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The Relationship Between CEO Power, Audit Fees and Corporate Growth Opportunities

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ABSTRACT

One of the most important goals of companies is to create value and increase the wealth of shareholders in the long run and the increase in wealth will be achieved only as a result of the desired performance of the company and the desired performance will be achieved with proper management of the company. In this regard, company managers and especially the CEO play an important role in running the company. Therefore, various decisions in the company are influenced by the power and influence of the CEO. Also, the impact of the CEO's power and influence on the company's outcomes depends on the comparative advantage of benefits and costs. Therefore, in this study, the relationship between CEO power, audit fees and corporate growth opportunities has been investigated. The statistical population of the research is the companies listed on the Tehran Stock Exchange and the research period is from 2011 to 2020. To test the research hypotheses, 77 companies were selected by systematic elimination method. To test the hypotheses, panel data were used and the relationship between variables was estimated using multivariate regression. The results show that there is a negative (positive) and significant relationship between CEO power (audit fee) and corporate growth opportunities. Also, CEO power has a significant moderating effect on the relationship between audit fees and corporate growth opportunities. The research findings could cover the research gap in this area and be useful for managers, investors, and capital market lawmakers in decision making.

Keywords: CEO Power, Tehran Stock, Growth Opportunities, Q-Tobin

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Introduction

In recent years, the power of the CEO and its impact on various dimensions of companies, due to its prevalence in most countries, especially among emerging economies and emerging markets in Europe and Asia, as one of the important issues in the management literature and Accounting is raised. Adams et al. (2005) believe that in some companies, CEOs make all the major decisions; In other companies, the decisions are clearly the result of an agreement between top executives. If different people have different views, then the distribution of decision-making power in the company can lead to different decisions. Recent research has specifically addressed how the CEO's decision-making power shapes corporate performance decisions (Sheikh, 2018; Li et al. 2017; Han et al., 2016). However, empirical research on this issue is still scarce and there are no consistent results on the relationship between CEO power and company performance. Economic theories consider the power of the CEO as a problem of agency and state that increasing the power of the CEO exacerbates the problems of agency by increasing managerial positions and causes imbalance and changes in the interests of managers and shareholders. This view holds that the power of the CEO increases the management's ability to pursue personal interests at the expense of shareholder rights and is negatively related to the value of the company. In contrast, organizational theory claims that CEO power is not always harmful and can be useful in certain situations. Powerful CEOs can create value by making decisions and reacting quickly to changes in market conditions (Finkelstein & D'Aveni, 1994; Boyd, 1995).

On the other hand, shareholders always need information that they can use to evaluate their decisions. The existence of transparent and reliable financial information, which is the product of a comprehensive and appropriate reporting system, is one of the main pillars of evaluating the status and performance of a company and deciding on the exchange of securities issued by it. In today's professional communities, information is considered reliable by users that an independent organization such as auditing firms oversees the corporate reporting process and the center of gravity of this process, the financial statements. Auditing, as an efficient mechanism, assures shareholders that managers in the company's management have acted in the interests of shareholders. Hence, audit work is reassuring to shareholders and other stakeholders who need company information to make decisions (Walker, 2003). However, the increasing number and complexity of reporting and accounting rules increases the possibility of conflict between auditors and owners, and may often lead to the dragging of the audit process into bargaining between the two groups. Given that in the field of auditing, the balance of power is almost always on the owners, in the event of a dispute between the auditor and the client, management may force the auditor to accept accounting procedures by threatening to terminate the work. If the management does not succeed in doing this, by exercising its power, it may dismiss the auditor and seek a more flexible auditor (Mahdavi & Ebrahimi, 2010). Hence, there is evidence that the power of the CEO can reduce the auditor's independence and, as a result, discredit the financial statements. In fact, the quality and credibility of the audit report depends on the auditor's degree of independence from the client, but in practice, the influence of the management of the company under consideration on issues related to the selection and provision of information to the auditor, along with high

