

**Impact of Mergers and Acquisitions on Types of Earnings Management during Crisis: A
study on Chinese Listed Firms**

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Abstract

In this research study we examine the impact of domestic and cross-border merger and acquisitions on types of earnings management practice followed by the managers of the Chinese firms. Similar studies either focus on developed market or they consider the accrual

earnings management in the context of M&As. We not only extend these studies but by considering the recent financial crisis time we contributed to the existing literature to a great extent. Our sample consists of 1948 observations for the year 2004-2013. We find that managers in domestic M&As substitute real earnings management for accrual-based earnings management during the financial crisis. Moreover, real earnings management has been exercised in cross-border M&As for both before and during crisis period. The findings of the study will enhance the relevant literature and will guide the policy makers in evaluating the exiting corporate governance mechanisms applied in the second largest economy in the world.

Keywords: Accrual earnings management; Real earnings management; Mergers and acquisition; Financial crisis; China