



The Relationship between Conservatism and Firm Growth with an Emphasis on the Debt Maturity in Tehran Stock Exchange

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ABSTRACT

Conservatism is one of significant features of financial reporting. The supply of that conservative data increases trust of users of financial statements (Kang & et al, 2015). Increased convenience and reliability of the data affect financing in a company. In time and low rate financing results in optimal and appropriate growth of the company. The aim of this study was to investigate the relationship between conservatism and firm growth with an emphasis on the maturity of the debt in Tehran Stock Exchange. In order measure the growth we have used total asset proxy. Conservatism has also been measured based on Givoly and Hayn (2002) model. The results of testing research hypotheses on 143 companies enlisted in Tehran Stock Exchange during the time period between 2005 and 2014 showed that conditional conservative calculated based on Givoly and Hayn did not have a positive relationship with the company's growth. Additionally, short term debt maturity, affected the relationship between conservatism and firm growth and long term debt maturity did not have any effects on this relationship.

Keyword:

Conditional Conservatism, Debt Maturity, Firm Growth, Tehran Stock Exchange

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