



## **The impact of cash holdings and debt financing on the sensitivity of investment to cash flows with an emphasis on financial constraints**

Javad Babaee Sadeghiyane<sup>1</sup>  
Saeed Jabbarzadeh Kangarlouei<sup>2</sup>

### **Abstract**

The purpose of this study is to investigate the impact of cash holdings and debt financing on investment-cash flow sensitivity with emphasis on financial constraints. In order to achieve this purpose, a sample of 110 firms of listed companies in Tehran Stock Exchange during the period from 2008 to 2015 was selected. Hypothesis examined by linear regression technique with panel data. The research findings show that there is a significant positive relationship between cash flows and investment and Companies with financial constraints compared to companies without financial constraints have more cash flow sensitivity. The results also show that there is a negative significant relationship between cash holdings and investment-cash flow sensitivity. Also there is a negative significant relationship between cash holdings and investment-cash flow sensitivity in companies with financial constraints. But, there is not significant relationship between cash holdings and investment-cash flow sensitivity in companies without financial constraints. Finally, research findings show that, there is significant positive relationship between debt financing and investment-cash flow sensitivity. But in companies with financial constraints relative to companies without financial constraints, the positive relationship between debt financing and investment-cash flows is more sensitive.

**Keywords:** Investment-cash flow sensitivity, cash holdings, financial constraints, financing debt.

**GEL:** G11, G32, M41

---

<sup>1</sup> MSc. Student, Department of Accounting E- Campus, Islamic Azad University, Tehran, Iran

<sup>2</sup> Associate Prof. Department of Accounting, Urmia Branch, Islamic Azad University, Urmia, Iran



## **The Effect of the Managers' Abilities on Cash Management**

Bijhan Abedini  
Hossein Rajab Dorri  
Soheila Askari Hassan Abadi

### **Abstract**

The purpose of this study is to investigate the effect of managers' ability in cash management. This research is in terms of its purpose and its approach after the event. The study period also covers the period from 2012 to 2016 and the selected sample consists of 84 companies. To test the research hypotheses, at first, the efficiency of the company was calculated and then the ability of managers was calculated. Subsequently, the relationship between cash management and managers' ability was examined. The findings showed that after considering the effect of control variables, there is a negative and significant relationship between managers' ability and cash management. This means that with the increasing ability of managers, the period of conversion to cash decreases. Also, there is a negative relationship between the conversion period of goods inventory and the period for collecting claims and ability of managers. In addition, there is a positive relationship between the ability of managers and the period of payment, which is not meaningful. Also, the existence of different managers' ability in different industries by using variance analysis showed that there is no significant difference between managers' ability in different industries.

**Keywords:** Managers' abilities, Cash management, Data envelopment analysis.

**JEL:** M14, M10.



## Free Cash Flows, Over Investment and Corporate Governance

Zahra Hajiha<sup>1</sup>  
Hassan Chenari<sup>2</sup>

### Abstract

This study investigates the relationship between free cash flows, some aspects of corporate governance principles and over investment in companies listed on the Tehran Stock Exchange. Information is gathered from financial statements of 81 companies in the period between 1390-1394. Multivariate regression was used to test the hypotheses with panel data. Findings show that there is a significant negative correlation between the principles of corporate governance and over-investment, so these measures are key factors in reducing over investment. There is a positive significant relationship between free cash flows and over investment therefore, free cash flow is a key factor in creation of over-investment, leading to problems of asymmetric information and agency problems. There is a significant difference between principles of corporate governance and over-investment in companies with high free cash flow relative to firms with low free cash flows. The impact of over-investment through corporate governance standards in these companies is much more.

**Key words:** Free Cash Flows, Information Asymmetry, Over Investment

**JEL:** G30, G31, G32, G34

---

<sup>1</sup> Associate Prof., Department of Accounting, Islamic Azad University, East Tehran Branch, Tehran, Iran.

<sup>2</sup> Young Researchers and Elite Club, South Tehran Branch, Islamic Azad University, Tehran, Iran.



