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Accounting Information Quality and Cost of Capital: The Moderating Role of Ownership Structure

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Abstract

The purpose of this study is to determine the relationship between Accounting Information Quality (AIQ) and Cost of Capital (CoC) and whether there are differences in the relationship between AIQ and CoC that can be attributed to ownership level. The statistical population of the study was companies listed on the stock exchange during the 8-year period from 2011 to 2018, with a total of 143 companies studied. According to the findings, there is a positive and significant relationship between the quality of accounting information and the CoC, as well as the effect of institutional ownership on the relationship between the quality of accounting information and the CoC, and the effect of government ownership on the relationship between the quality of accounting information and the CoC is negative.

Keywords: Accounting information quality, Cost of capital, Ownership structure, Institutional ownership, Information asymmetry.

1 | Introduction

Today, with the expansion of economic activities, financial and capital markets, access to accurate and timely information, as well as its accurate and realistic analysis, is the most important tool for making the right decisions, obtaining the expected benefits and making the optimal use of financial resources. In today's societies, information plays an important role in the financial markets, and one of the reasons for the progress of developed societies is the optimal and effective use of this information [1].

The manager's primary goal is to minimize the cost of financing and maximize shareholder wealth. According to agency theory, managers' decisions may not always be in the best interest of shareholders. One of the mechanisms that can support shareholder rights is full disclosure. By increasing the level of disclosure,

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information asymmetry is reduced, which ultimately leads to a reduction in transaction costs and the Cost of Capital (CoC) [2].

The achievement of long-term economic goals depends on the proper functioning of financial markets, and the proper functioning of financial markets, especially the capital market, depends on the existence of high-quality information. The effective disclosure of information to external users in a reliable and timely manner is the responsibility of financial reporting. In addition to reducing the information asymmetry between the company's management and external investors, high quality information also reduces the information asymmetry among market participants and increases the likelihood that shareholders will be able to carry out necessary operations on the company's shares at the desired time and at a reasonable price; therefore, information disclosure can reduce information inefficiency and thereby improve market conditions and increase the liquidity of the company's shares.

It is important to be aware of the impact of Accounting Information Quality (AIQ) on other market variables, including stock liquidity and CoC [3], [4]. Previous research has also shown that ownership structure affects the CoC and the quality of accounting information. Therefore, the present study seeks to answer the question of whether there is a significant relationship between the quality of accounting information and the CoC? It also seeks to determine whether the level and structure of ownership, as the main motivation for reducing information asymmetry in companies, moderates the relationship between the above variables?

2 | Literature and Research Background

2.1 | Theoretical Literature

Today, financial statements are recognized as the primary source of information reflecting the results of operations, financial position, and cash flows of business entities and it is for this reason that the basis for the preparation of financial statements -the accounting standards- is of great importance and one of the most important requirements for the preparation and presentation of financial information of the desired quality is the establishment and formulation of accounting principles and standards and their observance in practice [5], so that the financial information presented in financial reports is of appropriate quality for users to make decisions. Financial accounting information is an important source of firm-specific information that shareholders use to monitor managers, so high quality financial reporting can reduce the problems and external financing costs of firms and improve firm performance [6].

Previous studies have examined the relationship between the quality of accounting information and the CoC, and some of these studies have shown that high-quality accounting information provides investors with a better understanding of information related to business transactions. Therefore, low quality information causes information asymmetry between managers and shareholders, and due to the existence of information asymmetry, investors cannot correctly recognize the true economic value of the company, which is part of the inseparable functions of management, which creates the problem of adverse selection [6]. Therefore, high quality accounting information reduces information asymmetry and transaction costs, while facilitating capital allocation, reducing information risk, and lowering the CoC.

Hsieh et al. [7] argued that firms with better AIQ are more likely to engage in earnings smoothing, thereby increasing and widening the information asymmetry between investors and the CoC. Lambert et al. [8] also believe that the quality of accounting information can directly and indirectly affect the CoC, and their research results have shown that increasing the quality of accounting information reduces the CoC. Krismiaji and Raharja [6] also find that AIQ increases shareholders' CoC.

