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THE RELATIONSHIP BETWEEN GENDER AND ACCRUALS QUALITY IN COMPANIES LISTED IN TEHRAN STOCK EXCHANGE

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ABSTRACT

The present study aims to evaluate the relationship between the presences of female executives and accruals quality in companies listed in Tehran Stock Exchange. In this study, financial data of 114 companies listed in Tehran Stock Exchange was extracted as the sample by systematic elimination method and investigated from 2007 to 2012. In order to assess the purpose of the study, a central hypothesis was proposed that was tested using four different models of measuring accruals quality. Based on the analysis, the hypothesis was rejected at the 95% confidence level. Therefore, the presence or absence of women in the board of Iranian companies had no effect on the quality of accruals.

Keywords: Board, Female Executives, Accruals Quality, Tehran Stock Exchange

INTRODUCTION

From the perspective of users of financial information, accounting earnings is one of the most important figures reported by the companies. Previous theoretical and empirical evidence consider this figure consisted of two parts: cash and accrual. In this respect, cash flows are derived from actual events and are reliably validated by auditor's approval. In contrast, some of the components of accruals require directors' own judgment and their validity depends potentially on these judgments (such as accounts receivable, depreciation and contingent liabilities). This may cause distortion in accounting estimates and potentially affect the reliability of the figures reported (Piot, 2008).

Therefore, in addition to net income, accruals of profit should be considered; and adjustment of net profit or its breakdown to reflect quality of accruals becomes important. Accruals represent the difference between accounting profit and related cash flows, including changes in inventory, accounts receivable and accounts payable. Previous studies show that accrual component of profit (discretionary and nondiscretionary accruals) is as important as operating cash flow for users of financial statements (Natarjan, 1996).

Hence, the existence of reliable and valid data is potentially important in the analysis of accounting figures reported. Financial accounting board considers reliability as the basic quality of financial reporting and states that data reliability means users are convinced that reported information on operational events and company conditions is in accordance with facts and is reliably free of bias and error. In this sense, the deviations caused by personal judgment in estimating accruals potentially affect the reliability of the figures reported.

This shows that accrual component of earning compared to the cash component is more influenced by unstable events; to the extent that accrual earnings response coefficient is significantly less than cash response coefficient (Chariton *et al.*, 2001). Richardson *et al.*, (2005) showed that increased deviation in accruals measurement leads to deviation of stability coefficient. Also, accepted accounting principles are much flexible in some ways so that potentially let managers perform accounting estimates based on personal judgments. The flexibility may affect reliability of accruals and consequently their stability in consecutive periods (Boobekri, 2012).

Birence *et al.*, (1999) conducted a study on gender differences in the level of risk taking. They significantly supported that women on average are more cautious and less aggressive than men in various areas of their decisions.

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Sexton and Bowman-Upton (1990) studied entrepreneurs and showed that women are more risk averse. Hans Mark (2003) shows that there is a significant difference between male and female entrepreneurs in prerequisites for starting a new business. Anesk and Powell (1997) found that women are more cautious; and regardless of familiarity, costs, or uncertainty, they are less likely to take risks compared with men. They also showed that men and women adopt different strategies in making decisions.

Cohen *et al.*, (1975) and Riley and Chow (1992) found that unlike men's desire, women take risks when choosing investments. Other research shows that after controlling for demographic factors such as income, age, and marital status, women are more likely to choose more careful options for retirement. Studies also show that women are more likely to show low self-esteem in male-dominated areas such as finance affairs and are less prone to over-reliance on financial judgments. Fahr (2006) found that even among professional investors, gender is a major explanatory factor influencing confidence in investment decisions after controlling for age, experience, education, knowledge, and finance sources. Previous research has also supported gender differences in implementation of laws and regulations in tax accounting. Women are more accurate in making tax decisions than men (Baldery, 1987). Fallan (2000) found that gender is significant in explaining attitude changes in tax ethics. Salis *et al.*, (2006) found that men are more likely to report less significant income than women: when the amount of tax is framed as a loss. Lenny (1977) shows that such differences in accruals are also common.

