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The effect of accounting conservatism on investing in selected companies

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Abstract

The purpose of the study is to investigate the effect of accounting conservatism on investment in companies selected by the Tehran Stock Exchange during the global financial crisis by combined data method. The results of the model estimation showed that accounting conservatism did not have a significant effect on investment in selected companies of the Tehran Stock Exchange during the global financial crisis. In conclusion, conservative companies during the global financial crisis tend to be less inferior to investing.

Key words: Accounting Conservatism, Investment, Financial Crisis.

El efecto del conservadurismo contable en la inversión en empresas seleccionadas

Resumen

El propósito del estudio es investigar el efecto del conservadurismo contable en la inversión en compañías seleccionadas por la Bolsa de Valores de Teherán durante la crisis financiera mundial mediante el método de datos combinados. Los resultados de la estimación del modelo mostraron que el conservadurismo contable no tuvo un efecto significativo en la inversión en compañías seleccionadas de la Bolsa de Valores de Teherán durante la crisis financiera mundial. En conclusión, las compañías

conservadoras durante la crisis financiera global tienden a ser menos inferiores a las inversiones.

Palabras clave: conservadurismo contable, inversión, crisis financiera.

1. INTRODUCTION

The financial crisis has always been a serious risk for companies and affects corporate returns and is a threat to executives. In recent years, the world has witnessed the bankruptcy of huge companies such as Enron, WorldCom, Robert Maxwell, Swiss Air, Flip Hollensman, and so on, and this has been a source of serious concern for investors. Such conditions could affect the quality of financial reporting and qualitative features of accounting information. In situations of financial crisis, the degree of conservatism of companies varies, and managers often increase conservatism to deal with the financial crisis (Ebrahimi et al., 2015). Given the conservative intelligence role, conservatism appears to improve the monitoring of investment management decisions by reducing investment where managers tend to over-invest and facilitating access to low-cost foreign financing from an Increasing investment where managers are willing to invest less. Consequently, conservatism has a significant role to play in helping to reduce investment and over-investment (Vaez and Baghi, 2014).

At the time of the financial crisis, business unit managers are keen to show positive corporate profits by publishing the good

news like identifying unrealized profits. Watts (2003) believes that if a company contracts with different groups, such as investors and creditors, based on accounting data; then, due to a conflict of interest between managers and those groups, corporate executives will try to carrying out biased behaviors, those figures will be lost in their favor. For example, increase profits or assets and reduce debt. Meanwhile, conservatism, as an effective contractual mechanism by delaying the recognition of profits and assets, and timely recognition of losses and debts, disrupts the manager's supportive behavior (Islamibidgoli et al., 2011).

The impact of the financial crisis on the Iranian capital market has always been discussed by researchers. Iran's economy is a single commodity and dependent on oil, and it has no significant position in the industrial and manufactured goods market. On the other hand, Iran's economy depends on the global economy. Now, we should expect exports with the recession in the global economy and import of the country as well (Momeni and Shahrokhi, 2017; Pratolo, 2019). The financial crisis has always been a serious risk for companies and its effects and impact on corporate profits. Managers have come up with measures to deal with the consequences of the financial crisis, in order to get rid of the crisis. Managers know how much the financial crisis can affect corporate returns and take them to the brink of bankruptcy. One of the actions that managers use to deal with the financial crisis is conservatism.

Research results show that managers during the financial crisis are more motivated to increase their conservatism (Ebrahimi et al., 2015). So far, studies have examined the relationship between these two variables in certain circumstances, especially during the crisis. Therefore, considering that the study of the role of the financial crisis in the relationship between conservatism in accounting and investment in Iran has not been done so far, considering the serious role of the financial crisis in the relationship between these two variables in particular, we considered the investment to examine the effect of accounting conservatism on investing in selected companies in the Tehran Stock Exchange during the global financial crisis. After reviewing the results and presenting the solutions, the results of the study were given to the managers of the companies and authorities to anticipating and preventing the financial crisis.

