

Received : 10 January 2024, Accepted: 25 February 2024.

“Corporate Governance and Earning Management Nexus: A Bibliometric Analysis and Future Agenda (1990-2023)”

Osman Bin Saif, Khalid Mumtaz Khan, Lubna Maroof, Muhammad Imran Nazir.

1. Faculty Bahria University, Islamabad. osmansaif.buic@bahria.edu.pk
2. Faculty Bahria University, Islamabad. khalid@bahria.edu.pk
3. Faculty Bahria University, Islamabad, lubna.buic@bahria.edu.pk
4. Faculty Bahria University, Islamabad, minazir@bahria.edu.pk

Abstract

The paper provides bibliometric and Scientometric analysis of the corporate governance and earnings management literature. The analysis uses 973 research articles from the Scopus database. Scientometric analysis is conducted to determine the findings and mappings of the research themes, directions of future research, co-occurrence, co-citations, and collaboration trends. We find that corporate governance and earnings management literature has been growing over the years between 1990-2023. Audit quality, CSR, and Board characteristics are the popular research trends and collaboration trends identified. Based on a comprehensive examination of the prior literature, we also provide a more detailed description of the study's scope.

Keywords: Corporate governance, Bibliometric analysis, Earnings management, Board Independence, Knowledge Mapping, Citation structure

1. Introduction

The importance of reliability and transparency of accounting information are of great significance due to the increasing number of accounting frauds and ethical failures in stock markets (Lang & Lundholm, 2000). The company's stability depends on a sound governance structure, effective supervision, and efficient financial reporting systems (Morck et al., 1989). Corporate governance mechanisms gained more attention following two major events. The 1998 financial crisis in Russia, Asia, and Brazil was

the result of corporate failure and poor governance that threatened the geopolitical and economic fabric of the world. In 2001, due to poor corporate governance, this global financial system was further destabilized by several self-inflicted scandals such as Enron and the global financial crisis (Shahwan, 2015).

The manipulation of financial statements has led to the demise of businesses all over the world. In a few countries, strict accounting regulations and robust corporate governance procedures have been put in place to safeguard the accuracy of financial accounts. The regulators must take action to defend information openness, ensure the independence of the auditor, and reduce conflicts of interest to safeguard investor interests and stock market confidence (Leuz et al. 2003). The quality of reported earnings declines in the presence of a weak governance structure that provides opportunities to managers for unethical practices causing a serious decline in business ethics. Meckling & Jensen (1976); and Fama and Jensen (1983) made the supposition that the ownership structure and board of directors are crucial in controlling managerial behavior. It helps in the reduction of agency cost that arises due to the calibration of management and owners' interest. The strength of the corporate governance mechanism is evaluated based on a relationship with shareholders and stakeholders, principles of disclosure and transparency, policies and compliance, characteristics of the board of directors, and ownership and control structure. Therefore, it leads to more transparent financial reporting and greater accountability that help in building investor trust. Corporate governance reforms have emphasized enhancing the transparency of financial information (Demise, 2006).

Corporate governance mechanisms enable investors to receive a reasonable return on their investment (Shleifer & Vishny, 1986). Therefore, many studies examined the ability of corporate governance mechanisms to overcome earning management to produce reliable financial reports. Managers use financial reporting and the structuring of various transactions to change financial reports, either to mislead some

stakeholders about the company's underlying economic performance or to affect contract outcomes that depend on reported accounting numbers (Healy & Wahlen, 1999). Board of directors, CEO duality, audit committee, non-executive director, and board independence are important determinants of corporate governance.

Extensive literature has supported the association between accounting information integrity and the characteristics of the board of directors (Hashim & Devi, 2008; Bacha, 2019). The impact of shareholder concentration and internal ownership on financial information has also been meticulously investigated (Kim & Yi, 2006). The level of transparency also depends on the strength of the legal system. Countries with strong legal systems have well-protected investors and widespread ownership structures with strong supervision from the board of directors on managerial decisions (Helland & Sykuta, 2005).

The Board of Directors (BOD) has a pivotal role in providing oversight on the organization's policies and procedures and, the company's financial reporting system to protect the interest of the stakeholders. These include the presence of an independent non-executive director (NED), non-duality, and non-multiple directorship (Jaggi et al., 2009; Dhaliwal et al., 2010; Gulzar & Zongjun, 2011). The independent director of BOD can provide an effective mechanism for earning management. Gulzar & Zongjun (2011) found that the presence of chief executive officer (CEO) duality has a positive correlation with discretionary accruals because duality strengthens the CEO's power and creates plenty of options for management discretion. According to Dhaliwal et al. (2010), accounting specialists who hold less multiple directorships are favorably associated with accrual quality.

In addition to the Board of Directors, the audit committee, internal audit department, and quality distinguished auditor also have a role in a company's corporate governance (Fan & Wong, 2005). Ahmad-Zaluki & Wan-Hussin (2010) revealed that

those companies with a higher percentage of NED in the audit committee would indeed exhibit greater forecast accuracy. Abed et al. (2011) demonstrated that a large board would help hinder earnings management, as a large board has different levels of expertise among its members that could help identify any wrongdoing within the organization. In addition, the overall internal audit function has a significant association with absolutely abnormal provisions, and quality-differentiated auditors also play a central role in an organization (Fan & Wong, 2005). The latter is supported by Ahmad and Mansor (2009), who stated that the presence of such an examiner would prevent the inspected entity from engaging in income-smoothing activities.

Corporate governance is an important aspect of earning management. The stability of a company depends upon the quality of its reporting systems, effective supervision, and sound governance mechanisms. Extant literature has evidenced that this area has been meticulously studied from an empirical perspective, however, to the best of our knowledge no bibliometric study exists which has touched on this important area of corporate governance and earnings management. Therefore, this is the first comprehensive study with full coverage of the literature on the subject. The study will cover the following important research questions.

1. What are the emerging trends in earning management and corporate governance research during 1990–2023?
2. What are the most productive documents, authors, journals, and organizations?
3. What are the most frequently used keywords in corporate governance and earning management Research?
4. What are the authorship patterns of corporate governance and earning management research?
5. Which is the most potential area of research in corporate governance and earnings management?

To answer these important questions, the study employed descriptive bibliometric and Scientometric analysis, centrality analysis, co-citation analysis, social network analysis, performance analysis, and science mapping.

2. Data and Methodology

In order to get quantitative information on corporate governance and earning management literature, this study adopted a bibliometric method. The researchers are increasingly using both content analysis and bibliometric analysis together (Koskinen et al. 2008). In order to convey the quantitative element of the literature with reliability and validity, bibliometric reviews are integrated with descriptive, integrative, systematic, or meta-analytical reviews (Martnez-Climent et al. 2018). Additionally, the method is distinct from other related verification techniques in that it focuses on a crucial, in-depth, and insightful component of the relevant phenomenon.

2.1 Study Design

According to (Fig. 1), this study's methodological approach consisted of three steps. The technique was created initially by Paltrinieri et al. (2019), and it has been adapted for the current work. The initial step of the meta-literature search involves searching reputable databases for pertinent publications. The next step is to locate the pertinent literature in the chosen database, and the third and last step is to do a bibliometric analysis of the data from the chosen literature.

