

The Effect of Top Executive Gender on Accrual Earnings Management: Sample Analysis of Vietnamese Listed Firms

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Abstract: The intent of this study is to investigate the top executive gender effect on earnings management of companies listed on the stock market. Based on data from 100 companies listed on the Vietnamese stock markets (HNX and HOSE) listed before 2009 in the period from 2011 to 2014, using quantitative research methods, we find a correlation between earnings management and top executive gender (GENDERCHAIR, GENDERCEO, GENDERCFO), the proxy of firm size and the tenure of the CEO. This paper extends prior research by addressing the potential effects of female executives on earnings management. The findings reported in this paper provide novel insights to the empirical financial accounting literature.

Keywords: Executive, gender, CEO, CFO, earnings management.

1. Introduction

Accounting earnings are perhaps the most widely used measure of firm performance. Given that accounting rules and financial reporting standards provide the executives of a firm with considerable opportunities for earnings management, it is not surprising that increasing attention in the financial accounting literature has been devoted to the analysis of earnings management. It has been long acknowledged that firms' executives may have incentives to manipulate earnings in order to

maximize firm value and/or their own wealth at the expense of shareholders [1-3]. Thus, it is widely recognized that the quality of financial reporting may depend on managerial motives and characteristics, and moreover, that the opportunism of a firm's executives tends to reduce earnings quality.

In this paper, we examine the association between earnings management and the gender of the firm's executives. In particular, we focus on the gender of the firm's chief executive officer (CEO) and chief financial officer (CFO), and attempt to assess whether and how female executives affect the quality of reported financial information. The underlying assumption in our empirical analysis is that

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women and men may act and behave somewhat differently, and that gender-based differences, for instance, in cognitive functioning, decision-making, and conservatism may have important implications for the quality of financial reporting.

This paper builds upon three distinct lines of research. First, a vast body of accounting literature indicates that earnings management is affected by the characteristics and incentives of the firm's executives [4, 5, 6, 7, 8]. Nevertheless, to the best of our knowledge, the role of executive gender has so far been ignored in this context. Our analysis is further motivated by the recent corporate finance literature that examines how the gender of a firm's executives and directors affects corporate governance and the firm's financial performance [9-14]. In brief, these studies suggest that female representation may enhance the functioning and efficiency of corporate boards and committees and, more generally that executive gender may affect managerial behavior. We aim to extend this strand of literature by addressing the potential effects of female executives on financial reporting. Finally, it has been long acknowledged in cognitive psychology and the management literature that significant gender differences exist e.g. in conservatism, risk averseness, and ethical behavior [15, 16, 17, 18]. In this paper, we presume that the documented behavioral differences between women and men may influence a firm's financial reporting practices.

2. Literature review and hypotheses

There are numbers of factors that settle on the earnings management of any firm. Many theories have been developed so far, enlightening earnings management. Some theories are endowed with evidence that support the utilization of debt and some argue that equity is the best way of enhancing a firm's earnings management. Here, we will briefly review the literature that is the motivation of our research and is related to our study.

Psychology and management literature have long acknowledged that significant gender-based differences exist, for instance, in leadership styles, communicative skills, conservatism, risk averseness, and decision-making. Given these differences and their potential implications for corporate governance, the issue of gender diversity has begun to receive increasing attention in corporate finance and corporate governance literature over the past few years. Several studies have recently focused on the effects that female executives and directors may potentially have on a firm's financial performance and market value. In this paper, we attempt to extend this literature by addressing the effects of female executives on the quality of accounting information.

Some studies, however, suggest that gender diversity does not necessarily improve firm performance. Watson (2002) shows that after controlling for the industry and age of the firm, there are no significant differences between male and female-controlled firms [19]. Nevertheless, he also finds some evidence to suggest that female-controlled firms may outperform male-controlled firms. Using Danish data, Rose (2007) reports that there is no significant link between firm performance and female board representation [12]. Adams and Ferreira (2009) document that the average effect of female directors on firm performance is negative [14]. Their findings, however, also indicate that gender diversity may improve financial performance in companies with weak corporate governance.

The gender of chair (GENDERCHAIR): The female executives' literature suggests that women tend to be less aggressive or more cautious in financial decision-making. Riley and Chow (1992) find that women are more risk averse than men when making investment choices [20]. Peng et al. (2007) show that male managers are more apt to exhibit overconfidence in investment decisions when compared with female managers [21]. Improving financial performance and earnings quality is also becoming more critical in

emerging markets. Inspired by prior literature which suggests women possess a higher level of ethical consciousness than men, some studies have investigated whether gender affects managerial willingness to engage in earnings management. Krishnan and Parsons (2008) find that gender diversity in senior management improves the quality of reported earnings [22]. Based on a survey of accounting students, Clikeman, Geiger, and O'Connell (2001) document no significant differences in men and women's attitudes toward earnings management. This lead to the argument that female [23]. Chairman are less likely to be aggressive in making judgments related to earnings management. Therefore, we formally state the hypothesis as follows:

H1: GENDERCHAIR has a positive relation (+) to earnings management.

