The Impact of Audit Committee Characteristics on Earnings Management: Additional evidence from Jordan

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Abstract

This research investigates the impact of audit committees' characteristics (audit committees size, independence, activity, financial expertise, and percentage of common stocks owned by audit committee) on improved accounting conservatism and earnings management practices for a sample of 50 Jordanian industrial corporations listed in Amman Stock Exchange (ASE) during the period of 2004-2009. The study measures accounting conservatism using book-to-market approach and ratio of total accruals to gross profit. By using Pooled Data Regression the study found the audit committee characteristics examined are not significantly related to accounting conservatism with the exception of financial experience of audit committee which was found to have a positive relationship to conservatism.

Field of Research: Accounting

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