2. THEORETICAL FUNDAMENTALS AND RESEARCH BACKGROUND

Basu (2018) describes conservatism as a high degree of proof and confirmation for recognizing good news like profit, in the face of knowing the bad news like a loss. This definition describes conservatism from the point of view of profit and loss. On the other hand, the definition of conservatism is from the balance sheet viewpoint. According to this view, in cases where there is real

doubt about the choice between two or more reporting methods, the method should be chosen to have the least favorable effect on equity. The third definition of conservatism is based on leveling of balance sheet and profitability view. In the third view, conservatism is an accounting concept that results in a reduction in accumulated earnings reported through later recognition of income and a faster recognition of costs, low asset valuation and high debt appraisal. In this research, the third definition has been used to calculate the conservatism index (Banimahd, 2011).

In recent research, conservatism has been divided into two types. The first type is unconditional conservatism, which is independent of news. This kind of conservatism affects the balance sheet more than the application of accounting standards that reduces profits independent of economic news. The immediate identification of R & D expenditure as a cost is of this type (Esfandiari, 2016). The second type of conservatism is conditional conservatism, namely conservatism in relation to the news. This conservatism affects the profit and loss account. Based on this conservatism, the value of assets decreases as a result of bad news, while the higher-value good news is needed to increase asset value. This type of conservatism means the timely identification of bad news about good news in relation to profit. The minimum selling price of this type of conservatism is the minimum or net sale value. This kind of conservatism will be taken to avoid large-scale

increase of profits by managers and prevent further reporting of profits in adverse conditions. The main motive for non-conditional conservatism is the difficulty of valuing assets and liabilities, while the main motive for conditional conservatism is to neutralize the incentives of managers to report accounting information biased.

Under conditional conservatism, despite the timing of costs, the recognition of profit is reversed until it is measured reliably. If they are aware of the commitment of risk managers to their reputations and their rewards because of the failure of the project to be opposed, despite the net present value of the project, there is little chance that managers would turn to projects Take a high risk. Consequently, conditional conservatism is likely to deter companies from investing. Unconditional conservatism enables managers to take risky projects more reliably. In particular, in case of failure of the project, administrators can recoup costs by using the virtual accounting variable derived from non-conditional conservatism. Such a guarantee can be provided by unconditional conservatism and encourage risk managers to invest (Esfandiari, 2016).

Investing is an activity in the form of the use of funds that can create a future profitable stream. According to this definition, each item of commitment to funds in financial assets, assets, and productive activities will mean investment. In the form of the formal definition, all three categories have an investment aspect, but in the functional interpretation of the commitment of funds in

productive activities (the third category), the aspect of capital expenditures (the term equivalent investment), and the budgeting of the investment belongs to this group. Investment opportunities actually represent the potential capability of the company's investments. That is, the more investment opportunities, the greater the ability to invest in the future. Previous research results show that in companies with valuable investment opportunities, the optimal level of investment is higher than companies with low-quality investment opportunities because companies expect higher returns on valuable investment opportunities.

In determining investment efficiency, there are at least two theoretical criteria: The first criterion states that there is a need for resource collection in order to finance investment opportunities. In an efficient market, all projects with a positive net present value should be financed. However, a large number of existing researches in the financial sector has shown that the financial constraints of managers restrict financing. One of the things that can be deduced is that financially-minded companies may refuse to accept and execute current value-added net worth projects due to high financing costs, which Low investment leads. The second criterion also states that if the company decides to finance, there is no guarantee that the right investment will be made. For example, managers may inefficiently invest in selecting inappropriate projects for their own benefit or even exploiting available

resources. Most of the papers in this area predict that the selection of weak projects will lead to more investment. Conceptually, the investment efficiency is achieved when the company invests in all purely positive net worth plans. Of course, this scenario will work if the market is complete, and none of the inadequate market issues, including selection, and the cost of representing not have exist. The optimal investment or investment efficiency requires that, on the one hand, resources are avoided in activities where the investment is over-optimized, and, on the other hand, resources are directed towards Activities that require more investment (Mahmoudabadi & Mehdi, 2011).

