



Mechanisms of Corporate Governance and Fixed Asset Revaluation

Najmeh Hajian¹
Narges Aliakbarian²

Abstract

Accounting information about company's financial position and performance has an important role in economical decision making. Information more qualified, better decisions will be made. The correct decision needs information which states the fact and be based on the current position. Revaluation of fixed asset is a method to improve the quality of information. With respect to the recent tax exemption law for revaluation in Iranian companies and different reactions to this law among companies, we tried to study the reasons of management revaluation decision. The target of this research is to investigate the relation between corporate governance mechanisms and revaluation of fixed assets. In order to test hypothesis, we use logistic regression model based on a sample of 678 firm-year from Tehran Stock Exchange between 2011 to 2017. Results suggest that there is a negative relation between CEO/chairman duality and revaluation. However, there is no significant relation between other corporate governance mechanisms and revaluation. In addition, we report clear evidence that firms with previous accumulated losses are more likely to revalue their assets.

Keyword: Revaluation, Corporate Governance, Fixed asset

JEL: M41, G3

¹Assistant Prof., Faculty of management and finance, khatam University, Tehran, Iran.

²MSc. Student in Management Accounting, Faculty of Management and finance, Khatam University, Tehran, Iran.