

The Effect of Independent Audit Quality on the Quality of financial Disclosure - Evidence from Tehran Stock Exchange

Navid Paydarmansh^{1*} Mehdi Salehi² Mehdi Moradi³ Matina Khorrami⁴

1. Master of Accounting, Ferdowsi University, Mashhad, Iran.

2. Assistant Professor, Department of Accounting, Faculty of Economic and Business Administration, Ferdowsi University, Mashhad, Iran.

3. associate Professor, Department of Accounting, Faculty of Economic and Business Administration, Ferdowsi University, Mashhad, Iran.

4. Master of Accounting, Azad University, Mashhad, Iran.

Abstract

Users of financial statements rely solely on the information released by the company. As quality information is more, users get better decisions. Auditing also is one of the tools of disclosure information. This study is ranged from 2008 to 2013 for firms listed in Tehran stock exchange. Audit quality is the independent variable in this study and measure by six factors. Dependent variable is the quality of financial disclosure. Study has six hypotheses models is multiple regression and software used is Eviews version 8. The results demonstrated that there is no relationship between auditor industry specialization, auditor tenure, audit fee income of the audit firm, to quality of information. But there is a significant relationship between auditing firm antiquity and audit quality to quality of information. Finally, according to the hypothesis test is concluded that, contrary to popular perception, there is no relationship between the quality of audited financial statements and the quality of information presented in the financial statements companies in Tehran Stock Exchange.

Keywords: Audit Quality, Quality of Disclosure, Audit Fees, Auditor Industry Specialization

INTRODUCTION:

The world stage due to technological advances, constantly seeking to expand and innovate. Undoubtedly, the information revolution has had a significant impact on the way we live and work. Professional and business world of today has changes a lot. Globalization extends not only to trade, but also to the various professions . This means that increase the demand for more attention on the result of professional works and may not be rely on traditional methods.

Audit profession is no exception from this case. According to topic of separation between ownership from management, discussion of corporate governance and related theories that have been proposed such as agency theory, stakeholder theory and other theories, this is necessary need to audit financial statements of corporations.

Audit provides double added value for financial statements reported, because the results of the study report the relevance and reliability of financial statements [19]. An independent audit firm with expertise , able to recognize misrepresented financial statement items and can be influence on his client compared to its correct represent, so the result of that , dependable financial information to be reported. Audit with more quality improves the accuracy of the information provided, and allow to investors that estimate more accurate than in company[9].

Consequently, the quality of audit due to represent more quality information in financial statements. Di Anjelo defined audit quality as the two probability. First that is auditor detect defect of accounting system of client. Second that is reports that defect[14]. Discover of defect, measures audit quality in the form of auditor's knowledge and ability. While that report it depends on the auditor's incentives for disclosure. Quantity , quality and timeliness of information that is disclosed by management of company, are one of the important of decision support tools by investment. When information through the financial statements is offered to the public, this information review and analysis by traders, investors and analysts. Accordingly, decide for purchase and sale of corporate shares. Capital owners, creditors, government and other users of financial reports of companies for deciding in purchasing, sale, keeping stock, Loans, evaluate managers' performance and another important economic decisions need the reliable, relevant and quality financial information. The overall, investors when invest in an economic unit that at first have sufficient information about it (including financial information) and second to make sure this information. The creditors without information about the financial position and financial performance of a single cant share their financial resources. so, expected quality of disclosure provided may be more effective about decisions and evaluation of users.

According to the basic assumptions of agency theory between the owner and the agent there are potential conflicts of interest. So, to deal with such conflict, different control mechanisms are designed. Mechanisms of corporate control are tools that company management measures in order to encourage alignment with the interests of investors. Information disclosed as part of the control mechanism investors invested

companies have contributed to the discipline manager, This encourages managers so, step in the interests of shareholders and improve performance of company [6].

