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Research Article

EVALUATION OF OPERATIONAL RISK AND ACCOUNTING CONSERVATIVE IN FIRMS LISTED ON THE STOCK EXCHANGE

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ABSTRACT
Risk includes the most important concepts in financial literature discussed as a crucial index for economic decision of investors. The risk is a subject that each enterprise is facing. There are also various types of risks in financial firms. That identification, measurement and management of them is one of the essential tasks of senior manager in these organizations. The aim of this study is to examine the operational and conservative risks in accounting firms listed on the stock exchange, this study is a applied-correlation research. Data collection by using of some information reported in financial Lists of firms listed on the stock exchange. In order to fulfill the objectives of the study two hypotheses have been developed-the sample included89 participants during six-year time yield from 1392 to 1386.eviews software is used to analyze the data. To assess the hypotheses we used the integration and Hausman tests and multivariate regression model. In this study accounting conservative as the independent variable and operational risk is considered as the dependent variable. The results of the analysis show that there is a significant correlation between conservative accounting and operational risk.

Keywords: *Conservative, Risk, Operational Risk, Stock Exchange*

INTRODUCTION
Risk includes the most important concept in financial literature discussed as a crucial index for economic decision of investors. The risk is a subject that each enterprise is facing the most important financial risk in financial enterprise like banks can be found as the credit risks, market and operational ones. Today's the operational risks in financial enterprise have got great importance. This phenomenon is caused for several reasons such as e-banking (Erfanian, 2007).
Conservative accounting have a long history. In our country the technical committed in accounting firms in theoretical concept of financial reports is considered the conservative as a part of qualitative nature's dependable but is not used the conservatism words the conservatism is the product of uncertainty and ambiguity whenever the accountants have been faced the ambiguity in evaluating the assets and debits can refer to conservatism.
Most of the accountants criticize the conservatism. They have believed that the conservatism instead of real evaluating can cause systematic biases in financial reports. This situation is contrast with some of the main qualitative properties such as (sincere re neutrality) and comparable including consistently (Mojtahedzade, 2002).
On the other hand proponents of conservatism argue that this concept is a prudent and useful convention in an environment of ambiguity. They believe that if legislator critics and standards compiler without understanding the interests of conservatism have tried to delete it. Possibly resulting standards will be harmful for financial reporting (Watts, 2003).
However in the literature other reasons to justify the application of accounting conservatism are explained the contracts between the efficient parties in firm (Day, 2006) (Watts, 2003, 2002), reducing the tax burden enters on the company (Kim, 2007) reducing the possibility of law suits against the company and its executives (Watts, 2003). In addition according to the informative voles of conservatism it seems 1) it improves the monitoring of investment decisions by reducing investment.
2) it facilitate the access to affordable financing through increased foreign investment where investment managers tend to have a less level of in (Garcia-lava *et al.*, 2010).

In short about the company's operating risk there is an information asymmetry between the participants and users of financial reports. The firms know their operational risk but Hot the market and creditors. Conservatism can show the operational risk levels to the market so As a result the information asymmetry is done or at least is decreased and the problem of wrong selection in firms is reduced by creditors.so The main problem in this research focuses on operational risk and accounting conservatism whether is there a meaningful relationship between accounting conservatism and operational risk?

Research Literature and Background

Then the theoretical expression associated with the study is presented.

Conservatism

Conservatism in the most common definition is the distinguished collision by the identified profits and losses. This asymmetric is because of the capability investigations that are dealt with potential profits and losses Watts (2003).

