



## The effect of audit tenure and size on conservatism in Tehran Stock Exchange

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### **ABSTRACT**

Conservatism is one of the qualitative characteristics of financial reporting. Also regarding the fact that management uses a less conservative approach strategically, we will study the effect of the size and the experience period of an auditing firm on the conditional and unconditional conservatism in firms accepted in Tehran Stock Exchange. To calculate the conditional and unconditional conservatism we have used models posed by Ball, Shiva Komar, Guili, and Hynes. In this research 90 firms accepted in Tehran Stock Exchange were investigated during the time period between the years 2007 and 2011. To test the hypotheses we have used the linear regression model. The findings of the research show that the size of an auditing firm does not have a meaningful effect on conditional and unconditional conservatism, but the experience of an auditing firm affects conditional and unconditional conservatism meaningfully and positively.

### **Keyword:**

auditing firm size, the experience duration of an auditing firm, conditional and unconditional conservatism

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