

Effect of Great Customer Penetration on Amount Accounting Conservatism in to be Accepted Firms in Tehran Stock Exchange

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ABSTRACT

Present research to proceed between penetration and bulk customer bargaining with implement conservatism level in to be accepted financial level firms in Tehran stock exchange market. Because to expect that firm big customer for the reason of benefit existence in firm, they force to adoption it in ways more conservatism in financial accounting, in other words in this research had been tried answered this question (Do exist connection between customer bargaining power firms with conservatism in their accounting? For answer this question is to investigate a model with number of 78 to be accepted firms in Tehran stock exchange, in during in period of time 2006-2011. Conservatism had measured with two ways of Basu (1997) and Givoli and Hine (2000). For research hypothesis test had been for research hypothesis test had been used from a few fluctuating Regression analysis tests, meaningful F test in 95% meaningful level. Result showing from repulse hypothesis with Basu criterion and to accepted hypothesis to Givoli and Hine criterion. On the basis we can result potentially that customer bargaining , may increase the extent of model firms conservatism. In other words , the firms in relation to more mighty bulk customer in respect of bargaining power ,to implement conservatism trends in financial report. Of course the results about penetration effect of big customers power on conservatism firm with two different ways of Basu and Gilovi and Hine ,don't clear predicate opinion about Iran firm.

KEYWORDS: accounting conservatism, Givoli and Hine model, Basu model

1. INTRODUCTION

Financial ways , to organize original part of financial report (audit organization technical committee) , purpose of financial ways is presentation condensation and classified information about financial condition , financial operation and unique merchant financial flexibility that to occur usefully in adoption financial decision for broad spectral users (the same). The information to avail from determined characteristics that financial report to provided, financial report to accounting purposes to require (accounting and audit research center expert 2006). These characteristics to call as qualitative properties in Iran report for financial meaning theoretic, one of these characteristics that to call as prudence is conservatism. In direction strategically the bargaining power is basic and important topical .Basically, an organization or financial institute is necessitous the relation with organizations in out of self-collection to attain his objective that in this course and first pursuit purposes is negotiation and interaction. In negotiation often two side benefit isn't parallel then in this situation, most pretension the necessitous of interaction and discussion in this method for acceptable result two side to adjusted their benefit. This result as bargaining and basically, how much two side can by mutual consent their opinion or its beside how much they need feeling that retreat from their positions. Since profit report can helped users in operation assessment and affirm profitable ability and capitalists called to estimate their expectation of productivity to relay gain information ,display information should somehow that to make possible past assessment operation ,that were effective in examination ability profitable , then furthermore, number profit report for capitalists are important and for their decision is effective, characteristics of qualitative profit also as one of the dimension of profit information is object of attention capitalists (Francis et .al 2002, P 967).The main present problem research ,is studied the relation between bargaining power of importance group from customer firm beneficiaries (buyers) with conservatism in accepted to accounting firms is in Tehran stock exchange market researcher tried till found answered for this question ,based on (Did exist connection between customer bargaining power (buyers) and suppliers of this firms with conservatism in their accounting ?) why expectation that bargaining ability of this group from beneficiaries to detain from application of financially crisis firm risk ,also the bulk customer are as a important group of risk and loss beneficiaries.

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1. Literature research and theoretic frame

In direction strategically the bargaining power is basic and important topical. Basically, an organization or a financial institute is necessitous the relation with organizations in out of self-collection to attain his objective that in this course and the ways to be considered basic and first pursuit of purposes is negotiation and interaction, in negotiation, often two side of benefit is not parallel .then in this situation, most pretension the necessities of interaction and discussion ,in this method for acceptable result two side to adjusted their benefit. This result as bargaining and basically, how much two side could by mutual consent their opinion or it's beside how much they need feeling that retreat from their positions. (Basu 1997).

In many of years ago conservatism were used as one of the accounting limited principles by accountant and instead there is much criticism on it, always among of other principal accounting to protected their place among of many ways, basis conservatism to cause to one method choice and implementation that had been at least effect increasing on net profit and collection asset firms .in other words , based on this principal, firm could not use the ways that display their income and possessions more than real and their debts less than real.(watts)

In accounting, one of the financial report raised characteristics is conservatism that to be observed last years for the reason of financial scandals and to pay attention more than past. Until now,

There had not comprehensive and clear definition from it whereas most of accountant to accepted and yet remainder obscurities in this topic. Furthermore to have lack of comprehensive definition about conservatism in accounting literatures, to be investigate two important characteristics.