Conservatism is one nature of financial reports. That in recent years has engaged more attention for financial disgrace of some firms like Anron and WordCom. Some recent studies like Watts (2003) Lofond (2008), Rooycher (2007) specifically are focused on conservatism. In accounting literature two main characteristic of conservatism are researched. First the partiality in less present of worth of stocks to market costs that is planned by Feltham and Hohelsan (1995) that present the conservatism in balance sheet views and the standard of market worth to registered costs is taken with this definition. And the one is the intent to increasing the speed in identifying the losses and postpone the knowing of profits which is the conservatism in losses and profits views and according to that Baso (1997) is introduced the level of time asymmetry. Watts (2003) and Bliss (1924) has been quoted as saying: traditionally conservatism is defined. As no profit forecast but anticipate all losses. Adage in the accounting literature as an accounting tendency is interpreted a higher degree of focusing to identify good news (profit) to identify the bad news (losses). Baso (1997); Watts (2003).

watts and Zimmerman (1986) are written the definition of conservatism(conservatism means the accountant must report the minimum worth for assets in possible costs and the maximum value for debits. Revenue should be recognized later than the costs should be identified sooner rather than later.

Risk

The definition of risk: To understand the nature of the risk you must first. Although there are many variants in the definition of risk but the following definitions are provided to indicate briefly the nature of it. The risk means the incurring losses. This definition includes two main aspects of risk: 1) the amount of the loss should be possible. 2) Uncertainty about the losses should also be present. In most definitions of risk it is clear that the two aspects namely the loss and uncertainty are discussed. But its third aspect, the choice is often referred to it. These three terms are the basis for a deeper and fundamental research of risk (Babai and Vazir, 1385).

Quantitative definition of risk was presented for the first time by Markowitz. Statistically he examined the variant impacts on risk. Securities of stock exchange (Raei, 1383).

Operational Risk

Managers are deal with risk in all firms. Management focus on are on speculative natural of the risk on higher levels of organization. The management is adjusted the organizational investment risk against the potential return of investment ant by strategic considerations it manages the risks to the organization activities and finances. nevertheless at the operational levels of the organization staff and management are typically focused one type of risk management that called operational risk.as the staff and management are implemented the businesses processes the operational risks began to emerge. Short comings inherent in the process can lead to inefficiency and problems during operation which could have bad effects on the success of the organization (Babai and Vazir, 1385).

Operational Risk on Islamic Banking

Operational risks are mainly from a wide range of possibilities such as errors and failures in specific businesses or financial institution. Operation risk in the banking and financial institution: Operational risk

in the banking and financial institutions is not one which is directly related to credit and market risks. This risk is caused by human error, hardware or software errors related to computers due to errors in decision making and even losses.

Operational risk is important in banks which can cause the methods of financing and legal environment in bank activities have certain conventional properties (Shahimi and Eslami, 2011).

Talebi *et al.*, (2011) in an article analysis and ranking of operational risks in Islamic banking to equip and resources allocation methods based in interest_ free banking, they classified the joint operational risks of interest _free banking and conventional banking and special operational risks for identification, classification and finally using hierarchical ranking.

Pour (2012), the relation between conditional conservatism and became negative news coming. Results showed a significant negative correlation between conservatism condition and the likelihood of negative news coming there. Also, the results showed no significant relationship between conditional conservatism Vvaknsh market is good news and bad companies. In addition, there is a significant relationship between the company and the degree of financial leverage to return Adaz·h company was approved.

Hasani (2012) is studied the relationship between cash investments and accounting conservatism the results showed a significant negative correlation between the index of cash current investment and the index of accounting conservatism. this finding is according to jobs contracts.so The firms with a higher degree of conservatism reports will have the less degree of cash flow sensitivity of investment.

Setayesh and Shamsuddini (2012) began to study the effective structures of corporate accounting con servatosm furthermore the results show the superiority of the way in balance sheet items to none balance sheet ones and superiority of these none operational balance sheet to market methods for estimating the conservatives. Furthermore, the results of research have shown that the balance sheet items have a stronger association with reported profits and losses.

Shahbazi and Mashayekhi (2014) are studying the relationship between debit ratio, size and cost of capital with conditional and unconditional conservatism. The results have shown that there is a positive relationship between the level of debits and conservatism in each kind of conditional and unconditional ones the negative and meaningful relationship in size is focused only on conservatism unconditional pattern.