The gender of CEO (GENDERCEO): Prior research also provides support for gender differences in compliance with regulations in accounting and tax-related situations. In an experimental setting, Baldry (1987) shows that females are likely to be more compliant in tax-reporting decisions than males [24], while Fallan (1999) finds that gender is significant in explaining attitude changes in tax ethics [25]. Cullis et al. (2006) find that men are likely to report significantly less income than women when the tax amount is framed as a loss [26]. Prevent women obtain and succeed in senior executive positions including the double burden syndrome of finding a right balance between work and domestic responsibilities, the greater effort of adaption for women to assert their talents and gain recognition in an executive position, the difficulties for women to identify with success and the appearance of women having lower professional ambitions than men.

H2: GENDERCEO has a positive relation (+) to the earnings management.

The gender of CFO (GENDERCFO): Many studies have examined whether such gender differences in caution and aversion to risk found in the general psychology and business literature translate into differences in financial

judgment and decision settings. Riley and Chow (1992) find that women are more risk averse than men when making investment choices [20]. Other research shows that after controlling for demographic factors such as income, age, and marital status, women are more likely to choose more cautious options for retirement: Hinz et al. (1997) [27]; Bajtelsmit and VanDerhei (1997) [28]; Sunden and Surette (1998) [29]; Watson and McNaughton (2007) [19]. Estes and Hosseini (1988) find that even among expert investors, gender is a significant explanatory factor affecting confidence in investment decisions after controlling for age, experience, education, knowledge, and asset holdings [30]. Huang and Kisgen (2008) find that female CFOs are more cautious in their acquisition and debt-issuance decisions [31]. The authors find that companies with female CFOs make fewer acquisitions, but acquisitions by firms with female CFOs have higher announcement returns.

H3: GENDERCFO has a positive relation (+) to the earnings management.

The tenure of CEO (CEOTENURE): Tenure of managers is another notable considerable factor in the characteristics of senior management. That tenure affects cognitive foundation prompts executives to make different strategic choices, and eventually affects organization performance. The tenure of a CEO is believed to have a positive correlation with the success of the company. Gibbons and Murphy (1992) argue that the market is usually uncertain about the ability of newly appointed CEOs [32]. They note that even if a CEO is promoted from within the organization, the market may still be uncertain about the CEO's ability, because the skills required to be a successful CEO are different from the skills required for positions at lower levels. They also show that CEOs rarely leave a firm to join another. So for newly appointed CEOs, a past record of performance as CEOs is not available to the market in most cases.

To avoid being labeled as having low ability, which may adversely affect their future

compensation and autonomy and may lead to their dismissal, CEOs are likely to have strong incentives to report good performance in the early years of their service. Holmstrom (1982) argues that these incentives will make managers work harder in their early years of service in order to generate good performance [33]. If CEOs are aware of their superior ability and they know that they can perform well in the long run, why would they overstate earnings and risk being labeled as opportunistic reporters? Such a label may destroy their credibility. So, we believe CEOTENURE has a positive relation to the earnings management.

H4: CEOTENURE has a positive relation (+) to the earnings management.

The age of CEO (CEOAGE): Executives of different ages vary in their risk tendency and behaviors, which affects firms strategy and performance. An older CEO tends to choose conservative strategies and has a tendency to become risk-averse. Meanwhile, the older CEO has lower passion and involvement in the work and is willing to live in a peaceful condition. Prendergast and Sotel believe that in order to show their abilities, young managers are likely to exhibit over-confidence in corporate decision-making, with a greater possibility for manipulating earnings.

So, we hypothesize that the effect of age on abnormal returns is that there will be a negative relationship between age and abnormal returns. We believe that older CEOs would be perceived as less capable of decisive action by markets, leading to lower estimations of their ability to make critical decisions, leading to less value. Therefore, we propose the following hypothesis :

H5: CEOAGE has a positive relation (+) to the earnings management.

