ANALYZING THE EFFECT OF DEMAND AND SUPPLY STOCK INFORMATION ON PROFIT MANAGEMENT IN COMPANIES LISTED IN TEHRAN STOCK EXCHANGE

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ABSTRACT
This study analyzes the effect of demand and supply stock information on Profit Management in companies listed in Tehran Stock Exchange. This study is of applicable in the sense of goal, and is of correlation in the sense of nature and methods. The population of this study all the companies listed in Tehran Stock Exchange, the number of which is based on the entry criteria (the company must have been listed in stock exchange before the year 2013, the companies that have been profitable during the mentioned period, companies that have shared their profit, companies that have investment in financial assets.), which included 65 companies in 2013. The mass of 57 companies were randomly chosen among the mentioned population based on Cochran formula. The data were analyzed through descriptive and inferential statistics including one-way analysis of variance, paired T, and Pearson; and in order to analyze data normality, the Shapiro-Wilk test was used. The results demonstrate that a relationship exists between dividend hypersensitivity and increase in earnings management in Tehran Stock Exchange, and there is a relationship between increased sensitivity of stock prices and error forecast in Tehran Stock Exchange. Finally, information of supply and demand for shares is influential on profit management.

Keywords: Profit Management, Sensitivity Dividend, Stock Price Sensitivity, Information of Supply and Demand for Shares

INTRODUCTION
Increasing expansion of economic units, development of communication and conflict of interest create regulatory requirements. This situation has caused the audit profession to gradually try to move synchronously move in line with the needs of society with technology changes. To make decisions in this environment the users need various information, such as financial information about economic businesses. Conflict of interests and lack of accessibility of the users to the information are of the factors that have led to demand for independence of Audit Services. In fact, the role of audit is to quality control data and accrediting them, that creates a sort of added value for financial statement (Valipour et al., 2013). Managers choose those sets of information systems that reduce the fluctuations in reported profits over time. Empirical evidence also claims that managers of economic units are in different levels and continuously involved with profit management, in order to be able to influence the judgment of users of financial statements. An activity, such as ending the work of the audit and profit management often occurs in the conditions of economic chaos, for lower administrative costs to be enforced onto the system. Plus, identification and quantification of the gains in market management is way harder (Biglari et al., 2013). By profit management we mean that the manager manipulates profit within the accepted accounting domain, in order to achieve his or the economic unit’s goals. Profit management has been defined as the process of making deliberate steps within the boundaries of the accepted accounting principles, in order to bring the reported profit to desired level (Yazdani, 2006). In order to manipulate financial records, the managers take advantage of management. They have the advantage a minor freedom and flexibility in reporting financial performance that they might use opportunistically for profit management or transferring certain data about the future performance of the company (Ebrahimi and Zakeri, 2010).

The need to audit with separation of ownership from management has increased dramatically. For users of financial statements, audit plays the role of assurance and causes them to confide more in audited
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financial statements. Through a conscious process within the legitimate accounting boundaries by manipulation, the management tries to bring the company profits to the aimed profit level. By increasing the audit hours in tending to the financial statements, the audits probably can discover profit management (Suleimani Miri and Nabiyi, 2011). Based on this, in this study the effect of the market supply and demand of capital stock indicators on creating motivation for profit management in the companies listed in Tehran Stock Exchange is analyzed and we will see whether company's stock price sensitivity is effective on the news of interest to the size of their earnings management or not?

Research Literature

Definition of Stock

Stock is a part of the capital of a joint stock company that indicates the participation amount and commitment of the owners of the joint stock company. Share sheet is a negotiable document, which represents the number of the stocks that the holder has in the joint stock company. Stock may be named or anonymous. If while following the regulations, some benefits are considered for some of the stocks, the stocks will be called preferred Stock. The total nominal value of shares form the company’s capital and each stockholder has the right to receive the nominal amount of the shares after dissolution of the company, if only the profit shares have not been part of the company’s capital and the holder must not have the right to claim nominal sum after dissolution of the company. Basically, all the company's stockholders benefit from equality of rights and these rights include shareholder’s participation level of commitments and interests in the joint stock company and are to be paid within the legal time period in order to be able to use these shares (Zivardar, 2006).