Kervat (2010) is concluded that accounting conservatism will reduce the management risks and caused less negative output in investment products of managers.

Lafand and Watts (2006) are concluded that investors demanded conservative actions in evaluating and reporting. Their main reason for the demand from investors is the decreasing the informative part that is associated the conservative rights.

Khan and Watts (2007) a measure of firm-year (c-score) was devised to measuring accounting conservatism. They find that younger companies, firms and companies with a longer investment cycle and more ambiguous firms are more conservative.

Lee (2010) with the development of past researches in relationship with conservatism and audit quality is studying the relationship between the periods of accountants' jobs and the amount of accounting conservatism. A long working relationship with a CPA firm is a threat to auditor s independence and impact on the audit quality especially in small companies.

Vigah and Lee (2011) were reviewed the relationship between conditional accounting conservatism faster identified of loss than the profit and the weakness of internal controls. Firms which expose the weakness of internal controls and then it had been corrected. The firms which don't correct the reported weakness will have more conservatism.

Hamadan (2011) reviews the impact of effective factors on level. Of accounting conservatism including firm size, debt contracts and the type of the company it belongs on the degree of accounting conservatism on Bahrain stock exchange. Overall, the results indicate the importance of accounting conservatism in Bahrain.

Abdullah *et al.*, (2011) in the article, operational risk in Islamic banking with the aim for measuring management of the most important operational risk at Islamic banks of Malaysia are concluded that

because of regulatory environment and specific properties of Islamic contracts the subjects of operational risk in Islamic banks are more complicated and important than conventional banks.

Ahmad and Dvylman (2013) are studied the works of more reliably management on accounting conservatism-the results showed that the more confidence will have a negative effects on accounting conservatism and the external monitor will reduce the negative effects.

Kothari *et al.,* (2009) provide evidence that managers tend to delay the bad news for foreign investors. The management desire to keep the bad news from foreign investors will create the risk of fall and in fact the negative outputs.

Rosta (2008) in an article under the heading (the risk models of stock exchange will not consider the essential stresses) he studied the short coming of presented models for the risk of stock exchange for the aspect of the stress that provided between investors and the owner of home.

Lem (2002) in an article entitled (the risk management model) for mortgage stock issuers explain the various cash flows in the process of this and is deal with to offer a variety of risks and management process for mortgage stocks.

Markowitz belief's is observed the notices of investors in booth risk and output factors. You can see that investors tend to maintain a set of stock. Because whit them may reduce their risk without decreasing the expected rate of outputs (Tomass, 2000).

Goals and Research Hypotheses

Thus the importance of operational risk and accounting conservatism the overall objective of this study was to evaluate operational risk and accounting conservatism in companies listed on the stock exchange. Applied specific objectives of this research are:

1. The overall study and investigate of operational risk
2. Evaluation of operational risks in companies listed on the stock exchange.
3. The study of conservation and the criteria for the evaluation of it.
4. The study of the model of Conservatism.
5. Identify the impact of financial leverage on the relationships between operational risk control and accounting conservatism hypothesis.

1: Operational risk will have a meaningful relationship with accounting conservatism in companies on the stock exchange hypothesis.

2: After controlling financial leverage, the operational risk will have a significant relationship with the accounting conservatism in accepted companies.

MATERIALS AND METHODS

Research Methodology

The recent study is included in Operational and solidarity ones (Naderi & Seif Naraghi, 1372: 63).

The Variables of Research

The variables of this study were to examine the hypothesis is divided to three groups of independent, dependent and control variables.

Independent Variable

In this study accounting conservatism is considered as independent variables.