3. BACKGROUND

Conservatism is a cautious reaction to future uncertainties that accelerates the identification of bad news (losses) than good news (profits), which increases the quality and reliance of profit (Basu, 2018), and hence the lack of reducing the market information symmetry and reducing the risk of investors and, consequently, external financing costs; also, conservatism increases the incentives of the manager to reject the projects with a negative net present value on the efficiency of investment in the effect ,because if these projects are accepted, it will not be possible to postpone the losses due to conservatism (Watts, 2003; Ball, 2009). Therefore, conservatism reduces the conflict of interests between

managers and shareholders and, as a result, agency costs, and leads to the correct selection of projects and will have a positive impact on investment efficiency. Particularly during the financial crisis, business managers are keen to show positive corporate profits by publishing good news such as identifying profits that have not yet been realized (Balakrishnan et al., 2016). Therefore, it is expected that the application of conservative procedures, especially during the financial crisis, is considered as an important principle in the efficiency of investment.

In times of financial crisis, the negative shock of financing in companies that face somewhat higher costs of increasing capital (for example, firms with limited financial resources), or that they need a relatively large amount of work to do this aim (that is, companies that lack internal financial resources) will be more. Accordingly, among companies with severe financial constraints or high financial needs, companies with a lower degree of accounting conservatism face difficulties in obtaining financial resources and hence reduce more experienced in investing than in many conservative companies (Balakrishnan et al., 2016). Previous studies have provided evidence that conservative accounting practice has affected the return on investment. However, they do not provide direct evidence of the benefits of conservative investment. Despite various studies on conservative linkages and

investment, the channels that have been affected by accounting conservatism have not yet been identified;

Mahmoudabadi & Mehdi (2011) examined the relationship between accounting conservatism and the company's investment efficiency, and found that most conservative firms tended to invest less and less. In addition, they found a positive relationship between conservatism and productivity and found no evidence that more conservative companies invested in less risky schemes. Mak et al. (2011) developed the standard conservative accounting model and the volume of adaptation to the corporate focus areas of the companies admitted to the British Exchange. They showed evidence of a conservative increase (resulting in significant losses) in the year of the announcement and the year after the announcement. In addition, conservative financial reporting makes directors less likely to invest in projects with negative NPV in the first place. Gomariz and Ballesta (2014) examined the role of financial reporting quality and debt maturity in investment efficiency. The results of this research indicate that the quality of financial reporting causes the loss of the issue of over-investment. Also, short-term debt maturities increase investment efficiency by solving both over-investment and under-investment issues.

Balakrishnan et al. (2016) examined the effect of accounting conservatism on the level of corporate investment during the period of the 2008-2007 global financial crisis. The results showed that

companies with less conservatism than companies with more
accounting conservatism experience more reduction during the
financial crisis at the investment level. Similarly, research evidence
suggests that accounting conservatism has invested in companies
with a lack of Reduces information symmetry. Another result of the
study was that more conservative firms in financial reporting have
experienced fewer declines in debt and stock returns during the
2008-2007 crisis period. Mahmoudabadi & Mehdi (2011)
investigated the relationship between accounting conservatism and
investment efficiency in order to inform managers, investors and
professional accounting institutions about the desirability of
accounting conservatism as a qualitative feature of accounting
information. The statistical population of the present study
consisted of 96 companies that were surveyed for the period from
1999 to 2008. The results of the research show that there is a
meaningful relationship between accounting conservatism and
future investment at the level of companies and at the level of 7
groups of industries. Also, there is a meaningful negative
relationship between the size of the company and the future
investment in the whole of the companies, in the chemical, food and
pharmaceutical industries, between the ratio of market value to
book value and future investment in the total level of companies
and in the wood and textile industries, Chemical, metal, tile and
ceramic, there is a significant positive relationship between
financial leverage and future investment in the total level of

companies and in food and pharmaceutical industries, there is a significant negative relationship.