Huang and Kisgen (2008) found that female executives are more cautious in their business and decisions. Furthermore, companies with female CFOs have greater ownership of accounts receivable. Companies with female CFOs compare with companies with male CFOs have less debt. Generally, female CFOs are more cautious in transactions. In short, previous research has shown that women are more careful and cautious, and are more likely to be compatible with accounting rules and regulations. This leads to the argument that female CFOs are also more cautious in judgments of discretionary accruals. Thus, based on the above discussions, the main question of this study is expressed as follows:

What effect does the presence of female executives have on accrual quality?

Literature:

Aserinid *et al.*, (2011) examined the impact of board of female directors on corporate profits. The results showed that female executives have a significant impact on the performance of the board and corporate results. Moreover, female executives have better attendance records than men. In board of directors of different genders, it is more likely that women join the monitoring committee. Moreover, managers are rewarded mostly based on equity in companies with board of directors of different genders. The results showed that gender quotas for male executives could reduce the company value.

Xu *et al.*, (2011) showed that low stability of accrual component of earnings could be attributed to the existence of discretionary accruals which can be defined using Modified Jones Model (1991). He concludes that managers insert their opportunistic insights into earnings through discretionary accruals, and suggested that low stability of accruals is consistent with the view of accruals estimation error. Accruals estimation error can be a result of unintentional errors in estimating future benefits and obligations, or willful distortion by management.

Vahamaa and Vahamaa (2010) investigated the relationship between earnings management and directors' gender. The results show considerable evidence that firms with female chief financial officers (CFOs) are associated with reduced income of discretionary accruals. Therefore, it implies that female CFOs are more affected by conservative earnings management strategies. Gender differences in conservatism, risk aversion, and management opportunity may have important implications for financial reporting and corporate governance. Barua *et al.*, (2010) investigated the relationship between gender of board of directors and quality of accruals. According to the findings of previous research on differences between the genders in variety of decisions, risk preferences, attitudes, financial judgments, and accepting the preferences hypothesize that companies with female CFOs would have a higher quality of accruals. Empirical findings based on a sample of 1222 companies between 2004 and 2005 support this hypothesis. This study shows that companies with female CFOs have lower performance in terms of discretionary accruals and absolute accruals estimation error.

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Krivogorsky (2006) examined the impact of the board of directors' composition and ownership structure on firm performance in European countries. Hypotheses were tested using linear regression. The results include a strong positive relationship between relationship ownership and profitability, and between the proportion of independent directors (non-executive) of the board and profitability ratios. Also, no strong relationship was found between the ratio of the board members within the organization or managerial ownership and profitability in companies examined. Another result of this study was that concentration of power (lack of separation of duties of CEO and Chairman of the Board) in a company has a negative correlation with its profitability. The existence of such a relationship is consistent with the issue that separation of leadership duty would increase the independence of the board and eliminate variation sources.

Research hypothesis:

According to the research title and purpose of researcher, a hypothesis is formulated as follows:

The presence of female executives in the board has a positive impact on the quality of accruals.

The present study is an empirical research in accounting. The method is descriptive and correlation. The present study examines the relationships between variables and seeks to prove the existence of this relationship at current conditions based on historical data. Therefore, it can be classified as casual post-event. In this study, we investigate the cause and effect (dependent and independent variables) after the occurrence. The research is applied in terms of objective.

In this study, the information needed for the literature is compiled using a librarian method, and financial data of firms listed in Tehran Stock Exchange and other databases using field investigation.

Population and sample:

Population consists of all the elements and subjects at a geographical scale (global or regional) with one or more traits in common (Hafeznia and Sarmad, 2002). The research population of this study includes all companies listed in Tehran Stock Exchange. Sample consists of a limited number of individuals who represent the main characteristics of the study population (Azar and Momeni, 2010). In order to consider a proper representative sample of statistical population in this study, systematic elimination method is used. For this purpose, the following criteria are considered and if a company met all the criteria, it would be selected as the research sample, and the rest were eliminated.

