



# Faculty of Business Administration

**SEMINAR SERIES No. 10/1011**

*Accounting*

## **“The Impact of Corporate Governance on Informative Earnings Management in China”**

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### **Abstract**

This study investigates the relationship between internal corporate governance measures and informative earnings management for Chinese firms. While many previous studies on earnings management adopted the opportunistic perspective, we examine earnings management from an informative perspective, treating discretionary accruals as a means for managers to signal inside information to stakeholders. We postulate that the better the internal corporate governance mechanisms, the more likely is the firm to engage informative earnings management. By relating informative earnings management with ownership as measured by blockholders, duality of the CEO and the board of directors' chairman, activeness of the board of directors, the supervisory board and the shareholders, percentage of non-negotiable shares, percentage of independent directors and supervisory board members over total directors, and cross-listing status, we develop ten hypotheses. Our regression results support all our hypotheses, indicating that better corporate governance leads to informative earnings management and therefore more transparent reporting.

**Date:** March 10, 2011 (Thursday)

**Time:** 15:00 – 16:30

**Venue:** JM12

**ALL ARE WELCOME!**

## **A Short Biography of Prof. Morris Liu**

Dr. Morris Liu got her Ph.D. degree in Accounting from Hong Kong Baptist University. He joined the University of Macau in 2006 and returned to Baptist University in 2010. Dr. Liu has published actively a number of international prestigious journals. He was also invited to be reviewer of many international journals. His paper titled “A Piece-wise Linear and Curvilinear Analysis of the Impact of Directors’ Ownership and Corporate Governance on Accounting Fee” won the best paper award in the 2nd International Conference of Accounting and Business Information Management. Dr. Liu’s research interests are in the areas of Corporate Governance, Financial Accounting, Auditing, and Auditing behavior.