Investigate the relationship between the relevance of audit information and dividends in companies admitted to the Tehran Stock Exchange

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ABSTRACT

Purpose: The purpose of this study was to investigate the effect of audit quality and relevance of audit information on earnings management in listed companies in Tehran Stock Exchange.

Methodology: The method of this research is inductive and post-event (using past information) and its statistical method is a cross-sectional correlation.

The statistical population is the companies accepted in the Tehran Stock Exchange and the sample size is estimated using a screening or systematic elimination technique of 60 companies.

In this research, for collecting data and information, the library method of financial statements of companies including balance sheet, profit and loss statement and notes accompanying financial statements at the end of each fiscal year (March 29, 2007) were used as a research tool. Is. In this research, the data panel has been used to estimate the descriptive statistics and parameters of the existing models in the research, and analyze and deduce the statistical data.

RESULTS: The results of the research show that among the seven variables of research, the specialty of the industry and the characteristics of the reliance on information (positive and significant) and, leverage, company size, beta risk (negative and significant), but two variables of remuneration Unpredictable and specific features had no significant effect on corporate profit management.

Keywords: Audit quality, relevance of audit information, profit management.

1. Introduction

One of the goals of financial reporting is to provide information that investors, creditors and other current and potential users will benefit from in investment and validation decisions and other decisions. One of the important criteria used by these groups to estimate the company's profitability is to predict future gains and risks, as well as to evaluate management performance, is the company's current and past benefits. Profit also consists of cash and accrual items and accruals income is largely in control of management and can be used to improve the performance of the company and increase the ability to predict future profits in accruals, and so-called profits today Manage. In other words, managers are trying to create predictable and stable results by choosing authorized accounting practices. Because, most investors and managers believe that companies that have a good profitability trend and their profits will not undergo major changes will be more valuable and more predictable and more comparable than similar companies. On the other hand, according to the theory of representation, managers can have the incentive to manipulate profits to maximize their benefits.

Accounting profit and its components are considered as information that is considered by decision makers. Investors seek their interest in profit information. Accounting earnings are a sign that changes the beliefs and behavior of investors. Evidence has shown that accounting earnings are a good indicator of return on equity and predict future cash flows, but due to the use of conservative constraints and the importance of determining accounting profit, some analysts have concluded that the economic benefit of the ratio In the interest of accounting, it is a better indicator for predicting future cash flows. Economic benefit was first defined by Adam Smith, and then this definition was expanded by Hicks. He defined the benefit as the amount that a person could use during a period, and at the end of the course he had the same welfare that he had in the first period.

In order to help report profits in assessing the performance and measure the profitability of a company, users can help to assess the expected returns of the beneficiaries and investors based on profit information. The quality of the information should be such that the past performance evaluation Making it possible to measure profitability and predict future activities. Therefore, in addition to the fact that reported earnings are important for investors and affect their decisions, the relevance of audit information is also considered as one of the dimensions of profit information of particular interest to investors.

2. Literature Review

Relate

Relevance is one of the important characteristics of accounting information. All information that is relevant to decision making on an issue is information. Therefore, relevancy can be expressed in the form of the effect of accounting information on the decisions of users on the evaluation of past events and the prediction of the effects of current or future events, or the correction of their expectations. Although this feature is important in the preparation of in-organizational and in-organizational reports, its importance is greater in in-house surveys (Sa'ei, 1999(

Dividend (EPS)

The amount of profit that the company divides and collects in cash to the shareholder. The DPS states how much the realized profits of each share will be distributed in cash and how much it will remain in the company is a decision made by the board of directors at the annual general meeting The assembly is proposed and then approved by the shareholders (Saeed, 1378.(

Audit quality

The audit quality has been defined as follows: "Market assessment" of the probability that the auditor will first detect materially significant distortions in the financial statements or the accounting system of the owner of the work, and secondly, report the detected distortion.

The auditor's likelihood of detecting materially significant distortions relates to the auditor's independence depending on the auditor's competence, and the probability that the auditor will report materially detected material misstatements.

