

SID



سرویس های ویژه



سرویس ترجمه تخصصی



کارگاه های آموزشی



بلاگ مرکز اطلاعات علمی



عضویت در خبرنامه



فیلم های آموزشی

کارگاه های آموزشی مرکز اطلاعات علمی جهاد دانشگاهی



کارگاه آنلاین آشنایی با پایگاه های اطلاعات علمی بین المللی و ترند های جستجو



مباحث پیشرفته یادگیری عمیق؛ شبکه های توجه گرافی (Graph Attention Networks)



کارگاه آنلاین مقاله نویسی IEEE و ISI ویژه فنی و مهندسی

The Association between Conditional Conservatism in Accounting and Firm's Profits Margin

Solmaz Nourizadeh^a Hojjat Tajik^{a*}

^a Department of Accounting, University of Mashhad, Islamic Azad University

* corresponding author

Article info

Article history:

Received July 2016

Received in revised form August 2016

Accepted August 2016

Available online August 2016

Keywords:

Ahmed and Dolman (2007)

Profit margins

Conditional Conservative

Abstract

This study investigated the relationship between conditional conservatism in accounting and profit margins of listed companies in Tehran Stock Exchange for the years 1387 to 1390 (a period of 4 years old) pays. For this purpose a definition of theory and data about 156 years - the company has been collected. This study was conducted to measure conditional conservatism index of Ahmed and Dolman model (2007) Statistical tests also test for Kolmogorov-Smirnov and Pearson correlation coefficient was used in the analysis software SPSS 20. The findings of this study show that the conditional conservatism in accounting and profit margins of listed companies in Tehran Stock Exchange statistically significant relation exists between the intensity of this relationship is weak.

Introduction

The theoretical concepts of financial reporting is to provide information summarizing the purpose of providing financial statements classified and financial situation, entity's financial performance and financial flexibility for a wide range of users of financial statements can be helpful in making economic decisions. The financial statements of the entity's information indicate that users are released to the public. Users of financial information are very diverse. In fact financial information is useful to all users who have had their quality. As can be seen associated with the original quality financial information is reliable and relevance. One of the most important quality of being dependable, conservative than the country as a precautionary principle is mentioned.

Traditionally conservative "Do not detect any benefit, but the identification of all losses" is expressed (Rezazadeh and Azad quotes Blyas 1924). In the accounting literature, two important features of conservatism have been studied. First, there is bias in the presentation of the book value of less than its market value by Ahlsvn (1995). Second, the tendency to accelerate the recognition of gains and losses and deferred identified by Basu (1997) is presented. Watts (2003) stated that conservatism vary verifiable is needed to identify the benefits versus harms. The Statement of Accounting Concepts No. 2 describes conservatism also stated that if two estimates of amounts receivable or payable in future there is one and the probability of both is the same, conservatism dictates using the less optimistic estimate (Financial Accounting Standards Board, 1980).

Review of literature

Apparently in Iran, so far no direct research has been done on conditional conservatism. But there is some research in this area. Ball and Kothari (2007) use an econometric model to examine the validity of the model presented Basu measure of conservatism. They also absent when the asymmetry of gains, the benchmark Basu is no bias. They also described the method of econometric analysis Roychodhary and Watts (2007) have expressed that they expected a negative relationship between the ratio of market value to book value of equity and the asymmetry measure of conservatism, the result of changes expectations Rahimpour In relation to market growth opportunities in the accounting profit is not recognized. Analysis of econometric measure of income disparity as well as proven justified. In another study by Buhid (2007) was a conservative effect on borrowing costs of debt, stating that the cost of debt influenced by conditional conservatism and unconditional conservatism is less affected firms have adopted the practice of conditional conservatism, debt costs are far lower than other companies.

Research Methodology

In order to collect the required data and survey research methods have been used historically. The theoretical discussion about library resources including books, magazines and specialized sites accounting has been collected. Spatial scope of this study includes companies is accepted in Tehran Stock Exchange. This is also the territory since 1387 until 1390 (a period of 4 years old) has been determined. The target population consists of companies that will have the following conditions:

1. Companies that fiscal period they will be end of March each year.
2. Companies that are not traded in the period stops.
3. Companies that have been audited financial statements.
4. The company's financial statements in the database Tehran Stock Exchange <http://www.codal.ir> address are recorded.

