



The effect of audit tenure and size on conservatism in Tehran Stock Exchange

*Yaser Gerami*¹ and *Hamidreza Kordlouie*²

1- Department of Accounting, Electronic, Branch, Islamic Azad University, Tehran, Iran Yaser6540@yahoo.com

2-Assistant Professor, Department of Financial Management, International branch, Islamic Azad University, Qeshm, Iran

Original Article:

Received 25 July. 2016 Accepted 15 Aug. 2016 Published 9 Oct. 2016

ABSTRACT

Conservatism is one of the qualitative characteristics of financial reporting. Also regarding the fact that management uses a less conservative approach strategically, we will study the effect of the size and the experience period of an auditing firm on the conditional and unconditional conservatism in firms accepted in Tehran Stock Exchange. To calculate the conditional and unconditional conservatism we have used models posed by Ball, Shiva Komar, Guili, and Hynes. In this research 90 firms accepted in Tehran Stock Exchange were investigated during the time period between the years 2007 and 2011. To test the hypotheses we have used the linear regression model. The findings of the research show that the size of an auditing firm does not have a meaningful effect on conditional and unconditional conservatism, but the experience of an auditing firm affects conditional and unconditional conservatism meaningfully and positively.

Keyword:

auditing firm size, the experience duration of an auditing firm, conditional and unconditional conservatism

* Corresponding author: *Yaser Gerami*

Peer review under responsibility of UCT Journal of Management and Accounting Studies

INTRODUCTION

The faster identification of profits and the postpone of losses is considered as one of the opportunistic behaviors of the managers, because they can increase the amount of rewards appropriated for them by doing this and it is called management reward hypothesis in positive theory literature (Raee & Khosravi, 2007). Accordingly Lafound & Watts (2008) believed that conservatism is a halting factor for extra-optimistic managers.

Walk & et al (2004) considered the time asymmetry in identifying the assets and profits and describe conservatism as: "the sooner identification of losses and measuring the assets the less". On the other hand, the role of auditing in validating has been deemed to be considerable important in comparison with the data of the companies following the re-representation of the firms' earnings and big companies' bankruptcies (Zho & Elder, 2004).

Thus, the size and experience duration of an auditing firm is considered to be one of the general foundations in reliable data flows. Auditing is considered to be an important element in strong corporate governance. Also regarding the privatization trend in Iran, the necessity of quality auditing of the financial statements is more noticed (Namazi & et al, 2010). Also regarding the role of experienced and great auditors in reducing the asymmetrical information, it is expected that users will demand to use great and experienced auditors to achieve this goal (Hassas-e-Yeghaneh & Pakizeh, 2007).

Thus, regarding what presented earlier, it is expected that the size and experience duration of the independent auditors are highly important for the users of financial reports. Thus, the present research will investigate the effect of the size and experience duration of an auditing firm on conditional and unconditional conservatism. Also we will try to answer this question: "Does the size and experience duration. If the answer is yes, what is the effect of the relationship?"

2. Review of the related literature

Mayers & et al (2003) studied 255 companies in the years between 1999 and 2002 in their research. They showed that by extending the cooperation of the auditor and employer, the dispersion in the distribution of the accruals will decrease. In other words, the long term relationship can result in the interference by the auditors and thus the manipulation of the accruals by the management will decrease.

Azizkhani & et al (2007) carried out a research entitled: "the auditor's, auditing partners' incumbency and the validity of financial reporting". This research was carried out for the years between 1995 and 2005. The researchers concluded that the auditor's and auditing partners' incumbency period has a relationship with the predicted costs of owners' equity. Only 4 companies lacked such a relationship. Also the long term incumbency period will result in financial reports with higher quality and less predicted costs of owners' equity will emerge.

Karami & Bazrafshan (2010) studied the relationship between auditor's incumbency and conservative earnings. They used Basoo's model in their research. By investigating 58 firms accepted in Tehran Stock Exchange between the years 2002 and 2006, they concluded that there is a direct

and meaningful relationship between incumbency and conservatism.

Ron Zijel & et al (2010) tested the effect of the auditing incumbency period and non-auditing services on conservative profits. They used a sample including 2235 companies between the years 2005 and 2008. In this research they used Basoo's model of conservatism. Also they considered three variables of firm size, the ratio of debt to asset, and growth as the controlling variables. Finally they found out that there is a positive relationship between conservative profit and the incumbency of auditors and non-auditing services.

