

## Accepted Manuscript

Title: The impact of leverage on accrual-based earnings management: the case of listed French firms

Authors: Safa Lazzem, Faouzi Jilani

PII: S0275-5319(17)30074-0

DOI: <http://dx.doi.org/doi:10.1016/j.ribaf.2017.07.103>

Reference: RIBAF 793

To appear in: *Research in International Business and Finance*

Received date: 25-1-2017

Accepted date: 3-7-2017



Please cite this article as: Lazzem, Safa, Jilani, Faouzi, The impact of leverage on accrual-based earnings management: the case of listed French firms. *Research in International Business and Finance* <http://dx.doi.org/10.1016/j.ribaf.2017.07.103>

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 leverage on accrual-based earnings management : the case of listed French firms**

Safa Lazzem

Doctor in Finance, Faculty of Economic Sciences and Management of Tunis, Tunisia

Faouzi Jilani

Professor of Finance, Faculty of Economic Sciences and Management of Tunis, Tunisia

## **Corresponding author:**

Safa Lazzem, Faculty of Economic Sciences and Management of Tunis

Address: Campus Universitaire Farhat Hached - B.P. 248 - El Manar II - 2092 Tunis

Tel: 0021622985080

E-mail adress: [lazzem\\_safa@hotmail.com](mailto:lazzem_safa@hotmail.com)

**Abstract:** The primary aim of this study is to examine the impact of leverage increases on accrual-based earnings management practices for a sample of French firms indexed in CAC All-Tradable during a period from 2006 to 2012. We use panel data to calculate discretionary accruals and to empirically analyze the effect of firm leverage on the opportunistic behavior of managers. Consistent with debt covenants hypothesis, we find that firm leverage has a positive effect on earnings management for French firms. The empirical results show that leverage increases provide incentives for managers to manipulate earnings.

**Keywords :** Leverage, earnings management, discretionary accruals, panel data, opportunistic behavior.

## **1. Introduction**

After the recent accounting scandals caused by the bankruptcy of several large international firms, a crisis of confidence regarding the reliability of accounting information and the effectiveness of control mechanisms has occurred. In fact, managers can abuse the trust that is

Download English Version:

<https://daneshyari.com/en/article/7413961>

Download Persian Version:

<https://daneshyari.com/article/7413961>

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