According to the conditions and limitations 156 years - now, between the years 1387 to 1390 were collected. So the first step we need the information in the financial statements of listed companies in Tehran Stock Exchange are included [Http://www.codal.ir](http://www.codal.ir) site and get the Excel 2007 software to preliminary calculations, this study was performed. Calculations in Excel software, including conditional conservatism index model and Dolman A. (2007), and the profit margin is. Then output the information to Excel software testing and analysis in SPSS 20 software was used for analyzes.

Research hypotheses

In order to achieve the objective of this study is to determine a hypothesis is as follows:

- Between conditional conservatism in accounting and Dolman the Model A. (2007), and there are corporate profits.

Variables

Variables in this study are based on the role that can be divided into two categories:

1. Independent variable
2. Dependent variable

The independent variable is the conservatism of the condition and the model Dolman A. (2007), inspired by the Hine and Gioly's model is calculated as follows. Accruals and more emphasis has been placed on the Index of Income and represent a conservative approach is provided.

Index of conditional conservatism

Operating Cash Flow Net Income

Total assets

The dependent variable is the firm's profit margin is calculated by the following formula.

Profit margins

Net profit

Net sales

Research Statistical Test

This study tests Statistical tests based on the Kolmogorov-Smirnov and Pearson correlation analysis software is SPSS 20.

Results

Given that most statistical tests assuming normal distribution of the observations did so before proceeding to statistical analysis, the better the distribution of variables to be determined. To do this test, Kolmogorov - Smirnov analysis software Spss is used. If this test is less than 5% significance level, the hypothesis will be rejected at the 95% confidence level.

Kolmogorov - Smirnov Test to evaluate the normality of data of main hypothesis of this study is done (Table 1).

Table 1 - Test Kolmogorov - Smirnov

One-Sample Kolmogorov-Smirnov Test			
		Profit margins	Conditional conservatism
N		147	156
Normal Parameters ^{a,b}	Mean	.0465	.0000
	Std. Deviation	.43912	1.00000
Most Extreme Differences	Absolute	.072	.129
	Positive	.066	.129
	Negative	-.072	-.116
Kolmogorov-Smirnov Z		.870	1.610
Asymp. Sig. (2-tailed)		.435	.011

a. Test distribution is Normal.

b. Calculated from data.

Given that Sig is greater than five percent for both the variable distribution of the data, this is normal. The present study examines the relationship between two variables, we used Pearson's test. In this test, a Pearson correlation coefficient is greater than zero, less than zero if the direct and inverse relationship. The closer the correlation coefficient is to 1, the relationship between variables (direct or reverse) and the more intense the closer to zero, the relationship between the two becomes weaker.

Table 2 - Pearson correlation coefficient

Correlations			
		Conditional conservatism	Profit margins
Conditional conservatism	Pearson Correlation	1	-.448**
	Sig. (2-tailed)		.000
	N	156	147
Profit margins	Pearson Correlation	-.448**	1
	Sig. (2-tailed)	.000	
	N	147	147

** . Correlation is significant at the 0.01 level (2-tailed).

The value of the Pearson test (Table 2), equal to 0.448, which indicates that there is an inverse relationship between two variables-is. Thus, the increase in conditional conservatism, profit margins may decline as well as loss of conditional conservatism, the Profit margins will increase. According to Sig <0.05 were attained so negative correlation between conditional conservatism and corporate Profit margins will be confirmed.

Conclusions

Based on the results of tests conducted on samples and information on the research findings indicate a weak inverse relationship between the conservatism of Ahmad and the model conditional on hearts 2007 profit margins. In other words, conditional conservatism and the hearts of the Model A. (2007) On the Profit margins of listed companies in Tehran Stock Exchange is influenced and increased conditional conservatism reduced the rate of corporate Profit margins and reduce Profit margins, companies will increase the level of conditional conservatism.