Kano Rodriguez (2010) studied the effect of auditing size on conditional and unconditional conservatism in his research. He investigated 255 companies in Spain between the years 2001 and 2008. He concluded that there is a meaningful difference between the amounts of conditional and unconditional conservatism of those companies audited by the big auditors and those which are not audited by the same auditors. Also auditors tend more to enforce unconditional conservatism compared to conditional conservatism. The novelty of this research is due to the use of the two models used by Ball & Shiva Komar (2005) and Guili & Hyne (2000), while in other researches they have not been utilized.

3. Theoretical Framework and Research Hypotheses

According to Basoo (1997) conservatism is the obligation to have a high degree of approve to recognize the good news such as profit compared to the bad news. This description identifies conservatism regarding the profit and loss perspective (Banimahd & Baghbani, 2009).

In recent researches there has been a new categorization for conservatism which is called conditional and unconditional conservatism. Conditional conservatism (post-incident) is to recognize bad news about profit on time compared to the recognition of good news. For example, the least cost principle or market value, the omission of key money following the test of value decrease and the asymmetrical recognition of probable losses compared to probable profits (Bior & Rayan, 2005).

Unconditional conservatism (ante-incident) is derived from the utilization of those accounting standards which reduce the profit in way different from the current economic news. For example, the immediate identification of costs resulted from advertisements and research and development as the cost, even if when the future cash flows expected are positive (ibid).

The researches have shown that the size and the experiences of an auditing firm have a positive relationship with conditional and unconditional conservatism and the bigger auditing company and the more experienced one will use a more conservatism (Basoo & et al, 2001; Chang & et al, 2003). But regarding the theoretical perspectives of credit, experience and having the opportunity costs in approving the claims the auditors (4 big ones) have a high quality in auditing (De Angelo, 1981). Kano & Rodriguez (2004) found a positive relationship between the size of auditors and conservatism. Also Chandra & et al (2004) concluded that big auditors have a considerable role in increasing conservatism by the company management. Thus, regarding

the great role of the big auditors in increasing conservatism approach in financial reporting, the following hypotheses are presented:

First hypothesis: The size of auditing firm affects conditional conservatism.

Second hypothesis: The size of auditing firm affects unconditional conservatism.

Another criterion which affects conservatism is the incumbency period of an auditing firm. There are two perspectives regarding this issue: first, the incumbency period of an auditing firm will result in the reduction of the independence of an auditor gradually and this will result in decreasing the quality of auditing in long term (Gull & et al, 2007). On the other hand, the opponents of the reduction of auditing independence in long term incumbency of auditing believe that the auditors are able to achieve more knowledge and experience about their customers and thus this experience can result in the increase of auditing quality (Maneri & et al, 2008). Mainly the present issue is related to the information asymmetry and an audit needs a longer auditing incumbency in order to make it possible to access more information about the company and as a result of that recognize the false reports easily (Zengin & Ozcan, 2010). Hamilton & et al (2007) and Chen & et al (2004) emphasized following their researches that there is a more probability of faults in the reports of an auditor in early years. Thus, a longer incumbency period can force the management to use conservative methods in financial statements. Thus, regarding the role of experienced auditors in increasing more conservative approaches in financial reporting, the following hypotheses are suggested:

Third hypothesis: The experience duration of an auditing firm affects conditional conservatism.

Fourth hypothesis: The experience duration of an auditing firm affects unconditional conservatism.

4. Population and Statistical Sample

1. To select an appropriate statistical sample the following conditions were taken into consideration:
2. To observe the comparability of the samples, the fiscal year ended on the 29th of Esfand (20th of March) every year.
3. During the research's time period, they shouldn't have quitted or changed their fiscal periods.
4. All information needed about the companies should be accessible.
5. The companies shouldn't be banks or financial institutions (investment companies, financial intermediaries, holding companies or leasing).

Thus, regarding the limitations above, 90 companies were chosen during the time period between the years 2007 and 2011 to be included in our statistical society.

5. The models related to hypotheses' test

In the present research and regarding the effect of size and the experience duration of the auditing firm on conditional and unconditional conservatism, the dependent research variable is conditional and unconditional conservatism. To calculate these variables we have used the models posed by Ball & Shiva Komar (2005) and Guili & Hyne (2000).

5-1. Conditioned conservatism:

$$TACC_{it} = \alpha_0 + \alpha_1 DCFO_{it} + \alpha_2 CFO_{it} + \alpha_3 DCFO_{it} * CFO_{it} + \varepsilon$$

$TACC_{it}$ = Total Accrual Commodity

CFO_{it} = Cash Flows resulted from Operations

$DCFO_{it}$ = It is an artificial variable that equals to 1 when CFO is negative, otherwise it equals zero.