management motivation to achieve or exceed the set goals, are important obstacles to the auditors remaining independent. (Vanstraelen, 2000; Sajadi et al., 2012). This reduces the quality of the internal control system. The weakness of an internal control system causes managers to use their discretion in applying accounting procedures and estimates, which may not be in line with the interests of shareholders. As a result, information asymmetries may increase and managers may have an information advantage over other users (Ling Lei Lisic et al., 2016). Opponents of this view argue that the greater the CEO's power, the greater the company's process monitoring and financial reporting, and the better the company's performance. The CEO's professional and legal responsibilities are combined with their need for direct communication with the internal environment and may increase the demand for independent auditing. Because they expect their reputation to be maintained (Hey et al., 2008). In other words, if the CEO's power increases, they will use better strategies for the company's operations because their position has become more stable, so they are more likely to pursue the interests of shareholders, and this will increase the value of the company's shares. Therefore, the power of the CEO is in the interest of the shareholders in the long run (Nikbakht et al., In turn; Sheikh, 2018).

The above arguments indicate that empirical evidence on the impact of CEO power on corporate outcomes varies. In other words, the effect of CEO power on the company's outcomes depends on the comparative advantage of benefits and costs. Therefore, more empirical research is needed. Therefore, the questions of the present study are to what extent the impact of CEO power and audit quality on company performance? And can the power of the CEO affect the relationship between audit quality and company performance? Therefore, the purpose of this study is to explain the relationship between CEO power, audit fees and corporate growth opportunities. Then, after reviewing the theoretical foundations and research background, the hypotheses tested and the methods used to test the hypotheses are presented. Finally, after presenting the research findings, the subject of the research is discussed and concluded.

Theoretical foundations and research background

There is no agreement on the definition of CEO power in economics or management research. In general, strong CEOs are considered to be able to continuously influence the company's strategic decisions despite potential opposition from other executives and board members (Li et al., 2016; Sheikh, 2018). According to corporate governance guidelines, the CEO has influence over the board as a source of executive power. In this regard, if the interests of the CEO are not in line with the interests of shareholders, then the influence and power of the CEO becomes problematic (Jensen, 1993). The fact is that the negative and positive power of the CEO depends on judgment and the type of application, so that if the purpose of power is organizational goals can be a positive and practical phenomenon, and if the goal is to achieve personal and individual goals, it will certainly be a negative and inappropriate phenomenon.

Studies have shown that the quality of independent auditing is one of the factors affecting the relationship between company information and its growth opportunities (Rezaei et al., 2020). Auditors perform two valuable information and assurance roles for capital market participants.

Auditors examine the financial statements prepared by management independently and can prevent conflicts of interest between the manager and the owners, thus increasing the value of the company. Brokerage theory recognizes the auditor as an independent representative of shareholders and other stakeholders in controlling the accuracy, reliability, and relevance of information provided by business unit managers. In contrast, some evidence suggests that managers, as one of the components of corporate governance, have a negative impact on the effectiveness and efficiency of auditing (Bruynseels & Cardinaels, 2014). According to auditing theories, the two competing forces of economic dependence and reputation protection at the time of fraud detection influence the auditors' reporting process (Reynolds & Francis, 2001). Based on the economic dependency factor, the auditor will safeguard his future interests by violating the independence by keeping the current client satisfied. In contrast, the incentive to maintain a reputation prevents the auditor from losing its independence and thus reduces the audit fees of new clients or dismissals by current owners (Davis & Simon, 1992). Thus, although a review of the corporate governance literature mainly suggests that auditing is considered a mechanism to ensure high quality financial reporting (Krishnan, 2005), Lisic et al. (2016) have stated that this effect is conditional on the power of the CEO. They believe that the power of the CEO moderates the relationship between audit quality and company performance. Evidence Messier (2000) shows that CEO influence leads to a weak internal control system, which increases the likelihood that the company will have a weak accounting system. In addition, when an internal control system is weak, managers use their discretion to report financially, which may lead to deviations in the use of appropriate accounting practices (Hogan & Wilkins, 2008), as well as increasing the provision of low quality financial information (Ashbaugh et al., 2003). Empirical evidence supports the view that the CEO's influence and power are likely to lead to more opportunistic behaviors due to a reduction in the board's effective oversight of executive staff (Finkelstein & D'Aveni, 1994). In contrast, some evidence suggests that the more power a CEO has, the more he or she monitors the company's process and financial reporting, and the better the company's performance. The CEO's professional and legal responsibilities are combined with their need for direct communication with the internal environment and may increase the demand for independent auditing. Because they expect their reputation to be maintained (Hey et al., 2008). Evidence from Carcello et al. (2002) showed that independent board members are willing to for higher audit quality; Pay more to protect their creditworthiness, avoid legal debt, and increase shareholder interest.

