

Choice of auditors and earnings management during the Asian financial crisis 🛒

Yew Ming Chia; Irvine Lapsley; Hing-Wah Lee

✚ Author & Article Information

Managerial Auditing Journal (2007) 22 (2): 177–196.

<https://doi.org/10.1108/02686900710718672>

Purpose

This study sets out to examine the effect of the choice of auditors in constraining earnings management within a rule-based reporting framework during the Asian financial crisis.

Design/methodology/approach

Using the iterative seemingly unrelated regression methodology, 383 firm-observations of service-oriented listed companies in Singapore are analysed.

Findings

The results show that service-oriented companies engage in income decreasing earnings management during the crisis period. More importantly, the results indicate that only the Big-6 firms are able to significantly constrain the earnings management of managers of such companies.

Practical implications

The ability of Big-6 firms to constrain earnings management is perceived to add credibility to the quality of reported earnings, and hence contributes to the competitive advantage of the Big-6 firms in the market for auditing services.

Originality/value

The evidence contributes to the literature on corporate governance and the competitiveness of the market for audit services in the context of an economy-wide financial crisis from an Asian perspective.

Keywords: [Auditing](#), [Asian studies](#), [Financial performance](#), [Earnings](#), [Corporate governance](#)

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Client Account

Email address / Username

Password

[Reset password](#)

[Register](#)



Access through your institution

Purchased this content as a guest? Enter your email address to restore access.

Email Address

Pay-Per-View Access €35.00

Buy This Article

This article is also available for rental through DeepDyve.