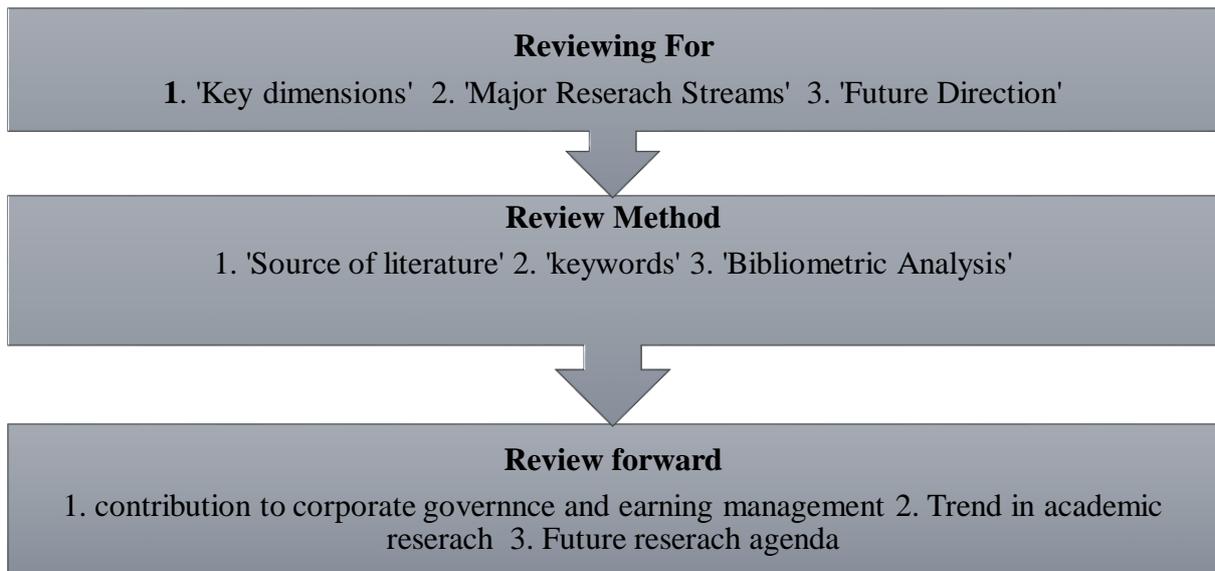


Figure 1: Research approach

2.2. *Data selection strategy*

Elsevier owns the well-known database Scopus, from which the bibliometric review's data was gathered. Several prior research in bibliometric analysis-based papers employed the Scopus database (Kent Baker et al., 2020; Goodell et al., 2021). Several factors led to the selection of Scopus. The size of this diverse peer-reviewed database is the first factor. It is also the most reliable database for reporting on financial publications. Third, a bibliometric analysis of the finance field was carried out using the Scopus database by several of the earlier accounting and finance researchers. If papers do not align with the goals of the study, researcher action is frequently required to remove them from consideration. Scopus databases were accessed on 21st August 2023 and different keywords were used as shown in Table 1. The Document Type is the research Articles only which are published in English. The total number of research articles that are used for the analysis is 973.

Table 1 Final query used for data collection

Query Wording	Final	only
(TITLE-ABS-KEY ("Corporate governance" AND " Earning Management") OR TITLE-ABS-KEY ("Corporate	973	English

governance" AND " Earnings Management")) AND (LIMIT-
TO (DOCTYPE, "ar") OR LIMIT-
TO (DOCTYPE, "cp") OR LIMIT-
TO (DOCTYPE, "ch")) AND (LIMIT-
TO (SUBJAREA, "BUSI") OR LIMIT-
TO (SUBJAREA, "ECON")) AND (LIMIT-
TO (LANGUAGE, "English"))

This study is the first to consider the entire population of corporate governance and earning management. In the appendix, we report a list of literature for the latest articles in Annexure 1.

2.3 Tools of Analysis

This study uses three bibliometric analysis tools: RStudio, VOSviewer, and Excel. RStudio is commonly used to generate bibliographic data for the record. VOSviewer was used to perform network and content analysis. VOSviewer allows users to create and visualize bibliometric networks (Van Eck & Waltman, 2014). Bibliometrix tools are used to extract data about documents, authors, sources, and extract subjects. Microsoft Excel was used for creating high-quality charts.

2.4 Type of analysis

The three different forms of analysis were used in this study: content, citations, and general performance. The overall performance displays information about the data as a whole, the general publication trend, the most pertinent authors, and the prominent countries. The network and content analyses use bibliographical coupling, co-citation, and co-occurrence analysis to do the clustering, while the citation analysis identifies highly cited journals, countries, and authors.

3. Results

Table 2 explains the overall view of data collected from 973 documents over the period 1990-2023. This data includes published research articles only. There are a total of 3,246 authors who have contributed to this research area. Documents per author is 0.48 and the author per document is 2.04.

Table 2: Descriptive statistics for bibliometric data

Description	Results
Timespan	1990:2023
Sources (Journals, Books, etc.)	362
Documents	973
Average citations per document	35.24
References	45047
Authors	2045
Authors of single-authored docs	119
Author of Multi-author documents	845
Single-authored docs	136
Document per author	0.47
Author per document	2.101
Co-Authors per document	2.62

Figure 2 shows the annual distribution of the 973 articles published from 2002 to 2023. This figure shows that research on corporate governance and earnings management has an increasing trend. The last year 2022 has the highest number of publications (138) and the year 2023 has 85 publications till August 2023 when the data is extracted. This shows that earnings management is an interesting research area worldwide that is still growing and has gained researcher's interest. The yearly data shows that there has been a considerable rise in publications after year 2018 which shows that in recent years the research in this area is increasing and this is an interesting area for researchers to explore.

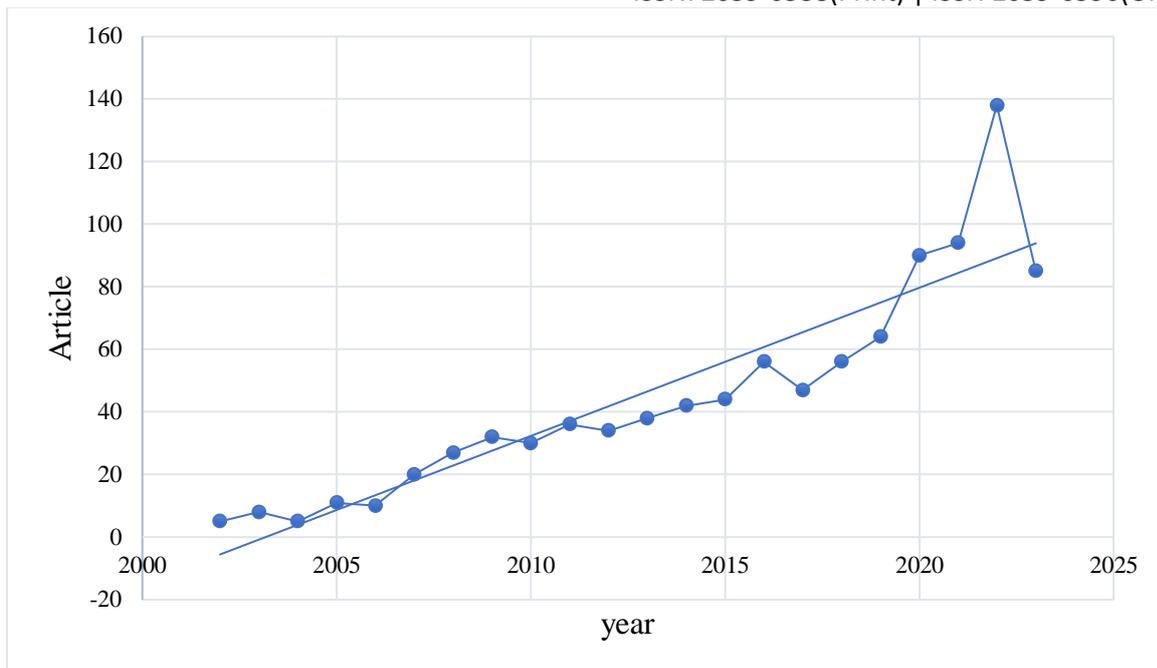


Figure 2: Number of publications per year

3.1 Most Influential authors, affiliations, countries, and Journals

The progression of the research papers in the earnings management field is linked with the systematic community of different authors, affiliations, countries, and sources. Figure 3 represents the most significant authors on this interesting topic. Velte, P. has the highest number of publications in this discipline followed by Chandersen, S. The rest of the authors in the top 10 have 5 or 6 publications related to corporate governance and earning management.