Islamibidgoli et al. (2011), in his research, accounting conservatism on the financial crisis of listed companies in the stock market during a 7-year period from 2001 to 2007 in 48 companies with a financial crisis from the board of stock exchanges Tehran has expelled and 57 profitable companies have been surveyed. The results of the research show that the accounting conservatism index has a direct and direct relation with the financial crisis of the companies; also, the results of the research show that there is an inverse relationship between the size of the company and the profitability index and the direct relation with the leverage ratio and also the lack of effect of growth Sales focus on the corporate financial crisis. The results of this study identified accounting conservatism as an effective contractual arrangement to limit the manager's biased behavior to a greater degree of profit in companies with the financial crisis; hence, conservatism is a means to escape the financial crisis in a company in the long run. Vashahi (2012) examined the conditional conservative relationship in accounting and the efficiency of investment in 226 companies admitted to Tehran Stock Exchange during the period of 2000-2003; the findings show that the negative correlation between conservatism Conditional and more/ less than optimal investment, and the more conservative reporting companies, the more efficient the investment.

Vashahi (2012) examined the accounting conservatism in managerial investment decisions in 60 companies admitted to Tehran Stock Exchange during the period of 2009-2003. The results showed that conservative companies have more marginal margins than less conservative companies, and that managers can reach these levels for investment decisions; as well, conservatism leads to fewer items to be identified. Specifics are not costly; in other words, the conservative levels do not affect the identification of specific items as costs. Islamibidgoli et al. (2011) examined the impact of company specific features on investment opportunities in 85 companies listed on the Tehran Stock Exchange during the period of 2011-2001. The results of the research showed that the size of the company and the growth of the company have a positive and significant impact on investment opportunities, but financial leverage does not have a significant effect on investment opportunities, but considering the size of the company in large companies, the financial leverage on capital opportunities It has a negative and significant effect.

Safari and Ranaei (2016) investigated the relationship between the quality of financial reporting and the efficiency of corporate investment, as well as the effect of the maturity structure of debts on this relationship. To test the research hypotheses, a sample of 92 companies accepted in Tehran Stock Exchange during the years 2009 to 2013 was selected. To test them, multiple

regression models were used based on the combined data technique. The empirical findings show that there is a significant positive relationship between financial reporting quality and debt maturity structure with the investment performance of the company. The results also showed that the relationship between financial reporting quality and investment efficiency is affected by the maturity profile of debt, and with the increase of short-term debt, this relationship is weakened. Based on the materials mentioned, the hypotheses of this research are:

Hypothesis 1: The conservative accounting effect is greater on corporate investment during the global financial crisis.

Hypothesis 2: The accounting conservative effect is greater on the investment of companies with higher financial constraints during the global financial crisis.

4. RESEARCH METHOD

This research is purposeful and applied in terms of collecting post-event information and analyzing information, descriptive-correlation. In this research, the library method has been used to collect data and information. For collecting the information required for preliminary studies and literature development, and the theoretical framework of the research, checking, checking and

referring to the thesis and articles have been used, as well as other information necessary for the information technology of Tadbir-Pardaz and Rahavard-e-Novin and the comprehensive database. The companies admitted to Tehran Stock Exchange have been extracted. The new information and security software and comprehensive database of companies accepted in Tehran Stock Exchange have been extracted. According to the objectives of the study, the research period is considered to be two years of the global financial crisis (2006-2011) and subsequent years (2012-2016). Following the following conditions, 147 companies were selected as the statistical sample.

1. In order to increase their comparability, their fiscal year ended in March and did not change their year during the research period;

2. Before 2006, Tehran Stock Exchange has been admitted;

3. Their financial information is available and regularly presents annual financial statements;

4. The component of investment and financial intermediation companies is not different; therefore, the financial disclosure and the structure of the strategic principles of the companies varies).

Variables:

The pattern of research based on the study by Balakrishnan et al. (2016) is defined as follows:

$$INV_{i,t} = \beta_0 + \beta_1 Crisis * CONV_{i,t} + \beta_3 Controls_{i,t} + \varepsilon_{i,t}$$

Where in:

INV $_{i,t}$ is a dependent variable, the investment of i in t in terms of the distribution of capital expenditures relative to the total assets of the company.