- 1) The company should have been listed in stock exchange before 2007 and be active until the end of 2012. Trading symbol should have not been transferred into the informal exchange panel.
- 2) It should not be parts of investment firms, financial intermediations, holding, banks, or leasing.
- 3) Financial year should end to 29th of Esfand, and it should not have has changed activity or altered fiscal year during 2007-2012.
- 4) The company should not have transactional interruption for more than 4 months during the study period.
- 5) Financial information should be available.

Hypothesis Testing

In this section, the research hypotheses are tested using data collected from a sample of 114 firms between 2007 and 2012. In order to test the hypothesis, multivariate linear regression model is used. Hypothesis testing method is a panel data approach. Eviews and SPSS are used to analyze data (in order to eliminate outliers of sample).

Research Models

Variables and their Calculation

Research variables corresponding to Barua *et al.*, (2010) are calculated as follows and will be used to test hypotheses in the model.

Dependent variables

AQ:accruals quality

Accruals quality was calculated through the following four models and the hypothesis was tested separately using the four models.

Model (1): **ABS_PMATA**

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$$TA_{it} = \beta_0 + \beta_1(1/A_{it-1}) + \beta_2(\Delta REV_{it} - \Delta REC_{it}) + \beta_3(PPE/A_{it})_{it} + \epsilon_{it}$$

A: Total assets of the company

TA: Total accruals of economic entity

ΔREV : change in net income of the economic entity

ΔREC : change in net accounts and documents received

Model (2): **ABS_PMACA**

$$TCA_{it} = \beta_0 + \beta_1(1/A_{it-1}) + \beta_2(\Delta REV_{it} - \Delta REC_{it}) + \epsilon_{it}$$

TCA: Total accruals of economic entity

$$TCA = \Delta CA_{it} - \Delta CL_{it} - \Delta Cash_{it} + \Delta STDEBT_{it}$$

CA: Change in current assets

CL: Change in current liabilities

Cash: Change in cash and short-term investments

STDEBT: Change in current portion of long-term debt

Model (3): **ABS_DD**

$$TCA_{it} = \beta_0 + \beta_1 OCF_{it-1} + \beta_2 OCF_{it} + \beta_3 OCF_{it+1} + \epsilon_{it}$$

OCF_t : Cash generated from operating activities for the year t

OCF_{t+1} : Cash generated from operating activities for the year t+1

Model (4): **ABS_MDD**

$$TCA_{i,t} = \beta_0 + \beta_1 OCF_{i,t-1} + \beta_2 OCF_{i,t} + \beta_3 OCF_{i,t+1} + \beta_4 \Delta REV_{i,t} + \beta_5 PPE_{i,t} + \epsilon_{it}$$

PPE: Property, Plant, and Equipment

Independent variable

FEMALECFO: the presence of female CFO

It is a dummy variable. If the director is a woman, it is 1; otherwise, it is 0.

Control Variables

1. ROA: return on assets (net income divided by total assets).
2. BM: market value to book value
3. OCF: operating cash flow divided by total assets
4. SIZE: firm size (logarithm of the book value of assets)
5. SGROWTH: Corporate Profit Growth
(Profit in year t - Profit in year t-1)/ total assets
6. AU: Audit quality (a dummy variable, if company auditor is the audit company, it is 1; otherwise, it is 0)
7. DE: Company's book value of debt divided by book value of equity shares
8. OPCYCLE: company's longevity (natural logarithm of the number of operating years for company)

Hypotheses Testing Model

In order to test the hypotheses, the following regression model is used:

$$AQ_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 BM_{it} + \beta_3 SGROWTH_{it} + \beta_4 ROA_{it} + \beta_5 OCF_{it} + \beta_6 OCF_{it2} + \beta_7 AU_{it} + \beta_8 DE_{it} + \beta_9 OPCYCLE_{it} + \beta_{10} FEMALECFO_{it} + \epsilon_{it}$$

Correlation between Variables

In this section, the relationship between variables and the correlations between them are assessed using the Pearson correlation coefficient. Matrix of correlation coefficients between variables is presented in Tables 4-5. Based on the results of Pearson statistics, there is a positive and significant correlation between accruals quality in all four models. However, at 95% CI no significant correlation can be seen between accruals quality (for all four models) and the presence of female CFOs. Moreover, accruals quality in all four models shows a significant positive correlation between and the ratio of market value to book value and the square of its operating cash flow. The variable of the presence of female CFO has also a significant positive correlation with the ratio of market value to book value and a significant negative correlation with audit quality. Company size also has a significant and positive correlation with audit quality and debt of the company. In addition, the ratio of market value to book value has a significant positive correlation with variables of profit growth, return on assets, operating cash flow, squared

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operating cash flow, and debt ratio; and a significant negative correlation with audit quality. Also, profitable growth has a significant positive correlation with the rate of return on assets.