In the present study the Basu model, Bal and Shivakomar are used for measuring conservatism. The conservatism index is based on these models is calculated as follows:

Basus Model

In this study Basu's model (1997) was used to measuring the conservatism he defined the conservatism as decreasing the profits and less showing of assets for responding to bad news and in contrast none increasing of profits and more presenting of assents for good news *empirically he develop the following cross sectional analysis that is known as Basus regression. And estimate the amount of conservatism. In the following models the asset volatility has been added* to Basu (1997) and Ball and Shyvakv (2005) mar models.

$$EPS_{it}/P_{it-1} = \beta_0 + \beta_1 DR_{it} + \beta_2 R_{it} + \beta_3 (DRit * R_{it}) + \beta_4 VOL_{it} + \beta_5 (VOLit * DR_{it})$$

$+ \beta_6(VOLit * R_{it}) + \beta_7(VOLit * DR_{it} * R_{it}) + \boldsymbol{\varepsilon}_{it}$

Eps_{it} is the ratio of profits in the year t. P_{it_1} is the price of stock exchange for firm i the year t, rit outputs of stock market for company i in the year t, and dirt is the synthetic variables. That when the stock market output for firm i the year t was negative it is the number 1 and otherwise it is zero. Basu's model of artificial variables, DR Are used to distinguish between good news and bad ones.so constant and variable coefficients between two groups are different. Vol measure the deviation of index to the market value of stock owners and the set of assets c the index of operational risk b2. Will estimate the response and reaction of profits to the *positive outputs and b3+b2 measure the response and reaction of profits to negative outputs (bad news) conservatism means b2<b2+b3.*

Shyvakumar and Bal's Model

They presented other ways for measuring conservatism by using of forced index. By using of regression relationship between forced index and cash currents they understand that in the presence of operational losses the relationships of force index and cash currents are stronger. And this is index of conservative behavior.

Ball and Shyvakumar (2005) index can be calculated as follows where Accit are forced operational index which are measured as follows:

$ACC_{it} = \beta_0 + \beta_1 DCFO_{it} + \beta_2 CFO_{it} + \beta_3(DCFOit * CFO_{it}) + \beta_4 VOL_{it} + \beta_5(VOLit * DCFO_{it})$
$+ \beta_6(VOLit * CFO_{it}) + \beta_7(VOLit * DCFO_{it} * CFO_{it}) + \boldsymbol{\varepsilon}_{it}$

Total changes in inventory and debtors changes and changes in other current assets minus the creditors change, minus the Change in other current liabilities divided by total assets minus depression divided to whole assets.

Dcfo: artificial variable that if $CFO_{it}<0$ cfoit number one and otherwise number zero. Cfo_{it}: operating cash flows for the period divided by total assets

Vol: fluctuation of assets.

The second study was "test the hypothesis that after controlling financial leverage the operational risk will have a significant relationship to accounting conservatism" financial leverage to control variable models has been added to Basu and Ball and Shyvakumar models. The hypothesis that the effect of financial leverage can controlled. Previous research has shown that financial leverage is positively corrected with.

Basu model(1997):

$EPS_{it}/P_{it-1} = \beta_0 + \beta_1 DR_{it} + \beta_2 R_{it} + \beta_3(DR_{it} * R_{it}) + \beta_4 VOL_{it} + \beta_5(VOL_{it} * DR_{it})$
$+\beta_6(VOL_{it} * R_{it}) + \beta_7(VOLit * DR_{it} * R_{it}) + \beta_8 LEV_{it} + \beta_9(LEV_{it} * R_{it}) + \beta_{10}(LEV_{it} * DR_{it}) + \beta_{11}(LEV_{it} * DR_{it} * R_{it})$
$+\boldsymbol{\varepsilon}_{it}$

Shyvakumar and bal's model (2005):

$ACC_{it} = \beta_0 + \beta_1 DCFO_{it} + \beta_2 CFO_{it} + \beta_3(DCFO_{it} * CFO_{it}) + \beta_4 VOL_{it} + \beta_5(VOL_{it} * DCFO_{it})$
$+\beta_6(VOL_{it} * CFO_{it}) + \beta_7(VOL_{it} * DCFO_{it} * CFO_{it}) + \beta_8 LEV_{it} + \beta_9(LEV_{it} * CFO_{it}) + \beta_{10}(LEV_{it} * DCFO_{it}) +$
$\beta_{11}(LEV_{it} * DCFO_{it} * CFO_{it}) + \boldsymbol{\varepsilon}_{it}$

The degree of firm's accounting conservatism: on the other hand leverage the amount of conservatism can have negative relationship to the fluctuation of assist.as a result after controlling for the effect of financial leverage operational risk has a significant relationship with accounting conservatism.