First, exist of partiality in display are less than in value office real stock ratio it is in value market (Feltham and Ohlson 1995). Second, tendency to delay in detection of profits (Basu1997).

One of the realism meaning and also one of accounting limited and financial report is conservatism or prudence. That could operation as effective element for prevention from optimism measuring of managers.

On behalf of, display unrealism information and had led to spoil qualitative characteristics to respect impartiality, to relay capability and financial comparative, because of this provide more than financial lists also there is not desirable. then determination effects to result from customer bargaining power and suppliers is necessities with amount of conservatism accounting operation for their customer to lead appeal from there firm stockholders, so financial report to became more speed from good news while that lead to significance and considerable costs if firm to leave from merchant or in other words to went bankrupted,(Hui et. Al 2012).

For example, watts and Zimmerman (1986) and watts (2003) to anticipated for the reason of that usually creditors bargaining on profit and outcome from firm and to impose strictly debt condition, one of the reason is for that it, to adapted more conservatism policies and for this accounting conservatism helped until provide possible limited firm risk that in some way, to enable firm to acquire less interest rate for bans. So in this research the firm (customer) to have bargaining power that could purchase high ratio of firm products in power bargaining , for to measured financial operation.

They deal to with accounting operation since that firm to be able to their short-term obligation. If firm wanted to leave from merchant, suppliers concern do the firm had been their profitable operation in many years future?

2. Research Background

Hui et.al (2012) written in result of their research:

Suppliers and firm customer that to engage in short-term transaction with firm, to considers it accounting operation for assessment of firm ability for answering on short-term obligation merchant. In this manner , suppliers and engage customer in long-term is possible implicit claim, operation for assessment of long-term landscape continuation firm financial and create danger link special capitalist suppliers firm and customer , are sensitive in related on bad news more than good news . For this matter, usually affirm well-known asymmetrical condition.

We have anticipate, this order to lead create of affirm that do detection bad news with more speed on their output.Our hypothesis is that affirm, more feeling necessity on customers, had more than usually advantage on firm. Our hypothesis is positive connection between bargaining power suppliers and customers with conservatism in accounting firm, confirmed the tests that we did. Our resulting for supported this hypothesis ,to perform more tests to investigate that how the suppliers confidence on a firm and the customers confidence to a firm and their changing , power market of a firm , and significance suppliers or customers of a firms to lead more necessity conservatism in this firm. This result s tests to show that exists positive links between necessity for conservatism in accounting with suppliers or customers to have high advantage bargaining relative and more possible they detention regulation and laws trade. Our study to confirmed 3main share in this relation:

First, our showing to explain conservatism is conditioned in accounting in partly that firms had been have permit efficient contract with relation parties.

Second, research are showing increase rightness comprehension to how effect suppliers and customers bargaining power of a firm on ways accounting means showing when in contract a firm exist a firm with suppliers or customers have bargaining power more than firm, this firm were necessity operation more conservatism in their accounting. Finally , our research helped to research literature to showing how contest in product market, to effect in ways a firm accounting .Chen et. Al (2010), in research as bargaining power debtors and conservatism in accounting, (debt landscape obligation) had expressed:

In recently years, the greater part of accounting literature ,to investigate information accounting based on alliance and desirable report called conservatism be allocated in accounting for found the meanings of bargaining power creditors to investigate special, that how bargaining power creditors first obligation. We didn't showing any relation between element output first obligation and creditors bargaining power and to borrow.

Our hypothesis were creditor bargaining power to effect on before negotiation resulting because reexamination obligation contravention. We found support that highest creditors bargaining power is related to less desirable for lenders in again negotiation furthermore, our proxy from creditors positive bargaining power to affirm with loan interest and pact limits in first debt contracts. Since creditors to benefit from advantages of extraction and again investigate first obligation only with high bargaining power , our hypothesis for found the connection more creditors bargaining power to confirmed with more necessity or conservatism in accounting as regards first debt contract. Of course, negative connection between conservatism in accounting and creditors depositor, were strong with high bargaining power , means of how much creditors power was higher in bargaining , negative connection were more between conservatism in accounting and depositor creditors.

NikooMaram et.al (2010) in his research does investigate accounting conservatism and financial crisis to investigate accepted firms to be paid in Tehran stock exchange.