Independent variables:

Crisis $_{i,t}$ (global financial crisis): The virtual variable for the years of the global financial crisis (years 1390- 1385) is equal to one and for subsequent years (years 2012-2013) is zero.

CONV $_{i,t}$ (accounting conservatism of the company): In the present study, we compute the following three methods:

Givoly & Hayn method (C-Score): The conservatism is calculated based on the Givoly & Hayn model and is calculated using the following formula. The resulting value is greater than the formula; the level of conservatism is higher.

$$CSCORE_{it} = \frac{AFCC}{TA} \times (-1)$$

CSCORE $_{i,t}$: degree of conservatism;

AFCC: operational accountability items (net profit difference and operating cash flow plus depreciation expense);

TA: book value of assets; Skewness method: For conservatism measurement, according to Givoly &Hayn (2000), the negative ratio of the coefficient of skewness of net profit to the coefficient of skewness of the flow of cash from operating activities is used. Meanwhile, to calculate the skewness factor, the information from the last five years (end to the desired year) is used. (C-INDEX) Method: In this method, the conservatism is obtained from the average of the standard values of the Givoly & Hayn method (C-SCORE) and the Skewness method.

Also, the control variables include: Cash Flow $_{i,t}$ (Free Cash Flow): Free cash flow is the post-tax operating profit, plus non-cash expenses after deduction of investment (increase in changes) in working capital, property, machinery, equipment and other assets. Tobin's Qi, t: Developed by James Tobin, Nobel Prize winning economist from Yale University. He assumed that the company's assets should have the ability to replace the company's market

value. Thus, if the market value of the company exceeds its assets, the company has been able to use its assets in an optimal manner. In this case, the stock value is more than its present value. This ratio is obtained by dividing the market value of assets by their cost. Size $_{i,t}$ (firm size): The logarithm of the total assets of i in year t. Leverage, t (Financial leverage): The ratio of total debt to total assets of company i in year t. KZIR (Financial Limit Indicator) is a financial limitation criterion used in the second hypothesis of the research. This criterion was presented by Raei & Hesarzadeh (based on the Kaplan and Zingrals models) in 2009 and can be calculated as follows:

$$KZ_{IR} = 17.33 - 37.48 \left(\frac{Cash\,Holding_{i,t}}{Total\,Assets_{i,t}} \right)$$
$$- 15.21 \left(\frac{Div_{i,t}}{Total\,Assets_{i,t}} \right) + 3.39 \left(\frac{Debt_{i,t}}{Total\,Assets_{i,t}} \right)$$
$$- 1.402 \frac{M_{i,t}}{B_{i,t}}$$

Where in:

Cash Flow $_{i,t}$: Net cash flow of company i in year t;

Total Assets $_{i,t}$: total assets of company i in year t;

Cash Holding $_{i,t}$: Total liquidity and short-term venture investment in year t;

Total Assets $_{i,t}$: total net worth of the company i in year t representing the net assets of the company;

Debt $_{i,t}$: total debt of company i in year t;

Div $_{i,t}$: Dividend profits i in year t;

M $_{i,t}$: Market value of the company i in year t;

B i,t: The value of the company i in year t.

After calculating this index, each company calculates a number for each year, then calculates the average of all companies, and firms that are above the middle of each indicator have a financial constraint and companies which are below the middle of the above index, are considered to be unlimited companies.

5. ANALYSIS OF RESEARCH FINDINGS AND HYPOTHESIS TESTING

In table (1), the central index, including the mean and dispersion indices, including standard deviation, elongation, and skewness for continuous variables and the highest and lowest

values for variables in the 131 companies studied, are presented in the table below:

Table (1): Descriptive statistics of research variables

Variable / index	Average	Standard deviation	the most	The least	Skewness	kurtosis
Company investment	0.05	0.09	0.06	0.02	2.35	18.60
Conservatism in the first method	-0.01	0.14	0.55	0.55	1.49	18.76
Conservatism in the second method	0.23	14.05	0.02	-0.03	3.77	142.32
Third conservatism	0.00	0.70	0.43	-3.64	1.77	38.56
Free cash flow	0.07	0.14	0.06	-0.13	1.48	11.68
Qiu Tobin	1.53	0.72	0.10	0.03	2.58	10.84
size of the company	13.61	1.42	1.80	1.38	0.65	1.00
Financial Leverage	0.62	0.21	13.86	12.74	1.44	10.30