Dependent Variable

In this study the operational risks is considered as a dependent variable in the present study according to Wang (2013) (vol) (the fluctuation of assets). The standard deviation of the asset of stock owners to the total assets is used as an index of operational risk. The standard deviation is greater than market value of the asset of stock owners the operational risks is greater.

Control Variables

Given the past record of operational risk control variable included income ratio , stocks outputs, index of bad news (negative outputs), operational parts ,the ratio of Operational cash flows in the current periods to the pas assets, the bad news index (negative operational cash current) the standard deviation to the values of stock owners to the total assets and financial leverage.

The Sample, Data Collection Methods

The sample of this research is formed of all companies listed on the stock exchange during the period 1386 to 1392. This sample consisted of 89 firms. In order to collect data and information library method is used.

The Results of the Research Hypotheses

The results of the first hypothesis test for analysis of the first model (model Basu (1997)) the regression analysis of ordinary least squares was used in the method of combination data.

Table 1: Shows the results of integration for the first (Basu model (1997)) model of the first hypothesis

Sign	Degree of freedom	Statistic
0/000	(88,438)	18/891

Table 1: the result of the ability to integrate the first model; As table 1 shows that the f statistic is significantly smaller than 0/05 that is indicated the superiority to the use of panel data that integrated data. Because the null hypothesis of the ability to integrated test is not accepted.

(Panel data method is preferred), the question remains: which model is investigated, in which a fixed effects or random effects methods estimated? Therefore, for selecting one of the fixed effects and random effects, the Hausman test is used.

Table 2 summarizes the results of the Hausman test the first hypothesis for the first model (model Basu, 1997).

Table 2: Results of the Hausman test the first model (model Basu, 1997) - The first hypothesis

Sign	Degree of freedom	Chi-square test
0/226	7	9/389

As Table 2 indicates, significantly larger than 05/0 Kaymrb statistic that indicates the preference using the random effects panel data fixed effects. Therefore, to estimate the model for the first hypothesis (Basu's model (1997)), the random effects panel data method is used to estimate the regression results in table (3) and (4), provided.

Table 3: results of the overall model (model Basu, 1997) - The first hypothesis

Durbin-Watson	Significant F statistics	F statistics	Adjusted R Square	R Square
1.862	0.000	24.563	0.795	0.873

As shown in Table 3, it is seen, the F-statistic and significance level of the test indicates that the null hypothesis was that the By¬Mna of the model (zero all coefficients) is rejected and Tremblay the estimated regression model, the total is significant.

Also, the camera Watson statistic indicates that the model does not exist in error autocorrelation model. Then, the results of the analysis variables in the model (Table 4), is presented, explained.

As shown in Table 4, see that the coefficients of the independent variables indicate that, given the significance of the coefficient of the interaction between the market value of equity to total assets ratio of standard deviation, bad news index and stock returns, with a view the general framework Basu's model (1997), the first hypothesis is accepted at 95%.

Table 5 shows the results of the ability to integrate the second model to the first hypothesis.

Table 4: Results of the detailed analysis of the first model (model Basu, 1997) - The first hypothesis

Significant	t statistic	Standard error	Coefficients	Variable
0.000	-3.152	0.041	-0.129	The index of bad news(negative out puts)
0.008	2.905	0.011	0.032	stock out puts
0.019	2.360	0.198	0.467	the interaction between the bad news and stock out puts
0.011	-2.679	0.042	-0.113	The standard deviation of the ratio of stock owners market value to total assets
0.332	-0.971	0.086	-0.084	The interaction between the standard deviation of the ratio of stock owners market value to total assets and The index of bad news(negative out puts)
0.000	-3.163	0.034	-0.106	The interaction between the standard deviation of the ratio of stock owners market value to total assets and stock out put
0.000	-3.023	0.072	-0.218	the ratio of stock owners market value to total assets the bad news index and stock outputs
0.000	5.762	0.088	0.505	Fixed value.