Research background

The results of research conducted by Sheikh (2018) show that the power of the CEO has a positive and significant effect on the value of the company. However, this effect is driven by competition in the manufacturing market. Because the power of the CEO only has a positive effect on the value of the company in highly competitive markets and has no effect on the value of the company in low competitive markets. Also, when corporate governance is strong, CEO power has a positive relationship with corporate value in highly competitive markets, which indicates that competition and corporate governance are complementary. Lisic et al. (2016) in a study examined the

relationship between the effectiveness of the audit committee, the power of the CEO and the quality of internal control. The results showed that when the level of managerial power is low, the characteristics of the members of the audit committee, including: independence and financial expertise, are inversely related to the weaknesses of the internal control system. In contrast, when the CEO's power increases, the negative relationship between the audit committee's characteristics and the weakness of the internal control system becomes longer. Talebnia et al. (2021) showed in their research that there is no significant relationship between CEO power and company value. Also, high (low) competitiveness has a positive (negative) and significant effect on the relationship between CEO power and company value. Rezaei et al. (2020) investigated the relationship between auditing fees and growth opportunities and abnormal returns of companies listed on the Tehran Stock Exchange. The results of their research show that there is a positive and significant relationship between audit fees and corporate growth opportunities. Also, this connection is nonlinear. In addition, there is a positive and significant relationship between the auditing fee of the auditing organization and Mofid Rahbar Institute and the growth opportunities of the companies. Also, this relationship is nonlinear. Finally, the results showed that there is no significant relationship between audit fees and abnormal returns of companies. Hajiha and Ghane (2016) studied the effect of audit quality on investment opportunities in companies listed on the Tehran Stock Exchange. The results showed that there is a positive and significant relationship between the size of the auditor and the auditor's tenure with the investment opportunity. Also, there is no significant relationship between auditor expertise and investment opportunities in the Iranian capital market. Salehi et al. (2013) examined the relationship between auditing fees and financial performance of companies. In this study, performance indicators include earnings strength, return on assets, rate of return on equity and the ratio of Q-Tobin. The results showed that the audit fee was not significantly related to performance indicators.

Research hypotheses

According to the theoretical foundations and research background, the research hypotheses are formulated as follows.

Hypothesis 1: There is a significant relationship between CEO power and corporate growth opportunities.

Hypothesis 2: There is a significant relationship between audit fees and corporate growth opportunities.

Hypothesis 3: CEO power has a moderating effect on the relationship between audit fees and corporate growth opportunities.

Research methodology

The present study is a descriptive correlational study based on the purpose of applied research and has been conducted post-event method. The statistical population of the study consists of all companies listed on the Tehran Stock Exchange that have been active in the stock exchange from the beginning of 2011 to the end of 2020. In selecting companies, the following conditions have

been considered: they have been listed on the Tehran Stock Exchange before 2011; Companies have not changed their fiscal year during the research period; The type of activity of companies is production and therefore is not part of investment and financial intermediation companies; The end of the fiscal year of the companies under study should end in March of each year; The information needed to conduct the research is available. 77 companies that met the above conditions were selected to test the research hypotheses. After collecting the data, Excel software was used for summarizing and calculating. Then the final analysis was performed by multivariate regression patterns using Eviews software.