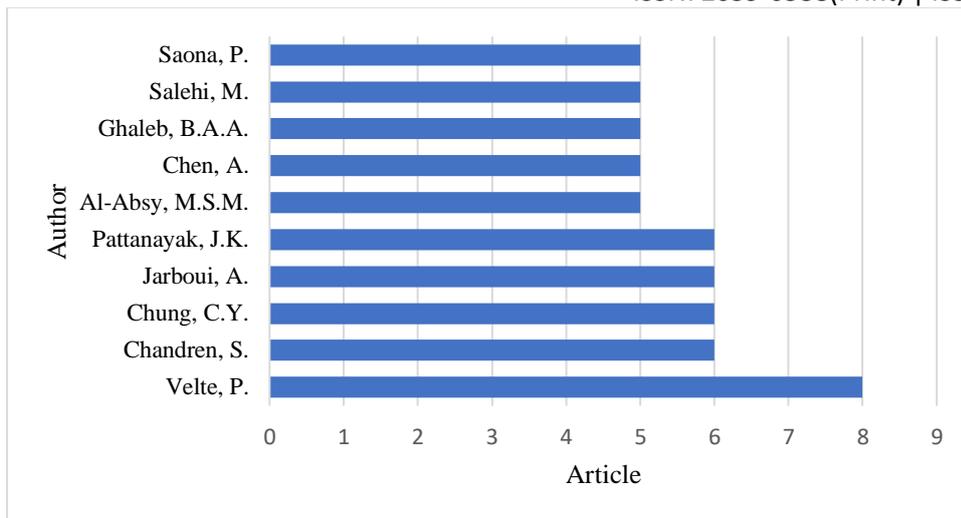


Figure 3: Most Frequently Published Authors

Figure 4 shows the lists of different author affiliations, ordered from most to least frequent, and Figure 5 denotes the countries covered in the previous earnings management-related research. The list of the countries have both developed (USA, UK,) AND mostly developing countries (India, Malaysia, China, Saudi Arabia). This shows that research in this area is not restricted to only developed countries however the developing countries are also doing research in this area.

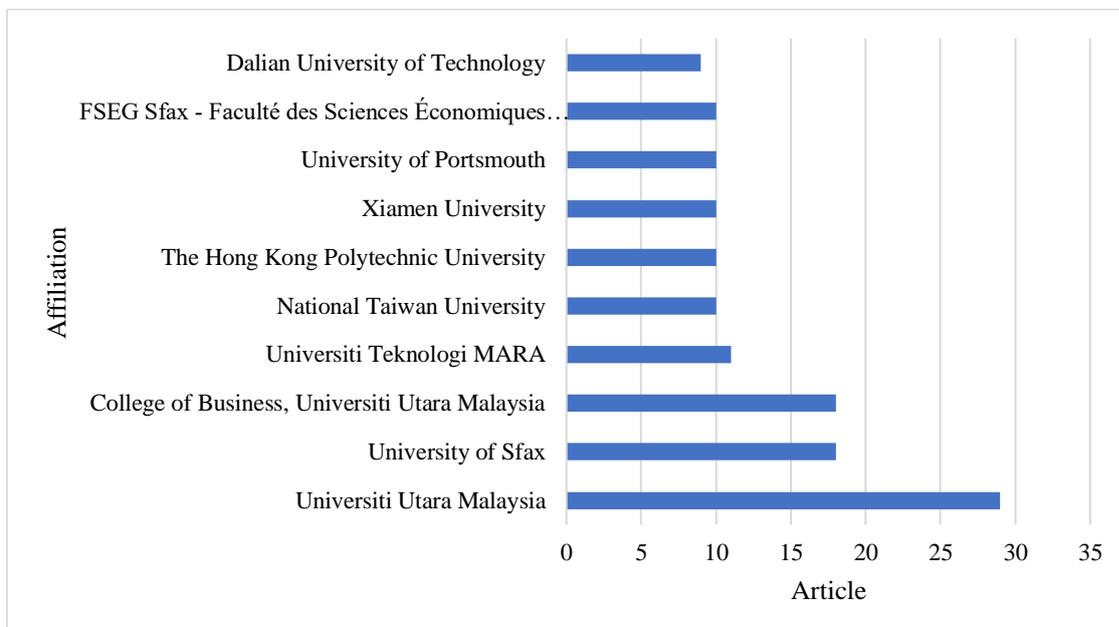


Figure 4: Authors Affiliated Institutions

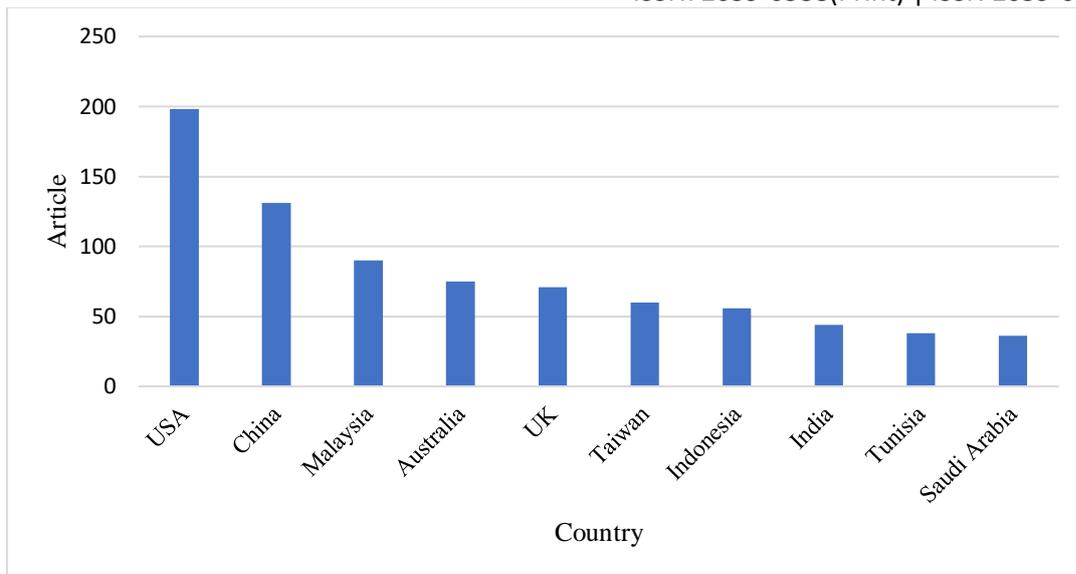


Figure 5: Different countries covered in socially responsible investment

Table 3 shows the lists of the frequency of corporate governance and earning management in different journals. The *Corporate Ownership and Control*, *Journal Of Corporate Finance*, *Corporate Governance*, and *International Review*, are the three leading journals that publish research related to corporate governance and earning management.

Table 3 Top Ten Journal (Earnings Management Publications)

S No	Source	Articles
1	'Corporate Ownership and Control'	37
2	'Journal Of Corporate Finance'	23
3	'Corporate Governance An International Review'	22
4	'Managerial Auditing Journal'	19
5	'Journal Of Financial Reporting and Accounting'	16
6	'Journal Of Business Ethics'	13
7	'Accounting Review'	12
8	'Cogent Business and Management'	12
9	'Corporate Governance Bingley'	12
10	'International Journal of Accounting Auditing and Performance Evaluation'	12

3.2 Keywords and Thematic Analysis

Figure 6 shows the keywords analysis and co-occurrence of keywords. Accrual earning management, audit quality, CSR, and financial reporting are the main areas of research in the domain of earnings management. Key themes and clusters are shown in the figure in Table 4.

Table 4 Keyword analysis

No	Most Frequent Keywords (n>20)	Area of Focus
Cluster 1	Accrual earning management, audit quality, financial reporting quality, board characteristics	Audit, Board quality
Cluster 2	Agency theory, corporate governance, CSR, investment protection	CSR and governance
Cluster 3	Family ownership, financial reporting, financial performance	Firm structure
Cluster 4	Board independent, board size, earning quality	Board independence and size

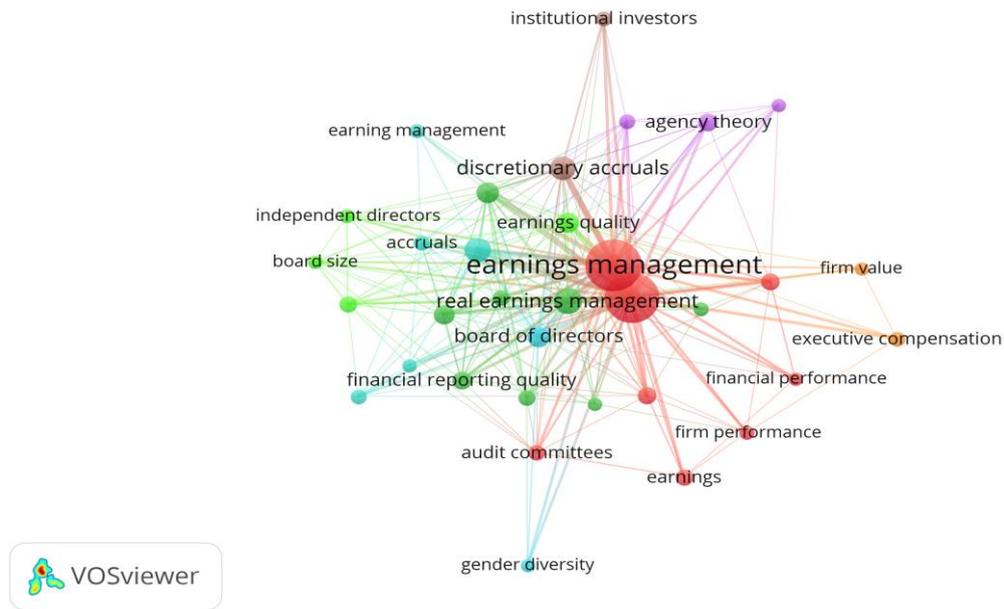


Figure 6 Co-occurrence of keywords.