Table 5: Result of the ability to integrate the second model (model Shyvakvmar Ball, 2005) - The first hypothesis

Sign	Degree of freedom	Statistics
0.000	(88.438)	6.884

As table 5show the f statistic is significantly smaller than 0/05 that is indicated the superiority to the use of panel data than integrated data. Because the null hypothesis of integrated test is not accepted (panel data method is preferred) therefore to adopt on of the fixed effect and random one.
The Hausman test is used table (8) shows the results of the Hausman for the second model of the first research hypothesis.

Table 6: Results of the Hausman test the second model (model Shyvakvmar Ball, 2005) - The first hypothesis

Sign	Degree of freedom	Chi-square test
0.000	7	79.281

As table 6 show the k statistic is significantly smaller than 0/05that indicate the superiority to the use of fixed panel data than integrated data. Therefore for analysis of second model to the first hypothesis the fixed panel data is used and the result of regression model is offered in tables (9)and (10).

Table 7: Results of the conclusion of the second model (model Shyvakvmar Ball, 2005) - The first hypothesis

Durbin-Watson	Significant F statistics	F statistics	Adjusted R Square	R Square
1.812	0.000	40.931	0.877	0.899

As observed in table (7) the significant amount of F statistics the estimated regression model is totally significant. Also, the camera Watson statistic indicates that does not exist any auto correlation between model errors. Then, the results of the analysis of model parameters which presented in table 8 is explained

Table 8: The results of the analysis of the second model the first hypothesis

Significant	t statistic	Standard error	Coefficients	Variable
0.021	2.274	0.002	0.005	Index, of bad news (negative flows of operating cash.
0.000	-42.766	0.024	-1.35	Assets ratio of operating cash flows to the previous period
0.001	2.977	0.120	0.357	Interaction between bad news index and the ratio of current assets of operating cash flows to the previous assets
0.000	-4.766	0.030	-0.142	Standard deviation of the ratio of market value stock owners to total assets.
0.017	-2.313	0.140	-0.324	The interaction between the standard deviation of the ratio of market value of stock owners to total assets and bad news index)(Negative operational cash flows
0.000	23.448	0.17	0.407	The interaction between the standard deviation of the ratio of market value of stock owners to total assets and the ratio of current operating .cash flows to previous assets
0.006	-2.658	0.029	-0.078	The interaction between the standard deviation of the ratio of market value of stock owners to total assets, and bad news index (the negative operating cash flows) and the ratio of current operating cash Flows to pervious period assets
0.000	10.819	0.017	0.189	Fixed value

As it is observed in table 8 the value of the statistics and significant of this statistics shows that this relationship is statistically significant.

There for given the significance of the coefficient of the interaction between standard deviation of market ratio of stock owners to total assets, the bad news index (negative flows of operating cash) and the ratio of current operating cash flows to previous assets and by taking into account the general framework of ball and Shyvakumar (2005) the first hypothesis in accepted at 95%.

The Result of the Second Hypothesis

Financial leverage the operational risk has got a significant relationship to accounting conservatism. The variable of standard deviation of the ratio of market value of stock owners to total assets as independent variables, and the index of operational risk as dependent variables, and the variables of financial leverage as a controllable variable has been added to Basu, Ball and shyvakvmar models (2005). For analysis the first model the method of ordinary least regression was used to the combination of data table (9) shows the results of the integrated test for first model to the second research hypothesis.

