The effective factors of financial information quality in listed companies on Tehran Stock Exchange

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Abstract

The aim of this study was to investigate the effects of growth opportunities and dividend policy on the quality of financial reporting in Iran's capital market. The period in the study is 6-year (from 2006 till 2011) and the population is all listed companies in Tehran Stock Exchange. The sample was also obtained by screening methods, includes 84 companies. The results of the test research hypotheses using panel data suggest that in capital market of listed companies the quality of financial reporting in Iran had a direct relationship with the dividend policy. It means that increasing in dividend policy lead to increases in amount of financial reporting quality effect. Also obtained results indicate that growth opportunities have a direct impact on the quality of financial reporting. So that firms with higher growth opportunities will increase effectiveness and financial reporting quality.

Keywords: Financial reporting quality, dividend policy, growth opportunities.
1. Introduction and Problem Statement

Today, accounting information systems in organizations has played an important role in circulation activity and they are responsible for the collection of duty in economic environment of country. Many decisions taken based on information obtained from the system and they are used as a basis for decisions on the allocation of capital and the role of financial reporting is effective transfer of information to people outside of the organization in credible and timely manner (Noravesh, H., 2009, pp. 117). Investment can only be done in the comprehensive manner when proper context exists. To make appropriate investments in the stock, two things are important. First, through a policy of economic stability, fluctuations and economic shocks reduced. Thus, investors can invest in a relatively safe environment without fear of economic and unpredictably fluctuating, secondly, the state is providing that access the information and analyze it easily are possible for all investors. Financial statements as the core of financial reporting contain information about the financial position and financial performance of the firms that is provided in order to use a wide range of users, such as investors, creditors and government. Since the information included in financial statements is the basis of most logical decisions, therefore, users should evaluate its quality in the decision process before applying it in the of financial reporting (Bozorg asl, 2000, p 9). Low quality of financial statements leads increase in transaction costs and market failure in allocation of resources. Continually enhance in the quality of financial reporting and the information provided by the professionals is part of needs in business and professional of today's world (Rahmani and Amini, 2011, pp. 97-96). Disclosure improving and enhance the quality of financial reporting reduced information asymmetry associated with firm performance and reduces the volatility of stock prices (Diamond and Verkechya, 1991, pp. 1328, Halle et al, 1999, p 493). Company's dividend policy can also affect the quality of its financial reporting. Because different dividend policies led to an increase in stock price volatility and disclosure of these policies in financial reporting can reduce these fluctuations. In relation to the growth opportunities it is expected impact of financial reporting quality in growth companies be different from corporate value. According to the above two questions in this research will be expressed as follows:

1 - Is the quality of financial reporting affected by the company's dividend policy?
2- Is the quality of financial reporting affected by the company's growth opportunities?

2. The importance of research

Today, according to the Tehran Stock Exchange at the time of his activity has been grappling with a lot of ups and downs, so need to extensive study and research in this area is necessary. The main objectives of financial statements are useful for a wide range of users, both within and outside of organization to obtain reasonable decisions. Information that is inherent in decision making process, whatever is more transparent and more accessible can lead to better decisions about the optimal allocation of resources. Which ultimately lead to achieving the allocate efficiency that is final goal in capital markets. Quality of information and reporting transparency is considered one of expectations in the capital market. What is certain, and there is consensus about it, is that all the rules makers and investors want high quality about financial reporting. It is widely believed that the quality of financial reporting directly impact
on capital markets and the quality of information has a direct impact on information asymmetry and thereby plays an important role in determining the cost of capital. Capital market efficiency depends on the quality and transparency of information. So that whatever the quality and transparency will improve the efficiency of capital markets also increased and the ability to manipulate the stock price goes away. Success in the stock market is affected by the quality of disclosure and financial reporting. So that whatever financial reporting and disclosure standards and regulations based company have more quality, confidence of investors and other market participants will increase to reliability of financial information. The benefits of the proper disclosure and high quality financial reporting are proper price discovery in the securities in primary and secondary markets, reducing the cost of capital, loss of profit management, stock liquidity and reduce the risk of participants.

