

Abstract

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AUDITING QUALITY CHARACTERISTICS and ACCOUNTING CONSERVATISM: AN EMPIRICAL STUDY OF THE LISTED COMPANIES IN EGYPT

The growing issues on the quality of audit and accounting conservatisms have long been regarded and seemed as a hot debated since both could impact on the capital market efficiency. This study aims to investigate the impact of the audit quality which is characterized by audit firm size, auditor specialization, and auditor tenure on accounting conservatisms in the financial reports of the more active 50 non-financial companies listed at Egyptian stock exchange across four years of period from 2007 to 2010. After controlling for company size, leverage and profitability, the results show that auditing quality characteristics (audit firm size, auditor specialization, and auditor tenure) have significant positive relation with accounting conservatism. On the other hand, no significant relationship is found between company size and accounting conservatism. Based on these results, the study provided recommendations to the interested parties.