Fig 7 shows over the years trend in earning management research the focus of researchers has changed. Accruals, earning quality, institutional investors. However, recently the focus has shifted to corporate social responsibility, family ownership, and accrual earning management. This shows that earning management is important from a CSR perspective.

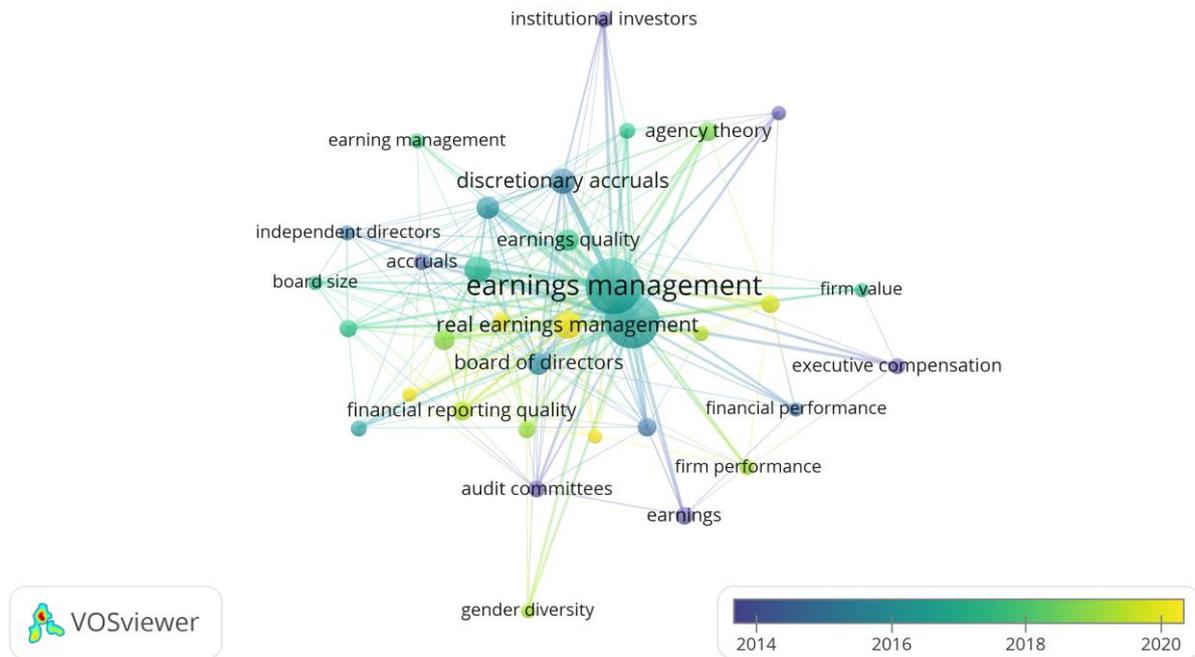


Figure 7 Co-occurrence of keywords (overall)

3.3 Citation Analysis

The different citation analysis is a form of bibliographical reference analysis (Seglen, 1989). It detentions a link between the two documents. The different research scholars reveal that it distorts the paper’s overall quality. Therefore, sometimes the citation analysis contains a negative sense of citations and self-citations. Although this criticism and the controversial arguments, the citation analysis is still a good element of influence. It helps us to learn more about a field or any interesting topic by recognizing an influential piece of work (Garfield, 1979). Rather than calculating all citations, the analysis of this study measures citations between the authors who published in quality journals and then shows the influence of top authors. Table 5 denotes the particular author’s impact. H-index value of 6 seems to be the most cited author in earnings management and corporate governance research.

Table 5: Author’s Impact

Author Names	H-index	G-index	M-index	TC	No	Year
Chandren S	6	6	0.667	80	6	2015

Velte P	6	8	0.4	166	8	2009
Ghaleb Baa	5	5	1.25	94	5	2020
Al-Absy Msm	4	5	0.8	61	5	2019
Alzoubi Ess	4	4	0.5	251	4	2016
Habbash M	4	4	0.286	218	4	2010
Habib A	4	5	0.235	62	5	2007
Jarboui A	4	6	0.364	45	6	2013
Kamardin H	4	4	0.5	39	4	2016
Mahenthiran S	4	4	0.333	115	4	2012

Table (6) explains the influence of different sources. *Journal of Corporate Finance*, *Managerial Auditing Journal*, and *Corporate Governance: An International Review* are the three leading journals that publish research related to corporate governance and earning management.

Table 6: Journal Impact

Source	H-index	G-index	M-index	TC	No	Year
'Journal of Corporate Finance'	16	23	0.727	4085	23	2002
'Managerial Auditing Journal'	14	19	0.778	1118	19	2006
'Corporate Governance: An International Review'	13	22	0.684	1668	22	2005
'Accounting Review'	12	12	0.571	2237	12	2003
'Journal Of Business Ethics'	11	13	0.688	1136	13	2008
'Journal Of Financial Economics'	9	10	0.429	4468	10	2003
'Corporate Governance (Bingley)'	8	12	0.667	235	12	2012
'Journal Of Accounting and Public Policy'	8	10	0.421	597	10	2005
'Journal Of Accounting, Auditing and Finance'	7	9	0.412	451	9	2007
'Journal Of Business Finance and Accounting'	7	10	0.368	957	10	2005

Fig 8 There were a total of 96 items that meet the criteria of 20 citations per paper There are 3224 links with a link strength of 13738. The nodes in the below figure represent a single reference and the size shows the number of citations per paper. The link

between these nodes shows the co-citation relationship. The relationship strength is higher for thicker lines. These nodes belong to different clusters depending upon the similarities. This figure shows the existence of four groups. Pink and blue clusters are bigger than green and grey.

Klein (2022) conducted a study on “Audit committee, board of director characteristics, and earnings management” which is a highly cited article within this domain. The analysis discovered a conflict between abnormal accruals and audit committee independence. Board independence and abnormal accruals are found to be negatively correlated. These findings imply that boards designed to be more independent of the CEO are better at keeping an eye on the corporate financial accounting procedure. In another study by Roychowdhury’s (2006) "Earning management through real activities manipulation," price cuts temporarily boost sales, overproduction causes the cost of goods sold to appear lower, and cutting back on discretionary spending raises reported margins. The presence of experienced investors reduces the frequency of these activities, according to cross-sectional data.