All the variables included in the formula above were de-measured of the total assets by the residuals in the beginning of the period. The role of accruals in reducing the disturbances which can be created due to the operational activities were reflected in $\alpha_2 < 0$. Conservatism or the in time recognition of losses results in $\alpha_3 < 0$. Thus, in this model the coefficient α_3 is an index for conservatism (Ball & Shiva Komar, 2005).

5-2. unconditional conservatism:

$$\text{Conservativeness index} = \left(\frac{\text{Operational accrual commodities}}{\text{total assets at the start of the period}} \right) * -1$$

Where, the operational accrual commodities are resulted by calculating the difference between net profits and operational cash flows plus depreciation cost. Guili & Hyne (2000) believe that the growth of accrual commodities can be an index showing the change in accounting conservatism degree during a long term period.

The reasons to choose the models above to measure accounting conservatism are as follows:

A: The present models for measuring conservatism such as Basoo (1997) and penman & Jhang (2002) which have also been used in some local researches encounter a lot of errors in measuring conservatism.

B: The data of the model used in this research is based on accounting data and market indexes are not used in it. Regarding the accessibility of the financial statements' data to measure the hidden conservatism in financial statements, these two models are more appropriate than other models for the markets in developing countries such as Iran (Banimahd, 2006).

5.3. Audit firm size

to calculate it in regression model, if the audit organization is the audit of a company, we use the artificial variable (1) or else we use (0).

5.4. Experience duration of the auditing

experience duration of Audit firm is one of the independent variables in this study, as proposed by Namazi et al. (2010), can be calculated through regression model. If the auditor tenure is four years or more than it, the dummy variable (1) is more likely to be used. Otherwise, zero digit should be adjusted in this model.

5-5. Control variables

Also based on the researches carried out in Iran some controlling variables were taken into consideration as follows:

5-5-1. Firm size: it is calculated by the natural logarithm of total assets of the end of the period.

Zimmerman (1983) stated that bigger companies exert more conservatism, due to the existence of more political sensitivities (political cost theory). In the present research and following the researches carried out in the field, we could use two variables as the criteria for firm size. Drashid & Jhang (2003) used the natural logarithm of the total assets of the end of the period and Zimmerman (1983) used the logarithm of total sales' income as the index of firm size. But in the present research we h

logarithm of the total assets for firm size (Canno Rodriguez, 2011).

5-5-2. financial leverage: this variable is calculated by dividing total liabilities to total assets of the end of period.

Accounting methods are related to financial leverage because the ratio of companies' liabilities is one of the criteria noticed by the creditors (in Iranian banks). Thus, the higher amount of liabilities of the companies, there is more tendencies to use less conservative methods. As a result, it is expected that managers of the firms exert less conservatism in their financial statements to reduce the probability of not acceptance of the loan application and avoiding impose of higher interest costs (Hassas-e-Yeghaneh & Shahriari, 2010).

5-5-3. the ratio of assets' growth: this variable is calculated by the measurement of the difference of assets compared to the beginning of the period.

The increase of assets at the end of the period compared to the beginning of the period occurs as a result of fixed assets' purchase. The purchase of fixed assets also results in more depreciation costs and thus the reduction of the presented profit (ibid).

5-5-4. Market value to book value: this variable is calculated by dividing the market value of stocks of a

company at the end of the year into the book value of owners' equity.

The increase of market value compared to the book value is due to not recording some of the profits or recording the losses more than what is real. This can reduce the profit and thus it ends with an increase in conservatism (ibid).

5-5-5. Assets' return rate: this variable is calculated by dividing net profit to total assets at the end of the period.

Assets' return rates are used in managers' reward contractions clearly or implied. There are a broad amount of evidences of revealed use of the annual rewarding of long-term performance designs of the managing directors of the companies. The implied use of return of assets' rate criterion to assess board of directors and rewarding the top managers is related to the assets' return rate criterion and different payments to managers' criteria. Watts (2003) believes that the managers of companies which have rewarding programs are avoiding conservative methods more often. Accordingly if a part of the profits of managers is related to accounting profits (the numerator of assets' return rate), the management of companies will tend to use non-conservative methods.

The following table shows the symbols of variables and their names.