This research to investigated accounting conservatism on financial crisis to accept firms in stock exchange in a period of 7years (2001-2007) in 48 firms have financial crisis that went out from Tehran stock exchange board and 57 beneficial firms.

This research to show accounting conservatism standard had direct and meaningful connection with financial crisis firms. Also this result have confirmed the reverse connection among firm size and beneficial standard , and direct connection on rate financial lever and also lack of affect sale growth on financial crisis firm .

Result of this research known accounting conservatism is one of the effective contract mechanism to limited take the side behave director in more from profit the firms to have crisis. For this reason, he knows conservatism as tools for to leave from firms financial crisis in long-term.

MoradzadehFard et.al(2011) of effect conservatism on defense and benefit distribution he do analysis among strategy firms mechanisms and accounting conservatism in this research we used percent criterions of institutional stockholders ownership for to investigate connection between conservatism and firms strategy regime.

Member percent of lack obliged the board of directors, separation of duties chairman of the board of directors from managing director and exist home accounting in affirm as strategy regime firm mechanisms and method of Gilovi and Hine(2007)and Ball(2004) are used as criterion for calculated conservatism 71 firms Tehran stock exchange during years of (2004-2009).

Dergi(2005) in their research called as quality firm effectual in exhibitions, written:

Used of promotion is one of the tactics contest marketing for effect customers that cohesive increase their bargaining power and reason of contest spread higher their choice right, promotion to be formed 5 advertising tools ,public relations, self-selling ,direct marketing and advancement selling and all of them purpose are create and extensive effectual relation with customers. In some way to prove them, our firm and product as regards competitor to supplied them more value in market.

The said research, have to converge with present research because of increase customers bargaining power and firm suppliers, increase conservatism necessity in firm too.

3. Hypothesis and research model

There is positive relation among conservatism in accounting and to accepted firms customers bargaining power in Tehran stock exchange.

- First subordinate hypothesis:
There is positive relation among conservatism ways as Basu with customers bargaining power (CBP).
- Second subordinate hypothesis:
There is positive relation among conservatism ways as Gilovi and Hine with customers bargaining power.

4. Research model and variables

Research independent variable is degree of conservatism. In this research to measure by tow model of Basu and Gilovi and Hine .and independent variable also is research bulk customers bargaining power. Compatible with research of Huie et.al (2012) Beta index controlee variables, financial lever, current operations criticism, market value fraction, this research on office value. Base of this for first and second subordinate hypothesis test to display land2 models (1995):

- (1) $BCO_{it} = \beta_0 + \beta_1 CBP_{it} + \beta_2 Beta_{I,t} + \beta_3 Lev + \beta_4 CFO_{I,t} + \beta_5 MTB_{i,t} + \beta_6 Loss_{I,t} + \epsilon_{I,t}$
- (2) $GHCO_{I,t} = \beta_0 + \beta_1 CBP_{I,t} + \beta_2 Beta + \beta_3 Lev + \beta_4 CFO_{I,t} + \beta_5 MTB_{I,t} + \beta_6 Loss + \epsilon_{i,t}$

Accounting conservatism measurement ways of Basu1995:

In Basu model1995 conservatism to examination as more speed benefit reaction to bad news as regard benefit reaction to bad news. In this model positive output is deputy of good news and negative output is deputy of bad news. Mentioned sample as follows:

$$(3) EARN_{I,t} = \beta_0 + \beta_1 RET_{I,t} + \beta_2 DRET_{I,t} + \beta_3 ReT_{I,t} * DRET_{I,t} + \epsilon$$

EARN_{it} : Annual Earnings

RET_{it}: Annual stock returns

DRET_{it}: Is a dummy variable and is equal to one for companies that have negative returns and is zero for other companies.

If β_3 were positive and against of null, to show conservatism degree. Because of $(\beta_2 + \beta_3)$ hs benefit reaction as regard bad news. And because is $\beta_2 + \beta_3 > \beta_2$.

Then β_3 is positive and in fact lack of synchronism index time benefit is conservatism standard.

Accounting conservatism measurement ways of Gilovi and Hine1995: conservatism level base on Gilovi and Hine model(2000) calculated from follow formula (PaekW,Chenl)

$$CSCORE = AFCCX(-1)$$

CSCORE_t : is degree of conservatism.

AFCC : value of asset office.

Measurement method bargaining power:

In the same research (Ali et.al2009) for assessment firm bargaining power to calculated ratio of accumulation that is accumulation a firm customers. for reaching this ratio of accumulation, in research years, this ratio of accumulation to register for all of the two research firms.