Source: Research calculations

Inferential statistic: As mentioned, three criteria for measuring conservatism are used, in which each of the three criteria is used to estimate the model and test the hypotheses and analyze the results. First, it is necessary to examine the reliability of the variables before testing the model. In determining the reliability of panel data, there are different tests. In this study, the reliability of the Dickie Fuller test based on the acacia criterion has been used. The results is shown in the table Number (2).

Table 2: Root test results of generalized Dickie Fuller unit (ADF)

Variables	Symbol	Test conditions	Test statistic	Possibility	Result
Company investment	INV	no width from origin and trend	831.061	0.0000	I (0)
	D (INV)	no width	1216.55	0.0000	

		from origin and trend			
Accounting conservatism (first measurement criterion)	CONV01	no width from origin and trend	828.327	0.0000	I (0)
	D (CONV01)	no width from origin and trend	1249.51	0.0000	
Accounting conservatism (second measurement criterion)	CONV02	no width from origin and trend	934.996	0.0000	I (0)
	D (CONV02)	no width from origin and trend	1513.85	0.0000	
Accounting conservatism (third measurement criterion)	CONV03	no width from origin and trend	860.254	0.0000	I (0)
	D (CONV03)	no width from origin and trend	1202.46	0.0000	
Free cash flow	FCF	no width from origin and trend	609.567	0.0000	I (0)
	D (FCF)	no width from origin and trend	1100.58	0.0000	
Qiu Tobin	TOBINQ	no width from origin and trend	538.597	0.0000	I (0)
	D (TOBINQ)	no width from origin and trend	1116.51	0.0000	
size of the company	SIZE	no width from origin and trend	170,603	1.0000	I (1)
	D (SIZE)	no width from origin and trend	719.055	0.0000	
Financial Leverage	LEV	no width from origin and trend	371.901	0.0014	I (0)
	D (LEV)	no width from origin and trend	922.147	0.0000	

Source: Research calculations

The results of the reliability test show that all variables except the company size variable are stable, so there is no fake regression problem, so we are going to examine the model and test the hypotheses. Testing the First Hypothesis of Research: The conservative accounting effect will be greater on corporate capitalization during the global financial crisis.

First step: Homogeneous detection or heterogeneity of data using the F lemmer test

The first step in estimating panel or composite data is to determine the constraints imposed on the econometric model. In other words, we first need to determine that the regression relation in the sample has a width of heterogeneous origin and homogeneous slope, or that the hypothesis of the width of the common origin and the common slope between the sections (the data model of the compilation) is accepted. For this purpose, Chavo's test is used. If the F value calculated from F is greater than the specified degrees of freedom, then the H0 hypothesis is based on the homogeneity of the sections and widths of the same origin, so the effects of the group are accepted and must be considered in terms of the width of the different sources in the estimation. The hybrid data approach is used for estimation, but if the H0 assumption is accepted, it means that the slopes are identical for different sections, and the ability to combine the data and use the model of the consolidated data is verified statistically.

In Table 3, the results of the F lemmer test are shown in all three criteria for accounting conservatism measurement.

Table (3): Result Test F Limer to detect a combination or integrity

Result	Probability value	Degrees of freedom	The statistics	Criterion
Estimates in combination data	1.613	146	0.0000	First
Estimates in combination data	1.631	146	0.0000	Second
Estimates in combination data	1.615	146	0.0000	Third

Source: Research findings

The value of the test statistic in all three criteria is less than 5%, which indicates the model estimation method of the combined data type.

Second stage: Hausman test

After determining the method of combining data, it is necessary to determine the pattern estimation using the constant or random effects method through the Hausman test. The result of the Hausman test confirms the estimation of the pattern by the fixed effect method.