Disclosure is one of the accounting principles and according to this principle, all information relating to the Company's activities appropriate and timely manner, can be available to different groups of users. In fact, the main purposes of the disclosure, are helping users in decision relating to investments, interpretation of corporate financial status, evaluating management performance and prediction of future cash flows. In this regard all the important facts of the economic must be properly and are fully disclosed, to provide a decision and possibly to avoid confusion. As a result, the quality of information disclosed is very important. As we will see, quality audit conducted Can have an influence on the disclosure of financial statements. The problem considered in this research also examined the relationship between audit quality and the quality of information provided.

THEORETICAL FRAMEWORK AND LITERATURE

Economic decision always for rational decisions need for high data reliability. By providing this information are only monopoly companies and firms and users of this information rely solely on the information released. As a result, there is always a requirement for companies to publish information to users and decision makers that could be relevant to a decision. As a result, the governments requirements for disclosure of information maintained by the enterprise users. Volk states that many issues have an impact on the amount of information such as competitiveness of the market to the extent that such disclosure; his interest in the company to disclose more information to attract more capital, the internal structure of the company and inability fraudulent reporting (corporate governance); Review of financial reports by experts (independent audit) and so on [35]. High quality financial reporting and disclosure, has a significant impact on the decisions of users of corporate information. The following review will examine audit quality and the quality of information disclosure.

AUDITING AND AGENCY THEORY

Agency theory indicates that the conflict between owners and managers, contrast is somewhat reduced by the Financial Reporting. Accountants say stewardship(or accountability to business owners) to this type of routine reporting. The Audit Committee of the fundamental concepts of Accountants (1973) about the role of the audit, noted the create value by audit and the main beneficiaries of this added value as users of the audit report. Result audit have a significant impact on the financial statements.

Full disclosure requires that Planning and preparation of financial statements so that a more accurate picture of the economic events that have an impact on the economic units to be provided and also contains information that may be useful for a typical investment and thereby does not mislead the reader. The obvious principle of full disclosure means that any important information that interest is an ordinary investor should not be removed or hidden [4]. The discovery of unintentional and intentional omissions or errors are the responsibility of the independent auditor. So the independent auditor with a service to users of the information provided will result in an obligation to disclose enough information by company.

AUDIT QUALITY

Audit quality is an important issue that considered by various interest groups in the company, the audit scope and capital market. Because audit quality is barely visible in practice, research in this area has always been faced with many problems.

Definitions related to audit quality

One of the most common definitions of quality audit, which is defined by Di Angelo (1981) is presented. He audit quality is defined as: Market assessment of the likelihood that the auditor (1) detect significant distortions of the financial statements or employers accounting system and (2) report significance distort. distortions of the probability that the auditor will discover depends the importance of auditor competence, and the possibility that the auditor should report the discovery of of misstatement, the auditor independence. This definition is based on the assumption that the users' perception of audit quality (market inference), is indicative of the actual quality of the audit.

Titman and Troman define audit quality, accuracy and integrity of information audit quality is accuracy and integrity of information that placed after auditing the investors[34].

Palmrose define audit quality i in terms of the amount of accredited auditors. Since the purpose of the audit, make sure about the financial statements, therefore, audited financial statement audit quality means being free of the distortions is important. This definition emphasizes the results of the audit[30].

A fundamental problem in the definition of audit quality is differentiation between audit quality and audit quality. Many studies did not distinguish any difference between these two terms and are often used to make them equal to each other. The overall quality of audit services to audit quality as defined by the audit firm audits. In other words, the quality of auditor is based on the concept of quality auditing Institute, while audit

quality is based on the actual quality of each audit project. Thus, the distinction between these two concepts is essential in research related to audit quality.

AUDIT QUALITY IN THIS STUDY

In this study audit quality components introduce as follows:

Auditor industry specialization, auditor tenure, audit firm rank, Auditing firm antiquity, audit fee and audit firm revenue

INFORMATION DISCLOSURE QUALITY

According to the conceptual frameworks that expressed by organizations to develop accounting standards and theoretical principles in recent decades, The main purpose of accounting and financial reporting is provide useful information for economic decision-making by users of financial statements (Financial Accounting Standards Board, 1978). Disclosure of information by companies in the financial reports are also important components of the research. High quality of disclosure and information asymmetry leads to more coordination between managers and investors in connection with investment decisions. In addition, disclosure of information asymmetry due to the low quality, will result the wrong choice [2]. In the accounting literature use from several structures such as suitability, integrity, knowledge providers and timeliness as a representative of disclosure quality.

