



To read this content please select one of the options below:

Add to cart 

32.00€ (excl. tax)  
30 days to view and download

 Access through your institution

 Access and purchase options ▾

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

[Yew Ming Chia, Irvine Lapsley, Hing-Wah Lee](#) ▾

[Managerial Auditing Journal](#)

DOWNLOADS

ISSN: 0268-6902

 6289

Article publication date: 9 January 2007

Standard

Serial [Permissions](#) 

Number.)

## Abstract

### 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

Citation  
Ming Chia, Y., Lapsley, I. and Lee, H. (2007), "Choice of auditors and earnings management during the Asian financial crisis", [Managerial Auditing Journal](#), Vol. 22 No. 2, pp. 177-196. <https://doi.org/10.1108/02686900710718672>

 [Download as .RIS](#)

Publisher: Emerald Group Publishing Limited  
Copyright © 2007, Emerald Group Publishing Limited