Table (4): Results Test Hausman to Selection Method with effects Fixed a nd by accident

Result	Chi - Two Statistics	Degrees of freedom	Probability value	Criterion
Template estimation using static effects method	25.547	5	0.0001	First

Template estimation using static effects method	25.192	5	0.0001	Second
Template estimation using static effects method	25.709	5	0.0001	Third

Source: Research findings

Stage Three: Estimation of the Template by the Fixed Effect Method

At this stage, after determining the method of estimating the model, we will estimate and interpret the coefficients of the research pattern:

Table 5: Results of model estimation using constant effects method

Dependent variable : Company investment								
Independent Variables	The first criterion - the Giovile and Hayne method			The second measure - of skewness			The third criterion - the mean standardized		
	Estimated coefficients	The statistics	Probility value (P)	Estimated coefficients	The statistics	Probility value (P)	Estimated coefficients	The statistics	Probility value (P)
CRISIS * CONV	0.001	0.151	0.880	-0.0001	-1.363	0.173	-0.0012	-0.686	0.493
FCF	0.008	0.987	0.324	0.0082	1.090	0.276	0.0068	0.865	0.387
TOBIN Q	0.003	1.814	0.070	0.0028	1.763	0.078	0.0027	1.731	0.084
SIZE	0.003	2.310	0.021	0.0032	2.266	0.024	0.0033	2.332	0.020
LEV	-0.033	-4.798	0.000	-0.0318	-4.717	0.000	-0.0325	-4.809	0.000
C	0.019	1.014	0.311	0.0199	1.060	0.289	0.0191	1.021	0.307
The coefficient of determin	0.39			0.39			0.39		

ation justified			
The statistics F	6.34 (0.000)	6.37 (0.000)	6.33 (0.000)
Watson's camera statistics	1.89	1.89	1.89

Source: Research findings

The results of model estimation using the fixed effects method in all three criteria of accounting conservatism measurements show that accounting conservatism did not have a significant effect on investment of the company during the global financial crisis. Therefore, the first hypothesis of the research was based on the stronger effect of accounting conservatism the investment of the company is rejected during the global financial crisis. Also, the company size variables at 95% confidence level and Tobin Kiwi had a positive and significant effect on 90% confidence level and financial leverage at 95% confidence level had a negative and significant effect on the investment of companies during the study period.

The results of Watson's camera show that there is no self-correlation between error components and F-statistic indicates the significance of the whole regression. The ranking coefficient also shows that the explanatory variables are not very powerful in explaining the changes of the dependent variable. Test of the second hypothesis of the research: The conservative accounting

effect has been on the capitalization of companies with higher financial constraints during the global financial crisis. In this section, to test the second hypothesis, out of the 147 companies studied, companies were divided into two groups of companies with financial constraints and no financial constraints that have a conservative accounting effect on investment in both categories of companies based on the third criterion of size Accounting conservatism (the average of the standard values of the first and second metrics) is studied. It is also necessary to test the second hypothesis, and the method of estimating the specified pattern is needed to test the hypothesis. In Table 6, the results of the F lemmer test are shown in all three criteria for accounting conservatism measurement.

Table (6): Result Test F Limer to detect a combination or integrity

Result	Probability value	Degrees of freedom	The statistics	Criterion
Estimates in combination data	4.203	60	0.0000	Unfounded Companies
Estimates in combination data	2.243	85	0.0000	Companies with financial constraints

Source: Research findings

As shown in Table (6), the test statistic in all three criteria is less than 5%, indicating that the model estimation method is a combination type.[1]

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[1] As defined in the definition of variables, companies with a calculated financial limit index for them are higher than the median of the financial limits index calculated for all companies with financial constraints and companies that are below the middle of the index are members of companies without Limitations are considered.

Table (7): Results Test Hausman to Selection Method with effects Fixed and by accident

Result	Chi - Two Statistics	Degrees of freedom	Probability value	Criterion
Template estimation using static effects method	16.919	5	0.0047	Unfounded Companies
Template estimation using static effects method	12.515	5	0.0284	Companies with financial constraints

Source: Research findings

As it was seen, the results of the Hausman test statistic indicate that the most appropriate method for estimating the pattern in the combined data of the fixed effect method is.