BACKGROUND

Studies the scope of audit quality research di Angelo began in 1981. He divides audit quality in his research in two parts of deficiencies discovered employer accounting system and reporting that. A few years later Libya and Frederick review audit quality from auditors perspective. They conclude that from the perspective of audit, economic incentives and auditors ability is impressive to audit quality. They also announced that experienced professional auditors have greater understanding of mistakes in preparing the financial statements that this can increase the quality of audit decisions[26]. Three years later, Davidson and Neu defined auditor audit quality as the ability to discover and report the discovery of material misstatement and also by the net manipulating[13]. Background investigations will be published in the following separately for independent variables:

AUDITOR INDUSTRY SPECIALIZATION

The group audit firms in an industry that has many employers are more able to understand the risks specific to the industry. After the Davidson study, in 2003, Myers and others, state the amount of auditor's care and the ability to monitor the tenure as quantitative indicators to measure the quality of the audit. They concluded Whatever tenure is greater, his understanding of the client and his expertise in specific industries and enhance audit quality will be higher. By observing the relative market share of audit firms that serve a particular industry, can be realized to the extent of audit firm industry expertise. The company holds a more of market share, has higher specialized knowledge about the industry [27]. The results of research conducted by Falatah, indicating that higher auditor tenure increases knowledge and expertise in the industry and the client will enhance audit quality [16]. Using these two variables in other research as the influence of Research auditor tenure and auditors' industry expertise on earnings quality Ferdinand et al concluded if the auditor expertise industry is low, As a result, the relationship between auditor tenure longer and higher quality of earnings, will be stronger, and vice versa [17]. Hasas Yegane and Azinfar conclude Audit quality is associated with the size of the audit firm. Their research indicate that there is a significant inverse relation between audit quality and auditor size [20]. Also, Namazi et al examine the relationship between audit quality and earnings management. In their study use auditor size and auditor tenure criteria. The results of their study indicate that in general, there is a weak positive relationship between the auditor and auditor tenure and earnings management metrics [28]. Therefore, the audit firm industry market share of activity (industry specialist auditor) has an impact on audit quality. Thus the specialized industry accounting include first hypothesis of this research:

First hypothesis: There is a significant relationship between auditor industry specialization and the quality of financial disclosure.

AUDITOR TENURE (continuing auditor selection)

Independence is the foundation of auditing, and auditing, without independence, has no value. Public trust and capital markets to auditor is because of his independence. Therefore, the factors threatening the independence should always be examined. In this regard, one of the areas in recent decades has been discussed is auditor tenure. Studies show that having experience with a specific employer will enhance audit quality. Also more likely to have better information about to ensure how auditee work and business processes. In a survey conducted by Myers and colleagues they conclude that high office during the audit is cause the auditor's knowledge and expertise in the industry of auditee. By Carcelo and Nagy results indicate that high levels of

auditor tenure will enhance audit quality [7]. Ferdinand, et al in the study as the effect of auditor tenure and auditors' industry expertise on earnings quality concluded that if the auditor industry specialization is low, In that case, the relationship between auditor tenure longer and higher quality of earnings, it will be stronger, and vice versa [17]. But Sajjadi et al. argues by 3 reason that the choice of continuing auditor reduce independence and audit quality: First, the nature of the audit work is such that provides the auditor of continuing association with the entity's management. The auditor long-term relationship with the employer caused by getting too close auditor to employer management and created an intimacy relationship between them. This close relationship may lead to ignoring the distortions discovered during the audit by auditor. Second, the continuing of choice auditor, lead to monotonous and repetitive the audit work for auditors, and this reduces the auditor's professional competence. Third, the desire to have a long term income from fee-site audit, the auditor may be retain to in his position, consider client satisfaction as one of the factors influencing their decisions [31]. Consequently, the second hypothesis of this study is as follows:

Second hypothesis: There is a significant relationship between the independent auditor tenure and the quality of financial disclosure,.

