

Investigating the Effect of Audit Quality, Tax Avoidance and Economic Development on Accounting Development in Iran

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Abstract

Introduction: Accounting development modeling can be known as a very dynamic process that environmental and surrounding factors of this profession can affect it in a contingency way over the course of time. Accordingly, this research has been conducted in order to define and present a contingency model for accounting development in Iran.

Method: This research is quasi-experimental and done through an ex post facto approach. The data of 183 companies listed on the Tehran Stock Exchange collected during 2007-2016 as well as other national data related to the research variables were used and structural equation modeling, a generation of multivariate regression, was applied to model the accounting development.

Results: The results indicate that economic development and audit quality affect the accounting development directly, while audit quality through mediator variable of tax avoidance has no effect on accounting development. In addition, tax avoidance variable has a negative and significant effect on accounting development.

Conclusion: Economic growth and development of the country result in developing accounting profession and promoting the quality of corporate financial reporting. The evidence indicates that enhancing the quality of audit profession through indicators such as ranking and merging audit institutions lead to growth and development of accounting profession. In spite of weakness of tax revenue collection in Iran, the institutionalization of tax payment culture is an effective step to take in accounting development and quality of financial reporting.

Keywords: Accounting Development, Audit Quality, Economic Development, Structural Equation Modeling, Tax Avoidance.

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