

ABSTRACT

My research aims to examine whether Family Firms (FFs) in developing countries like Vietnam are more involved in real earnings management and accrual-based earnings management than Non-Family Firms (Non-FFs), and to what extent the four board structure characteristics of the size of the board, management board gender diversity, board independence, and board internationalization influence that behavior of FFs.

The paper covers listed non-financial firms in Vietnam over the period from 2014 - 2018 and applies the real earnings management (REM) model initiated by Dechow et al. in 1998 and expanded by Roychowdhury in 2006. Besides, the modified Jones model (1991) for the proxy of accrual earnings management (AEM) is also adopted. The study uses pooled ordinary least square regressions (OLS) for empirical analysis.

The result confirms that FFs in Vietnam manipulate their earnings more than Non-FFs in the period of 5 years through REM activities. Moreover, in FFs, the size of the board and board gender diversification pose significant impacts over the REM and AEM behaviors.

The findings contribute to add more literature to the earnings management study in its relationship with corporate governance together with the different impact of board structure on REM and AEM in FFs. The results also provide regulators and investors with a clearer understanding of the earnings manipulation situation of FFs in Vietnam stock market for future policy and investment decisions.

However, due to a constraint in resources, only a short period of time (5 years) and only board structure variables are investigated. A research covering a longer time span incorporating additional elements, for example, ownership status and audit team characteristics could be interesting in the future.