Table 9: Result of the ability to integrate the first model (model Basu, 1997) - The second hypothesis

Sign	Degree of freedom	Statistics
0.000	(88.434)	18.783

As table 9 shows the F statistic is significantly smaller than 0/05 that shows the superiority to the use of panel data than integrated ones. Because the null hypothesis of the ability to integrated test is not accepted. So to adopt one of the fixed effects and random effects the Hausman test is used.

Table 10: The results of the Hausman test the first model (model Basu, 1997) - The second hypothesis

Sign	Degree of freedom	Chi-square test
0.366	11	11.963

As table 10 shows the F statistic is significantly larger than 0.05 that is indicated the superiority to the use of random effects of panel data to the fixed effects. Therefore, the random effects panel data method is used to estimate the first model of second hypothesis and the result of regression model index is presented in tables (11) and (12).

Table 11: The results of the overall model (model Basu, 1997) - The second hypothesis

Durbin-Watson	Significant F statistics	F statistics	Adjusted R Square	R Square
1.937	0.000	23.438	0.888	0.938

As indicated in table (11) the F-statistic and significance level of the test indicates that the null hypothesis that is the meaningless of total model (zero coefficients) is rejected but the regression model is significant. In this model the coefficient of determination is equal to 938/0. Also the camera Watson statistic indicates that there is nit any auto correlation between the errors of model. Then, the result of the model variables coefficient that is presented in the table (12) has been explained. Also you can see that the amount of T statistics and significant to this index. Have shown that except the relationship to variables between standard deviation of the value of stock owners market to the total assets and bad news index (negative outputs and the relationship between financial leverage and bad news index (negative output); this relationship is statistically significant.

Table 12: The result of a detailed analysis of the first model second hypothesis

Significant	t statistic	standard error	coefficients	Variable
0.021	-2.280	0.051	-0.115	The index of bad news(negative out puts)
0.018	2.365	0.132	0.313	stock out puts
0.031	2.164	0.656	1.420	the interaction between the bad news and stock out puts
0.038	-2.135	0.052	-0.112	The standard deviation of the ratio of stock owners market value to total assets
0.323	-0.989	0.086	-0.085	The interaction between the standard deviation of the ratio of stock owners' market value to total assets and stock out put.
0.000	-3.380	0.048	-0.161	The interaction between the standard deviation of.
0.027	-2.205	0.134	-0.297	the ratio of stock owners market value to total assets T the bad news index and stock outputs
0.019	-2.345	0.080	-0.188	Financial leverage
0.992	-0.011	0.312	-0.003	- the interaction between financial leverage and bad news index(negative out put)
0.023	2.280	0.172	0.392	The interaction between financial leverage and stock out put
0.000	3.348	0.393	1.316	The interaction between bad news index and stock out put
0.000	3.901	0.161	0.628	Fixed value.

There for given the significance of the coefficient of variables the interaction between the standard deviation the ratio of stock owners market value to total assets T the bad news index and stock output by taking in to account the general framework Basu's model (1997) the second hypothesis is accepted at the 95% then the effect of financial leverage operational risk has got a significant relationship with accounting conservatism. For analysis the second model, Ball and Shyvakumar (2005) ones also with the method of ordinary least squares regression analysis is used as an integrated out puts.
Table (13) shows the results of the ability to integrate the second model (shyvakumar and ball model(2005)) related to second research hypothesis.

Table 13: Result of the ability to integrate the second model (model Shyvakvmar Ball, 2005) - The second hypothesis

Sign	Degree of freedom	Statistic
0.000	(88.434)	8.792

As table (13) shows the F statistic is significantly smaller than 0/05 that indicates the superiority to the use of panel data than integrated ones.

For selecting one of the methods to fixed and random effect Hausman test has been used.

Table (14) will shower the results of Hausman test for the second model of the research second hypothesis (Shyvakumar and Ball model (2005)).