Sloan [9] was one of the first to argue that there are conflicting findings in this regard, and that this is likely due to the fact that different types of investors differ in their ability to understand the requirements of accrual pricing. Some researchers believe that earnings manipulation is less prevalent in companies with a higher proportion of institutional investors in their ownership structure because these investors monitor the company's performance more closely than independent investors. Institutional owners, by employing

professional analysts to monitor the quality of the firm's accounting information, influence the replacement of managers who report low quality accounting figures therefore, their presence reduces information asymmetry and the CoC. The risk of shareholders and bondholders is also based on the asymmetry of information between them and managers. This information asymmetry creates uncertainty and increases the CoC. Financial reports provide necessary information to investors, creditors, and other users, reducing information asymmetry and affecting the CoC risk [10].

Managers who focus on short-term profits have less incentive to monitor financial reporting and firm performance, which increases the scope for managers to manipulate earnings toward market expectations and creates information asymmetry and the CoC; Therefore, high quality financial reporting can reduce the agency problem and improve the economic performance of firms, which in turn can reduce the cost of external financing. Based on these mixed results, an important intermediary, institutional owners, plays an important role in the discussions of shareholder value creation and governance of public companies. Institutional owners, by their very nature, have a degree of influence that they can use to monitor and direct management's performance in the interests of shareholders [11]. Their presence in the company's ownership structure affects the way in which the company's operations are monitored.

2.2 | Research Background

Nikomaram and Amini [12] examined the quality of earnings and the CoC, and the results of this study indicate that there is an inverse and significant relationship between the dimensions of AIQ and the Cost of Equity (CoE). Pourheidari and Bagheri [13] examined the relationship between the quality of financial information and the cost of common stock capital. Their findings show that there is a positive and significant relationship between the quality of financial information disclosed by the firm and the cost of common stock capital.

Salehnejad et al. [14] investigated the effect of information quality on systematic risk and CoC. The results of this study indicate that the CoC and systematic risk are affected by earnings quality and decrease with increasing earnings quality, which is an indication of the reaction of investors and financial creditors to earnings quality and may also be an indication of the impact of information quality on the CoC through its effect on market risk. Fakhari and Ghorchaei [15] examined accounting information, CoC, and excess return on equity, emphasizing the role of earnings quality in companies listed on the Tehran Stock Exchange. The results indicate that there is a significant relationship between accounting information and CoC, and in particular, earnings quality, as an important element of financial reporting, has a negative and significant relationship with CoC, and CoC also has an inverse relationship with excess shareholder return.

These results confirm the usefulness of accounting information, especially earnings quality, on CoC and return per share. Hashemi Gohar et al. [16] examined the effect of institutional ownership on corporate transparency and information risk of companies listed in Tehran Stock Exchange. The research results showed that increasing the percentage of institutional ownership in a company increases the level of corporate transparency, while increasing this ratio is associated with a decrease in accounting information risk and also confirms the controlling effect of institutional owners on the structure of the board of directors and financial reporting of companies.

Mousavi Shiri et al. [17] examined family ownership and financial reporting quality in Iran from the auditors' perspective. The results show that audit risk and audit fees are lower in family firms than in non-family firms, and auditors' efforts in these types of firms are significant. Heidarpour and Nazari [18] examined the effect of agency costs on the relationship between the corporate governance system and the CoE capital. The statistical population of this study is companies listed on the Tehran Stock Exchange between 2008 and 2014. 140 companies are included.

The results of the research show that there is an inverse relationship between the corporate governance system and the CoE capital; that is, the better the governance system, the lower the financing costs that companies incur and the lower the returns that investors demand from them. In fact, the lower the agency costs, the

more confident investors are and the more financial capital is available to firms. Agency costs and investment opportunities also affect the relationship between corporate governance and the CoE.

Eliwa et al. [19] examine the relationship between earnings quality and shareholders' CoC; evidence from the United Kingdom. The results show that there is a significant negative relationship between each indicator of accounting earnings quality and the CoC. Also, during the financial crisis, the relationship between earnings quality and the CoE is larger than before the crisis, and investors attach more importance to the intrinsic component of accrual quality than the discretionary component. Yu and Wang [20] examine the effect of information disclosure quality on the cost of financing capital. The results suggest that increasing the quality of information disclosure reduces the CoE capital.

