

# **The Effects of Tacit Knowledge on Earnings Management Behavior at Different Levels of Monitoring and Firm Performance**

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**The Tacit knowledge is personal knowledge and skills unspeakable. This knowledge as the main body of organizational knowledge plays a key role in the success of organizations it is also an important stimulus to creativity and innovation. It is expected that managers in organizations when making important decisions, were in under the influence of their tacit knowledge and if they are placed under monitoring, reduce your opportunistic behaviors. , therefore, the purpose of this study is to evaluate the effect of Tacit Knowledge on Earnings Management Behavior at Different Levels of Monitoring and Firm Performance. In this regard, ten hypotheses have been formulated. To test hypotheses 1 through 6, Research data has been tested based on an example of a 550 Firm-year 2013 to 2017. To analyze the research data, a multivariate regression model has been used. Findings of the research show that the tacit knowledge of CEO earnings management based on accruals has a positive and significant effect. But it does not have a significant impact on Real earnings management .But Contrary to the expectations, financial expertise and independence of the Audit Committee do not have a significant impact on the relationship between tacit knowledge and accruals-based earnings management. Based on the results, Part of the accrual-based earnings management derives the CEO's tacit knowledge. But it seems Due to weak control environment in Iranian companies and limited audit committee experience, no careful monitoring of managers' behavior has been done and this will undermine the rights of other stakeholders. Also to test the seventh to tenth hypotheses, used the test design (using controlled environment).In the test plan mentioned above, considered monitoring through internal audit. For this purpose, a scenario for the subjects has been designed. The research results show that Reduce the probability of Earnings management in the event of monitoring for**

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**people with higher tacit knowledge, But no significant effect was observed for people with less tacit knowledge. Keywords: Tacit Knowledge, Earnings Management through Accrual-Based, Real Earnings Management, Audit Committee, Internal Audit.**

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