Determinants of Stock Price

Two main factors that determine the stock price, include expected cash flows (Gains or dividends) and the expected return rate (Or its inverse, the ratio of price to earnings per share).

![Figure 1: Determinants of the stock price](image)

Although these factors play the final role in determining the stock price, but in order to understand the stock market, we require a more complete model. This model can be seen in figure 1 as a diagram. This classic model demonstrates what changes are influential in determinant of the stock price. Although years have passed since the presentation of this model, but it still demonstrates a specific explanation of
determinacy of stock price, whether now or in the future. Based on this model, four exogenous (independent) variables that eventually influence stock price are as follows: Potential output of the economy, company taxes, changes in government spending or fiscal policy, and changes in nominal money. The last three variables subject to public policy, but the first variable is exceptional. Other variables that are on the left side of the diagram are in economy and endogenous. The two variables of government spending and nominal money influence the stock price through the following:

1. These two variables influence general spending and then through company’s tax rate, they both influence on the company’s profitability. Expected changes in company profitability have a direct relationship with stock changes.
2. These two variables influence general spending and then through potential output of company and current changes in prices determine the current changes in prices. Total expenditure and prices also determine the current changes in the real domain. Current changes in the real domain and the prices also lead to emergence of expectations in regards to inflation and real growth that is influential on current rate. In an evaluation model, the output rates, as representative of discounted rates, have a negative influence on stock prices (Jenani, 1999).

In confirmation of the above mentioned model, Fama did researches and found out that almost 60% of the market annual output standard deviation, during 1953-1987 are justifies by changes of industrial production and current rates, of course expectations of close relationship among company interests and stock prices is natural. The results of the study shows that the estimated value of a stock or the market as a whole is a function of the current expected earned benefits (cash flows) and the output rate expected by the investors. Thus if economy is in a desired state, the investors will expect increase in the company interests and stock interest and the stock price will also increase. Also we must remember that in some cases, profit growth can at the same time be expected along with rate growth, which can lead to reduction in stock prices (Jenani, 1999).

Among changes in interest rate and stock price also exists a significant but reverse relationship. It means that in stability of other factors, stock prices reduce with an increase in interest rate, now why this relationship is reverse? In order to justify this relationship, it is better to point out the fundamental stock evaluation:

\[
\text{Stock Price} = \frac{\text{Dividend expected at the end of the first year}}{\text{Expected Return Rate} - \text{dividend growth rate}}
\]

By expected return rate in the above equation, we mean the reduction rate that the investors use for reduction of future cash flows and for investment in normal stock. This rate can be gained through the sum of rate risk and equity risk premium. Most of the investors place the usage rate, for this rate does not have the risk of non-payment (Tehrani and Nourbakhsh, 2002).

**Forecasting Market Changes**

Most of the investors prefer to forecast financial market changes, in order to do so, they first need to evaluate the state of economy which is explained above. Of course the exact forecasting of the stock market, especially in short term, is not continuously possible and even if the market is efficient. It is not possible to forecast based on the previous changes data. In order to forecast, we can benefit from changes in the business cycle, some of these changes in the business cycle are visible in the market with a few-month delay (Jenani, 1991).

**Features of Interest**

The four dimensions of profit quality, are of features of profit that are used in evaluate the utility of accounting procedures.

Four features of profit are: The quality of accruals, Sustainability of benefits, Predictability of profit, and Level of interest in measuring these characteristics, cash and profit are considered as the reference structure and thus, are only measurable via accounting data. Each of these features demonstrates a different aspect of quality of accounting information.
1. The Quality of Accruals
The quality of accruals has been introduced as one of the most important measures of profit quality in the recent years. Most of the profit evaluation methods specify on this point that the profit which is closer to cash is more desirable. The more the time between income identification and receiving cash takes, the less of a quality the profit benefits from (Kurdestani and Ashtab, 2009).

2. Predictability
This feature is defined as the ability to profit in its own forecast. Predictability is one of the relativeness and thus, from the investors’ point of view, a desirable feature. This feature also is important from the analysts’ point of view, and is a necessary part of valuation. This dimension of profit quality focuses on characteristics of time series of profit and says that next year’s profit is predictable based on changes in the profit of the current year (Setayesh and Zolfqarip, 2011).