AUDIT FIRM QUALITY

Large audit firms have a high reputation and are usually more cost, and they spent their auditors have stronger control. Dopuch and Simunic believe that large audit firms to improve their audit quality, make great investments [15]. Craswell and his colleagues concluded that the investigative audit firm has higher prices and they care more for their known and reputation [11]. Impact on audit quality and audit under the supervision of renowned audit firm and promote the reputation of the audit firm. Consequently, the third hypothesis of this study are presented as follows:

Third hypothesis: There is a significant relationship between the rating agencies (reputation and quality) and the quality of financial information disclosure.

AUDITING FIRM ANTIQUIDITY

Libya and Frederick have found that the greater the extent of auditors, their perceptions of the various distortions increased in the financial statements [26]. Hence, they concludes that decision quality of auditor improves with increased experience of audit. Thus, auditor is much more ancient, Will offer better service to the community. As a result, the fourth research hypothesis is stated as follows:

Fourth hypothesis: There is a significant relationship between the average years of audit institution and the quality of financial information disclosure.

AUDIT FEE

Audit fees, reflects the economic costs of efficient audit. In their study, as relationship between the quality of audit reports and audit fees examine the relationship between audit quality and audit fees. Their results indicate that there is a significant relationship audit quality and audit fees. Consequently, considering the impact of audit fees on audit quality, so our fourth hypothesis is proposed as follows:

Fifth hypothesis: There is a significant relationship between the Audit fees and the quality of financial information disclosure.

REVENUE AUDIT FIRM

We assume that if an audit firm has higher quality, more and larger employers want their company audited by this audit firm. Then, the sixth hypothesis of this study are presented as follows:

Sixth hypothesis: there is a significant relationship between the income of the audit firm and the quality of financial disclosure.

The backgrounds related to disclosure quality present in the follow. Research has not seen that examines the relationship between audit quality and the quality of disclosure.

Lang and Landholm findings indicate that there is a significant positive correlation between the quality of disclosure and corporate profits [24]. Gelb and Zarvin findings indicate that firms with higher disclosure quality compared to firms with lower disclosure quality, Have a higher price than the current and future profits [18]. Lang and Landholm findings indicate that the quality of information disclosure in corporate profits lead to more accurate prediction [25]. Botosan conclude from his research that improved disclosure reduces the cost of capital [5]. Jensen and et al findings indicate that firms with lower disclosure quality have better future performance than other companies in its industry [23]. Chi, study the effect of disclosure quality on the performance of Taiwanese companies. The results indicate that there is a significant positive correlation between disclosure quality and firm performance [10]. Findings. Setayesh and et al findings indicate that there is a significant relationship between disclosure quality and cost of capital is the company's current and future common stock [32]. Noravesh and Hossaini study correlation between the quality of disclosure and earnings management. Their

results indicate that there is a negative relationship between earnings management and corporate disclosure quality [29].

RESEARCH METHODOLOGY

This research is in the field of PAT (Positive Accounting Theory) researches. And in terms of aim is among applied research descriptive – correlation. The reason that this research will lead to the applied research, According to audit quality to increase the quality of information provided and make better decisions for lenders.

SAMPLE

Community research firms in Tehran Stock Exchange for the 5-year period of 1387 to 1391. Companies that have trading break remove from the research community. Also due to the audit fee variable in research, and not to disclose this fee by some companies, the companies that disclosed this variable selected in the sample. After the above restrictions, remained a sample of 214 companies, and with using the Cochran formula, selected 126 companies. However, due to the low number of firms that disclose the audit fees in the financial statements, we examine all companies then 345 words in 69 companies - companies select as samples.