Table 1: Matrix of Pearson correlation coefficients between variables

Correlation	Probabil	Abs_PMAbs_P	Abs_P	Abs_MFEMAL	SGRO	OPCY								
ity	ATA	MACA	DD	DD	ECFO	SIZE	BM	WTH	ROA	OCF	OCF2	AU	DE	CLE
Abs_PM														
ATA	1													
Abs_PM														
ACA	0.996	1												
	0.000													
Abs_DD														
	0.494	0.493	1											
	0.000	0.000												
Abs_MD														
D	0.496	0.494	0.904	1										
	0.000	0.000	0.000											
FEMAL														
ECFO	0.009	0.004	-0.011	-0.001	1									
	0.817	0.912	0.790	0.974										
SIZE	0.031	0.026	-0.010	-0.007	-0.078	1								
	0.462	0.535	0.810	0.860	0.065									
BM	0.188	0.188	0.096	0.124	0.141	-0.008	1							
	0.000	0.000	0.022	0.003	0.000	0.845								
SGROW														
TH	0.054	0.054	0.023	0.006	-0.058	-0.053	0.117	1						
	0.196	0.196	0.572	0.874	0.168	0.210	0.005							
ROA	0.040	0.041	0.052	0.053	-0.079	0.046	0.425	0.178	1					
	0.345	0.333	0.217	0.206	0.060	0.275	0.000	0.000						
OCF		0.02344												
	0.028	9	0.106	0.094	-0.035	-0.007	0.240	0.018	0.580	1				
	0.495	0.5808	0.011	0.025	0.399	0.851	0.000	0.671	0.000					
OCF2	0.1790	0.180	0.204	0.193	-0.026	-0.002	0.241	0.029	0.593	0.769	1			
	0.000	0.000	0.000	0.000	0.539	0.946	0.000	0.489	0.000	0.000				
AU														
	-0.066	-0.065	-0.054	16	-0.123	0.235	-0.095	-0.019	-0.050	-0.029	-0.039	1		
	0.118	0.120	0.202	0.339	0.003	0.000	0.024	0.644	0.238	0.482	0.348			
DE	0.037	0.035	-0.042	-0.021	0.081	0.121	0.319	-0.057	-0.211	-0.186	-0.121	0.127	1	
	0.373	0.400	0.311	0.606	0.055	0.004	0.000	0.173	0.000	0.000	0.004	0.002		
OPCYC														
LE	0.007	0.011	-0.038	-0.038	-0.010	0.057	-0.046	-0.010	-0.101	-0.142	-0.128	-0.001	0.059	1
	0.852	0.794	0.360	0.369	0.801	0.177	0.276	0.801	0.016	0.000	0.002	0.967	0.158	

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In addition, the rate of return on assets has a significant positive correlation with operating cash flow and squared operating cash flow; and a significant negative correlation with debt of the company and the company's longevity. Variable of operating cash flow has also a significant negative correlation with debt of the company and the company's longevity. Other correlations among the variables are significant negative correlation between company's longevity and squared operating cash flow; and significant positive correlation between auditing quality and debt of the company.

The Results of Hypothesis Tests

The purpose of testing the main hypothesis is to evaluate the effect of presence of female directors of the board on accruals quality. Given that accruals quality is measured by four different models in this study, thus first the corresponding estimated models and analysis of their statistical data, including normalization of residues, homogeneity of residues variance, independence of residuals, and non-linearity of variables are presented with descriptions and the results. Then, the results of the research hypothesis test are interpreted.