Table1: Symbol and variables name of research

Symbol	variables name
BIG	Audit firm size
EXPERIENCE	experience duration of the auditing
CONSER(c)	Conditioned conservatism
CONSER(u)	unconditional conservatism
SIZE	Firm size
LEV	Financial leverage
GROWTH	The ratio of assets' growth
MBV	Market value to book value
ROA	Assets' return rate

6. Research Findings

6-1. Explanatory findings

The descriptive statistics of independent, dependent and controlling variables are presented in the following table.

Table2: Descriptive Statistics

Variable	Experience	BIG	Conser(c)	Conser(u)	Size	Lev	Growth	MBV	ROA
N	450	450	450	450	450	450	450	450	450
Mean	0.466	0.222	0.966	-0.027	5.621	0.731	0.054	12.48	0.045
Std. Deviation	0.499	0.416	0.409	0.163	0.568	0.788	0.108	1.497	0.191
Skewness	0.32	0.56	0.81	0.93	-1.01	0.36	-0.22	0.56	-0.10
Minimum	0	0	-1.210	-1.339	4.009	0.076	0.0106	9.059	0.193 -
Maximum	1	1	2.427	1.008	7.659	9.990	1.236	16.83 3	2.076

6-2. Empirical results

To study the normality of the variables and their remaining we have used Kolmogorov-Smirnov test. If the probability amount of this test is more than 0.05, we can approve the normality of variables' distribution with an assurance level

of %95 and vice versa. The results of this test were shown in table (3) and it is clear that all qualitative variables of the research have a normal distribution. As it can be seen, the probability amount of each of the variables is more than 0.05. Thus, we can test the data through the parametric tests.

Table 3: the outcomes of Kolmogorov-Smirnov test for testing the variables under investigation to be normal

Variables	RISK	CONSER(c)	CONSER(u)	SIZE	LEV	GROWTH	MBV	ROA
Kolmogorov-Smirnov Z	1.340	0.257	0.188	0.037	0.201	0.110	0.494	0.438
Sig.	0.098	0.113	0.276	0.752	0.163	0.451	0.121	0.101

Pearson's correlation matrix test is a test to determine the correlation amounts between the data. For example, in table (4) and with an assurance level of %95, there is a positive and meaningful relationship between conditional and

unconditional conservatism. This relationship with the correlation coefficient of Pearson's test shows a positive relationship between conditional and unconditional conservatism %020.

Table 4: Pearson correlation coefficient

Variables	CONSER(c)	CONSER(u)	RISK	SIZE	LEV	GROWTH	MBV	ROA
CONSER(c)	1							
CONSER(u)	0.020*	1						
RISK	0.115*	0.252*	1					
SIZE	0.163*	0.112*	-0.078	1				
LEV	0.009	-0.040	0.134*	-0.218*	1			
GROWTH	0.029	-0.027	0.112*	0.496*	0.001	1		
MBV	0.014	0.054	0.016	-0.164*	-0.010	0.006	1	
ROA	-0.136*	0.055	-0.082	0.480*	-0.052	0.891*	-0.037	1

6-2-1. the outputs resulting from the first and second hypotheses are as follows:

Regarding the table (5), the size of an auditing firm does not have a meaningful effect on conditional and unconditional conservatism because the amounts of F statistics in conditional and unconditional conservatism, are 1/135 and 0/953, respectively. And the meaningfulness level (P-value) is more than 5 percent. Thus, we can claim that the regression model does not have an identification power. Also D-W statistics are 1/5 and 2/5 and thus we can conclude that there is not any self correlation problem

between the variables. Additionally, the amount of correlation coefficient of conditional and unconditional conservatism show that the changes in independent and control variables show 12/3 and 11/5 percents of change in the dependent variable, respectively.

The findings of the present research contradict with those of Krishnan (2003), Balsem & et al (2003), and Jinkez & et al (2006). But they accord with the results of the researches carried out by Loise & Henook (2005), khaleghi Moghaddam & Khan Beighi (2011).