## **The value relevance of accounting information in the stock exchange market's substantial volatility in chemical industry**

Zahra Farhadi<sup>1</sup>  
Gholam Reza Soleimany Amiri<sup>2</sup>

### **Abstract**

This study examines the value relevance in the Tehran stock exchange market and compares the value relevance of accounting measures in stock exchange market's substantial volatility. The sample includes chemical industry companies listed on Tehran Stock Exchange. In this study, the ohlson model (1995) was used for the sample during the years 2005 to 2015. The findings show that In times of increasing substantial volatility, the value relevance of Earnings is higher than the value relevance of equity book value and operating cash flows. Also, in times of decreasing substantial volatility, the value relevance of Earnings is higher than the value relevance of equity book value and operating cash flows. Furthermore, during non- substantial volatility, the value relevance of Earnings is higher than the value relevance of equity book value and operating cash flows.

**Keywords:** Value relevance, Accounting information, substantial Volatility

**JEL:** M41, G14

---

<sup>1</sup> Ph.D. Student in Accounting, Faculty of Social Science & Economics, Alzahra University, Tehran, Iran & Faculty Member, Accounting, Faculty of Humanity Science, Bojnourd University, Bojnourd, Iran.

<sup>2</sup> Assistant Prof., Accounting, Faculty of Social Science & Economics, Alzahra University, Tehran, Iran.



## **Dividend Policy and investment: Role of cash flows uncertainty**

Mohammad Moradi<sup>1</sup>  
Soraya Veysi Hesar<sup>2</sup>  
Fatemeh Mohaghegh<sup>3</sup>

### **Abstract**

The aim of this study is to investigate the relationship between Dividend policy and investment with regard to the role of cash flows uncertainty. Cash flows Uncertainty is measured in terms of lack of cash flows and cash flows volatility. The hypotheses are tested by means of multivariate regression analysis and panel data. Sample includes firms listed on Tehran Stock Exchange during 2009 to 2014. Findings show that there is no relationship between Dividend policy and investment. If there is material cash flows volatility, dividend policy affects capital expenditures significantly.

**JEL:** E22, L22, M41, N25

---

<sup>1</sup> Assistant Pro. Faculty of Management, Tehran University, Tehran, Iran.

<sup>2</sup> MSc. Faculty of Management, Islamic Azad University, Ghazvin, Iran.

<sup>3</sup> Ph.D. Student in Accounting, Faculty of Farabi University, Tehran, Iran.



## Relationship between Accruals and Audit Opinion

Nezamoddin Rahimian<sup>1</sup>  
Mohammad Taghi Taghavifard<sup>2</sup>  
Aida Maleki Dizaji<sup>3</sup>

### Abstract

In this article, the relationship between accruals and audit opinion has been examined. In the literature, accruals are divided into two groups of discretionary and nondiscretionary accruals. Also audit adjustments are divided into three categories: qualified opinion, disclaimer of opinion and adverse opinion. The sample size of the study consists of 101 firms accepted in Tehran Stock Exchange (TSE) for the period of 2010 to 2014. The main objective of this article is to investigate the association between accruals -especially discretionary accruals and earnings management- and auditors report. Type of audit opinion is the dependent variable and accrual is the test variable, estimated using Jones model. The relationship between discretionary accruals and audit adjustment in first hypothesis and the relationship between nondiscretionary accruals and audit adjustment in second hypothesis have been tested. Both deductive and inductive methods have been used in data gathering. The proposed hypotheses have been tested using regression and ANOVA models. The obtained results reveal that there is a positive relationship between auditor's qualified opinion report and discretionary accruals. However, there is a negative relationship between qualified opinion report and nondiscretionary accruals. The results show that discretionary accruals increase a firm's likelihood of receiving a qualified audit opinion; also nondiscretionary accruals decrease a firm's likelihood of receiving a qualified audit opinion.

**Keywords:** Accrual items, Audit opinion, Discretionary accruals, Earnings management, Nondiscretionary accrual.

**JEL:** M42, M41.

---

<sup>1</sup> Assistant Prof., Faculty of Management and Finance, Khatam University, Tehran, Iran

<sup>2</sup> Assistant Prof., Faculty of Industrial Management, Allameh Tabatabai University, Tehran, Iran

<sup>3</sup> MSc., Faculty of Management and Finance, Khatam University, Tehran, Iran



## **The effect of board of directors and CEO compensation, corporate governance and company characteristics on tax management**

