

Relationship between the Ability of Accruals and Non-Systematic Risk of Shares for Companies Listed in Stock Exchange: Case Study, Tehran

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Abstract : The present study focused on the relationship between the quality of accruals and non-systematic risk. The independent study variables included the ability of accruals, the information content of accruals, and amount of discretionary accruals considered as accruals quality measures. The dependent variable was non-systematic risk based on the Fama and French Three Factor model (FFTFM) and the capital asset pricing model (CAPM). The control variables were firm size, financial leverage, stock return, cash flow fluctuations, and book-to-market ratio. The data collection method was based on library research and document mining including financial statements. Multiple regression analysis was used to analyze the data. The study results showed that there is a significant direct relationship between financial leverage and discretionary accruals and non-systematic risk based on FFTFM and CAPM. There is also a significant direct relationship between the ability of accruals, information content of accruals, firm size, and stock return and non-systematic based on both models. It was also found that there is no relationship between book-to-market ratio and cash flow fluctuations and non-systematic risk.

Keywords : accruals quality, non-systematic risk, CAPM, FFTFM

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