VARIABLES AND RESEARCH MODEL

In this research use the combination of data integration and data regression model (joint effects model), the data are analyzed by the software Eviews version 8. the research model is:

$$\text{DISCLOSURE} = \beta_0 + \beta_1 \text{SPECIALITY}_{i,t} + \beta_2 \text{PERIOD}_{i,t} + \beta_3 \text{EXPERIMENT}_{i,t} + \beta_4 \text{QUALITY}_{i,t} + \beta_5 \text{FEE}_{i,t} + \beta_6 \text{REVENUE}_{i,t} + \beta_7 \text{SIZE}_{i,t} + \beta_8 \text{LEVERAGE}_{i,t} + \beta_9 \text{EV/EBIT}_{i,t} + \varepsilon_i$$

β_i is coefficients of the model variables and ε_i is the model error that by increasing the sample size, reduce to zero. The variables in the model present below.

Measurement of independent variables the independent variable in this study is the audit quality that measure by the auditor industry specialization, auditor tenure, audit fee, audit firm quality, Auditing firm antiquity and audit firm revenue.

SPECIALITY: auditor industry specialization expertise reagent concentration and skills of auditors in the industry and the ability to detect threats and risks associated with the industry. Market share is measured by auditor industry specialization. In this way, if the auditor's market share is greater, specialization audit firm in that industry is more. Auditors' market share calculate as follows:

$$\text{Market share auditors} = \frac{\text{Total assets of all clients audited by a firm in a particular industry}}{\text{Total assets of all companies in the same industry}}$$

Companies are considered as industry professionals that their market share of is more than $[\frac{1}{\text{The number of firms in the industry}} \times (\frac{1}{2})]$.

PERIOD : Audit firm tenure, the number of years that the company has a duty to investigate. We measure auditor tenure period, we know the number of years an audit firm auditing a company's liability more knowledge criterion with firm.

EXPERIMENT: Criteria for measurement auditing firm antiquity, is a year in that audit firm certified public accountants and accepted to join the community. Year-old auditor for audit institutions are not considered, but since the certified public accountants accepted criterion practice.

FEE: Audit fees is consist of audit work done at the rate of payment for the cost of the employer company, that extract in part of general and administrative of the financial statements notes attached.

QUALITY: To assess the quality of audit institutions, we use audit privileges granted to the quality of institutions. The Awards announce by the Iranian Society of CPAs. Using these points, we classify 4 categories of quality (1) to poor (4).

Revenue audit firm: Revenue audit institution extract by using how much they do and comes from the Declaration cpa Iran.

Measurement of the dependent variable

DISCLOSURE: The dependent variable in this study is the quality of the disclosure of listed companies in Tehran Stock Exchange. To measure this variable, we use the points allocated to these companies.

Covariates:

SIZE: Size in this study is considered as one of the covariates. Size acquire by calculating the logarithm of total assets of a company. We believe that larger companies are more than willing to disclose more to do.

LEVERAGE: Another control variables in this study consider the financial leverage. Financial leverage compute by dividing total debt by total equity participation in any enterprise.

EV/EBIT: This is the third control variable in this study. The purpose of the EV value of the firm (Equity Value), and the same EBIT Earnings before interest and tax deductions. Jerhard and Lee use this as an auxiliary variable in his research surrounding the disclosure quality and audit.

RESEARCH FINDINGS
DESCRIPTIVE STATISTIC

initially, before testing the hypotheses, calculate descriptive statistics, including mean, standard deviation and variance of variables is shown in table 1:

descriptive statistics - Table 1

Variable	Number of years -	Min	Max	Mean	standard deviation
DIS.	345	0.00	99.00	81.37	16.19
TENURE	345	1.00	14.00	5.461	3.991
SIZE	345	11.39	12.81	11.95	0.345
LEVERAGE	345	0.080	4.96	1.902	1.156
EV/EBIT	345	-33.65	56.57	7.032	12.50
FEE	345	1.00	912.00	3.865	164.2
QUALITY	345	1.00	2.00	1.125	0.336
SPECIAL	345	0.00	1.00	0.750	0.436
REVENUE	345	1	4	2.831	0.548

Results of hypothesis testing

As mentioned in the literature, the aim of this study is to investigate the relationship between audit quality, including auditor tenure, auditor industry specialization, audit fee, income of the audit firm and audit firm quality on the quality of corporate financial disclosure. Follow we investigate the simultaneous effects of variables of audit quality on the quality disclosure. To test this hypothesis, we first investigated the normal distribution data using the Kolmogorov - Smirnov test, the results show normal distribution of the data.