3. Sustainability
This feature reflects the stability and durability of earnings. From the investors’ point of view, the durable and stable profits are desirable due to their continuity. Regardless of the rate and direction of profit changes, sustainability reflects that on what level the current period profit changes are sustainable in profit time series. Profit figures with high stability from the investors’ point of view is considered as durable profit, up to the point where these profits are used as a base for application of a shortcut method for valuation (such as cost to profit ratio) (Izadnia and Alinaqian, 2010).

4. Smoothness
This means no temporary fluctuations in profits, in a way that profit always has a closer relationship with real cash flows. Thus, in measurement of smoothness, cash flow is used as a reference. This sort of profit smoothness is different from the profit that is smoothed by accounting techniques chosen by the management. Usually the investors desire a profit with the least fluctuation. In a way that they use the fluctuation of profit directly as a measure of company risk (Saqafi and Qasemlou, 2009).

Profit Management
Research management literature lacks an approved definition of profit management. Luvit, the former president of the American Stock Exchange commission defines profit management as follows: “Profit management is the act that causes the reported profit to be more reflective of the management demands rather than financial performance of the underlying.” Schipper (1989) defines profit management as the aimed intervention in financial reporting process with the goal of achieving some personal interests (Izadnia and Alinaqian, 2010).

These two definitions focus on the opportunistic aspects of management; meaning that management tends to profit management with profit-seeking intentions and implies that profit management causes reducing the information content. On the other hand, some researchers have an informative look toward profit management and define it as profit number manipulation by the managers, through which management’s private and confidential information about the future operation of the company is transferred to the investors. By accepting this definition, we shall expect that profit management not only will reduce the information content of earnings, but also will assist the investors in interpreting the figures reported better in interpreting the figures reported better. Anyway, earnings management being opportunistic is more desirable in research literature (Saqafi and Qasemlou, 2009).

For many decades, profit management has been a major topic of many accounting studies. In this regard, in the decades 1970 and 1980 most researchers focused on determinant of the choice of accounting. Evidence was correlated with this theory that managers choose accounting rules with economic intentions and for change in the profits. However, due to the existence of the principle of consistency and pressure from the auditors in order to observe this principle, the companies cannot continuously change accounting roles, because this principle causes the accounting policy choice, to become an expensive method of manipulation. Therefore, in the mid 1980’s, profit management studies for the use of the management to focused on the effect of reported profit. Accrual accounting basis in comparison with cash basis provides higher flexibility for managers to manipulate accounting numbers. Using accruals in contrast with
changes in accounting policies, is easier for the management, and hardens discovery of profit management (Saqafi and Qasemliou, 2009). Accounting profits coincident with accepted accounting standards due to existence of replacement encounters are manipulated for accounting encounters that are valid. Generally, profit management is possible through two methods:

Profit management is based on accounting figures and real profit management. In the first case management furnishes its accounting figures based on its desired goals through discretionary accruals manipulation. Discretionary accruals figures are figures over which the management has control over and can delay or omit them or make their registration or identification easier. Since the discretionary accrual figures are in the managements’ hands and are comment applicable by the management, an optional commitments used as an indicator in discovering profit management (Hejazi and Bilandi, 2011).

But in the second case, management by making some operational decisions or on the other hand, manipulating real activities with the goal of misleading stakeholder, has attempted to managing real profit and achieves its desired profit (Etemadi et al., 2010). Whenever real operational activities distant from expected operational activities, intention of profit management increases and the greater deviation of actual operating activities are from expectations, the intention to smoothen the reported profit would exist (Pourheidari and Hemmati, 2006).

**Intentions of Profit Management**

1. **Bonus Plans**
   One of the intentions of profit management is increasing the cash bonus, tide to the profit. The companies, in which the expected profit is not achieved, have the intention to report the accounting profit through manipulation.