3. Research background

Bidet et al (2009) in research on the relation between financial reporting quality and investment efficiency began to explain that a higher quality of financial reporting increases investment efficiency in capital items due to the reduction of information asymmetries, such as improper selection or moral hazard, and cause more reduction and low in investment. Their findings confirmed the positive or negative correlation between the financial reporting and investment in firms which their information environment tends to less invest or greater investment. These results indicate that the mechanisms between financial reporting and investment efficiency can reduce the friction. As a result, their findings indicate that financial reporting quality is associated with lower and higher investment. It means there is causal relationship between financial reporting quality and investment efficiency, and there is significant relationship between financial reporting quality and low or high investment.

Aborobokpin (2010) evaluate the impact of investment opportunities and firm financing on dividend policy. The results showed that there is negative relationship between investment opportunities and dividend policy. Also the relationship between financing criteria ie financial leverage, external financing and debt maturities with dividend policy are not significant. Lopez & Vinsnete (2010) in a study showed that at the mode of growth opportunities, there is a negative relationship between dividends and currency. They believe that the existence of information asymmetry and in the mode of growth opportunities (investments), dividend can reduce internal resources, increasing the need for external resources, and ultimately, reduce firm value. Therefore, it is expected that in the mode of existence growth opportunities, there is a negative relationship between dividends and firm value. The results showed in the mode of lack of growth opportunities, there is a positive relationship between dividends and firm value.

Rajgopal and Venkatachalam (2011) examined the relationship between financial reporting quality and stock return volatility. They during their study in the timeframe, from 1962 to 2001 concluded that the decline in earnings quality lead to increase in volatility of stock returns.

Jaoubi & Vijvardana (2012) in a study examines the role of investment opportunities and free cash flow on secured debt. They found that there is a significant positive relationship between an economic unit investment opportunities and declared issuance of debt.
Ghosh and Sun (2014) examine the relationship between firm growth and financial strength with financial leverage in Sri Lankan companies. They found there is a significant correlation among the company's growth and financial power with financial leverage, earnings growth is positively correlated with financial leverage and sales growth is negatively correlated with financial leverage and financial power is negatively correlated with financial leverage and assets are positively correlated with financial leverage.

Rezazadeh & Azad (2008) in a study examined the relationship between information asymmetry and conservatism in financial reporting. For this purpose, they examined 86 listed companies in Tehran exchange stock during the five year period. The result of experimental tests indicated that there is a significant positive relationship between information asymmetry and conservatism in financial reporting. The results indicate that at following an increase in information asymmetry between investors demand to apply conservatism in financial reporting increase. Thus, the usefulness of conservatism as one of the qualitative characteristics of financial statements approved. In the investigation on the effect of increasing in dividends on the investment behavior, they found the dividends affect on stock trading and the reaction of investors toward dividend increase is short term reaction.

Khoostinat & Hajian (2008) examined the relationship between the quality of financial reporting and cash. In this study the effect of financial reporting quality in the form of accruals on cash holdings in the Iranian companies have been evaluated. For this purpose, 150 participants of listed companies in the Tehran Stock Exchange have been reviewed as samples during 2000 and 2006. Evidence of analysis based on combined data cross-sectional and time series showed that financial reporting quality is negatively significant related to cash and cash equivalents. Therefore, pay attention to financial reporting quality by companies is important in decreasing financing costs resulting from excess and inefficient cash holdings.

Fakhari & Taghavi (2009) examined the relationship between financial reporting quality and cash. In this study, the effect of financial reporting quality in the form of accruals on cash holdings has been evaluated in Iranian companies. In this study, 150 participants of the listed companies on Tehran Stock Exchange have been reviewed as samples during 2000 and 2006. Evidence of analysis based on sectional combined data and time-series showed there is a significant negative correlation between the quality of financial reporting and cash and cash equivalents. Therefore, according to the quality of financial reporting by companies, decreasing the financing costs resulting from excess and inefficient cash holdings is important. The results also showed variable of growth opportunities, cash flow and cash holdings have a positive effect on cash balance and the size, maturity of debt and opportunity costs are negatively associated with cash balance.

Hejazi & Rahmani & Mozaffari (2010) in a research examined the impact of information disclosure regulations on published information quality of listed companies on the Tehran Stock Exchange. According to the research findings there is no significant differences between the prediction error before and after of disclouser provisions. However, evidence suggests that after the adoption of regulations, the quality of disclosure in terms of timeliness has improved.