Dakhlaoui et al. [21] examined the quality of financial information on the CoE capital; evidence from Tunisia. The results show that there is a negative relationship between three characteristics of financial information quality: earnings quality, financial transparency, and audit quality with shareholders' CoC. In addition, a nonlinear relationship between the financial information quality index and CoC is confirmed through robustness control. Krismiaji and Raharja [6] examine corporate governance, AIQ, and shareholders' CoC in the context of agency and information asymmetry issues. The results of the study show that there is a negative relationship between the quality of accounting information and shareholders' CoC, which means that the quality of accounting information increases the quality of shareholders' CoC, and also managerial and institutional ownership has a negative effect on the quality of CoC, which means that corporate governance reduces the quality of CoC.

Boons [10] examines financial reporting quality, the CoC, and firms' financing decisions. The results of this paper show a positive and significant correlation between financial reporting quality and asset and debt financing, and firms with higher financing needs are likely to increase their financial reporting quality, which leads to a decrease in the CoC. Perdana [22] examines the quality of accounting information and investor choice from a governance perspective. The results indicate that, with respect to government involvement, the quality of governance and accounting information affects and enhances investment choice.

Arthur et al. [23] examine the effect of financial reporting quality on firm ownership concentration. The results show that there is a nonlinear relationship between financial reporting quality and financial ownership structure, which is particularly negative in a relatively broad ownership structure with non-controlling shareholders, indicating the effect of confounding factors, and when ownership is highly concentrated, especially with controlling shareholders whose interests are aligned with the firm, the relationship turns into a positive and aligning effect.

Diyanty et al. [24] examine the quality of accounting information and disclosures and the Cost of Debt (CoD). The results show that the quality of accounting information, measured by earnings, has a negative and significant effect on the CoD and does not affect the predictability of the CoD, measured by earnings. In addition, board reporting has a positive and significant effect on the CoD; therefore, the CoD is affected by both financial accounting information and non-financial factors such as board characteristics. Examining the impact of government ownership on the CoD and valuation of listed firms in Vietnam, Ben Le [25] finds that firms with relatively higher government ownership have lower debt costs than other firms. As a result, these firms have higher profitability valuations, and firms without government ownership have higher debt costs than other firms, resulting in a negative relationship between government ownership and debt costs.

3 | Research Method, Research Model and Measuring its Variables

This research is applied in its purpose. In terms of its inference method, this research is a descriptive-correlation type. In terms of its research design, it is a post-event research type. The statistical population of this study includes all companies listed on the Tehran Stock Exchange whose type of activity is fundamentally different from other companies.

The following criteria are used to select the sample of companies listed on Tehran Stock Exchange during 2011-2018:

I. The company should not change its fiscal year or activity during the study period.

II. The end of their fiscal year should be the end of March so that the information is comparable.

III. In order for the information to be homogeneous, their activity should be production. (Not financial and credit companies, insurance companies, etc.).

IV. The company's financial information should be available during the period under study.

V. The companies should not have an operational break of more than three months.

Considering the above, the sample for this study will be selected from the statistical population through judgment and systematic elimination in such a way that companies that do not meet the above conditions will be eliminated from the sample. As a result, the number of companies that had the above characteristics and could be used as a statistical sample was 143 companies, so the number of observations was 1144 company years. For the collection of research data we use the library method and the tools of statistical reports and financial statements of the companies under study. The raw information and data needed by the companies to test the research hypotheses are collected using innovative software and, in many cases, directly from the companies' financial statements, which are available on compact discs published by the stock exchange organization and on the website Codal[1].

The measurement of variables and the testing of hypotheses are as follows:

I. *Model (1)* is used to test the first hypothesis of the research:

$$\mathrm{COC}_{i,t} = \beta_0 + \beta_1 \mathrm{AIQ}_{i,t} + \beta_2 \mathrm{SIZE}_{i,t} + \beta_3 \mathrm{LEV}_{i,t} + \beta_4 \mathrm{PROF}_{i,t} + \beta_5 \mathrm{MB}_{i,t} + \beta_6 \mathrm{AGE}_{i,t} + \varepsilon_{i,t} \quad (1)$$