2. **Debt Contracts**
   The companies in which the debt contracts are set based on accounting figures, have the intention to avoid breach of contract via profit manipulation. These companies try to keep the liquidity ratio, interest coverage ratios, and other predictions of contract and the managers intend to increase profit in order to avoid the cost of debt contract. Therefore, it is predicted that the financial leverage adjuster companies EPS to be more in different companies (Bahar and Kouhi, 2010).

3. **Capital Market Pressure**
   1. **Profit Growth**
      The capital market expects companies to keep their profit growth. Therefore company managers try to keep their profit growth through profit growth under the pressure of the capital market and in order to achieve this goal the might manipulate profit.
   2. **Coefficients Price (Market)**
      The future profit market of the companies with more P/E and M/B coefficients (less E/P and B/M) has a positive thought. Managers under the pressure of capital market must be responsive to expectation and report more profit in order for these coefficient (market price) to be kept. Therefore they might be forced to manipulate profit.
   3. **Company Size**
      Bigger companies are blamed by investors and financial analysts more closely and the market pressure is more on these companies. These companies are facing political costs and it is expected to show more desire to EPS adjustment (Khajavi and Nazemi, 2005).

**Areas of Interest Management**

Areas of interest management are often specific to industry. Underestimation of the debt associated with ensuring the goods manufacturing companies, Credit losses and loan loss reserves in banks, Technological change, particularly in the tobacco companies, Doubtful accounts receivables incoming high retail, and Chemical and pharmaceutical companies have obligations potentially form profit management. Managers use the following strategies for profit management (Kurdestani and Ashtab, 2009).
1. **Overestimation of the Result of the Operation**
   In a secure state, managers try to present a desirable image of the company. This is usually done through acceleration or delay revenue cost recognition. The young and developing companies, which have an aggressive policy, sometimes use this strategy in order to be able to achieve their desired profit more cheaply and when the companies have financial issues, using this strategy is common.

2. **Transferring Negative Figures to the Current Period**
   When a company has had a poor operation in a financial year, by using accounting and very conservative estimates and judgments, they reduce financial condition and results of operations reported more. This strategy allows the companies to identify the harms relating to the next year, through the current year and enables them to report a better financial statue through the next years. Through this method, i.e. identifying the harms that are not obvious, the managers increase the reports of that desired period. This strategy is called taking a bath (Kurdestani and Ashtab, 2009).

3. **Creating Hidden Reserves**
   Selection of very conservative accounting estimates and judgments in the years that the performance of the company is good more than normal, it is possible to lead to uniformity of reported earnings. When the current period profit is very much, identifying the future harms can lead to minor reduction of current profit and within the future periods through which the profit might reduce, there are no harms to be identified (They have been identified before) and overall the benefits of good performance and beam uniformity is reported to have the potential political costs.

4. **Off-balance Sheet Financing**
   Managers by acknowledging structured finance transactions, employ methods in which liabilities reported in the balance sheet is not important and demonstrate lower risk. This strategy that leads to avoiding debt is recognized in the balance sheet, is called off-balance sheet financing. Considering the existence of such strategies users of financial statements not only must analyze financial statements, but also analyze items that managers has influenced financial sheets through their freedom. For this purpose, the users must where possible learn about a situation in which managers are facing and put them in management shoes and then analyze debt contracts and the overall state of the economy and its impact on the company and the industry in which they operate with the intention of bonus contracts. With this information, users understand economic management intentions of choosing reporting strategies (Kurdestani and Ashtab, 2009).
Hypothesis

Main Hypothesis

Sub-hypothesis
There is a relationship between the increased sensitivity and increased dividend income management.

There is a relationship between the stock price and prediction error.

MATERIALS AND METHODS

In the sense of classification of studies based on the goal, this study can be considered as an applied research that the obtained results are directly applicable in companies listed in Tehran Stock Exchange and the method employed in this research is prospective or retrospective, and in the sense of method, it is applicable. According to the nature of the issue and its required data, the present study in the sense of analytic approach is cross-sectional - time series. The population of this study is all the companies listed in Tehran Stock Exchange, which now are 473 companies. The population in this study firstly includes the companies that have been in listed during 2008 to 2013. Thus, the mentioned companies have omitted from the study sample.

