

Extended Abstract

Purpose

Basically, the ability to predict profit in company evaluation provides useful information. In fact, in order to achieve continuous and stable profits, company managers try to eliminate periodic fluctuations in profits and plan profits with a constant growth rate. For this reason, identifying factors affecting the accuracy of profit forecasting has always been of interest. The purpose of this study is to investigate the predictability of profit through the company's past profit and to investigate the moderating role of historical profit management in predictability. The present research has used the data and information of the companies admitted to the Tehran Stock Exchange during the years 2014 to 2020. The method of data analysis was multivariate linear regression, which was done using panel data and effects. The findings showed that the company's past profit positively predicts the company's future profit. Also, the results showed that the company's historical profit management affects the profit predictability, so that the higher the company's past profit management, the lower the profit predictability.

- Examining the predictive power of historical profit in predicting future profit
- Investigating the moderating role of low historical profit management in predictability of future profit based on historical profit in Iran's capital market

Methodology

This research, in terms of the type of goal, is applied research of semi-experimental and post-event type, because in the current research, information and data from the past (research period) have been used. Also, according to the method of data collection, the current research is classified as descriptive research. On the other hand, since the research examines the relationship between the research variables, it is considered quantitative research and in terms of argumentation method, it has also used the inductive method. The statistical population in this research is all the companies admitted to the Tehran Stock Exchange, and the reason for that is the comprehensive information that the Tehran Stock Exchange Organization has about the companies and the extent and manner of their financial and economic performance. Therefore, the only and most reliable database, based on its data, one can access financial information sources of companies and analyze and test the research model, is Tehran Stock Exchange Organization. Therefore, companies with the following steps and screening sampling remain in the sample:

- Companies must be members of the Tehran Stock Exchange during the research period (2014 to 2016).
- The financial year of the company must end in March of each year and the financial year has not changed during the period of the company's research.
- The company should not be under banks or investment companies.
- The company should not be under the financial intermediation, investment, monetary institutions and holding companies.
- The company's financial information is available and available during the current research period.

Finding

According to the results of the regression model test to analyze the first hypothesis of the research, it can be seen that the desired regression model is significant and acceptable. The adjusted coefficient of determination also indicates that approximately 58% of the changes in the dependent variable (future profit) can be explained by the independent variables of the model

According to the results of the regression model test to analyze the second hypothesis of the research as described in the above table, it can be seen that according to the f statistic and its significance level which is less than the critical value of 0.05, the desired regression model is at a significant level and It is acceptable. The adjusted coefficient of determination is equal to 0.14 and indicates that approximately 14% of the changes in the dependent variable (future profit) can be explained by the independent variables of the model; Also, Durbin Watson's statistic is equal to 1.59, which is between 1.5 and 2.5 and indicates the lack of autocorrelation between the variables. The coefficient of the interaction variable (historical earnings management x past earnings) was negative, as a result, historical earnings management moderates the positive effect of past earnings on future earnings. Also, according to the t-statistic and P-value of historical profit management, which is less than 0.05, the results indicate the

significant effect of historical profit management on the company's future profit at the 95% confidence level.

Conclusion

The results of this research confirm the first hypothesis of the research and show that the company's past profit has a positive effect on its future profit. In other words, the past profit can predict the future profit of the company. Therefore, the first hypothesis regarding the ability to predict the future profit through the past profit of the company is accepted. In addition, the results of the second hypothesis of the research also confirmed and showed that in companies whose managers had strong motivations for profit management in the past, the positive effect of past profit on future profit is moderated. In other words, the past profit in companies that have had more profit management and profit manipulation in the past, can less predict the future profit of the company. Therefore, the second hypothesis based on the moderating role of historical profit management on the predictability of future profit through past profit is also accepted.