price and volume of stock transactions in the Tehran Stock Exchange. These effects are usually caused by psychological and behavioral reactions of investors to specific information and events. As a result, it is necessary for analysts and investors to understand this phenomenon so that they can make better decisions in the field of buying and selling stocks. According to the findings, it can be stated that the salience phenomenon has a positive and significant effect on the company's stock price. Based on this, the first hypothesis of the research was accepted at the 95% confidence level that the salience phenomenon

has a significant effect on the company's stock price. A positive salience usually means that investors are increasingly exposed to positive news or events and the stock price rises as a result. This may be due to the announcement of significant profits, increased sales, important contracts, or any other positive news. An increase in stock prices due to positive salience may have different effects. For example, investors may sell their shares based on a high price and make a profit. But in general, this phenomenon may increase the confidence of investors, attract new capital and develop the companies. But in some cases, due to rising prices without significance changes in the actual performance of the company, it may turn into a

balloon effect that eventually leads to market stagnation. The results of the first hypothesis test agree with the findings of Sun et al. (2023). It is suggested that stock market managers should increase investment efficiency by applying banking facilities in positive current net value projects and expanding the company's production lines. Based on the results of the research, it is suggested that the board of directors of the stock companies should enhance the company's investment efficiency with greater supervision of receiving banking facilities received by the company, in addition to reducing the cost of agency. Researchers are suggested in future research to investigate the effect of the short-term and long-term facilities on the company's investment efficiency, as well as the effect of financial facilities on investment efficiency through the modulator role of the company's investment risk. Investigating the relationship between financial and investment facilities in research and development of the company is another issue that is important in future research. Researchers are suggested in future research to investigate the relationship between financial facilities and investment efficiency through the role of agency costs in the stock market. In general, it can be stated that the phenomenon of saliency has a positive and significant effect on the volume of stock trading. Accordingly, the second hypothesis of the research was accepted at a 95% reliability level that the phenomenon has a significant effect on the volume of stock trading. The occurrence of a positive saliency phenomenon may attract new capital to the market. Investors who have previously kept their capital in the market due to market interest or risk concerns, are likely to manage their capital by observing the price enhancement and confidence in the market. The occurrence of a positive saliency phenomenon may increase investors' trust in the market. This increase in confidence may increase investors' transactions in the capital market and increase the volume of transactions. The occurrence of a positive saliency phenomenon may increase investors' expectations, resulting in increased demand and volume of transactions. Therefore, the phenomenon of positive saliency usually increases the volume of corporate stock trading and capital market activities. The results of the second hypothesis test are in line with the findings of Sun et al. (2023).

Stock companies who intend to exploit the positive impact of the saliency phenomenon on their stock

prices can take steps to help increase investors' attention and increase the volume of transactions. In this regard, it is recommended that companies, by holding regular meetings, conferences and financial reports, to strengthen their communications with investors and provide transparent and reliable information that enhances investor trust and their attention to the company. Companies can use their positive activities and events, such as offering new products, increasing profitability or winning awards and competitions, as an opportunity to attract investors. Companies can improve their activities and have precise monitoring of their financial and operational performance. Also, providing accurate financial reports and accurate monitoring of the company's performance increases the investors' trust and imply a positive impact on stock prices. To increase the volume of stock trading, stock companies can use different solutions. In order to increase the volume of corporate stock trading in order to benefit from the positive impact of the saliency phenomenon, companies can attract more attention by providing accurate and reliable information regarding the financial performance, business strategies, market status and growth opportunities to investors and stock markets and increase the volume of transactions. Companies can provide an opportunity to discuss the performance of the company and investment opportunities by holding investment meetings, conferences and information meetings, leading to increased transactions. By implementing such solutions, companies can significantly improve their stock trading volume and benefit from the positive impact of the saliency phenomenon on stock prices. It is suggested that the results of this study be examined separately in different industries and even compared the industries in this regard. It is suggested that the effect of the saliency phenomenon on the price and volume of stock trading on the role of corporate governance components such as (institutional ownership, family ownership, management ownership, the amount of the board of directors' share, the number of board meetings, the audit committee, etc.). It is suggested that researchers investigate the impact of prominence phenomenon on price fluctuations and volume of stock transactions in future researches.

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