1. Companies that have been profitable during the discussion period.
2. Companies that have shared their profits.
3. Companies that have investments in financial assets.
4. Companies that are 5 years old.

In this study in order to test hypothesis and quantitative analysis, firstly the Pearson correlation model is used to test the reliability of variables and in order to identify the difference level among the companies are divided into three groups of Sales, maintenance, and based on the excess of demand over supply of stock.

Data Analysis

Normality Evaluation

The Shapiro-Wilk test has been used to evaluate normality of variables in this study; the results show that the normality hypothesis for the variables of the study except the (adjusted earnings forecast error) variable is confirmed because their significant level is greater than 0.05 (P >0.05). Thus, it is possible to use Paired t-test, ANOVA, and Pearson correlation coefficient for evaluation of the relationships for all three groups.

Table 1: Results of the Shapiro-Wilk test for normality evaluation of data distribution

<table>
<thead>
<tr>
<th>Residuals</th>
<th>Shapiro-Wilk Value of statistics</th>
<th>Df</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average excess demand for shares</td>
<td>0.985</td>
<td>57</td>
<td>0.176</td>
</tr>
<tr>
<td>Unexpected obligations</td>
<td>0.988</td>
<td>57</td>
<td>0.057</td>
</tr>
<tr>
<td>Profit forecast error</td>
<td>0.135</td>
<td>57</td>
<td>0.065</td>
</tr>
<tr>
<td>Adjusted earnings forecast error</td>
<td>0.110</td>
<td>57</td>
<td>0.001</td>
</tr>
</tbody>
</table>

The First Sub-hypothesis

H₀: There exists no relationship between sensitivity of dividends and increase in profit management.

H₁: There exists a relationship between sensitivity of dividends and increase in profit management.

Table 2: Correlation between the sensitivity of dividends and earnings management

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average unexpected obligations Pearson</th>
<th>Sig</th>
<th>N</th>
<th>Existence of relationship</th>
<th>Type of relationship</th>
<th>R²</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess demand for shares</td>
<td>0.249</td>
<td>0.001</td>
<td>57</td>
<td>yes</td>
<td>direct</td>
<td>0.0620</td>
<td>0.05</td>
</tr>
</tbody>
</table>
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The results obtained from the Pearson correlation test demonstrates that there is a significant relationship between sensitivity dividends and earnings management (Significant level smaller than 0.05). So at this level, the H_0 hypotheses i.e. lack of relationship is denied and thus, there will be a significant relationship between prediction errors by increasing of profit sensitivity. This relationship is direct and at an intensive level. Based on the amount of regulated R^2, stock profit sensitivity defines 5 percent of the profit management changes.

The Second Sub-hypothesis

H_0: There is no relationship between stick price sensitivity and relationship prediction error.

H_1: There is a relationship between stick price sensitivity and relationship prediction error.

Table 3: A correlation between sensitivity dividend forecast error

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average unexpected obligations</th>
<th>Existence of relationship</th>
<th>Type of relationship</th>
<th>R^2</th>
<th>Adjusted R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess demand for shares</td>
<td>0.363</td>
<td>yes</td>
<td>direct</td>
<td>0.14</td>
<td>0.11</td>
</tr>
</tbody>
</table>

Results of the Pearson correlation test demonstrates that there is a relationship between sensitivity dividend and forecast error (Significant level smaller than 0.05). So at this level the H0 hypothesis i.e. lack of relationship is denied and thus, with increase in profit sensitivity and forecasted error. This relationship is direct and is at an intensive level. Based on the amount of adjusted R^2, stock profit sensitivity defines 11 percent of the profit management changes.

Table 4: Positive test results to the total error of the difference between the stock demand Errors.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Groups</th>
<th>Z</th>
<th>Table Z (0.05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast error</td>
<td>Sales and Purchase</td>
<td>1.009</td>
<td>-1.645</td>
</tr>
<tr>
<td></td>
<td>Maintenance and sale</td>
<td>-0.000</td>
<td>-1.645</td>
</tr>
<tr>
<td></td>
<td>Purchase and maintenance</td>
<td>1.009</td>
<td>-1.645</td>
</tr>
</tbody>
</table>

According to table 4, the positive errors to all errors ratio for companies of the Sales group is significantly more than the mentioned ration for the companies that have been categorized as maintenance. If all errors are considered, the positive errors to all the errors of the companies categorized in the maintenance category ratio are significantly greater than the same ratio for the companies classified as Sales.