Template estimation using static effects method

At this stage, after determining the method of estimating the model, the estimation and interpretation of the coefficients of the research pattern in firms with financial constraints is discussed:

Table (8): Results of model estimation in firms with financial constraints

Dependent variable : Company investment		
Independent	Companies with financial constraints	Unfounded Companies

Variables	Estimated coefficients	The statisticst	Probability value (P)	Estimated coefficients	The statistics t	Probability value (P)
CRISIS * CONV	-0.0042	-1.905	0.057	0.0019	0.574	0.566
FCF	-0.0079	-0.871	0.384	0.0386	2.471	0.014
TOBINQ	0.0041	2.232	0.026	0.0015	0.449	0.654
SIZE	-0.0015	-0.838	0.402	0.0125	4.561	0.000
LEV	-0.0275	-3.014	0.003	-0.0376	-3.376	0.001
C	0.0821	3.433	0.001	-0.1080	-2.989	0.003
The coefficient of determination justified	0.41			0. 32		
The statistics F	6.66 (0.000)			4.51 (0.000)		
Watson's camera statistics	1.81			2.03		

Source: Research findings

The results of the model estimation using the static effects show that accounting conservatism did not have a significant effect on corporate investment during the global financial crisis in firms without financial constraints, but at a 90% level of accounting conservatism in firms with financial constraints over the global financial crisis has had a significant and negative impact on corporate investment. In other words, conservative companies

during the global financial crisis tend to be over-invested, so the second hypothesis of the research is accepted. At 95% confidence level, companies with financially limited Tobin Kiwi have a positive and significant effect and financial leverage has had a significant negative impact on the investment of companies during the studied period. The size of company size and free cash flow did not have a significant effect on the investment of the companies studied. The results of Watson's camera show that there is no self-correlation between error components and F-statistic indicates the significance of the whole regression. The ranking coefficient also shows that the explanatory variables are not very powerful in explaining the changes of the dependent variable.

6. CONCLUSION AND RECOMMENDATIONS

The purpose of this study was to investigate the effect of accounting conservatism on investment in select companies selected by the Tehran Stock Exchange during the global financial crisis during the years from 2006 to 2016 by combined data. The statistical population of the study is 147 companies admitted to the Tehran Stock Exchange. In this research, two hypotheses were tested: in the first hypothesis, the effect of accounting conservatism on investment in 147 companies was examined. The results of the

hypothesis test showed that accounting conservatism did not have a significant effect on investment of the company during the global financial crisis. Therefore, the first hypothesis of the research is based on the effect of accounting conservatism on the investment of the company during the global financial crisis, which is in contradiction with the studies of (Balakrishnan et al., 2016). Also, the company size variables at 95% confidence level and Tobin Kiwi had a positive and significant 90% confidence level and the financial leverage at 95% confidence level had a negative and significant effect on the investment of companies during the study period, which according to Sang study. Also, the results of the hypothesis test based on the effect of accounting conservatism during the global financial crisis on investment by firms with financial constraints and lack of financial constraints showed that, at a 90% level of confidence, accounting conservatism in firms with financial constraints during the crisis Global finance has a negative and significant effect on corporate investment. In other words, conservative companies during the global financial crisis tend to be less inferior to investing. Therefore, the second hypothesis of the research is accepted, which is consistent with the above study of Balakrishnan et al. (2016). At 95% confidence level, companies with financially limited

Tobin Qu have a positive and significant effect and financial leverage has had a significant negative impact on the investment of companies during the studied period.

Based on the results of the research, the following suggestions are presented:

- It is suggested to corporate executives to reduce their debt due to the association of financial leverage with company investment so that companies have more investment opportunities.

- Investors and stock buyers are encouraged to consider purchasing the company's shares and transactions as much as the company and the amount of their assets, as well as considering the company's financial constraints and, after examining the issues raised, conducts trading of shares Companies.

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