Ali et.al(2009) to show , fraction of firms accumulation calculated in use to helped of accounting institute the same industry.

This do by head count data station each two part governmental and private that do in each industry.(Hui et.al2012) . for this reason station of this information Iran is impossible .in present research customers bargaining power research by division of selling degree to most bulk customer on total degree of selling to customers that necessary information to be found from explanatory note along with firms of financial lists (Hue et.al 2012).

To study statistical society and statistic sample:

The purpose of present research is to investigate connection customers bargaining power and suppliers are with rate of implement accounting conservatism to accepted firms in Tehran stock exchange. Attention to research variables can defined this below principle for implement in eliminative sampling and to sift.

1-in financial year's of 1384-1390 had presence in bourse.

2-final of their financial year were end of Esfahan each years and during in said course they have not any changing in financial year .

3-firm, were not section of, capitalist firms, banks .insurances and financial 9 arbitrators)

4- Number of firm that had not changing to financial year in during of course study.

5- The number of firms to revealed buyers and sellers in carry along note financial lists that have with him.

Then, present research of researching society to involved being firms in Tehran stock exchange are 78firms in during years of 90-85.

The research results

Statistical descriptive research:

In hypothesis test model.This statistical gave information to researcher about to be gathered statistical and calculated variables and of total to circumstance, before solidarity tests , for example discovers to show rate of swinging conservatism based on Gilovi and Hine method (2000) is higher than to calculated conservatism swinging to method of Basu(1997) .because the rate of standard deviation is highest based on Gilovi and Hine method.

Also results to show sampling firms customer bargaining power was high in during of research. In other this words firms bulk customers, had more ability in absorption. Table 1 being involved statistical descriptive related to doing variables

Table 1:

Standard deviation	The mean	The maximum	The minimum	The numbers	The variables
0/01083193	0/0000265	0/6959	0/07311	468	Conservatism (Basu model)
0/2097893	-0/009125	1/7881	-0/07311	468	Conservatism (Gilovi and Hine model)
0/1478053	0/137338	0/8937	0/0000		Customer bargaining power
1/4237596	0/253697	15/5600	-8/1800	468	Beta index
0/1865016	0/637969	2/13110	0/1817	468	Financial lever
0/1928130	0/151151	1/4328	-0/7548	468	Operations cash current
2/7708011	2/267124	37/1304	-3/2567	468	Market value

5. Result of first subordinate hypothesis test:

In subordinate hypothesis to be claimed that there is positive connection among conservatism to customer bargaining power ways of Basu. Base of this hypothesis testing they used from a regression model that in it to calculated level conservatism is ways of Basu as attaché and amenable variable from customers bargaining power and controly variables . results from first subordinate hypothesis test to displayed in table(2).

Table2:

To modify R2	Watts landscape statistic		F statistic	F meaningful level	
0/195	2/031		9/187	0/000	
The variables	B standards	T statistic	Meaningful level (P-value)	Parallel tests	
				V inflammation elements	
CBP	-0/011	-0/227	0/82	0/815	1/039
Beta	-0/079	-1/777	0/076	0/987	1/013
Lev	-0/154	-2/928	0/004	0/703	1/422
CFO	0/003	0.066	0/948	0/884	1/131
MTB	-0/007	-0/162	0/872	0/904	1/106
Loss	-0/222	-4/562	0/000	0/817	1/224

Result of regression model from first subordinate hypothesis test to show 19.5% changing in amount to calculated conservatism ways of Basu determined by independence and control variables changes statistic meaningful level is less than test error (5%) , finally by statistic the regression model and related among variables are meaningful.

From to displayed results in table 2 , to estimated index meaning level for variables CBP to connection among conservatism level with Basu method are customers bargaining power, is higher than 5% this found to show there is not any meaningful relation among of said variables and is mismatched with predicted research.

About control variables, results indicating among conservatism based on Basu method to on systematic risk, financial lever and firm to suffer a loss there is reverse and meaningful relation.

Result of second subordinate hypothesis:

In this method to claimed that there is direct connection among of Hine and Gilovi method conservatism with customers bargaining power.

In this hypothesis to use from regression model that in it to calculated conservatism level Basu and Hine method being as attaché and amenable variable to used and customer bargaining power . The results of displayed table 3.