Research patterns and variables

To test the research hypotheses, model (1) is estimated as follows.

Model (1)

$$\text{Value}_{i,t} = \alpha_0 + \alpha_1 \text{AF}_{i,t} + \alpha_2 \text{POWER}_{i,t} + \alpha_3 \text{AF}_{i,t} \times \text{POWER}_{i,t} + \alpha_4 \text{Indep}_{i,t} + \alpha_5 \text{Own}_{i,t} \\ + \alpha_6 \text{AQ}_{i,t} + \alpha_7 \text{BSize}_{i,t} + \alpha_8 \text{FCF}_{i,t} + \alpha_9 \text{FLev}_{i,t} + \alpha_{10} \text{Cash Holding}_{i,t} + \varepsilon_{i,t}$$

Corporate growth opportunities (Value) is a research-dependent variable that includes two criteria as follows: 1) Q-Tobin ratio obtained using Equation (1) as follows:

$$Q - \text{Tobin} = \frac{\text{MV} + \text{TD}}{\text{TA}} \quad \text{Equation (1)}$$

MV: The market value of the company's equity at the end of year t, which is equal to multiplying the number of shares issued by the company by the last trading price of the stock at the end of year t. TD: The book value of the company's total liabilities at the end of year t. TA: The book value of the company's total assets at the end of year t.

2) Ratio of market value of equity to book value of equity (MTB)

Audit Fee (AF): An independent research variable equal to the natural logarithm of a firm audit fee.

The power of the CEO is the moderator of the research variable. For the power of the CEO, two approaches are used as follows. The first index of CEO power (POWER 1) is measured according to Ting (2013) and Luo (2015) method, using the sum of criteria of CEO duality, CEO tenure and CEO ownership percentage. The range of this index is between 0 and 3 and reflects the power of the CEO. The second index of CEO power (POWER 2) is measured according to Sheikh (2018) method, using the sum of criteria of duality of CEO, board independence and CEO tenure. The range of this index is between 0 and 3 and reflects the power of the CEO.

CEO duality: It is a virtual variable that if the CEO and the chairman or vice chairman of the board are one person, the value is one and otherwise the value is zero. Independence of the board of directors: How to measure this criterion of the CEO's power is that if the ratio of independent directors in the board of directors is less than the median ratio of independent directors, the value is one, and otherwise the value is zero. Percentage of ownership of the CEO: It is a virtual variable that if the CEO is the owner or representative (Sarлак & Kalavani, 2015; Taheri et al., 2019) is

more than ten percent of the company's shares, value is one and otherwise the value is zero. Although CEO ownership is associated with CEO ownership, some researchers believe that company shares are given to CEOs to create incentives and incentives to reduce agency problems. Therefore, Sheikh (2018) did not consider the percentage of ownership of the CEO's shares in the ownership power. CEO tenure: How to measure this criterion of the CEO's power is that if the CEO tenure is longer than the median CEO tenure of the sample, the value is one, and otherwise the value is zero.

Control variables:

Board Independence (Indep): The ratio of the number of non-executive board members to the total number of board members. Institutional shareholders (Own): Percentage of ownership of institutional shareholders. Audit Quality (AQ): If the company auditor; The auditing organization should have a value of one and otherwise a value of zero. Board Size (BSize): The total number of members of the Board of Directors. Free Cash Flow (FCF), which is obtained using Equation (2) as follows:

$$FCF = \frac{OI+D-IP-DP-TP}{TA} \quad \text{Equation (2)}$$

FCF: The company's free cash flow in year t. OI: The company's operating earnings at the end of the year t. D: Depreciation cost of the company at the end of the year t. IP: Financial cost of the company at the end of the year t. DP: Dividend of the company at the end of the year t. TP: Company tax paid at the end of the year t. TA: Total assets of the company at the end of the year t. Leverage (FLev): The ratio of total liabilities to the book value of total assets. Cash Holding: The ratio of cash to the book value of total assets.