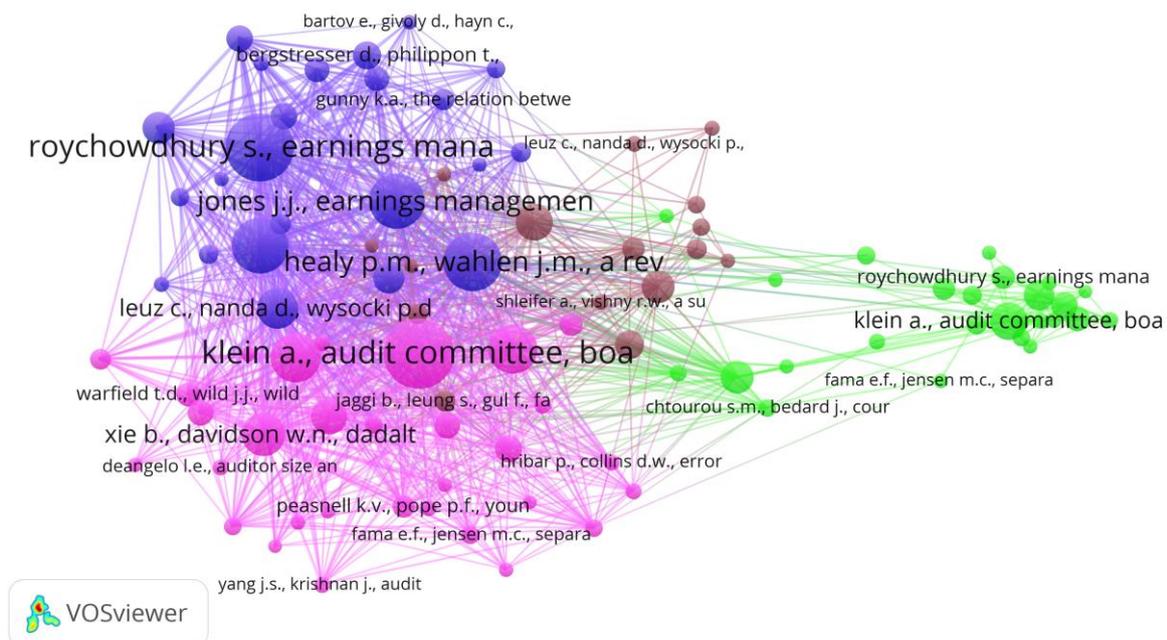


Figure 8 Co-citation network of documents in the field of earning management

Appendix I shows the top globally cited articles. The highest cited paper is “Earnings Management and Investor Protection: An International Comparison” published by the Journal of Financial Economics in year 2003. Followed by “Audit Committee, Board of Director Characteristics, and Earnings Management” published by the Journal of Accounting and Economics in 2002, and “Earnings Management and Corporate Governance: The Role of the Board and the Audit Committee” by the Journal of Corporate Finance. These articles discuss the role of corporate governance and the structure of the board in determining earnings management.

3.4 Network Analysis

3.4.1 Bibliographical Coupling

The bibliographic coupling permits us to discover the main items in our sample set (Boyack & Klavans, 2010). This method is very useful for recognizing the commonly cited articles in the bibliographies. Figure 9 presents the commonly cited articles with the literature on corporate governance and earnings management. The minimum citation threshold was to be set by 20. The results reveal that most cited articles are written by Alzoubi (2018). The title of the article is “Audit Quality, Debt Financing, and Earnings Management: Evidence from Jordan”.

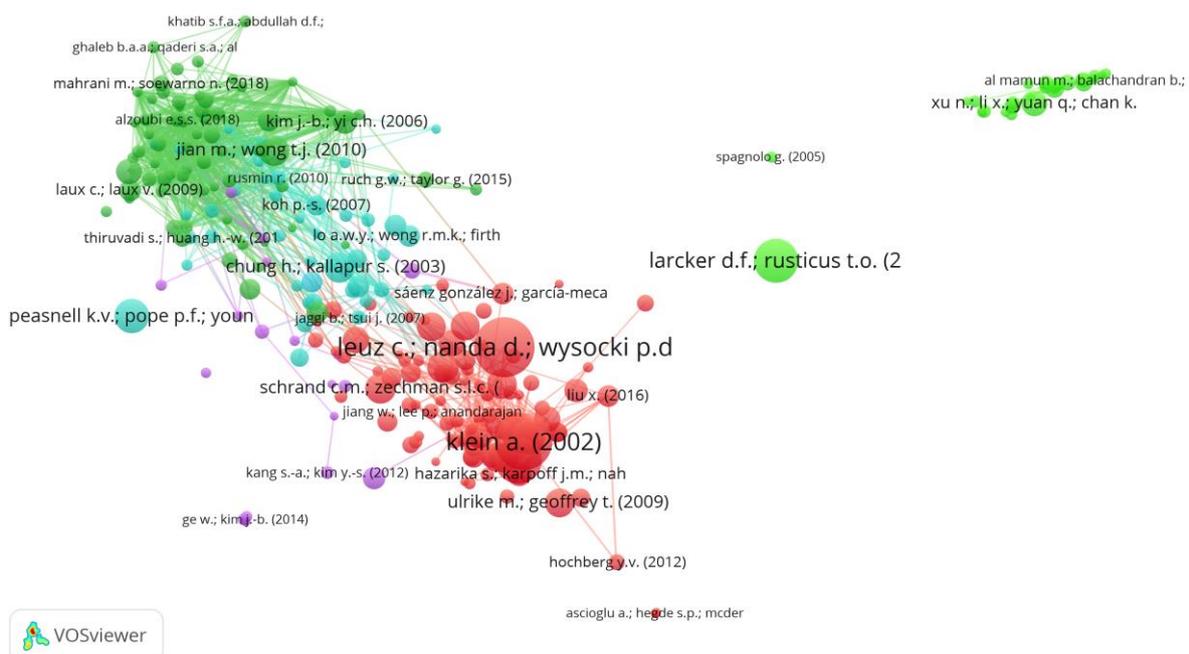


Figure 9 Bibliographic coupling of the documents

Figure 10 shows that “corporate ownership and control” has the strongest links with other sources publishing on corporate governance and earnings management.

The financial reporting quality is essential to preserving the effectiveness of financial markets because market participants; including investors, lenders, and regulators, rely on financial reporting information to make decisions (Yeh et al., 2014). The effects of the 2008 financial crisis on the quality of financial reporting have been covered in a number of studies (Cimini, 2015; Eng et al., 2019). Similar to the financial crisis of 2008, COVID-19 has significantly disrupted the financial markets and the global economy, but it is not yet known how COVID-19 will affect the quality of financial reporting. Only a few studies have so far been able to look into this matter, and none of them has concentrated on a situation with robust country-level governance(Pham et al., 2021). Additionally, corporate governance has consistently been a top priority in research on financial crises(Erkens et al., 2012). Several studies have examined the function of corporate governance during the COVID-19 pandemic, either empirically or conceptually (Khatib & Nour, 2021; Jebran & Chen, 2023). There has been conflicting prior study on how financial crises affect the quality of financial reporting. According to some academics, businesses should improve the quality of their financial reporting to boost investor confidence and reduce information asymmetry, both of which are crucial during a financial crisis (Arthur et al., 2015).

The majority of corporate finance research stresses the significance of the firm's political connectivity, in line with the resource dependence theory, which contends that political connections help firms secure economic resources. (Florackis & Ozkan, 2009; Veprauskaite & Adams, 2013; Subrahmanyam et al., 2020). Previous research shows that political links have a favorable effect on corporate success because they link with government backing to generate economic benefits. The body of research demonstrates that this beneficial effect derives mostly from governmental advantages, where business political connections assist in obtaining crucial resources such as market power, tax breaks, bank loans, and a higher IPO offering price(Wu et al., 2012). Contrarily, according to several studies, politically connected businesses experience a

number of issues, such as investor protection, low-quality financial reporting, poor financial performance, and corruption (Leuz & Oberholzer-Gee, 2006; Chaney et al., 2011; Huang et al., 2014; Braam et al., 2015). The empirical data supporting political connectedness and its effect on corporate behavior, thus, is equivocal despite the enormous amount of research.

A significant body of research has used agency theory to comprehend the significance of CG mechanisms and their effect on company performance (Filatotchev & Boyd, 2009; Berghe, 2022). A higher level of concentrated ownership favorably affects business value (i.e., the incentive/monitoring effect), according to agency theory, because top leadership concentrates on efficient monitoring and tends to reduce the likelihood of the extraction of private gains. In contrast, politically influential CEOs and management prioritize their interests rather than those of minority shareholders unless strong internal governance mechanisms are in place to safeguard the shareholders against expropriation. There are a lot of closely held companies in Taiwan and Pakistan, including business groups, pyramidal structures, cross-holdings, and family-controlled companies. In a close-ended company, there is always a chance that the politically powerful CEOs will expropriate the interests of the minority shareholders (Willim, 2015). Therefore, if the CEO is a politically influential person, having ultimate power and authority in their hands could result in partisan actions.