TESTS IS PANEL DATA

CHOW TEST

Chow (1960) announced a test that use for the choice between OLS model data integration (fusion) and fixed effects models. Assumptions of this model are:

$$H_0 = \mu_1 = \mu_2 = \dots = \mu_{n-1} = 0$$

$$H_1 = \text{Not}$$

μ is the coefficient of the dummy variable in the fixed effects model. In this test, the null hypothesis represent identical coefficients and intercept of the companies studied and hence reject the null hypothesis suggests using panel data (Panel) and failure to reject the null hypothesis suggests using ordinary least squares integration. The test results show in table No. (2) which reflects the need to reject the null hypothesis and using panel data fixed effects method for this group of companies.

Table No. (2) -Test period fixed effects- Chow test

Effects Test	Statistic	d.f.	Prob.
Period F	6.872389	(4,327)	0.0000
Period Chi-square	27.605801	4	0.0000

BERUSH – PAGAN TEST

Berush and Pagan In 1980 use the Lagrange multiplier (LM) test for integrated data model in contrast the random effects of bilateral. Using this method, obtain the maximum likelihood estimate. Assumptions for this test is as follows (36):

$$H_0 : \delta_a^2 = 0$$

$$H_1 : \delta_a^2 > 0$$

That in these assumptions δ_a^2 represents the effect of on the cross-sectional variance estimated of the random effect model. In this test, the null hypothesis means to better integrate data model and reject the null hypothesis means there is a random effects model. After the test using software Stata, the results of this test provide in table No. (2) that reject the null hypothesis, which suggests the necessity of using panel data is the random effect for this group of companies.

Table No. (3) - Berush - Pagan

Estimated results	Var	sd=sqrt(Var)
Ln Disclosure	0.798065	0.557432
e	0.083321	0.327820
u	0.231504	0.415029
Test: Var(u)=0		
Chi2(1)=547.82		
Prob>chi2=0.0003		

HUSMAN TEST

According to the Chow test confirmed the presence of fixed effects model, now must two methods of estimating panel data fixed effect and random effect of the method of selection. For this purpose, the Husman test statistic using panel data. Assumptions of this model are: (36)

H0: estimators of fixed effects and random effects estimators are consistent (no difference)

H1: There is a fixed effect model and random effect model is rejected

Husman test results provide in table No. (3) indicate acceptance of the null hypothesis that the use of either a fixed or random effects method assuming that the difference between a random effect was used in this study.

Table (4) - Hausman test

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	16.035772	10	0.0986

Now to measure the significance of the regression model we use Fisher statistics 95% confidence level. Also we use t-test for test the significance of each of the coefficients. And the autocorrelation between the errors of the model review by testing the Durbin – Watson. If Durbin- Watson statistic is between 1.5 to 2.5 was supposed lack of correlation between the model errors. The results state in table (5):

Table No. (5) - significantly Model Effects Specification

Period fixed (dummy variables)			
R-squared	0.226	Mean dependent var	59.84
Adjusted R-squared	0.192	S.D. dependent var	25.51
S.E. of regression	22.92	Akaike info criterion	9.145
Sum squared resid	171.6	Schwarz criterion	9.313
Log likelihood	-154.8	Hannan-Quinn criter.	9.212
F-statistic	6.820	Durbin-Watson stat	1.147
Prob(F-statistic)	0.000		

Statistic Durbin - Watson (802/1) is between 5/1 and 5/2 that indicate that the correlation between the errors will be rejected and regression can be used to test this hypothesis. The above test results show that the fitted regression model is accepted at the 5% level of significance (0.047 <0.05) and it is possible the ability to implement and measure the variables used in this model fitted the data. Now, according to hypothesis testing model assumptions as described above the test results state in table (6):

