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STUDY EFFECT OF CAPITAL MARKET SENSITIVITY ON CONSERVATIVE FINANCIAL REPORTS OF FIRMS

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Abstract

Recently, capital market sensitivity and managers' motivation to transfer wealth and value of the firm to themselves is the subject of a scientific study that has been vastly investigated. Since conservative financial reports belongs to the firm control system and reduce management's opportunistic behavior, the consequently reduce capital market sensitivity relevant to stock price fluctuations. In this study, the relationship between capital market sensitivity and conservative financial reports are studied in Iran. Research sample was selected from the accepted companies in Tehran stock Exchange during 2011-2016, which is 237 companies. Based upon literature review, it was decided to use the regression model for studying this relationship. According to financial data of Tehran stock exchange, we concluded that capital market sensitivity has no effect on conservative financial reports.

Keywords: *Capital Market Sensitivity, Conservatives, Financial Reports, Accruals.*