Table 3

To modify R2	Watts landscape statistic	F statistic		F meaningful level	
0/784	1/553	282/939		0/000	
The variables	B standards	T statistic	Meaningful level	Variance inflammation elements	
CBP	0/072	3/033	0.003	0/815	1/039
Beta	-0/035	-1/616	0/107	0/987	1/013
Lev	0/303	11/814	0.000	0/703	1/422
CFO	0/899	39/289	0/000	0/884	1/131
MTB	-0/228	-10/076	0/000	0/904	1/106
Loss	0/114	4/778	0/000	0/817	1/224

Results to show regression model of second test subordinate hypothesis display 78.4% to changes in calculated rate of conservatism Gilovi and Hine method by independence and control variable changing . Also results to show watts farsighted statistic were among 1.5-2.5 and then, there is not intense solidarity Among of his regression model errors . meaningful level F statistic is less than level test error ($\alpha=5\%$) and finally are meaningful regression model and connection among variables by statistical according results fromtable3, assessment index for variables CBP that to show connection were between conservatism level Gilovi and Hine method customers bargaining power , is amount of 72% and meaningful level 0.003 in this base , there is direct and meaningful connection among two said variables.And this results is matched with predicted research.

Results about variables to display among conservatism Gilovi and Hine method to financial levels there is direct and meaningful relation firm suffer a loss and operation cash current and relation among fraction of market value is meaningful and to office value with conservatism Gilovi and Hine method.

Totally, results to show during of research there is direct and meaningful relation with firm customers bargaining power of statistical sampling in result, second subordinate hypothesis to accept in certainly level of 95%.

6. Conclusion and Recommendation

Results to show there is not meaningful relation in said variables. This founds is mismatched with said predicted first subordinate hypothesis in this relation , hue et.al2012 found that among lack of synchronism benefit time (conservatism ways of Basu), there is meaningful relation bargaining power , they analytic that customers with high bargaining power are feeling as regard to published bad news and they expectation that firm directors to reaction this news . they to deduced customer with high bargaining power as regard to published bad news are sensitive about firm and they have expectation firm directs reaction to this news. Reasons of this mismatching founds of first subordinate hypothesis with entity experimental evidence could to interpret as resulting from different prospect customers and amount of importance that they had news with firm. with this relation , Kalen et .al2010 to deduced bad and good news to be published in capitalist market about firm that is reason of capitalists reaction and to formed changing output. necessarily is not adapted from firm accounting information, may be is possible partly or totally of this information resulted from resources except to be published firm information.

Reaction of capitalists to this information that reflected in stock output is bare of each director's orientation. For this reason, is possible customers of sample statistic firms, tried their ability of bargaining power utilization by controlling relations on mismatching detection. as said before, Gilovi and Hine method (2000) is about utilization amount of obligation articles were in financial reports and he measured conservatism level attention to this articles results of second subordinate hypothesis is matching Hui et.al (2012). Also these researchers found customer bargaining power, increase conservation level of firm accounting statistical sampling. This found can be interpreted with two ways bellow:

1- To seemed that firms bulk customers had were high bargaining power , potentially tend to protection of continuation firm activity and know their benefit in follow co-workers of this firm . Because the relation they created to decrease become complete cost and buying merchandise and to lead created buying to credit bulk. Base this, bulk customers were wants to continuation firm activity and this order to be accomplished could with regard of high degree to conservatism. In this relation, Bidel et.al (2011) to report a reverse relation among conservatism by bankruptcy risk .and to suggested more conservatism firms have more probability continuation.

2- Base on Gilovi and Hine model, higher conservatism to cause increase quality of obligation articles quality of obligation articles base on assessment on accounting that with increase director's ability by higher quality to reflect in financial reporters.

Demerjun et.al (2010) to show the firms to have directors with higher operation, they have higher quality obligation articles and this order involved from their true and exact assessment is about future landscape of firms.

Then to seem firms with more quality obligation articles to have directors to be successful potentiality in estimate of future events and with more accuracy assessment probability of firms continuation and this order is the same affair that customers with high bargaining power are follow them.

Suggestions result from research hypothesis:

We have suggestion based on result from hypothesis in present research:

1- In time and optimum availability to information accounting firms cause to prevent from instead to use suppliers his bargaining ability is not synchronism detection, use his ability in relation control with firm directors.

2- Considered level of director's ability as the order that may determine quality of financial information and activity continuation, in this case, could to investigate past financial report in beside, director's experience in related industry and to judge about to published report of confidence ability firms and to adapted fitting decision about provision of firm asset.

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