Khodayi & Yahyayi (2009) studied the relationship between financial reporting quality and investment efficiency in 210 companies listed on Tehran Stock Exchange during the five year
period. Based on their argument, increasing in the quality of financial reporting could improve investment efficiency. The findings suggest that there is a negative relationship between financial reporting quality and inefficiency of investment (investment less than and greater than). The results indicate there is a negative relationship between financial reporting quality and lower investment. Also, there is negative relationship between financial reporting quality and negative investment, but not significant.

Tariverdi & Rostami (2010) studied the effect of earnings management on the quality of financial reporting, they consider prediction of future operating cash flows and earnings stability as measures of earnings quality, which is an indicator for the quality of financial reporting and Gusnic model applied for earnings management measurement and cash flows approach applied to calculate the accruals. Also, adjusted Bareth model used to forecasting future operating cash flows through the components of operating earnings, and to predict the sustainability of earnings before future unusual items, the earning before abnormal items is used. The results of this study indicate that earnings management through accruals will reduce the quality of financial reporting. Ie, the purpose of earnings management is orientation towards distorts financial reports and opportunistic interests Management. Because earnings management reduces accuracy in predicting future operating cash flows, also the results indicate that earnings management does not increase the stability of earning.

Zeinali & Jilan (2010) in a study evaluate the effect of capital structure on the size, rate of return on capital and earnings per share in listed companies on Tehran Stock Exchange. The results show that the debt ratio in each industry is the same during the time. Also, there is a significant relationship between capital structure and firm size in the pharmaceutical industry. On the other hand there is no relationship between debt ratio and rate of return on investment and between debt ratio and earnings per share, in none of years of research.

Pourerahimi & Seyed Khosro shahi (2011) examined the relationship of dividend percent and transaction turnover in accepted companies on Tehran Stock Exchange during a six-year period. This paper transactions with the relationship between the volume of With free float, liquidity as a measure of the amount of dividend payment a company controlled by parameters including size, profitability, growth opportunities, were investigated. Results of linear regression indicates that investors in the Tehran Stock Exchange do not consider the stock turnover rate as a variable to explain the amount of dividend. The relationship between firm size and growth opportunities with the dividend is not confirmed. But a significant positive relationship between profitability and percent dividend was confirmed. In other words, investors in the Tehran Stock Exchange use profitability as a criterion to evaluate the corporate dividend.

Taheri sartoshnizi (2011) examined the relationship between financial reporting quality, efficiency investment, and statue of the sources of cash to investment. In this study, 124 participants were studied over a period of nine years. The results show that the quality of financial reporting by reducing information asymmetry between shareholders and business units managers and reduces adverse selection by managers leading to a decrease in conflicts of interest between shareholders and commercial units managers on the one hand and selecting projects with positive net present value on the other hand that increase investment efficiency through the reduction of financing costs and increase the return on investment. The
results showed an increase in investment efficiency due to optimum decision making through increasing in financial reporting quality and providing financial information to users, such as shareholders, business unit managers, authorities, suppliers and financial resources.

Kheirandish (2011) investigate the relationship between growth opportunities and dividend policy and debt policy in listed firms on Tehran Stock Exchange over a period of nine years. The results show that there is direct relationship between growth opportunities and dividend policy on stock, and there is inverse relationship between growth opportunities and the sum of liabilities to market values of assets and the market value of the common stock and there is no relationship between growth opportunities with the ratio of debt to book value of assets and book value of common stock.

Shahmardani Firoozjah (2013) in a study examined the relationship between firm (asset growth, sales growth and profit growth) and the ability to profitability on leverage of companies listed on Tehran Stock Exchange during a period of five years. The results show there is a positive relationship between asset growth and financial leverage, but growth in sales and profitability negatively correlated with financial leverage. There was no significant relationship between profitability growth financial leverage. In this study we used firm size as a control variable and its relationship with financial leverage was positive. The results are consistent with the most relevant research results. Although the relationship between asset growth and growth in profits with financial leverage was examined in very little research. However, the relationship between sales growth and profitability with financial leverage was conducted in good researches.