II. *Model (2)* is used to test the second hypothesis of the research:

$$\mathrm{COC}_{i,t} = \beta_0 + \beta 1 \mathrm{AIQ} + \beta_2 \mathrm{INST}_{i,t} + \beta_3 \mathrm{INST}_{i,t} \times \mathrm{AIQ}_{i,t} + \beta_4 \mathrm{SIZE}_{i,t} + \beta_5 \mathrm{LEV}_{i,t} + \beta_6 \mathrm{PROF}_{i,t} + \beta_7 \mathrm{MB}_{i,t} + \beta_8 \mathrm{AGE}_{i,t} + \varepsilon_{i,t} \quad (2)$$

III. *Model (3)* is used to test the third hypothesis of the research:

$$\mathrm{COC}_{i,t} = \beta_0 + \beta_1 \mathrm{AIQ} + \beta_2 \mathrm{GOV}_{i,t} + \beta_3 \mathrm{GOV}_{i,t} \times \mathrm{AIQ}_{i,t} + \beta_4 \mathrm{SIZE}_{i,t} + \beta_5 \mathrm{LEV}_{i,t} + +\beta_6 \mathrm{PROF}_{i,t} + \beta_7 \mathrm{MB}_{i,t} + \beta_8 \mathrm{AGE}_{i,t} + \varepsilon_{i,t} \quad (3)$$

The operational and conceptual definition of each variable in the above models is the following:

Dependent variable: CoC

In this study, the Weighted Average Cost of Capital (WACC) was used to calculate the CoC. The calculation of this ratio consists of two parts: 1) CoE, and 2) CoD.

According to Omran and Pointon [26], the CoE is the inverse of the PE ratio:

$$\mathrm{CoE} = \frac{1}{\left[\frac{\mathrm{P}}{\mathrm{EPS}} - \frac{(\mathrm{EPS} - \mathrm{DIV})}{\mathrm{EPS}}\right]}.$$

In this formula, P is the current year's share price, EPS is the earnings per share, and DIV is the cash dividend paid.

Also, the CoD is obtained by dividing the financial cost (interest) by the total debt at the end of the period. The following equation is used to calculate WACC:

$$\mathrm{WACC} = \left[\mathrm{CoE} \times \left(\frac{\mathrm{E}}{\mathrm{E}+\mathrm{D}}\right) + \mathrm{CoD} \times (1-\mathrm{t}) \times \left(\frac{\mathrm{D}}{\mathrm{E}-\mathrm{D}}\right)\right].$$

[1] www.codal.ir

In the above formula, E is the book value of equity, D is the book value of total liabilities, and t is the tax rate, which is 25%.

Independent variables: AIQ

In this study, the model of Dechow and Dichev [27] is used. The model is as follows:

$$\frac{TCA_{i,t}}{A_{i,t}} = \frac{CFO_{i,t-1}}{A_{i,t}} + \frac{CFO_{i,t}}{A_{i,t}} + \frac{CFO_{i,t+1}}{A_{i,t}} + \varepsilon_0$$

In this equation, TCA equals total accruals, which is the difference between the company's operating income and the company's cash flow from operating activities. A is the total assets of the current year, CFO is the operating cash flow of the company in the previous, current and next year of the company, ε is the residual values obtained from the model, which are an indicator for determining the values of earnings management. The regression residual is the unrealized cash flow, which is related to the expected accruals. The standard deviation of all error values is used to assess the quality of a company's accruals. A high standard deviation indicates a low quality of accruals and accounting information. Values above the resulting median indicate low quality and take the number zero, otherwise take the number one.

Modifier variable

Ownership structure: institutional and government ownership is used to calculate each of the two indicators.

$GOV_{i,t}$: the amount of government ownership, calculated as the total shares held by government shareholders divided by the total shares issued by the company. After calculating the figures above the median, it is 1, otherwise it is 0.

$GOVH_{i,t}$: concentration of state ownership, using the Herfindahl-Hirschman index. According to the calculation, numbers above the median are equal to 1, otherwise to 0.

$INST_{i,t}$: the amount of institutional ownership, calculated as the total shares held by institutional shareholders divided by the total shares issued by the company. After calculating the figures above the median, it is 1, otherwise it is 0.

$INSTH_{i,t}$: concentration of institutional ownership, using the Herfindahl-Hirschman index. According to the calculation, numbers above the median are equal to 1, otherwise to 0.