Table No. (6) - Model test research hypotheses

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TENURE	0.033	0.199	0.166	0.867
FEE	3.145	5.904	0.531	0.595
QUALITY	3.577	3.617	0.989	0.023
SPECIAL	-2.986	2.910	-1.026	0.305
REVENUE	-3.294	1.272	-2.589	0.099
ANTIQUITY	-0.304	0.223	-1.363	0.033
SIZE	2.396	2.679	0.894	0.371
LEVERAGE	-0.120	0.134	-0.892	0.372
EV/EBIT	-0.002	0.001	-1.666	0.096
C	35.85	31.71	1.130	0.259

According to above describe the valuation assumptions 1 to 6. as observe is not significant the audit firm industry specialization variables (first hypothesis) ($0.72 > 0.05$). Therefore, not approve the first of the study (there is a significant relationship between audit firm industry specialization and quality of information disclosure). The tenure variable (second hypothesis) is not significant ($0.99 > 0.05$). In conclusion, also reject the second research hypothesis (there is a significant relationship between tenure and the quality of information). . However, there is variable quality auditor (third hypothesis) is statistically significant ($0.04 < 0.05$). Consequently, accept the third hypothesis of this study (there is a significant relationship between institutional quality audit and quality of information). Also antiquity of variable of audit firm (Hypothesis IV) is significant ($0.02 < 0.05$). Therefore accepted the fourth hypothesis of research (there is a significant relationship between age and experience of the audit firm and the quality of information). But the audit fee variable (fifth) is not significant ($0.10 > 0.05$), therefore the fifth hypothesis (there is a significant relationship between audit fee and quality of information disclosure) not accepted.

CONCLUSION

With the rejection of the first hypothesis as the relationship between auditor industry expertise and the quality of information disclosure, we found that companies in Tehran Stock Exchange never consider the specialist audit firm for the firm auditor's choice. Although it can be a great help in order to identify risks and threats to the company. Because a audit firm that done many of its Reviews in a particular industry, has better knowledge and greater than the risks of internal and external pressures on the industry (and state law).

With the rejection of the second hypothesis of this study, a relationship between auditor tenure and the quality of information disclosure, this result can be taken that if an audit firm auditing a company having more years, Companies are less willing to disclose relevant information. This problem can be derived from this is that due to a long term relationship with an audit client, and establishing friendly relations and reduced auditor independence, Employer is not willing to disclose information and thus the quality of corporate disclosure falls.

the third hypothesis of this study as the relationship between institutional quality audit and quality of information, Can be inferred that get good disclosure quality rating by the certified public accountants to audit institutions have been performed with good accuracy. Because auditors are high quality companies to disclose their information enough to not question the quality and credibility.

With the accepted the fourth hypothesis as the relationship between age and experience of the research institution and the quality of information, we conclude that of audit firms which are high the history and experience, do not allow to companies for less than enough disclosure so long as society does not lose its credibility as an expert to look at them.

With rejecting the fifth hypothesis of this study that there is a significant relationship between the auditing fee and quality of information, conclude that prolongation audit and number that used for auditing employer thereby increasing the cost of the audit, can not be effective in increasing the quality of information disclosed.

With rejecting the sixth hypothesis of this study that there is a significant relationship between the auditing fee and quality of information, conclude that more jobs audit firms (which leads to more revenue) does not affect the quality, and audit firms to choose the number of things they do not care. Finally, according to the picture number (7) we discuss final conclusion:

Table (7) - Conclusion

Number of hypotheses	Significant	Test results
1	0.305	Reject the hypothesis
2	0.867	Reject the hypothesis
3	0.023	Accept the hypothesis
4	0.033	Accept the hypothesis
5	0.595	Reject the hypothesis
6	0.099	Reject the hypothesis

According to the results of figure (7), and the rejection and acceptance of our assumptions are reasonable, unlike the researchers and the community, there is no significant relationship between the quality of audited financial statements and quality of information disclosure.

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