Research findings

Descriptive statistics

In order to analyze the information, first the descriptive statistics of the data under study were calculated and presented in Table 1.

According to the results of Table 1, the average ratio of market value to book value of equity (MTB) with a value of 2.319 shows that the average market value of equity of the companies under a year is 2.32 times higher than the book value of their equity. Based on the Q-Tobin criterion, it can be seen that the average market value of companies's assets in a year is 1.523 times higher than the book value of the company's assets. The average audit fee of 6.546 also shows that the average audit fee of each company is 695 million Rials. Also, on average, 23% of the CEOs of the surveyed companies had a dual role of CEO. In 16% of the boards of directors of the surveyed companies, the CEO has more power. 31% of the CEOs of the surveyed companies own more than 10% of the company's shares. 53% of the CEOs of the surveyed companies have an average tenure of more than 3 years. The results of Table 1 show that 67% of the total number of board members are non-executive members. Also, on average, 27% of the audited companies are audited by the audit organization during a year.

Table 1.

Descriptive statistics of research variables

Variable	Mean	Median	Maximum	Minimum	Std. Dev
Q-Tobin	1.523	1.294	6.124	0.581	0.740
MTB	2.319	1.834	11.958	0.283	1.820
AF	6.546	6.488	9.607	2.929	0.927
POWER 1	1.066	1.000	3.000	0.000	0.825
POWER 2	0.783	1.000	3.000	0.000	0.802
TITLE	0.230	0.000	1.000	0.000	0.421
INDEP	0.160	0.000	1.000	0.000	0.367
CEOWNP	0.306	0.000	1.000	0.000	0.461
CEO Tenure	0.530	1.000	1.000	0.000	0.499
Indep	0.666	0.600	1.000	0.200	0.180
Own	0.712	0.782	0.995	0.000	0.237
AQ	0.266	0.000	1.000	0.000	0.442
BSize	5.010	5.000	7.000	5.000	0.135
FCF	0.059	0.057	0.367	-0.614	0.098
FLev	0.576	0.589	0.938	0.111	0.171
Cash Holding	0.042	0.029	0.461	0.000	0.045

Selecting a test model for research hypotheses

In order to select the method for estimating the pattern, the F-Limer test was used and in order to select the fixed or random effects approach, the Hausman test was used. Also, White test was used to check the similarity of variances. The results of F-Limer test, Hausman test and White test are presented in Table 2.

Table 2.

Results of F-Limer, Hausman and White F tests

Dependent Variable	Test	The first measure of CEO power		The second measure of CEO power	
		Statistic	Prob.	Statistic	Prob.
Q-Tobin	F	8.708	0.000	8.757	0.000
Q-Tobin	Hausman	36.872	0.000	37.418	0.000
Q-Tobin	White	2.200	0.000	2.258	0.000
MTB	F	7.758	0.000	7.732	0.000
MTB	Hausman	53.784	0.000	52.673	0.000
MTB	White	6.982	0.000	7.173	0.000

Considering the significance level obtained from F-Limer test and Hausman test, panel data method with fixed effects approach has been used to estimate the research patterns. According to White's test, due to variance heterogeneity, the generalized least squares method was used to estimate the patterns.

Test results of research hypotheses with the first criterion of CEO power

The result of estimating research patterns is presented in Table 3.

Table 3.