Research model estimation

In this study, four different models have been used to measure the quality of accruals. Therefore, the hypothesis under four regression models and in the form of panel data will be estimated:

(1)

$$ABS_PMATA_{i,t} = \alpha + \beta_1 SIZE_{i,t} + \beta_2 BM_{i,t} + \beta_3 SGROWTH_{i,t} + \beta_4 ROA_{i,t} + \beta_5 CFO_{i,t} + \beta_6 CFO2_{i,t} + \beta_7 AU_{i,t} + \beta_8 DE_{i,t} + \beta_9 OPCYCLE_{i,t} + \beta_{10} FEMALECFO_{i,t} + \varepsilon_{i,t}$$

(2)

$$ABS_PMACA_{i,t} = \alpha + \beta_1 SIZE_{i,t} + \beta_2 BM_{i,t} + \beta_3 SGROWTH_{i,t} + \beta_4 ROA_{i,t} + \beta_5 CFO_{i,t} + \beta_6 CFO2_{i,t} + \beta_7 AU_{i,t} + \beta_8 DE_{i,t} + \beta_9 OPCYCLE_{i,t} + \beta_{10} FEMALECFO_{i,t} + \varepsilon_{i,t}$$

(3)

$$ABS_DD_{i,t} = \alpha + \beta_1 SIZE_{i,t} + \beta_2 BM_{i,t} + \beta_3 SGROWTH_{i,t} + \beta_4 ROA_{i,t} + \beta_5 CFO_{i,t} + \beta_6 CFO2_{i,t} + \beta_7 AU_{i,t} + \beta_8 DE_{i,t} + \beta_9 OPCYCLE_{i,t} + \beta_{10} FEMALECFO_{i,t} + \varepsilon_{i,t}$$

(4)

$$ABS_MDD_{i,t} = \alpha + \beta_1 SIZE_{i,t} + \beta_2 BM_{i,t} + \beta_3 SGROWTH_{i,t} + \beta_4 ROA_{i,t} + \beta_5 CFO_{i,t} + \beta_6 CFO2_{i,t} + \beta_7 AU_{i,t} + \beta_8 DE_{i,t} + \beta_9 OPCYCLE_{i,t} + \beta_{10} FEMALECFO_{i,t} + \varepsilon_{i,t}$$

In order to be able to determine whether using panel data method would be effective in model estimation or not, and in order to which method (fixed effects or random effects) is more suitable for estimation, Hausman test is used. The results of the tests are presented in Table 2 below.

Table 2: The results of model selection to estimate models (1) to (4)

Model	Test	test statistic	test statistic value	Degrees of freedom	P-Value
First	Chow test	F	1.799	(113:541)	0.0000
	Hasman test	χ^2	14.763	10	0.1409
Second	Chow test	F	1.770	(113:542)	0.0000
	Hasman test	χ^2	15.263	10	0.1228
Third	Chow test	F	2.656	(113:432)	0.0000
	Hasman test	χ^2	26.244	10	0.0034
Fourth	Chow test	F	2.201	(113:432)	0.0000
	Hasman test	χ^2	17.312	10	0.0477

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According to the results of the Chow test, since the P-Value of the four models is less than 0.05 (0.0000), intercept anisotropy is confirmed and it is necessary to estimate models using panel data. Moreover, since P-Value of Hausman test is greater than 0.05 in the first and second models, it is therefore necessary to estimate these models using random effects method. Also, as P-value is less than 0.05 in the third and fourth models, fixed effects method are used to estimate these models. The results of the estimation of each model as well as the results of statistics of model estimation and classical regression assumptions are presented in Table 2.