4. Research hypotheses

1. Dividend policy effect on financial reporting quality
2. Grows opportunities effect on financial reporting quality

5. Research model and pattern

\[ EQ_{i,t} = \alpha_0 + \alpha_1 DIV_{i,t-1} + \alpha_2 BM_{i,t-1} + \epsilon_{i,t} \]

In this model we have:

\[ EQ_{i,t-1} : \text{Financial reporting quality of firm I in t-1 year} \]

\[ DIV_{i,t-1} : \text{Dividend policy of firm I in t-1 year} \]

\[ BM_{i,t-1} : \text{Grows opportunities (book value to market value) firm I in t-1 year} \]

6. Research variables

Financial reporting quality: dependent variable and define as the power of financial reporting in report of cash flow and operations. We have two methods in evaluating the quality of financial reporting. One: users' needs and two: investors and stockholders supporting. In first method the quality of financial reporting defined as beneficiary of financial reporting (relevance and reliability). In second method the quality of financial reporting defined according to full and fair disclosure for stockholders (Rahmani, 2002.pp.57).
Dividend policy: independent variable and is earning payment methods that is cash or share earnings (Utami and Inanga, 2011, pp 13). In this research it defines as earning per share to market value of per share.

Grows opportunities: independent variable and indicate the ability of grows in firm future view in regard to investment efficiency in that firm (Khademi, 2009, pp.74). In financial literature grows opportunities of a firm measure through grow index in sum of assets, grows in sale or grows in book value to market value ratio. In this study it measure as the ratio of book value (the sum of equity in the end of year) to market value (published and in hand stock multiple by stock market value in the end of year).

7. Research methodology

Research methodology is a collection of rules, tools and valid methods in reviewing realities, discovery of unknowns and obtaining solution. Based on the goal the method of research can be basic or scientific practical. Applied research aims to develop applied knowledge in a particular field and its practical application (earth, 2001, p 83). According the target, the method of this study was practical and in terms of time dimension studies can be retrospective or prospective. In general, if the data collected in relation to events that occurred in the past, a study design can be seen as retrospective. Therefore the present study is a retrospective study. Based on the method of data collection the research can be historical, descriptive, correlation, experimental or casual. The correlation research aims to identify the type, size and value of the relationship between two or more variables (Sarmad et al, 2011, S92-75). According to the above classification, this type of research is descriptive and correlation.

Research sample and period

The population includes all accepted firms in Tehran exchange stock. The sample defines as a part of population that indicate basic characteristic of population (Azar & Momeni, 2006, pp.5). In this paper systematic delete method is used due to obtain suitable sample. For this purpose 5 following criteria are considered and a firm is selected if it has all of following conditions:

1. The firm is accepted in Tehran exchange stock before year of 2006 and is active in it until 2011.
2. The firm has not changes in fiscal year and fiscal year end at March.
3. The firm has a minimum of 60 transaction days.
4. The firm is not as investment or intermediate firms.
5. The necessary information of firm is available.

After applying all above conditions we have 84 firms that selected as screening sample. So the observations are 417 firm-years that are in 21 different industries.

8. Descriptive Statistics of research variables

In general, the methods by which data can be collected, processed and summarized, called descriptive statistics. These statistics only describe the population or sample and aims to calculating the parameters of the population or sample of study (December and devout, 2010, p 8). In descriptive statistics, data analysis is conducted using index dispersion parameters such as mean, standard deviation, skewness and elongation. Summary descriptive statistics for the variables is provided after screening and the outlier removal using SPSS software.
Table 1: Descriptive statistics of research variables

<table>
<thead>
<tr>
<th>variables</th>
<th>observations</th>
<th>mean</th>
<th>S.D</th>
<th>max</th>
<th>Min</th>
<th>skewness</th>
<th>Elongation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial reporting quality</td>
<td>417</td>
<td>0.0138</td>
<td>0.8856</td>
<td>1.945</td>
<td>0.063</td>
<td>0.220</td>
<td></td>
</tr>
<tr>
<td>)DIV(</td>
<td>417</td>
<td>0.1443</td>
<td>0.1112</td>
<td>0.534</td>
<td>0.000</td>
<td>0.959</td>
<td>3.967</td>
</tr>
<tr>
<td>)BM(</td>
<td>417</td>
<td>0.7739</td>
<td>0.5935</td>
<td>3.576</td>
<td>-1.734</td>
<td>1.127</td>
<td>6.360</td>
</tr>
</tbody>
</table>

Evaluating annual trend of this variable (Figure 1) showed upward in the trend of dividend policy until 2008 and it had downward trend during the years 2009 to 2011.