Firm size (SIZE): The size of a firm varies in many ways and it's essential to consider how the size affects the quality of reported information. It is argued by Meek et al. (2007) that based on the information asymmetry theory, large firms have lower information

asymmetry as they have strong governance and control so this leads to the reduction of the earnings management practice [6]. While based on the agency theory, large sized firms witness greater agency costs and this means more opportunistic practices. Several reasons exist to prove a negative relation between firm size and earnings management as explained by Ahmad et al. (2014) [34]. Large-sized firms may have stronger internal control systems and may have more competent internal auditors as compared to small-sized firms, therefore; an effective internal control system helps in publishing reliable financial information for the public, so this will likely reduce the ability of the management to manipulate earnings. Also large firms are usually audited by one of the big four auditing firms and this helps prevent earnings management due to the efficient and effective audit performed. A third reason is the reputation cost; in large firms the reputation cost is higher than that in small firms as large firms have a better appreciation of the market environment, better control over their operations and better understanding of their businesses relative to small-sized firms, therefore this might prevent large firms from engaging in earnings management practices. Dechow and Dichev (2002) found that large firms have more stable and predictable operations and therefore fewer and smaller estimation errors [35]. Therefore the control variable SIZE is added to the model. The author expects that the size of a firm is positively related to the level of discretionary accruals. The author suggests the following hypothesis:

H6: Firm size has a positive relation (+) to earnings management.

Debt ratio (LEV): Prior literature makes a link between the debt level and the choice of accounting policy and that's because debt covenants are based on the accounting numbers reported and any violation in the debt covenants imposes costs on the company [36]. One of the

theories linking the two variables is the financial distress theory explained by Fung and Goodwin (2013) which examines earnings management incentives among managers in financially distressed firms [37]. They argue that when managers manipulate the firm's earnings, they are doing that to convince their creditors that the financial distress is of a temporary nature and will be able to recover soon. Another theory would be information asymmetry, according to Jones et al. (2005) [38]; information asymmetries tend to be less severe for large loans, since any fixed costs associated with obtaining information about a borrower are less of an obstacle for large loans. It is also suggested that small borrowers have greater information asymmetries, and a loan's size is typically positively correlated with its borrower's size. When a company relies on debt, the managers tend to choose accounting policies that increase the income so that they abide by the debt covenants imposed by banks and bondholders and this allows them to avoid any renegotiation costs. Based on the prior literature a negative relation is proposed to exist between firm financial leverage and earnings management mainly for two reasons: first, leverage requires debt repayment, thus reduces cash available to management for non-optimal spending; second, when a firm employs debt financing, it undergoes the scrutiny of lenders and is often subject to lender-induced spending restrictions.

H7: Debt ratio has a negative relation (-) to the earnings management.

AU (Audit): Previous literature found that the Big 4 auditors are associated with better audit quality compared to non-Big 4 auditors. Francis and Krishnan (1999) found that Big 6 audit firms report more conservatively than non-Big 6 audit firms [39]. Basu et al. (2000) found that Big 8 audit firms have a greater exposure to legal liability and litigation costs, so they report more conservatively than non-Big 8 audit firms

[40]. Firms audited with auditors other than the big four report significantly greater discretionary accruals. Bartov et al. (2000) suggest that higher quality auditors tend to report any error and have no willingness to accept any manipulations [41]. The study by Yasar (2013) finds that the audit quality doesn't have an impact on discretionary accruals so there is no difference in audit quality between Big Four and non-Big four audit firms in constraining the practice of earnings management [42].

H8: AU has a negative relation (-) to the earnings management.

3. Data and variables

3.1. Sample description

In this study, the data set includes 100 companies on the Vietnamese stock markets (HNX and HOSE) listed before 2009 in the period from 2011 to 2014. For some enterprises, collected data consists of annual financial statement reports. Following the above sample selection process, a total of 400 observations are collected.

3.2. Variables

Earnings management (DA) is the use of accounting techniques to produce financial reports that present an overly positive view of a company's business activities and financial position. Many accounting rules and principles require company management to make judgments. Earnings management takes advantage of how accounting rules are applied and creates financial statements that inflate earnings, revenue or total assets. The majority of recent earnings management literature relies primarily on discretionary accruals as a proxy for earnings management and so this study will use discretionary accruals as a proxy for earnings management. Most researchers prefer to use the cash flow statement approach as it is

more useful than the balance sheet approach [43, 44].

This study will use the cash flow statement approach to calculate the total accruals, so based on that approach the total accruals can be calculated as follows: $TA_t = NI_t - CFO_t$

Where: TA_t : total accruals in year t , NI_t : net income in year t , CFO_t : cash flows from operating activities in year t .

Total accruals are not the proxy for earnings management; on the contrary, earnings management is that part of the accruals that managers can have control over and with which are able to practice manipulations. According to this, the total accruals are divided into two parts which are discretionary accruals and non-discretionary accruals. So to calculate the discretionary accruals, non-discretionary accruals are subtracted from the total accruals [43]. Where: TA : total accruals, DA : discretionary accruals, NDA : non-discretionary accruals.