Table 3: The results of (1) to (4) models estimation

independent / dependen t variable	Model(1)	Model(2)	Model(3)	Model(4)
Constant	0.4904	-0.4758	2.8745	2.8935
coefficient	(-0.870)	(-0.909)	(3.492)	(3.574)
(T-statistics)	(0.3846)	(0.3635)	(0.0005)	(0.0004)
(P-Value)				
Firm size	0.0379	0.0354	- 0. 1558	- 0.2355
(T-statistics)	(1.120)	(1.085)	(-2. 379)	(-3.506)
	(0.2629)	(0.2779)	(0.0178)	(0.0005)
(P-Value)	1.118	1.118	1.090	1.090
<i>VIF</i>				
Market value to book value	0.1577	0.1593	0.0279	0.0611
(T-statistics)	(4.233)	(4.137)	(1.590)	(3.698)
	(0.0000)	(0.0000)	(0.1125)	(0.0002)
(P-Value)	1.522	1.522	1.592	1.592
<i>VIF</i>				
SGROWTH	0.0234	0.0246	0.0164	0.0164
(T-statistics)	(1.089)	(1.119)	(1.586)	(1.600)
	(27.64)	(0.2635)	(0.1133)	(0.1102)
(P-Value)	1.116	1.116	1.071	1.071
<i>VIF</i>				
ROA	- 1.6168	-1.6069	-1.2015	-1.141
(T-statistics)	(- 3.527)	(- 3.418)	(- 4.536)	(- 4.287)
	(0.0004)	(0.0007)	(0.0000)	(0.0000)
(P-Value)	2.093	2.093	2.290	2.290
<i>VIF</i>				
OCF	-1.3441	-1.4525	- 0.3774	- 0.4065
(T-statistics)	(- 3.377)	(- 3.610)	(- 1.998)	(- 2.205)
	(0.0008)	(0.0003)	(0.0463)	(0.0279)
(P-Value)	2.852	2.852	2.626	2.626
<i>VIF</i>				

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Continued Table 3: The results of (1) to (4) models estimation

Independent / dependent variable	Model(1)	Model(2)	Model(3)	Model(4)
Auditing quality	- 0.0998	- 0.0948	0.1309	0.0743
(T-statistics)	(- 0.910)	(- 0.915)	(1.962)	(0.962)
(P-Value)	(0.3628)	(0.3602)	(0.0503)	(0.3362)
VIF	1.117	1.117	1.104	1.104
Debt ratio	- 0.0146	- 0.0198	- 0.073	- 0.0139
(T-statistics)	(- 0.890)	(- 1.185)	(1.112)	(- 2.976)
(P-Value)	(0.3734)	(0.2364)	(0.2668)	(0.0031)
VIF	1.414	1.414	1.427	1.427
company's longevity	- 0.0238	- 0.0117	- 0.0387	0.2476
(T-statistics)	(- 0.232)	(- 0.118)	(0.152)	(0.963)
(P-Value)	(0.8162)	(0.9060)	(0.8792)	(0.3359)
VIF	1.020	1.020	1.025	1.025
presence of women on the board of directors	- 0.0869	- 0.0887	0.0253	0.0482
(T-statistics)	(- 0.611)	(0.557)	(0.395)	(0.840)
(P-Value)	(0.5408)	(0.5774)	(0.6926)	(0.4010)
VIF	1.057	1.057	1.070	1.070
coefficient of determination of model	0.0804	0.0837	0.5391	0.5957
F-statistic	5.725	5.985	4.108	5.176
(P-Value)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
Jarque-Bera statistic	0.197	0.069	29.859	33.575
(P-Value)	(0.9060)	(0.9659)	(0.0000)	(0.0000)
Breusch-Pagan test	2.057	2.057	3.025	2.724
(P-Value)	(0.0258)	(0.0258)	(0.0010)	(0.0028)
Durbin-Watson statistic	1.921	1.919	2.362	2.422

Evaluation of regression assumptions and validity of residuals:

1. Residual autocorrelation: To test this hypothesis, Durbin-Watson is used. If the value of this parameter is between 1.5 to 2.5, autocorrelation assumption among residuals is rejected. According to Tables 4-6, the value of this statistic varies between 1.5 and 2.5 in all 4 models. Therefore, in residuals of the two regression models, there is no autocorrelation.