Diagram 1: the trend of financial reporting quality in sample corporate during years 2011 to 2005

Diagram 2: the trend of dividend policy in sample corporate during years 2011 to 2005

Based on the presented results, the average sample firm's growth opportunities are shown that measured through the ratio of book value to market value.
Diagram 3: the trend of grows opportunities in sample corporate during years 2011 to 2005

The methods of information analysis and hypotheses testing

In this research univariate linear regression model is used for information analysis and hypotheses testing. Statistical methods used in this study are panel data. To test the hypothesis first the properly of integrate data has been tested using F test subject, with regard to the type of method the model estimate. The F statistic is used to assess the significance of model and to evaluate the significance of the coefficient of the independent variables in each model the t-statistics is used and at confidence level of 95% we make decision over accept or reject the hypothesis. Also, Jarkew-Bera test and test Brvsh- Pagan and Durbin-Watson are used to verify the normality of the variables (Surrey, 2010) Identical error variances and independence of errors.

The results of first hypothesis testing

H0: the quality of the financial reporting does not affect on dividend policy.
H1: the quality of the financial reporting affect on dividend policy.

In this model it is possible to determine whether the use of panel data would be effective or not in estimation of model the Chow test has been used.

Table 2 - Results of Pattern Selection for research model estimation

<table>
<thead>
<tr>
<th>test</th>
<th>statistic</th>
<th>Value of statistic</th>
<th>Freedom degree</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>chow</td>
<td>F</td>
<td>0.07</td>
<td>83335</td>
<td>0.3337</td>
</tr>
</tbody>
</table>

According to the results of the Chow test, since the P-Value in Chow test is greater than 0.05 (0.3337), we can estimate the model using panel data.
Table 3 - Results of the research model estimation

<table>
<thead>
<tr>
<th>Variable</th>
<th>coefficient</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed coefficient</td>
<td>0.9870</td>
<td>0/9870</td>
</tr>
<tr>
<td>t statistics 2/271</td>
<td>0/1174</td>
<td></td>
</tr>
<tr>
<td>Dividend policy</td>
<td>0.1519</td>
<td>0/1519</td>
</tr>
<tr>
<td>2/145</td>
<td>0/0236</td>
<td></td>
</tr>
<tr>
<td>The coefficient of determination in model 0/0145</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F statistics 6/166</td>
<td>Jarque-Bera statistics 11/3042 (P-Value) 0/0035</td>
<td></td>
</tr>
<tr>
<td>(P-Value) 0/0134</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breusch-Pagan</td>
<td>Durbin-Watson statistics 2/071</td>
<td></td>
</tr>
<tr>
<td>6/416</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(P-Value) 0/0117</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The overall model is significant, considering that the probability (P-VALUE) F-statistics is smaller than 0/05 (0134/0) with 95% overall significance of the models is confirmed. Coefficient of determination also suggests that 1/45% of the variation in the quality of financial reporting is explained by the variables in the model. Also in reviewing the assumptions of the classical regression the Jarkev-test results indicate that the residuals obtained from the estimation model has not normal distribution in 95% confidence level. So, probability (P-VALUE) for this test is less than 0/05 (0/0035). Also according to the probability (P-VALUE) of Boresh-Pagan test is less than 0/05 (0/0117). Therefore problem of residual variance anisotropy are confirmed. In this study, to resolve this problem, instead of OLS estimation, the generalized least squares method is used. Moreover, since the value of Durbin-Watson statistic is between 1.5 to 2.5 (2/071), therefore independent of models residual is confirmed. Since the probability value (P-Value) of t-statistics for the variable of dividend policy is smaller than 0/05 (0/0236), therefore the hypothesis is rejected. It can be said that the quality of dividend policy has an impact on the quality of its financial reporting. Therefore, the first research hypothesis is accepted at the 95 percent confidence level. The positive coefficient of the variable dividend policy (0/9870) indicates that dividend policy has a direct effect on the quality of financial reporting. This means that by increasing the dividend policy, the impact of financial reporting quality increases.
Table 4 - Results of the first hypothesis