Test results of research hypotheses with the first criterion of CEO power

Dependent Variable Variable	Q-Tobin			MTB		
	Coefficient	t-Statistic	Prob.	Coefficient	t-Statistic	Prob.
C	1.987	7.845	0.000	1.443	1.403	0.161
AF	0.084	3.478	0.001	0.215	3.265	0.001
POWER1	-0.172	-1.759	0.079	-0.623	-2.072	0.039
AF*POWER1	0.024	1.748	0.081	0.090	2.074	0.038
Indep	-0.087	-1.367	0.172	-0.354	-1.748	0.081
Own	-0.265	-3.629	0.000	-0.851	-4.307	0.000
AQ	-0.155	-4.694	0.000	-0.469	-4.088	0.000
BSize	-0.113	-3.093	0.002	-0.093	-0.516	0.606
FCF	0.609	4.362	0.000	1.222	3.213	0.001
FLev	-0.312	-3.111	0.002	1.477	5.198	0.000
Cash Holding	-0.016	-0.044	0.965	0.656	0.730	0.466
Adjusted R-squared	0.575			0.549		
Durbin-Watson	1.63			1.62		
F-statistic (Prob.)	13.111 (0.000)			11.901 (0.000)		

The value of the Durbin-Watson statistic confirms the lack of correlation in the remaining components of the regression patterns. According to the significance level of Fisher's statistic, the significance of all regressions is confirmed at 95% confidence level. The value of the adjusted coefficient of determination of the patterns shows that a total of 58% and 55% of the resulting changes in the dependent variable can be explained by independent and significant variables in these patterns. According to the results obtained in Table 3, there is a positive and significant relationship between audit fees and the ratio of Q-Tobin and the ratio of market value to book value of companies' equity. Also, there is a negative and significant relationship between CEO power and the ratio of Q-Tobin and the ratio of market value to book value of companies' equity. In addition, the power of the CEO has a significant moderating effect on the relationship between audit fees and the ratio of Q-Tobin and the ratio of market value to the book value of corporate equity.

Test results of research hypotheses with the second criterion of CEO power

The result of estimating research patterns is presented in Table 4.

Table 4.

Test results of research hypotheses with the second criterion of CEO power

Dependent Variable	Q-Tobin			MTB		
Variable	Coefficient	t-Statistic	Prob.	Coefficient	t-Statistic	Prob.
C	2.023	6.611	0.000	1.121	1.365	0.173
AF	0.076	4.910	0.000	0.246	5.391	0.000
POWER2	-0.261	-2.712	0.007	-0.631	-2.297	0.022
AF*POWER2	0.040	2.878	0.004	0.094	2.389	0.017
Indep	-0.086	-1.201	0.230	-0.347	-1.798	0.073
Own	-0.244	-3.573	0.000	-0.850	-4.641	0.000
AQ	-0.152	-4.236	0.000	-0.441	-4.003	0.000
BSize	-0.112	-2.132	0.033	-0.080	-0.573	0.567
FCF	0.641	4.931	0.000	1.281	3.626	0.000
FLev	-0.334	-3.470	0.001	1.522	5.972	0.000
Cash Holding	-0.097	-0.295	0.768	0.641	0.752	0.452
Adjusted R-squared	0.574			0.550		
Durbin-Watson	1.60			1.61		
F-statistic (Prob.)	13.047 (0.000)			11.926 (0.000)		

The value of the Durbin-Watson statistic confirms the lack of correlation in the remaining components of the regression patterns. According to the significance level of Fisher's statistic, the significance of all regressions is confirmed at 95% confidence level. The value of the adjusted coefficient of determination of the patterns shows that a total of 57% and 55% of the resulting changes in the dependent variable can be explained by independent and significant variables in these patterns. According to the results obtained in Table 4, there is a positive and significant relationship between audit fees and the ratio of Q-Tobin and the ratio of market value to book value of companies' equity. Also, there is a negative and significant relationship between CEO power and the ratio of Q-Tobin and the ratio of market value to book value of companies' equity. In addition, the power of the CEO has a significant moderating effect on the relationship between audit fees and the ratio of Q-Tobin and the ratio of market value to the book value of corporate equity.

