

Association between Corporate Governance Mechanisms, Characteristics of Top Management Teams and Earnings Management

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Abstract

Although there has been much business research focused on earnings management and corporate governance, there has been little investigation on whether top management teams exacerbate or diminish opportunistic earnings management behavior. This study examines whether monitoring an enterprise to reduce earnings management by corporate governance and use of a top management team will affect this type of behavior. The results show that corporate governance provided a partial supervision effect. For example, the use of Big Four auditing firms and information disclosure rankings enhance the quality of governance in the electronics industry. This study also demonstrates top management teams exacerbate earnings management. Does corporate governance can diminish the earnings management behavior of the top management team? The results provide a new direction for future researches.

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