<table>
<thead>
<tr>
<th>variable</th>
<th>Coefficient</th>
<th>statistic</th>
<th>Value of statistic</th>
<th>Importance level</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend policy</td>
<td>0.9870</td>
<td>t</td>
<td>2.271</td>
<td>0.0236</td>
<td>accepted</td>
</tr>
</tbody>
</table>

The results of second hypothesis testing
Second hypotheses investigate the effect of growth opportunities variable on financial reporting quality.

Table 5 - Results of Pattern Selection for research model estimation

<table>
<thead>
<tr>
<th>test</th>
<th>statistic</th>
<th>Value of statistic</th>
<th>Freedom degree</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>chow</td>
<td>F</td>
<td>1/178</td>
<td>83332)</td>
<td>0/1600</td>
</tr>
</tbody>
</table>

According to the results of the Chow test, since P-Value is greater than 0/05 (0/1600), panel data can be used to estimate the model.

Table 6 - Results of the research model estimation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Value of statistic</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>t statistics</td>
<td>Fixed coefficient</td>
<td>-0.089</td>
</tr>
<tr>
<td>-1/303</td>
<td>0.1931</td>
<td></td>
</tr>
<tr>
<td>Grows opportunities</td>
<td>2/145</td>
<td>0.0325</td>
</tr>
<tr>
<td>0.0098</td>
<td>The coefficient of determination in model</td>
<td></td>
</tr>
</tbody>
</table>

At reviews of overall significance of model, according to (P-VALUE) F-statistic probability which is smaller than 0/05 (0/0428) overall significance of the models is confirmed with 95% confidence. Coefficient of determination revealed that 0/98 of the changes in financial reporting quality is explained by the variables in the model. Also in classical regression assumptions review the results of Jarkio – Bra indicates that the residuals obtained from model estimation have not normal distribution in the level of 95%. So that the probability (P-VALUE) of the test is less than 0/05 (0/0057). Also note that the probability (P-VALUE) of test cut - Pagan is more than 0/05 (0/0297). Therefore, the problem of residual variance
anisotropy is not confirmed. Furthermore, since Durbin-Watson statistics is between 1.5 to 2.5 (2/054), so independent of residual in the model is confirmed.

**Interpretation of the results of second hypothesis testing**

H0: firm growth opportunities have no effect on financial reporting quality.
H1: firm growth opportunities have effect on financial reporting quality.

**Table 7 - Results of the second hypothesis**

<table>
<thead>
<tr>
<th>variable</th>
<th>Coefficient</th>
<th>statistic</th>
<th>Value of statistic</th>
<th>Importance level</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth opportunities</td>
<td>0/1519</td>
<td>t</td>
<td>2/145</td>
<td>0/0325</td>
<td>accepted</td>
</tr>
</tbody>
</table>

Since the probability value (P-Value) of t-statistics associated with variable of growth opportunities is less than 0/05 (0/0325), so the H0 is rejected. It can be said company's growth opportunities have effect on quality of financial reporting. So the second hypothesis is accepted in the 95% confidence level. Positive coefficient growth opportunities (0/1519) indicate that growth opportunities have a direct effect on the quality of financial reporting. So that firms with higher growth opportunities have high effectiveness on financial reporting quality.

9. **Recommendations**

Recommendations for future research are as follows:

1) It is suggested future research explore topics of information disclosure timeliness as a key element of the quality of financial reporting according to inside information and information asymmetry phenomenon.

2) It is recommended future research explore the role and status of overall quality of financial reporting in Iran's capital market.

3) It is suggested a comparative study explore the quality of corporate disclosure in stock otc companies and other companies.

4) It is suggested future research explore negative potential effects of the requirements on firm disclosure quality regarding to publishing numerous instructions in the area of disclosure requirements, efficiency and effectiveness.

**References**


Islamic Azad University, Tehran, p 53.