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**International Diversification, Governance Mechanism, Legal Origin,
and Earnings Management: Evidence from Taiwan**

Chin, Chen-Lung; Chen, Yu-Ju; Hsieh, Tsun-Jui

Abstract

The primary objective of this study is to investigate the impact of corporate internationalization on earnings management. We also explore the mitigating roles of corporate governance and a firm's choice of a higher proportion of common law countries on earnings management. Using a sample drawn from Taiwan, we find that greater corporate internationalization is associated with a higher level of earnings management. Also, we hypothesize and find that companies can reduce the negative effects of internationalization on earnings management by enhancing their corporate governance or investing in a higher proportion of common law countries where there is a better investor legal protection environment and higher information transparency.