Literature

- Gasser, Fin and Charles (2012) concluded that profit, book value and cash flows in free markets are more conducive to information content than government markets. Also, the relationship between profit smoothing and information content is more profitable than the relationship between earnings smoothing and information content of book value and cash flow of each share.

- Now, Newcastle and Sathm (2011) concluded in their research that the relevance of accounting information changed over the forty years prior to the development of international accounting standards, with the increase in losses and intangible assets and changes in the size of the company.

- AFISAR (2010), a research paper titled "How the Impact of Cash and Dividend Profits on Investments" was conducted on the New York Stock Exchange to determine the relationship between over-investment in cash and cash dividends and the recognition that companies In order to reduce the problems of maintaining cash and investing in excess, they operate in two ways. One way is for companies to buy their stocks again. Another way to solve the problems of excess cash is to divide the profits, thereby reducing the stockholders' expectations and are less likely to overcome the problems of excessive investors and hold excess cash.

- Chang et al. (2010) in an article titled "The Role of Disclosure in Transparent Bills" examined the transparency of companies admitted to the China Stock Exchange. They surveyed 100 companies between 2004 and 2007 using indicators developed by the Organization for Economic Cooperation and Development 3 that there is a meaningful relationship between the transparency criterion used and the value of companies' equity, which indicates transparency On the China Stock Exchange.

3. Methodology

In a general conclusion, it can be said that this research is a descriptive research. Also, since the results of this research can be applied in practice, a research is an applied research. Also, inferential statistics were used to analyze the data. In addition, in the process of this research,

library and field methods are also used as integral parts of scientific research. In the whole method, the present research method is inductive and post-event (using past information) and its statistical method is a cross-sectional correlation.

4. Finding

Hypotheses:

First hypothesis: There is a significant relationship between the industry's expertise in auditing and the quality of profit index.

According to the above table, there is a significant difference between the expert industry and the quality of profit index with 2.14 t = and the significance is 0.032, since it is less than 5%, and the coefficient of this variable is 0.069, indicating that the industry's specialty's specialty is directly related to the indicator The quality of profits means that if the industry's expertise in one unit increases, the index of earnings quality will increase by 0.069 units.

Second hypothesis: There is a significant relationship between unexpected remuneration and the quality of earnings index.

According to the above table, unexpected fees and profit quality index are t = 0.084 and significant at 0.93, since more than 5% is not significant.

Third hypothesis: There is a significant relationship between the reciprocity feature and the quality of earnings index.

According to the above table, the reciprocity of information and quality of profit index with t = 5.30 and significance is equal to 0.000, because it is less than 5%, and the coefficient of this variable is 0.082, indicating that the feature of information reliance is directly related With the index of quality of profit, that is, if the feature of the ability to rely on the auditor's information increases a unit, the index of earnings quality will increase by 0.082 units.

Fourth hypothesis: There is a significant correlation between relevance and quality of profit index.

According to the above table, the relevance and profitability index with t = 1.20 and significance is 0.22, since more than 5% is not significant.

Fifth hypothesis: There is a significant relationship between leverage and profit quality index.

According to the above table, the leverage and the index of profit quality are t = 8.54-t and the significance is 0.000, since it is less than 5%, and the coefficient of this variable is 0.006, indicating that the leverage of the information is a non-direct relationship with the indicator The quality of profit is that if the leverage of a unit is increased, the index of the quality of profit will decrease by 0.006 units.

Sixth hypothesis: There is a significant relationship between firm size and profit quality index.

According to the above table, the size of the company and the index of quality of profit are t = 0.017 and significant is equal to 0.000, since it is less than 5%, and the coefficient of this variable is 0.064, indicating that the size of the company has a direct relation with The index of earnings quality means that if the size of a company increases a unit, the index of quality of profit will decrease by 0.064 units.

Seventh hypothesis: There is a significant relationship between beta risk and earnings quality index.