Table 14: The results of the Hausman test the second model (model Shyvakvmar Ball, 2005) - The second hypothesis

Sign	Degree of freedom	Chi-square test
0.000	11	75.294

As the table (14) is indicated the k statistic is significantly smaller than 0.05 that show the preference using fixed effects panel data versus random effects. Therefore for estimating the second model related to second hypothesis the fixed effects panel data methods have been used and the results of regression model is offered in table (16), (15).

Table 15: The results of the overall second model (model Shyvakvmar Ball, 2005) - The second hypothesis

Durbin-Watson	Significant F statistics	F statistics	Adjusted R Square	R Square
1.933	0.000	47.115	0.895	0.915

As observed in table (15) the F statistics is significantly related to these ones have shown that the estimated regression model generally is significant.

In this model the coefficient of determination is equal to 915/0. It means that 91/5 present of the variability is explained by the independent variables.

Also the camera Watson statistic indicates that there is no auto correlation of the model's errors.

Table 16: the results of the analysis parts of the second model, the second hypothesis.

Table 16: Results of the analysis part of the second model (model Shyvakvmar Ball, 2005) - The second hypothesis

Significant	t - statistic	Standard error	Coefficients	Variable
0.009	2.287	0.019	0.050	The index of bad news(negative operating cash flow)
0.000	-7.689	0.074	-0.571	The ratio of operational cash current to the previous period assets
0.001	2.913	0.422	1.288	The interaction between bad news index and operational cash current issue to previous assets.
0.000	-3.958	0.028	-0.110	The standard deviation of stock owners' market value to total assets.
0.030	-2.223	0.120	-0.266	The interaction between the standard deviation of the stock owners' market value to total assets and bad news index. (negative operating cash flows)
0.000	23.504	0.016	0.382	The interaction between the standard deviation of the stock owners' market value to operational cash currents to previous assets.
0.018	-2.367	0.076	-0.180	The interaction between the standard deviation of the stock owners market value to Total assets, bad news index(negative operating cash flows) and the ratio of operational cash currents to previous assets
0.005	-2.844	0.105	-0.298	financial leverage
0.011	-2.523	0.026	-0.065	The interaction between financial leverage and bad news index(negative operating cash flows)
0.000	-6.476	0.136	-0.882	The interaction between the financial leverage and operating cash flows to previous assets
0.036	-2.107	1.155	-2.434	The interaction between the financial leverage , bad news index(negative operating cash flows) and the ratio of operational cash currents to previous assets.
0.000	5.833	0.067	0.394	Fixed value

There for given the significance of the coefficient of variables the interaction between the standard deviation the ratio of stock owners market value to total assets, the bad news index and the operational cash current ratio to previous assets with taking in to account the general frame work (Ball and Shyvakumar, 2005).

The second hypothesis is accepted at the 95% and after adjusting to the financial leverage the operational risk has got a significant relationship with accounting conservatism.

Conclusion

This research two hypothesis the significant relationship between operational risk and accounting conservatism is tested. And second hypothesis is indicated the subject that after controlling the effects of financial leverage the operational risk will have a significant operational relationship to accounting conservatism the main purpose of research is the studying of the relationship between accounting conservatism and the firm's operational risk.

The first hypothesis of the companies indicated that the operational risks has a significant relationship with accounting conservatism so the first hypothesis is accepted at the 95% confidence Level- the second hypothesis in firms recommended that after the control of financial risk.

Will have a significant relationship with accounting conservatism therefore the second hypothesis is accepted at 95 percent of confidence level and after the control of financial leverage's effect operational risk will have a significant relationship with accounting conservatism. With respect to these result in first hypothesis it is recommended to financial institutions like banks to reduce their operational risk by using of accounting conservatism.

According the second hypothesis it is recommended to financial institutions to reduce their operational risk by controlling the financial leverage and accounting conservatism- also this finding is in the interest of investors and financial analyst. Accounting conservatism is as a mechanism of operational risk associated with the capital market. The investors and financial analysts should use accounting conservatism as a tool for the analysis of investment risk. This article can improve the effectiveness of risk management and investment, investors and financial analysts.

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