The policymakers, academics, and regulators are all very concerned about insider trading. According to Cui et al. (2015), insider trading occurs when people trade shares of a company for which they have favorable information and insider knowledge. In order to make profits or avoid losses at the expense of ignorant outside investors, corporate insiders can trade shares based on their first-hand knowledge of positive or negative corporate news (Ke et al., 2003; Dechow et al., 2016). In order to maintain this edge, corporate managers may withhold more internal information from external

stakeholders. Corporate managers can also influence the operating and investment strategies of their companies, which gives them an advantage in manipulating investors' perceptions of the value of the company by inflating or deflating reported earnings (Sawicki & Shrestha, 2008; He et al., 2021). Profits from insider sales typically drive managers to influence the accuracy of firm financial reports and even engage in upward earnings management to surpass or achieve standards and influence favorable market reactions before sales (Kraft et al., 2014). Corporate insiders may also take use of possibilities for voluntary disclosure and time their trades to take advantage of negative news (Cheng & Kin, 2006).

In controlling corporate earnings management and overseeing company transparency, auditors are crucial (Nelson et al., 2002). However, the relationships between the auditor and the client developed during the audit may severely limit the audit quality (Carey & Simnett, 2006). The mandatory audit partner rotation (MAPR) policy was implemented to preserve audit partner independence and raise audit quality by putting restrictions on the length of audit partner tenure. Because firms become more conservative in controlling their reported earnings after adopting MAPR, several studies have found that MAPR enhances client firms' audit quality (Firth et al., 2012; Lennox et al., 2014). Because the new audit partner brings "fresh eyes" to the audit engagement, for instance, Kim and Yi (2009) observed a positive link between MAPR and audit quality. Firth et al. (2012) revealed that MAPR enhances audit quality and greatly reduces firms' earnings management, but only for businesses situated in less developed regions. Lennox et al. (2014) came to the further conclusion that only the required rotation of engagement partners as opposed to reviewer partners improves audit quality in the year after the rotation.

This study examines corporate governance and earnings management research using bibliographic analysis. In this unique study, the performance of publications of authors, different journals, and countries is evaluated. This study shows a

bibliographic review of corporate governance and earning management to ascertain areas within which different researchers are studying elements of corporate governance and earnings management, the overall inclination of total articles from year to year, the most productive and cited researchers of corporate governance and earnings management, and the most suitable journals for the literature review. Additionally, this research examined the networks of co-citations, thematic maps, three-fold maps, and co-occurrence. This research gives comprehension by appraising the literature and summarizing the existing research. The bibliometric review of corporate governance and earnings management research articles was collected from the Scopus database. The most common language for the articles is English, and the area with most of the published articles is board characteristics and audit quality. The country that has done a greater number of corporate governance and earnings management research is the USA. Mostly Corporate Ownership and Control. Journal Of Corporate Finance, Corporate Governance an International Review has published several research papers on corporate governance and earnings management. The most substantial corporate governance and earnings management author is Velte. P.

5. Future Research Directions

A sound organizational structure describes how management makes every effort to allocate its resources effectively. The companies can lessen the conflict that can develop between shareholders and management that has too much control. The proper application of corporate governance enhances shareholder capital by preventing management from engaging in fraudulent activities while also reducing information asymmetry to improve managerial efficiency. The majority of practitioners came to this conclusion because investors placed a higher value on the company when there was better system governance. The term "corporate governance" refers to a set of guidelines that govern how the duties of the company are managed and handled. To protect the interests of shareholders and other stakeholders, provide

a transparent system, uphold equality, and show care for accountability, BODs apply corporate governance practices (Tiep Le & Nguyen, 2022). Good corporate governance inhibits earning management practices because it studies, analyses, or monitors financial data that is supported by generally accepted accounting principles (GAAP). In the absence of CG standards, management could falsify the accounting data or sway reported profitability against the interests of the company by letting investors make their own decisions (Alexander, 2018).

According to Leuz et al. (2003), earnings management refers to the manipulation of organizations' publicly reported economic performance by insiders for misleading stakeholders or influencing promised outcomes. Earning management occurs when management shapes financial broadcasting results according to their estimates, either to deceive shareholders and stakeholders or to alter variables that can be changed by accounting numbers (Habib et al., 2022). The crucial variables that heavily rely on financial statements or the reliability of accounting information are the capital markets. The weak corporate governance control in a particular lot of the 2000s was blamed for the financial problems that occurred in the USA and Europe (e.g., Enron, World Com, and Parmalat). Because financial firms like banks are in charge of preserving economic stability, earning management methods have proven to be riskier in the banking business than in any other industry. Financial institution managers risk creating a bubble that will burst and cause the collapse of the entire economy if they do not honestly carry out their responsibilities and hide the extremely risky information. Shareholders should develop systemized techniques to control and avoid the discretionary behaviour of management in order to prevent such economic destitutions. Corporate Governance is most likely the finest mechanism in lowering earning management techniques at workplaces to avoid such opportunistic behaviors of managers and staff agency theory envisions (Mersni & Ben Othman, 2016). After

all, Table 7 shows the future research direction, which are the most important questions for future research.

Table 7 Future Research Direction

S. No	Future Research Questions	Reference
1	The impact of the Politician as a CEO on Earning Management.	(Qazi Awais Amin & Douglas Cumming 2023)
2	How the different factors combined with the corporate governance practice can be effective in mitigating the adverse effects of the COVID-19 crisis.	(Jebran & Chen, 2023)
3	To examine why some firms in the alternative investment market (AIM) choose to hire larger and re expensive auditors while others do not.	(Xue & O'Sullivan, 2023)
4	To examine the impact of COVID-19 on financial reporting quality, including any time-lag effect.	(Hsu & Yang, 2022)
5	Does earning management mediate the relationship between corporate governance and performance in MENA countries?	(Abu Afifa et al., 2023)
6	Culture and financial reporting quality in emerging economies: the role of tribal directors.	(Baatwah et al., 2023)
7	Do corporate governance practices restrain earning management in different types of banking industries? Lessons from developing economies.	(Mangala & Singla, 2023)
8	Does board expertise moderate the relationship between managerial ability and informative earnings management?	(Putra, 2023)
9	Nexus between Pension liabilities, executive compensation, and investor sentiment in emerging economies.	(Sun & Wei, 2023)
10	Bidirectional relationship between corporate governance and financial reporting quality in Chinese firm: Does gender diversity matter?	(Toukabri & Kateb, 2023)

References

- Abed, S., Al-Attar, A., & Suwaidan, M. (2011). Corporate Governance and Earnings Management: Jordanian Evidence. *International Business Research*. <https://doi.org/10.5539/ibr.v5n1p216>
- Abu Afifa, M. M., Saleh, I. H., & Haniah, F. F. (2023). Does earnings management mediate the relationship between audit quality and company performance? Evidence from Jordan. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/JFRA-08-2021-0245>
- Ahmad-Zaluki, N. A., & Wan-Hussin, W. N. (2010). Corporate governance and earnings forecasts accuracy. *Asian Review of Accounting*. <https://doi.org/10.1108/13217341011046006>
- Ahmad, A. C., & Mansor, N. (2009). Board independence, ownership structure, audit quality and income smoothing activities: A study on Malaysian market. *Journal of Modern Accounting & Auditing*.
- Alexander, N. (2018). Effect of Corporate Governance on Earnings Management: Study on Manufacturing Companies Listed in the Indonesia Stock Exchange. *Review of Integrative Business and Economics Research*.
- Arthur, N., Tang, Q., & Lin, Z. S. (2015). Corporate accruals quality during the 2008-2010 Global Financial Crisis. *Journal of International Accounting, Auditing and Taxation*. <https://doi.org/10.1016/j.intaccaudtax.2015.10.004>
- Baatwah, S. R., Aljaaidi, K. S., Almoataz, E. S., & Salleh, Z. (2023). Culture and financial reporting quality in GCC countries: what do we know about tribal culture? *International Journal of Emerging Markets*. <https://doi.org/10.1108/IJOEM-04-2020-0439>
- Bacha, S. (2019). Corporate Governance Practices and Audit Quality: Do They Matter for the Cost of Debt? *Theoretical Economics Letters*. <https://doi.org/10.4236/tel.2019.97143>