According to the above table, beta risk and earnings quality index are t = 6.31 and significant at 0.000 because less than 5% is significant and the coefficient of this variable is 0.006 and indicates that the risk beta has an indirect relationship with The index of earnings quality means that if the risk of beta increases by one unit, the index of profit quality index is

Table 1: Fit the model with the merged model effects

Meaningful level	t	standard error	Coefficients	Variable
Quality of benefit				The dependent variable
٠/٠٠٥	٢/٨٠٥	٤/٠١٨	١١/٢٧١	Constant
٠/٠٣٢	٢/١٤	٠/٠٣٢	٠/٠٦٩	The profession of the auditor
٠/٩٢٣	-٠/٠٨٤	٠/٠٣٣	-٠/٠٢٨	Unexpected fees
٠/٠٠٠	٥/٣٠	٠/٠١٥	٠/٠٨٢	Information retention capability
٠/٢٢	١/٢٠	٦.٦٣E-٠٧	٨.٠٠E-٠٧	Related Feature
٠/٠٠٠	-٨/٥٤	٠/٠٠٠٧	-٠/٠٠٦	Lever
٠/٠٠٠	-٠/١٧	٠/٣٦	-٠/٠٦٤	size of the company
٠/٠٠٠	-٦/٣١	٠/٠٠١	-٠/٠٠٦	Beta risk
٠/٤٣	The coefficient of determination		٤/٧٤	F
٠/٣٤	Adjusted coefficient of determination			
٢/٠٦	Durbin-Watson		٠/٠٠٠	Likelihood of statisticsF

Interpretation: The results of Table 1 indicate that the significance level for the test of the relationship between inspirational motivation and organizational commitment is calculated as $05/0 > \text{Sig}$, therefore the assumption zero is rejected and the assumption of the research is confirmed. Therefore, with 95% confidence, it can be concluded that: "There is a meaningful relationship between inspirational motivation and organizational commitment of the insurance staff of Iran branches of Mazandaran province".

5. Discussion & Conclusion

First hypothesis: There is a significant relationship between the industry's expertise in auditing and the quality of profit index.

According to the above table, there is a significant difference between the expert industry and the quality of profit index with 2.14 t = and the significance is 0.032, since it is less than 5%, and the coefficient of this variable is 0.069, indicating that the industry's specialty's specialty is directly related to the indicator The quality of profits means that if the industry's expertise in one unit increases, the index of earnings quality will increase by 0.069 units.

Second hypothesis: There is a significant relationship between unexpected remuneration and the quality of earnings index.

According to the above table, unexpected fees and profit quality index are t = 0.084 and significant at 0.93, since more than 5% is not significant.

Third hypothesis: There is a significant relationship between the reciprocity feature and the quality of earnings index.

According to the above table, the reciprocity of information and quality of profit index with t = 5.30 and significance is equal to 0.000, because it is less than 5%, and the coefficient of this variable is 0.082, indicating that the feature of information reliance is directly related With the index of quality of profit, that is, if the feature of the ability to rely on the auditor's information increases a unit, the index of earnings quality will increase by 0.082 units.

Fourth hypothesis: There is a significant correlation between relevance and quality of profit index.

According to the above table, the relevance and profitability index with t = 1.20 and significance is 0.22, since more than 5% is not significant.

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According to the above table, the leverage and the index of profit quality are t = 8.54-t and the significance is 0.000, since it is less than 5%, and the coefficient of this variable is 0.006, indicating that the leverage of the information is a non-direct relationship with the indicator The quality of profit is that if the leverage of a unit is increased, the index of the quality of profit will decrease by 0.006 units.

Sixth hypothesis: There is a significant relationship between firm size and profit quality index.

According to the above table, the size of the company and the index of quality of profit are t = 0.017 and significant is equal to 0.000, since it is less than 5%, and the coefficient of this variable is 0.064, indicating that the size of the company has a direct relation with The index of earnings quality means that if the size of a company increases a unit, the index of quality of profit will decrease by 0.064 units.

Seventh hypothesis: There is a significant relationship between beta risk and earnings quality index.

According to the above table, beta risk and earnings quality index are t = 6.31 and significant at 0.000 because less than 5% is significant and the coefficient of this variable is 0.006 and indicates that the risk beta has an indirect relationship with The index of earnings quality means that if the risk of beta increases by one unit, the index of profit quality index is reduced by 0.006 units.

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