Main Hypothesis

H_0: Information on supply and demand for shares is not influential on earnings management.

H_1: Information on supply and demand for shares is influential on earnings management.

In order to compare unexpected obligations variable among the three groups, the T correlated test has been used. Results of the test demonstrate the mean unexpected obligations among three groups of stock demand through T correlation test are demonstrated in table 5. These data demonstrate that the mean is reduced from0.507 for the companies classified in the purchase group, to 0.074 for the companies listed in maintenance group and -0.154 for the companies listed in the sales group. According to this result it can be concluded that the difference in the mean at the significant error level of 0.10.

Table 5: One-way analysis of variance between groups for unexpected commitments stock demand

<table>
<thead>
<tr>
<th>Sources of variation</th>
<th>The sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>4.276</td>
<td>2</td>
<td>2.136</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within groups</td>
<td>40.160</td>
<td>54</td>
<td>0.744</td>
<td>2.785</td>
<td>0.065</td>
</tr>
<tr>
<td>Sum</td>
<td>44.436</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 6: The results of the t-correlation test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Groups</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unexpected Commitment</td>
<td>Maintenance-Sales</td>
<td>-0.154</td>
<td>0.272</td>
<td>0.715</td>
</tr>
<tr>
<td></td>
<td>Purchase-Sales</td>
<td>0.074</td>
<td>0.123</td>
<td>0.077</td>
</tr>
<tr>
<td></td>
<td>Purchase-Maintenance</td>
<td>0.507</td>
<td>0.136</td>
<td>0.175</td>
</tr>
</tbody>
</table>

RESULTS AND DISCUSSION

First Hypothesis

According to the correlation coefficient amount (0.249) and its significance level is also reported 0.001 (Significance level smaller than 0.05). So, at this level $H_0$ hypothesis i.e. lack of relationship is denies and thus, with increase in dividend sensitivity of forecasted error there is a significant relationship. This relationship is direct and at an intensive level. Meaning that with the increase in dividend, profit management also increases. Based on the amount of adjusted $R^2$, stock profit sensitivity defines 5 percent of the profit management changes.

Second Hypothesis

According to the correlation coefficient amount 0.363) and its significance level has also been reported 0.001 (significance level smaller than 0.05). So at this level $H_0$ hypothesis i.e. lack of relationship is denied and thus, with increase of stock price sensitivity and forecasted error there is a significant relationship. This relationship is direct and at an intense level. Meaning that with the increase of stock price sensitivity, the forecasted error also increases. Based on the amount of adjusted $R^2$, stock price sensitivity defines 11 percent of the forecasted error.

Also based on the positive errors to all the errors of the companies categorized in the purchase category ratio are significantly greater than the same ratio for the companies classified as maintenance. When considering all the errors, the positive errors to all the errors of the companies categorized in the purchase category ratio are significantly greater than the same ratio for the companies classified as Sales. Thus, the positive errors to all errors ratio increases with increase in stock demand per period, which is consistent with the second hypothesis.

Demonstrated documents in this section show that with increased demand for shares, the management’s intention to achieve the predictions increases.

Suggestions

The results of the research study, demonstrates the effects of supply and demand for shares information on earnings management of listed companies in Tehran Stock Exchange. So the company’s reported earnings are based on supply and demand situation is different stocks; So that firms with high demand for their shares, because they do not want the market shares of the reporting companies whose shares are based on supply and demand situation considered, more accurately react to changes in supply and demand for stocks information.

Based on the results of sensitivity and sensibility dividends and stock price prediction error, there is a significant relationship. Accordingly, it can be offered to corporate executives, corporate positive forecast errors through increased demand for shares in each interval. Also increase the demand for shares in the company to manage profit and achieve the expected in the company. For companies that do not want to lose market shares, earnings management are increasingly, but for the stocks of companies that supply them much, because in this case there is no incentive for them to let me keep the profits in the form of reducing their management.

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