- Berghe, V. Den. (2022). Corporate governance and board effectiveness : beyond formalism. *Financial Economics*.
- Braam, G., Nandy, M., Weitzel, U., & Lodh, S. (2015). Accrual-based and real earnings management and political connections. *International Journal of Accounting*. <https://doi.org/10.1016/j.intacc.2013.10.009>
- Carey, P., & Simnett, R. (2006). Audit partner tenure and audit quality. In *Accounting Review*. <https://doi.org/10.2308/accr.2006.81.3.653>
- Chaney, P. K., Faccio, M., & Parsley, D. (2011). The quality of accounting information in politically connected firms. *Journal of Accounting and Economics*. <https://doi.org/10.1016/j.jacceco.2010.07.003>
- Cheng, Q., & Kin, L. O. (2006). Insider trading and voluntary disclosures. *Journal of Accounting Research*. <https://doi.org/10.1111/j.1475-679X.2006.00222.x>
- Cimini, R. (2015). How has the financial crisis affected earnings management? A European study. *Applied Economics*. <https://doi.org/10.1080/00036846.2014.969828>
- Cornett, M. M., McNutt, J. J., & Tehranian, H. (2011). Earnings Management at Large US Bank Holding Companies. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.886115>
- Cui, J., Jo, H., & Li, Y. (2015). Corporate Social Responsibility and Insider Trading. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-014-2113-z>
- Dechow, P. M., Lawrence, A., & Ryans, J. P. (2016). SEC comment letters and insider sales. *Accounting Review*. <https://doi.org/10.2308/accr-51232>
- Demise, N. (2006). OECD principles of corporate governance. In *Corporate Governance in Japan: From the Viewpoints of Management, Accounting, and the Market*. https://doi.org/10.1007/978-4-431-30920-8_10
- Dhaliwal, D., Naiker, V., & Navissi, F. (2010). The association between accruals quality and the characteristics of accounting experts and mix of expertise on audit committees. *Contemporary Accounting Research*. <https://doi.org/10.1111/j.1911-3846.2010.01027.x>
- Dimitropoulos, P. E., & Asteriou, D. (2010). The effect of board composition on the informativeness and quality of annual earnings:

- Empirical evidence from Greece. *Research in International Business and Finance*. <https://doi.org/10.1016/j.ribaf.2009.12.001>
- Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review*. <https://doi.org/10.5465/amr.1989.4279003>
- El Diri, M., Lambrinoudakis, C., & Alhadab, M. (2020). Corporate governance and earnings management in concentrated markets. *Journal of Business Research*. <https://doi.org/10.1016/j.jbusres.2019.11.013>
- Eng, L. L., Fang, H., Tian, X., Yu, T. R., & Zhang, H. (2019). Financial crisis and real earnings management in family firms: A comparison between China and the United States. *Journal of International Financial Markets, Institutions and Money*. <https://doi.org/10.1016/j.intfin.2018.12.008>
- Erkens, D. H., Hung, M., & Matos, P. (2012). Corporate governance in the 2007-2008 financial crisis: Evidence from financial institutions worldwide. *Journal of Corporate Finance*. <https://doi.org/10.1016/j.jcorpfin.2012.01.005>
- Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control Separation of Ownership and Control. *Journal of Law and Economics*.
- Fan, J. P. H., & Wong, T. J. (2005). Do external auditors perform a corporate governance role in emerging markets? Evidence from East Asia. *Journal of Accounting Research*. <https://doi.org/10.1111/j.1475-679x.2004.00162.x>
- Filatotchev, I., & Boyd, B. K. (2009). Taking stock of corporate governance research while looking to the future: Guest editorial. In *Corporate Governance: An International Review*. <https://doi.org/10.1111/j.1467-8683.2009.00748.x>
- Firth, M., Rui, O. M., & Wu, X. (2012). How Do Various Forms of Auditor Rotation Affect Audit Quality? Evidence from China. *International Journal of Accounting*. <https://doi.org/10.1016/j.intacc.2011.12.006>
- Florackis, C., & Ozkan, A. (2009). The impact of managerial entrenchment on agency costs: An empirical investigation using UK panel data. *European Financial Management*. <https://doi.org/10.1111/j.1468-036X.2007.00418.x>
- Garfield, E. (1979). Is citation analysis a legitimate evaluation tool? *Scientometrics*. <https://doi.org/10.1007/BF02019306>

- Goodell, J. W., Kumar, S., Lim, W. M., & Pattnaik, D. (2021). Artificial intelligence and machine learning in finance: Identifying foundations, themes, and research clusters from bibliometric analysis. In *Journal of Behavioral and Experimental Finance*. <https://doi.org/10.1016/j.jbef.2021.100577>
- Gulzar, M. A., & Zongjun, W. (2011). Corporate Governance Characteristics and Earnings Management: Empirical Evidence from Chinese Listed Firms. *International Journal of Accounting and Financial Reporting*. <https://doi.org/10.5296/ijaf.v1i1.854>
- Habib, A., Ranasinghe, D., Wu, J. Y., Biswas, P. K., & Ahmad, F. (2022). Real earnings management: A review of the international literature. *Accounting and Finance*. <https://doi.org/10.1111/acfi.12968>
- Hashim, H. A., & Devi, S. (2008). Board characteristics, ownership structure and earnings quality: Malaysian evidence. In *Research in Accounting in Emerging Economies*. [https://doi.org/10.1016/S1479-3563\(08\)08004-3](https://doi.org/10.1016/S1479-3563(08)08004-3)
- He, G., Ren, H. M., & Taffler, R. (2021). Do corporate insiders trade on future stock price crash risk? *Review of Quantitative Finance and Accounting*. <https://doi.org/10.1007/s11156-020-00936-3>
- Healy, P. M., & Wahlen, J. M. (1999). A review of the earnings management literature and its implications for standard setting. In *Accounting Horizons*. <https://doi.org/10.2308/acch.1999.13.4.365>
- Helland, E., & Sykuta, M. (2005). Who's monitoring the monitor? Do outside directors protect shareholders' interests? *Financial Review*. <https://doi.org/10.1111/j.1540-6288.2005.00098.x>
- Hsu, Y. L., & Yang, Y. C. (2022). Corporate governance and financial reporting quality during the COVID-19 pandemic. *Finance Research Letters*. <https://doi.org/10.1016/j.frl.2022.102778>
- Huang, Q., Cheng, M., Li, W., & Wei, M. (2014). Listing approach, political favours and earnings quality: Evidence from Chinese family firms. *China Journal of Accounting Studies*. <https://doi.org/10.1080/21697221.2014.880167>
- Jaggi, B., Leung, S., & Gul, F. (2009). Family control, board independence and earnings management: Evidence based on Hong Kong firms. *Journal of Accounting and Public Policy*. <https://doi.org/10.1016/j.jaccpubpol.2009.06.002>

- Jebran, K., & Chen, S. (2023). Can we learn lessons from the past? COVID-19 crisis and corporate governance responses. *International Journal of Finance and Economics*. <https://doi.org/10.1002/ijfe.2428>
- Ke, B., Huddart, S., & Petroni, K. (2003). What insiders know about future earnings and how they use it: Evidence from insider trades. *Journal of Accounting and Economics*. [https://doi.org/10.1016/S0165-4101\(03\)00036-3](https://doi.org/10.1016/S0165-4101(03)00036-3)
- Kent Baker, H., Pandey, N., Kumar, S., & Haldar, A. (2020). A bibliometric analysis of board diversity: Current status, development, and future research directions. *Journal of Business Research*. <https://doi.org/10.1016/j.jbusres.2019.11.025>
- Khatib, S. F. A., & Nour, A. N. I. (2021). The Impact of Corporate Governance on Firm Performance During The COVID-19 Pandemic: Evidence from Malaysia. *Journal of Asian Finance, Economics and Business*. <https://doi.org/10.13106/jafeb.2021.vol8.no2.0943>
- Kim, J.-B., & Yi, C. H. (2006). Ownership Structure, Business Group Affiliation, Listing Status, and Earnings Management: Evidence from Korea*. *Contemporary Accounting Research*. <https://doi.org/10.1506/7t5b-72fv-mhvj-e697>
- Kim, J. B., & Yi, C. H. (2009). Does auditor designation by the regulatory authority improve audit quality? Evidence from Korea. *Journal of Accounting and Public Policy*. <https://doi.org/10.1016/j.jaccpubpol.2009.04.006>
- Kraft, A., Lee, B. S., & Lopatta, K. (2014). Management earnings forecasts, insider trading, and information asymmetry. *Journal of Corporate Finance*. <https://doi.org/10.1016/j.jcorpfin.2014.03.002>
- Lang, M. H., & Lundholm, R. J. (2000). Voluntary Disclosure and Equity Offerings: Reducing Information Asymmetry or Hying the Stock? *Contemporary Accounting Research*. <https://doi.org/10.1506/9N45-F0JX-AXVW-LBWJ>
- Lennox, C. S., Wu, X., & Zhang, T. (2014). Does mandatory rotation of audit partners improve audit quality? *Accounting Review*. <https://doi.org/10.2308/accr-50800>
- Leuz, C., Nanda, D., & Wysocki, P. D. (2003). Earnings management and investor protection: An international comparison. *Journal of Financial Economics*. [https://doi.org/10.1016/S0304-405X\(03\)00121-1](https://doi.org/10.1016/S0304-405X(03)00121-1)
- Leuz, C., & Oberholzer-Gee, F. (2006). Political relationships, global financing, and corporate transparency: Evidence from Indonesia.

