

# Accepted Manuscript

The Impact of Earnings Management on the Extent of Disclosure and True Financial Performance: Evidence from Listed Firms in Hong Kong

Ebrahim Bazrafshan, Amene S. Kandelousi, Chee-Wooi Hooy



PII: S0890-8389(15)00037-2

DOI: [10.1016/j.bar.2015.09.001](https://doi.org/10.1016/j.bar.2015.09.001)

Reference: YBARE 707

To appear in: *The British Accounting Review*

Received Date: 29 July 2014

Revised Date: 19 August 2015

Accepted Date: 5 September 2015

Please cite this article as: Bazrafshan, E., Kandelousi, A.S., Hooy, C.-W., The Impact of Earnings Management on the Extent of Disclosure and True Financial Performance: Evidence from Listed Firms in Hong Kong, *The British Accounting Review* (2015), doi: 10.1016/j.bar.2015.09.001.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

# The Impact of Earnings Management on the Extent of Disclosure and True Financial Performance: Evidence from Listed Firms in Hong Kong

Ebrahim Bazrafshan<sup>a</sup> \*

Amene S. Kandelousi<sup>b</sup>

Chee-Wooi, Hooy<sup>a</sup>

## Abstract

This paper challenges the notion that seeking to increase disclosure may not necessarily improve firm performance. Using Hong Kong listed firms subject to increase the extent of disclosure, this paper shows that the net benefit of disclosure is contingent on conditions such as the quality and integrity of a firm's information. We demonstrate that a nonlinear relation exists between disclosure and firm performance when measured performance is adjusted for the impact of earnings management, over the period from 2006 to 2013. The results of our study show that corporate disclosure is likely to result in benefits, but after an optimum level, increasing disclosure reduces true firm performance. This optimum level also falls when differences between other firm's monitoring environments (e.g., independent boards) are in place. These results indicate that intense monitoring of CEOs offsets the advantage of additional corporate disclosure.

*Keywords:* Disclosure; Earnings Management; Intense Monitoring; True Firm performance

<sup>a</sup> School of Management, Universiti Sains Malaysia

<sup>b</sup> School of Management, Universiti Teknologi Malaysia

\* Corresponding author, E-mail address: Bazrafshan.e1983@gmail.com

Acknowledgement: This research is supported by an RU grant from the Universiti Sains Malaysia [Grant number 1001/PMGT/816204]. The usual disclaimer applies.

Download English Version:

<https://daneshyari.com/en/article/10489381>

Download Persian Version:

<https://daneshyari.com/article/10489381>

[Daneshyari.com](https://daneshyari.com)