Conclusions and suggestions

One of the most important goals of companies is to create value and increase the wealth of shareholders in the long run, and the increase in wealth will be achieved only as a result of the desired performance of the company and the desired performance will be achieved with proper management of the company. In this regard, company managers and especially the CEO play an important role in running the company. Therefore, in this study, the relationship between CEO power, audit quality and corporate growth opportunities has been investigated. The results of testing the first hypothesis of the research showed that there is a negative and significant relationship between CEO power and the ratio of Q-Tobin and the ratio of market value to book value of companies' equity. These results are consistent with the theory of agency of Jensen and

Meckling (1976), who states that increasing the power of the CEO exacerbates the problems of agency by increasing managerial expropriation and causes imbalances and changes in the interests of managers and shareholders. This view holds that the CEO's power increases the manager's ability to pursue personal interests at the expense of shareholder rights and is negatively correlated with corporate value. These results are consistent with the evidence of Bebchuk et al. (2011) and contradict the results of Nikbakht et al. (2021) and Sheikh (2018). Then, by examining the second hypothesis of the research, the findings indicate a positive and significant relationship between auditing fees and the ratio of Q-Tobin and the ratio of market value to book value of corporate equity. These results indicate that auditors examine the financial statements prepared by management independently and can prevent conflicts of interest between the manager and the owners, thus increasing the value of the company. These findings are consistent with the evidence of Banerjee & Humphery-Jenner (2016), Moutinho et al. (2012), Rezaei et al. (2020) and Hajiha and Ghane (2016) and contradict the results of Salehi et al. (2013). Finally, in the third hypothesis of the study, it was observed that the power of the CEO has a positive and significant moderating effect on the relationship between audit fees and the ratio of Q-Tobin and the ratio of market value to book value of companies' equity. This may be related to owners' use of management performance monitoring systems such as corporate governance (in this study: audit quality). In this way, a strong corporate governance system tries to prevent opportunistic behaviors of management to influence the quality of accounting information in order to achieve personal benefits, with proper supervision of management. Therefore, the existence of a strong corporate governance system can be considered as a complement to the quality of accounting information in the company.

The results indicate that audit fees as an indicator of audit quality play an important role in improving company performance. This conclusion has beneficial implications for improving the efficiency of the audit market and shows that regulators should pay attention to the audit fees of audit firms and encourage them to invest sufficient audit resources to improve audit quality and ensure that audit objectives are met in order to promote the development of the economy through high quality audits. Also, considering that the power of the CEO alone has a negative effect on the performance of the company, but the interaction effect of the power of the CEO and the quality of the audit on the performance of the company is positive, therefore, in Iran we should argue more carefully about the power of managers. The results of the research are important as part of the corporate governance structure. Company managers will inevitably have a greater impact on accounting information, and the extent of their impact depends on the degree of management power. The impact of leadership power on the quality of accounting information should not be overlooked. This means that in the current situation of the socialist economic system of the country, if we seek to improve the quality of accounting information, we must simultaneously effectively improve the organizational structure of companies and corporate governance and develop laws and regulations that strengthen management constraints to improve the quality of accounting information and company performance. Finally, researchers are suggested to use other criteria to measure CEO strength, audit quality and corporate growth opportunities in future

research and compare the results. Also, in order to further evaluate the results, it is suggested that researchers research the subject at the level of different industries; In companies that are audited by the auditing organization and Mofid Rahbar Institute and other auditing firms; As well as in small, medium and large companies; To test. Finally, since little research has been done internally on the characteristics of the CEO, including power; It is suggested that in future research, the relationship between CEO power and other financial issues, accounting and auditing, including the cost of capital, quality and transparency of financial reporting, auditing fees, auditing comments, etc. should be examined.

It should be noted that in this study, the criteria of dual duties of the CEO, independence of the board, shareholding of the CEO and the tenure of the CEO have been used to measure the power of CEOs. If, in addition to the above criteria, the CEO's reward, the CEO being a founder, and the CEO's reputation were used, the research findings would have a higher level of reliability. Due to the limitations in the existence of reliable databases and the impossibility of collecting the mentioned information, the use of this measurement index has not been possible. Therefore, this limitation should be considered in using the research results.

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Conflict of Interests

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