Shahnaz Mashayekh<sup>1</sup>  
Nasim Mahmoudian<sup>2</sup>

### **Abstract**

The aim of this research is to evaluate the effect of board of director's compensation, corporate governance and company characteristics on its tax management. Tax management can improve company's performance. Tax management is a legal way of reducing income tax when taxpayers identify opportunities in the law to decrease companies' tax burden. In order to assess tax management, we use three indicators: tax effective rate, cash tax effective rate and changing in tax provision rate. The study is based on the analysis of a sample of 160 companies' on the Tehran stock exchange for the period 2010-2014. The results showed that board of director's compensation and corporate governance variables affect tax effective rate significantly. Indeed, the increase in board of director's compensation and better corporate governance decrease tax effective rate and result in more appropriate tax management. If cash tax effective rate and changing in tax provision rate are used as proxies for tax management, the corporate governance will affect tax payment. That is, more appropriate corporate governance decreases cash tax effective rate and tax provision rate. It shows that we had more appropriate tax management. On the other hand, board of director's compensation has no significant relationship with cash tax effective rate and changing in tax provision rate.

**Keywords:** board of directors and CEO compensation, corporate governance, tax management

**GEL:** H20, H25, G30, M40

---

<sup>1</sup> Associate Professor. Accounting Department, Alzahra University, Tehran, Iran

<sup>2</sup> Ph.D. Candidate in Accounting, Accounting Department, Alzahra University, Tehran, Iran

## *Table of Contence*

<b>Tatle</b>	<b>Page</b>
<b>The effect of board of directors and CEO compensation, corporate governance and company characteristics on tax management</b> Shahnaz Mashayekh-Nasim Mahmoudian	1
<b>Relationship between Accruals and Audit Opinion</b> Nezamoddin Rahimian-Mohammad Taghi Taghavifard-Aida Maleki Dizaji	2
<b>Dividend Policy and investment: Role of cash flows uncertainty</b> Mohammad Moradi-Soraya Veysi Hesar-Fatemeh Mohaghegh	3
<b>The value relevance of accounting information in the stock exchange market's substantial volatility in chemical industry</b> Zahra Farhadi-Gholam Reza Soleimany Amiri	4
<b>Free Cash Flows, Over Investment and Corporate Governance</b> Zahra Hajiha-Hassan Chenari	5
<b>The Effect of the Managers' Abilities on Cash Management</b> Bijhan Abedini-Hosseini Rajab Dorri- Soheila Askari Hassan Abadi	6
<b>The Impact of Cash Holdings and debt Financing on Investment-Cash Flow Sensitivity</b> Javad Babaee Sadaghiyane- Saeed Jabbarzadeh Kangarlouei	7



**Khatam University**



**Jornal of New Researches in Accounting  
and Auditing**

**Vol. 1, No, 2**

**Summer 2017**

*Jornal of New Researches in Accounting and Auditing*  
*Khatam University*

**Editorial Board**

**Hejazi, Rezvan**  
(Prof.)  
Khatam University  
**Blou, Ghasem**  
(Asso. Prof.)  
Allameh Tabatabaei University  
**Khoshtinat, Mohsen**  
(Asso. Prof.)  
Khatam University  
**Ali rahmani**  
(Asso. Prof.)  
Alzahra University  
**Shahnaz Mashayekh**  
(Asso. Prof.)  
Alzahra University  
**Farzaneh Nasirzadeh**  
(Asso. Prof.)  
Ferdousi Mashhad University  
**Nezamodin Rahimian**  
(Assi. Prof.)  
Khatam University

**Vol. 1, No.2, Summer 2017**

**Copyright Holder:**  
Khatam University  
**Director-in-Charge:**  
Ghasemi, Majid  
**Editor-in-Chief:**  
Hejazi, Rezvan (Prof.)  
**Executive Manager:**  
Yousefiasl, Farzaneh (Assi. Prof.)  
**Persian Editor:**  
Nezamodin, Rahimian  
**English Editor:**  
Elham, Hamidi  
  
**Address:**  
P. O. Box: 19395- 3486  
Tehran, Islamic Republic of  
Iran  
**WebSite:** <http://jnraa.khatam.ac.ir>  
**E-mail:** [jnraa@khatam.ac.ir](mailto:jnraa@khatam.ac.ir)

You can refer to the articles of this journal at (<http://jnraa.khatam.ac.ir/>)