Table 5: The results of first and second hypotheses test

research variables	Coefficient of Regression	T	Sig.	F	P-value	D-W	R	R ²	
<i>conditional conservatism</i>	BIG	-0.049	-1.512	1.135	0.341	2.043	0.123	0.015	
	SIZE	0.013	0.464						0.643
	LEV	-0.016	-0.919						0.359
	GROWTH	0.232	0.857						0.392
	MBV	0.004	1.157						0.248

	ROA	0.193-	-1.279	0.202					
<i>unconditional conservatism</i>	BIG	0.007	0.515	0.607	0.953	0.467	1.881	0.115	0.013
	SIZE	0.007-	-0.630	0.529					
	LEV	-0.006	-0.863	0.389					
	GROWTH	0.026	0.449	0.516					
	MBV	0.001-	-0.584	0.560					
	ROA	0.095	0.742	0.497					

6-2-2. the outputs resulting from the Third and Fourth hypotheses are as follows:

Regarding the table (6), the experience duration of an auditing firm has a meaningful effect on conditional and unconditional conservatism because the amounts of F statistics in conditional and unconditional conservatism, are 11/523 and 11/089, respectively. And the meaningfulness level (P-value) is less than 5 percent. Thus, regarding the coefficient of the independent variable we can claim that the experience duration of an auditing firm has a positive and meaningful effect on conditional and unconditional conservatism. Also Dorbin-Watson's statistics are between

1/5 and 2/5 and thus we can conclude that there is not any self correlation problem between the variables. Additionally, the amounts of correlation coefficient of conditional and unconditional conservatisms show that the changes in independent and control variables, reveal 46/7 and 36/1 percents of change in the dependent variable, respectively. The findings of this hypothesis accord with those found by researches carried out by Jennkins & Welori (2006), Ron Zijel & et al (2010), Karami & Bazrafshan (2009).

Table 6: The results of Third and fourth hypotheses test

research variables		Coefficient of Regression	T	Sig.	F	P-value	D-W	R	R ²
<i>conditional conservatism</i>	EXPERIENCE	0.210*	7.854	0.00	11.523	0.00	1.75	0.467	0.218
	SIZE	0.004	0.157	0.875					
	LEV	-0.016	-0.915	0.361					
	GROWTH	0.257	0.946	0.345					
	MBV	0.003	0.955	0.340					
	ROA	-0.218	-1.455	0.146					
<i>unconditional conservatism</i>	EXPERIENCE	0.009*	0.775	0.039	11.089	0.00	1.876	0.361	0.131
	SIZE	-0.006	-0.502	0.616					
	LEV	-0.006	-0.896	0.371					
	GROWTH	0.829*	7.475	0.00					
	MBV	-0.001	-0.427	0.670					
	ROA	0.493*	-8.045	0.00					

7- Conclusions and Research Suggestions

The goal of the present research is to identify the effect of the size and experience duration of an auditing firm on conditional and unconditional conservatism. The research findings showed that the size of an auditing firm does not have a meaningful effect on conditional and unconditional conservatism. But the experience duration of an auditing firm has a positive effect on conditional and unconditional

conservatism. This showed that the more experienced auditor in an employer company will deserve a more conservativeness compared to those companies in which the incumbency period has been less than 4 years (less experienced). The reason can be resulted from the fact that regarding that conditional and unconditional conservatism is a criterion of financial reporting quality of the company, this issue is highly important for the auditors. Thus, the duration of the experience of an auditor will cause the creation of an

agreement between the management and the auditing firm about how the financial statements should be presented. Also the suggestions resulted from the findings of the present research are as follows: 1-**Investors:** regarding the results of this research, it is always suggested for the users of financial statements to consider variables such as the experience of an auditing firm when they analyze to purchase the firms' stocks. 2-**Managers:** regarding the fact that managers tend to deserve the trust of the owners, they should consider that having auditors with more experiences will lead to increase conditional and unconditional conservatism in financial reporting. 3-**Stock Exchange Organization:** it is suggested that the Stock Exchange Organization should devise some rules and regulations to make the data transparent and perceive their performances better regarding the direct relationship between the experience of an auditing firm and the conditional and unconditional conservatism to identify the real value of the companies and let the firms accepted to use more experienced auditors in order to reduce agency costs.

References:

- 1- Basu, S., Hwang, L. and Jan, C. (2001). 'Differences in conservatism between Big Eight and Non-Big Eight auditors', working paper, Baruch College.
- 2- Banimahd, Bahman (2006), "The identification and presentation of a pattern to measure accounting conservatism", PhD Dissertation in Accounting, Islamic Azad University, Tehran Science and Research Branch.
- 3- Banimahd, Bahman; Baghbani, Tahmineh (2009), "The effect of accounting conservatism, public ownership, firm size, and leverage ratio on the losses incurred by the companies", *Accounting and Auditing Studies*, No. 16, PP: 53-70.
- 4- Beaver, W. and Ryan. (2004). "Biases and lags in Book value and their effects on the Ability of the Book-to-Market Ratio to predict Book return on Equity". *Journal of Accounting Research*, 38. 114-138
- 5- Ball, R. and Shivakumar, L. (2005). "Earning quality in UK private firms". *Journal of Accounting and Economics*. Vol. 39 No. 1. pp. 83-128.
- 6- Cano-Rodríguez, M. (2010). Big auditors, private firms and accounting conservatism: Spanish evidence. *European Accounting Review*, 19(1), 131-159.
7. Chung H. (2004). "Selective Mandatory Auditor Rotation and Audit Quality: an Empirical Investigation of Auditor Designation Policy in Korea". Working paper.
- 8- chandra .d, Charles , E. Wasley, (2004), Income conservatism in the U.S .Technology Sector, available from :<http://www.ssrn.com/abstract=48506> [February 02, 2008].
- 9- Chen, C. Y., C. J. Lin., and Y. C. Lin. (2004). "Audit partner tenure, audit firm tenure and discretionary accruals; does long auditor tenure impair earning quality?" Working paper, Hong Kong University of Science and Technology.
- 10- DeAngelo, Linda E. (1981). "Auditor Size and Audit Quality", *Journal of Accounting and Economics*, 3(3), 183-199.
- 11- Gul, Ferdinand. Bikki L, Jaggi. Gopal ,V. Krishnan. (2007). "Auditor Independence: Evidence on the Joint Effects of Auditor Tenure and Nonaudit Fees". *Auditing: A Journal of Practice & Theory*. Vol 26. No 2. pp: 117-142.
- 12- Givoly, D. C. Hayn and A. Natarajan. (2002). "Measuring Reporting Conservatism". *The Accounting Review* Forthcoming.
13. Hamilton, J., C. Ruddock, D. Stokes, and S. Taylor. (2005). "Audit partner rotation, earnings quality and earnings conservatism". Working paper, University of Technology, Sydney, and University of New South Wales.
- 14- Hassas-e-Yeghaneh, Yahya; Pakizeh, Kamran (2007), "The quality of financial reporting, auditing and corporate governance", *Monthly Journal of Accounting*, No. 182, P: 40.
- 15- Hassas-e-Yeghaneh, Yahya; Shahryari, Alireza (2010), "Studying the relationship between ownership concentration and conservatism in Tehran Stock Exchange", *Journal of Financial Accounting Researches*, 2nd. Year, No. 2, PP: 77-94.
- 16- Karami, Gholamreza; Bazrafshan, Ameneh (2009), "Studying the auditor's incumbency and reporting conservative profits", *The Quarterly Journal of Stock Exchange*, Year 2, No. 7, PP: 55-80.
- 17- Lafond, R. and R. Watts. (2008). "The Information Role Conservative Financial Statemen". Working Paper New York University
- 18- Myers, J. N. Myers, L. A. & Omer, T. C. (2003). "Exploring the Term of the Auditor-Client Relationship and the Quality of Earnings: A Case for Mandatory Auditor Rotation?". *Accounting Review*. Vol 78. 779-800
- 19- Manry, David L. Samuel, L. Tiras, Clark. M. Wheatley. (2008). "The Influence of Interim Auditor Reviews on the Association of Returns with Earnings". *The Accounting Review*. Vol 68. No 1. pp: 251-264.
- 20- Namazi, Mohammad; Bayzadi, Anwar; Jabbarzade-e-Kangarloe, Saeed (2010), "Studying the relationship between auditing quality and earnings management", *Journal of Accounting and Auditing Studies*, Year 2, No. 9, PP: 4-22.
- 21- Ran ziji, tony, khairul anuar, kamarudin, keitha L. Dunstan, (2010), "Auditor tenure, non-audit services and earning conservatism: Evidence from Malaysia", Working paper series
- 22- Raei, Reza; Khosravi, Amirreza (2007), "The identification of pricing model of capital assets regarding the undesirable risk in firms accepted in Tehran Stock Exchange", *Journal of Humanities and Sociology Researches*, PP: 45-62.
- 23 - Wolk, Harry, I. J. L. Dodd, and M. G. Tearney. (2004). "Accounting Theory: A conceptual and Institutional Approach". *Journal of Accounting and Economics* 45. 27-54.
- 24- Zengin, Yasemin. Serdar, Ozkan. (2010). "audit quality and earnings management in interim financial reports". www.SSRN.com

25- Zhou. Jian, and Randal Elder. (2004). " Audit Quality and Earnings Management by Seasoned Equity Offering Firms".Asia-Pacific Journal of Accounting and Economics.11(2). 95 -120