2. Normalization of residuals: In this study, in order to test normal distribution of residuals, Jarque-Bera test is used. The results of Jarque-Bera test indicate that in (1) and (2) models, residuals from model estimation at 95% CI has a normal distribution, so that the significance level of this test in the two models is greater than 0.05 (0.9060 and 0.9659). However, since the significance level of the models (3) and (4) related to Jarque-Bera test is less than 0.05 (0.0000), distribution of residuals is not normal. In this regard,

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according to the high number of observations and Central Limit Theorem, the lack of normal distribution of residuals can be ignored. In addition, the study of the distribution of residuals of the two models (Figure 4) shows the distribution close to the normal distribution.

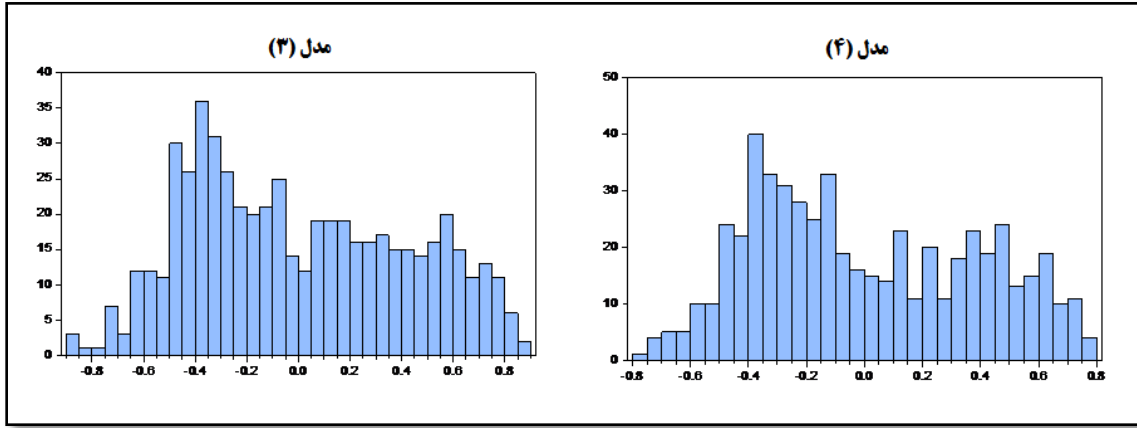


Figure 4: Distribution of residuals of models (3) and (4)

3. Homogeneity of residues variance: In this study, Breusch-Pagan test is used to test homogeneity of variance. Given that the significant level (P-VALUE) for each of the four models is less than 0.05, the problem of variance anisotropy of residuals is confirmed. In this study, in order to resolve this problem in estimation, generalized least squares method is used instead of OLS and model coefficients are weighted by the software.

4. Non-linearity of variables: Non-linearity means the intense relationship between the independent variables that can be tested by VIF statistics. Values less than five for this statistics confirm lack of linearity between independent variables. Tables 4-7 define all VIF values in the permissible limit.

Table 5: comparison of results with previous research

Author	Year	Title	Result	Comparison
Acerinade et al.,	2011	The effect of female board on quality of profits	The results showed that female managers had a significant impact on the performance of the board and company results, and raised accruals quality.	Opposed
Emilia Sami and	2010	The relationship between earnings management and directors gender	Firms with female chief financial officers (CFOs) are associated with a reduction in discretionary accruals.	Opposed
Barua et al.,	2010	Board gender and quality of accruals	This study shows that companies with female CFOs have lower performance in terms of discretionary accruals and absolute accruals estimation error.	Opposed

Discussion and Conclusion

The results of hypothesis test show that there is no significant correlation between the presence of female directors in board and accruals quality; and accruals level of the companies is not affected by the presence or absence of female directors in the board. These finding is not consistent with theoretical foundations of

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research conducted by Acerinade *et al.*, (2011), Barua *et al.*, (2010), and Vahamma and Vahamaa (2010). Since Acerinade *et al.*, (2011) after processing models found out that the presence of female managers enhances accruals quality. In contrast, Barua *et al.*, (2010), Vahamma and Vahamaa (2010) showed that female managers would reduce accruals quality. Contradicts of hypothesis results in Iran with the results of similar studies in different countries could be considered due to the low presence of women on the board of directors in Iranian countries; or it can be argued that female executives in Iran have not played the roles properly and have shown low presence in financial decisions of companies.

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