It should be noted that, as mentioned above, ownership concentration in this study is measured using the Herfindahl-Hirschman index. The Herfindahl-Hirschman index is an economic indicator used to measure the degree of monopoly in the market. Thus, each supplier's market share percentage is raised to the power of 2 and then summed. The result is between 0 and 1. The closer it is to 1, the more concentrated it is, and the closer it is to 0, the less concentrated it is; therefore, firms with high ownership concentration are assigned a number of 1 and other firms are assigned a number of 0. If the number is above the median, it is assigned the number 1, otherwise it is assigned the number 0.

Control variable

Company size (SIZE): the natural logarithm of market capitalization is used to calculate company size.

Financial leverage (LEV): calculated by dividing total debt by total assets.

Return on Assets (ROA): the ratio of net income to the company's total assets.

Profitability (Prof): it is obtained by dividing net income by total assets.

Company growth (MB): calculated by dividing the market value of equity by its book value.

Company age (Age): the natural logarithm of the number of years the company has been publicly traded.

4|Analyzing Data

4.1|Data Descriptive Stats

Table 1 shows the status of the data based on descriptive statistics as follows:

Table 1. Descriptive statistics results.

Variable Name	Symbol	Average	Median	Max	Min	SD.
Cost of capital	COC	0.0635	0.0482	0.6183	0.0016	0.0570
Company size	SIZE	13.8937	13.6836	18.9259	9.9441	1.6998
Profitability	PROF	0.1361	0.1153	0.6747	-0.5896	0.1559
Business growth	MTB	1.9482	1.7725	4.9509	-1.2692	1.0969
Financial leverage	LEV	0.5645	0.5326	2.6594	0.0021	0.3763
Company age	AGE	2.8244	2.8332	3.9512	0.6931	0.4766

Table 2 shows the frequency table of the dummy variables.

Table 2. Frequency of other variables.

Government Ownership		Audit Firm Size		Institutional Ownership		Accounting Information Quality	
Values (0)	Values (1)	Values (0)	Values (1)	Values (0)	Values (1)	Values (0)	Values (1)
702	442	984	160	988	156	615	529
61%	39%	86%	14%	83%	14%	54%	46%

Based on the results of *Table 1*, the average CoC in the companies studied is about 6 percent. The average profitability of these companies is 13 percent, and 56 percent of the companies' assets come from debt. Also, the average growth of the companies was about 2 times. On average, 39% of the companies are state-owned and 14% are institutionally owned. In addition, about 14% of the companies were audited by the audit organization. About 54% of the companies had high quality reporting.

4.2|Results of Research Hypothesis Testing

4.2.1|Results of testing the first hypothesis

The first hypothesis, which states that there is a significant relationship between the quality of accounting information and the cost of capital, uses *Model (1)* and fixed effects regression, the results of which are presented in *Table 3*.

Table 3. Results of the first hypothesis test on the basis of fixed effects.

Variable Name	Symbol	Coeff.	Sd.	T-Statistic	Sig.
Accounting information quality	AIQ	-0.022	0.0034	-6.4211	0.000
Company size	SIZE	0.0048	0.0025	1.8996	0.0578
Profitability	PROF	0.0096	0.0146	0.6596	0.5096
Company growth	MTB	-0.0043	0.0017	-2.4412	0.0148
Financial leverage	LEV	0.0247	0.0069	3.5834	0.0004
Company age	AGE	0.0150	0.009	1.6602	0.0972
Audit Firm size	BIG	0.0019	0.0073	0.2701	0.7871
Constant	C	-0.0435	0.0334	-1.3034	0.1927
R-squared	0.4627	F statistic		5.7464	
Adj R-squared	0.3822	Prob		0.0000	
		D-W Stat.		1.5945	

Based on the results of *Table 3*, the value of Fisher's F statistic is (5.7464) and its significance level is (0.000), which indicates the overall significance of the research model. The Durbin-Watson (D-W) statistic of 1.5945 also indicates that there is no autocorrelation among the lags. Also, 38 percent of the changes in the dependent variable can be predicted by the independent variable, which is the quality of accounting information.

The results of the research model test at the 95% confidence level show that there is a negative and significant relationship between the quality of accounting information and the cost of capital. The results also show that there is a positive and negative relationship between financial leverage and growth opportunities with the cost of capital, respectively. In other words, the first hypothesis is accepted.