Journal of Financial Economics. <https://doi.org/10.1016/j.jfineco.2005.06.006>

- Mangala, D., & Singla, N. (2023). Do corporate governance practices restrain earnings management in banking industry? Lessons from India. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/JFRA-02-2021-0060>
- Meckling, W. H., & Jensen, M. C. (1976). Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/DOI: 10.1016/0304-405X\(76\)90026-X](https://doi.org/DOI: 10.1016/0304-405X(76)90026-X)
- Mersni, H., & Ben Othman, H. (2016). The impact of corporate governance mechanisms on earnings management in Islamic banks in the Middle East region. *Journal of Islamic Accounting and Business Research*. <https://doi.org/10.1108/JIABR-11-2014-0039>
- Morck, R., Shleifer, A., & Vishny, R. W. (1989). Alternative Mechanisms for Corporate Control. *The American Economic Review*.
- Nelson, M. W., Elliott, J. A., & Tarpley, R. L. (2002). Evidence from auditors about managers' and auditors' earnings management decisions. *Accounting Review*. <https://doi.org/10.2308/accr.2002.77.s-1.175>
- Peasnell, K. V., Pope, P. F., & Young, S. (2005). Board monitoring and earnings management: Do outside directors influence abnormal accruals? In *Journal of Business Finance and Accounting*. <https://doi.org/10.1111/j.0306-686X.2005.00630.x>
- Pham, Q. T., Ho, X. T., Nguyen, T. P. L., & ... (2021). Financial reporting quality in pandemic era: case analysis of Vietnamese enterprises. *Journal of Sustainable*
- Putra, A. A. (2023). Managerial ability and informative earnings management: the role of CEO-commissioner relationship and board independence. *Corporate Governance (Bingley)*. <https://doi.org/10.1108/CG-02-2022-0067>
- Ritter, J. R. (2003). Chapter 5 Investment banking and securities issuance. In *Handbook of the Economics of Finance*. [https://doi.org/10.1016/S1574-0102\(03\)01009-4](https://doi.org/10.1016/S1574-0102(03)01009-4)
- Sawicki, J., & Shrestha, K. (2008). Insider trading and earnings management. *Journal of Business Finance and Accounting*. <https://doi.org/10.1111/j.1468-5957.2008.02075.x>
- Seglen, P. O. (1989). Use of citation analysis and other bibliometric methods in evaluation of the quality of research. *Tidsskrift for Den*
466

Norske Laegeforening : Tidsskrift for Praktisk Medicin, Ny Raekke.

- Shahwan, T. M. (2015). The effects of corporate governance on financial performance and financial distress: evidence from Egypt. *Corporate Governance (Bingley)*. <https://doi.org/10.1108/CG-11-2014-0140>
- Shleifer, A., & Vishny, R. W. (1986). Large Shareholders and Corporate Control. *Journal of Political Economy*. <https://doi.org/10.1086/261385>
- Subrahmanyam, V., Singh, M., & Pennathur, A. (2020). CEO characteristics, firm performance, and corporate political contributions: A firm level pre-Citizens United analysis. *Review of Financial Economics*. <https://doi.org/10.1002/rfe.1082>
- Sun, F., & Wei, X. (2023). Pension discount rate, executive stock-based compensation and investor sentiment. *Managerial Finance*. <https://doi.org/10.1108/MF-01-2022-0023>
- Tiep Le, T., & Nguyen, V. K. (2022). The impact of corporate governance on firms' value in an emerging country: The mediating role of corporate social responsibility and organisational identification. *Cogent Business and Management*. <https://doi.org/10.1080/23311975.2021.2018907>
- Toukabri, M., & Kateb, I. (2023). The bidirectional relationship between corporate social responsibility and financial reporting quality: Does gender diversity matter? Evidence from US companies. *Journal of Corporate Accounting and Finance*. <https://doi.org/10.1002/jcaf.22603>
- van Eck, N. J., & Waltman, L. (2014). Visualizing Bibliometric Networks. In *Measuring Scholarly Impact*. https://doi.org/10.1007/978-3-319-10377-8_13
- Veprauskaite, E., & Adams, M. (2013). Do powerful chief executives influence the financial performance of UK firms? *British Accounting Review*. <https://doi.org/10.1016/j.bar.2013.06.004>
- Willim, A. P. (2015). Price Book Value & Tobin's Q: Which One is Better For Measure Corporate Governance? *European Journal of Business and Management*.

- Wu, W., Wu, C., Zhou, C., & Wu, J. (2012). Political connections, tax benefits and firm performance: Evidence from China. *Journal of Accounting and Public Policy*. <https://doi.org/10.1016/j.jaccpubpol.2011.10.005>
- Xue, B., & O'Sullivan, N. (2023). The determinants of audit fees in the alternative investment market (Aim) in the UK: Evidence on the impact of risk, corporate governance and auditor size. *Journal of International Accounting, Auditing and Taxation*. <https://doi.org/10.1016/j.intaccaudtax.2023.100523>
- Yeh, Y., Chen, H. W., & Wu, M. C. (2014). Can information transparency improve earnings quality attributes? Evidence from an enhanced disclosure regime in Taiwan. *Emerging Markets Finance and Trade*. <https://doi.org/10.2753/REE1540-496X500414>
- Zalata, A. M., Ntim, C. G., Alsohagy, M. H., & Malagila, J. (2022). Gender diversity and earnings management: the case of female directors with financial background. *Review of Quantitative Finance and Accounting*. <https://doi.org/10.1007/s11156-021-00991-4>

Appendix I: Top Ten Globally Cited Documents on Earnings Management

Authors	Title	Year	Source Title	Cited by
Leuz C.; Nanda D.; Wysocki P.D.	Earnings management and investor protection: An international comparison	2003	Journal of Financial Economics	2696
Klein A.	Audit committee, board of director characteristics, and earnings management	2002	Journal of Accounting and Economics	2329
Xie B.; Davidson III W.N.; Dadalt P.J.	Earnings management and corporate governance: The role of the board and the audit committee	2003	Journal of Corporate Finance	1386
Larcker D.F.; Rusticus T.O.	On the use of instrumental variables in accounting research	2010	Journal of Accounting and Economics	1196
Yu F.(F.)	Analyst coverage and earnings management	2008	Journal of Financial Economics	790
Peasnell K.V.; Pope P.F.; Young S.	Board monitoring and earnings management: Do outside directors influence abnormal accruals?	2005	Journal of Business Finance and Accounting	629
LaFond R.; Watts R.L.	The information role of conservatism	2008	Accounting Review	501

Prior D.; Surroca J.; Tribó J.A.	Are socially responsible managers really ethical? Exploring the relationship between earnings management and corporate social responsibility	2008	Corporate Governance: An International Review	499
Chung R.; Firth M.; Kim J.-B.	Institutional monitoring and opportunistic earnings management	2002	Journal of Corporate Finance	486
Chung H.; Kallapur S.	Client Importance, Nonaudit Services, and Abnormal Accruals	2003	Accounting Review	459