References

- Watts, R. (2003). Conservatism in Accounting part I: Explanations and Implications. *Accounting Horizons*, 17 (3): 207-222.
- Ahmed A., & Duellman, S. (2007). Accounting conservatism and board of director characteristics: An empirical Analysis. *Journal of Accounting and Economics*, (43): 411-437.
- Basu, S. (1997). The Conservatism Principle and the Asymmetric Timeliness of Earnings. *Journal of Accounting and Economics*, (24): 3-37.
- Biddle, G., & Ma, M., & Wu, F. (2012). Conditional conservatism and the cost of equity capital: Informational, fundamental, and behavioral effects. Working paper, University of Hong Kong.
- Ryan S. (2006). Identifying Conditional Conservatism. *European Accounting Review*, 15 (4): 511-525.
- Tan, L. (2013). Creditor control rights, state of nature verification, and financial reporting conservatism. *Journal of Accounting and Economics*, 55 (1): 1–22.
- Belkaoui, d, and Karpik, s. (2002) "Foresight Ableti Information Basic of Economic Value Added" *Journal of Financial*, 84 , .12
- Bluki, G, and Pavlik, (2000) " Relation between Capital Structure and Performance Managerial" *Journal of Cost Management*, 51 , 4
- Asad Khan, M., Hussain Shah, N. & Rehman, A. (2011). The Relationship between Stock Return and Economic Value added. Working paper, Institute of Management Science.
- Asteriou, D., & Hall, S. G. (2007). *Applied Econometrics, A Modern Approach*. (2 ed.). China: Palgrave Macmillan.
- Charoendeesawat, S. (2011). The Explanatory Power of Accounting Measures, EVA and MVA on Stock Returns: Evidence from Thailand Stock Market. *Business Management*, 8: 29.
- Gholam Sajadi Khah, et al. (2014). Analysis of the Effect of Intellectual Capital on Financial Performance of Companies Accepted in Tehran's Stock Exchange, *mathematics in Engineering, Management and Technology*.(163-170)
- Dominique, Talia, A. (2009). An Empirical Research on the Relationship between Intellectual Capital and Corporate Financial Performance on Indonesian Listed Companies.
- Tobin, James (1969). "A General Equilibrium Approach To Monetary Theory". *Journal of Money, Credit and Banking* 1.(15-29)
- Stewart, T.A. (1997) *Intellectual Capital: The New Wealth of Organizations*, Doubleday/Currency, New York
- Irina Berzkalnea*, Elvira Zelgave;(2013). Intellectual capital and company value.(887-896)
- Mahmoud Bani (2014), The study of relationship between psychological empowerment and job interest (Case study:Tax offices of Tehran), *Applied mathematics in Engineering, Management and Technology* 2(97-102)
- Mahmoud Bani,(2014) Measuring the relationship between equity and intellectual capital, *Management Science Letters*(739-742)
- Mahmoud Bani (2014), An investigation on the relationship between TQM and ICT in revenue agency organizations, *Management Science Letters*.(1353-1356)
- Mahmoud Bani (2014), A study on relationship between employees' psychological empowerment and organizational commitment, *Management Science Letters*.(1197-1200)
- Clarke, M., Seng, D., & Whiting, R. H. (2011). Intellectual capital and firm performance in Australia. *Journal of Intellectual Capital*
- Roos, J., Roos, G., Dragonetti, N. C., & Edvinsson, L. (1998). *Intellectual capital*. Macmillan Business

SID



سرویس های ویژه



سرویس ترجمه تخصصی



کارگاه های آموزشی



بلاگ مرکز اطلاعات علمی



عضویت در خبرنامه

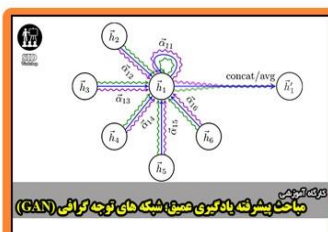


فیلم های آموزشی

کارگاه های آموزشی مرکز اطلاعات علمی جهاد دانشگاهی



کارگاه آنلاین آشنایی با پایگاه های اطلاعات علمی بین المللی و ترند های جستجو



مباحث پیشرفته یادگیری عمیق؛ شبکه های توجه گرافی (Graph Attention Networks)



کارگاه آنلاین مقاله نویسی IEEE و ISI ویژه فنی و مهندسی