4.2.2 | Results of testing the second hypothesis

The second hypothesis is that institutional ownership has an effect on the relationship between AIQ and cost of capital. *Model (2)* and fixed effects regression were used and the results are presented in *Table 4*.

Table 4. Results of the second hypothesis test on the basis of fixed effects.

Variable Name	Symbol	Coeff.	SD.	T-Statistic	Sig.
Accounting information quality	AIQ	-0.0191	0.0037	-5.1205	0.000
Institutional ownership	INS	0.019	0.0095	1.9948	0.046
Interaction effect	AIQ*INS	-0.0184	0.0091	-2.0103	0.0447
Company size	SIZE	0.005	0.0025	1.973	0.0487
Profitability	PROF	0.0097	0.0146	0.6645	0.5065
Company growth	MTB	-0.0045	0.0017	-2.5486	0.011
Financial leverage	LEV	0.0256	0.0069	3.710	0.0002
Company age	AGE	0.0141	0.009	1.5614	0.1187
Audit firm size	BIG	0.0065	0.0087	0.7512	0.452
Constant	C	-0.0471	0.0335	-1.405	0.1601
R-squared	0.4660			5.7344	F statistic
Adj R-squared	0.3847			0.0000	Prob
				1.6028	D-W Stat

Based on the results of *Table 4*, the value of F statistic is (5.7344) and its significance level is (0.000), which indicates the overall significance of the research model. The Durbin-Watson (D-W) statistic of 1.6028 also shows that there is no autocorrelation among the lags. Also, 38 percent of the changes in the dependent variable can be predicted by the independent variable, which is the quality of accounting information.

The results of the research model test at the 95% confidence level show that there is a negative and significant relationship between the quality of accounting information and the interactive effect of institutional ownership and the quality of accounting information with the cost of capital. The results indicate that there is a positive relationship between institutional ownership, financial leverage and company size with the cost of capital. There is also a negative relationship between firm growth and cost of capital. In other words, the second hypothesis of the research is accepted.

4.2.3 | Results of testing the third hypothesis

The third hypothesis, based on the relationship between the quality of accounting information and the cost of capital, is that government ownership has an effect on the relationship between the quality of accounting information and the cost of capital. *Model (3)* and fixed effects regression were used and the results are presented in *Table 5*.

Table 5. Results of the third hypothesis test on the basis of fixed effects.

Variable Name	Symbol	Coeff.	SD.	T-Statistic	Sig.
Accounting information quality	AIQ	-0.0243	0.0043	-5.6293	0.000
Government ownership	GOV	0.0027	0.0067	0.4049	0.6856
Interaction effect	AIQ*GOV	0.0057	0.0066	0.8748	0.3819
Company size	SIZE	0.0051	0.0025	1.9808	0.0479
Profitability	PROF	0.0104	0.0146	0.7127	0.4762
Company growth	MTB	-0.0044	0.0017	-2.4715	0.0136
Financial leverage	LEV	0.0244	0.0069	5.5308	0.0004
Company age	AGE	0.0148	0.009	1.6454	0.1002
Audit firm size	BIG	0.0017	0.0074	0.2327	0.8160
Constant	C	-0.0469	0.0336	-1.3944	0.1635
R-squared	0.4636	F statistic		5.6790	
Adj R-squared	0.3820	Prob		0.0000	
		D-W Stat.		1.5956	

Based on the results of *Table 5*, the value of Fisher's F statistic is (5.6790) and its significance level is (0.000), which indicates the overall significance of the research model. The Durbin-Watson (D-W) statistic of 1.5956 also shows that there is no autocorrelation among the lags. Also, 38 percent of the changes in the dependent variable can be predicted by the independent variable, which is the quality of accounting information.

The results of the research model test at 95% confidence level show that there is a negative and significant relationship between the quality of accounting information and the growth of the company with the cost of capital, while there is no significant relationship between government ownership and its evolutionary effect with the quality of accounting information and the cost of capital. The results indicate that there is a positive relationship between financial leverage and the size of the company with the cost of capital. Accordingly, the third hypothesis of the research is not accepted [28].

5 | Conclusion

Decision-making by investors in companies, and in other words the proper allocation of scarce resources in society, requires the existence of highquality financial information. What ensures the provision of such quality information is the existence of a framework within which the producers of financial reports and accounting information can successfully perform this task [29], [30]. This framework consists of accounting standards developed with the aim of improving the quality of information and fulfilling the role of accounting information. The question has been raised as to whether there are differences in the relationship between AIQ and CoC that can be attributed to the level of institutional ownership; Therefore, by raising this question, we have prepared the ground for conducting research on this issue and proposed hypotheses [31], [32].

Once the hypotheses were formulated, variables were identified to operationalize the hypotheses and variables were determined to test the hypotheses using the theoretical foundations of accounting and previous research. These variables were set up in the form of models to assess the quality of information, and three models were derived. Once the variables were determined, common econometric analyses were used to examine the relationships between variables, test hypotheses, and estimate. Using appropriate tools, the data needed to test the hypothesis were collected, categorized, and analyzed, and then the hypotheses were tested. The results of statistical tests of the hypotheses were presented in the fourth chapter, and it was found that two of the three models examined for assessing the quality of accounting information observed a significant effect of the implementation of accounting standards to improve the quality of information, and in another model no such significant effect was observed.

According to the findings, there is a relationship between the quality of accounting information and the cost of capital, and there is no relationship regarding the effect of government ownership on the relationship

between the quality of accounting information and the cost of capital, but there is a relationship regarding the effect of institutional ownership on the relationship between the quality of accounting information and the cost of capital. The results of the present study, despite some differences, generally confirm previous research, which indicates the reliability of the research results and the consensus of the researchers on the subject under discussion. This section discusses some of the studies that are related to the research question and mentioned in the background section of chapter 2. According to the results of the first hypothesis, there is a relationship between the quality of accounting information and the cost of capital.

This study is consistent with the findings of studies by Nikomaram and Amini [12], Pourheidari and Bagheri [13], Fakhari and Ghorchai [15], Salehnejad et al. [14], Eliwa [19], Yu and Wang [20], Krismiaji and Raharja [6], both domestically and internationally, which contrasts with the findings of Boons [10]. The above result also seems acceptable and logical from an empirical point of view, because as the quality of accounting information increases, the CoC decreases, and as a rule, the existence of such conditions can create a reliable and acceptable situation for companies and information users.

According to the results of the second hypothesis, there is a significant negative relationship between the quality of accounting information and the effect of institutional ownership, and the quality of accounting information with the cost of capital. This result can be considered consistent with the findings of Arthur et al. [23], Krismiaji and Raharja [6], Heydarpour and Nazari [18], and in contrast to the study of Perdana [22]. According to the results of the third hypothesis, there is a negative and significant relationship between the quality of accounting information and the growth of the firm with the cost of capital, and there is also a positive relationship between financial leverage and the size of the firm with the cost of capital, so the third hypothesis is not accepted. This result is contrast to the research of Ben Le [25].

The following are suggested based on the findings and results of the research:

I. If the quality of accounting information is low, investors will spend a lot of money to obtain this information (their monitoring costs increase). Therefore, the more companies, suppliers, and even standard-setters pay attention to the quality of information, the easier it will be for investors to invest, and the lower the CoC for them and even the CoD for lenders. In that case, they will be more willing to invest in those companies, which in turn will attract more capital to those companies.

II. Since institutional ownership oversees the proper execution of this work, it can be a powerful tool for its correctness; however, state ownership is not like this because it is perceived to be based on relationships and overseen by the government. Companies may even be state-owned, in which case the quality of information decreases because they are supported by the government. On the other hand, due to the existence of political relationships, the lack of attention to the quality of information is not very important.

III. It is suggested that researchers in their future research can examine this research in a specific industry and can also separate and calculate the CoD from equity, and can also separate the debt and capital structure and even examine the type of financing.

Authors' Contributions

Chenguang Wang and Faezeh Pirouz jointly contributed to the conceptualization, methodology, data analysis, and manuscript writing. Chenguang Wang was responsible for data collection and statistical analysis, while Faezeh Pirouz contributed to the literature review and discussion of findings. Both authors reviewed and approved the final manuscript.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this research.

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Data Availability Statement

The data used in this study were obtained from publicly available financial reports of stock exchange-listed companies. Additional details and datasets supporting the findings of this study are available upon reasonable request from the corresponding author.

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