Consequently, based on the modified Jones model (1995), that this study uses, the equation to be used in calculating the NDA is as follows [43]:

$$NDA_t = \beta_1j [1/At-1] + \beta_2j [\Delta REV_t - \Delta AR_t/At-1] + \beta_3j [PPE_t/At-1]$$

Where: NDA_t : Non discretionary accruals for firm j in year t ; $At-1$: Total assets for firm j in year $t-1$; ΔREV_t : Change in the revenues (sales) for firm j in year t less revenue in year $t-1$; ΔAR_t : Change in accounts receivables for firm j in year t less receivables in year $t-1$; PPE_t : Gross property, plant and equipment for firm j in year t ; β_1j , β_2j , β_3j are firm specific parameters. In order to find the firm specific parameters to be used in the NDA equation, a regression equation is used to find those parameters and this equation is as follows [34, 45]:

$$TAC_t/At-1 = \beta_1j [1/At-1] + \beta_2j [(\Delta REV_t - \Delta AR_t)/At-1] + \beta_3j [PPE_t/At-1] + \epsilon_t$$

After calculating the total accruals using the cash flow statement approach and calculating the non-discretionary accruals through the equation of the modified Jones model (1995),

the discretionary accruals can then be calculated using the following equation [45]:

$$DA_{jt} = TAC_{jt}/A_{jt-1} - NDA_{jt}$$

In this study, on the basis of previous studies, six independent variables are used in this research: GENDERCHAIR, GENDERCEO, GENDERCFO, CEOTENURE, CEOAGE, firm size, LEV, AU. As far as independent variables are concerned, we have selected several proxies that appear in the empirical literature.

- GENDERCHAIR variable equals one if the CHAIR of the firm is female, equals zero if the CHAIR is male.

- GENDERCEO variable equals one if the CEO of the firm is female, equals zero if the CEO is male.

- GENDERCFO variable equals one if the CFO of the firm is female, equals zero if the CFO is male.

- CEOTENURE variable equals one if the company has changes in the CEO in the year, zero otherwise.

- CEOAGE = Natural logarithm of the age of CEO

- SIZE = Natural logarithm of total assets

- LEV = total debt to total assets

- AU equals one for Big 4 auditor, 0 otherwise

4. Research methodologies

The association between earnings management and the effect of top executive gender were employed to analyze the data. The research uses Stata software to analyze data. To choose the appropriate estimation method between fixed effects and random effects, we use Hausman's test.

Based on previous research, these regression models can be specified as follows:

4.1. Research model

$$DA_{i,t} = \alpha + \beta_1 \text{GENDERCHAIR}_{i,t} + \beta_2 \text{GENDERCEO}_{i,t} + \beta_3 \text{GENDERCFO}_{i,t} + \beta_4 \text{CEOTENURE}_{i,t} + \beta_5 \text{CEOAGE}_{i,t} + \beta_3 \text{SIZE}_{i,t} + \beta_4 \text{LEV}_{i,t} + \beta_5 \text{AU}_{i,t} + \epsilon_{i,t}$$

Table 1. Proxies, Expected relationship

No.	Independent variables		Hypothesis
	Name	Sign	
1	The gender of the CHAIR	GENDERCHAIR	(+)
2	The gender of the CEO	GENDERCEO	(+)
3	The gender of the CFO	GENDERCFO	(+)
4	The tenure of the CEO	CEOTENURE	(+)
5	The age of the CEO	CEOAGE	(+)
6	Firm size	SIZE	(+)
7	Liquidity	LIQ	(-)
8	Auditor	AU	(+)

5. Results

Table 2. Descriptive statistics of sample variables

Variable	Obs	Mean	Std. Dev	Min	Max
DA	400	-5.23×10^{10}	7.16×10^{11}	-8.66×10^{12}	3.50×10^{12}
CEOAGE	400	3.891358	0.1590378	3.332205	4.26268
SIZE	400	27.15551	1.53426	23.1799	32.13621
LEV	400	1.824688	1.788384	0.0330119	12.63132

GENDERCHAIR	Freq.	Percent (%)
0	348	87
1	52	13

GENDERCEO	Freq.	Percent (%)
0	365	91.25
1	35	8.75

GENDERCFO	Freq.	Percent (%)
0	192	48
1	208	52

CEOTENURE	Freq.	Percent (%)
0	361	90.25
1	39	9.75

AU	Freq.	Percent (%)
0	297	74.25
1	103	25.75

The mean of the variable explains the DA of the companies in the sample of this study. From Table 1 it also can be stated that companies in this study use a maximum of 3.50×10^{12} .

Table 3. Pearson correlation coefficient matrix

	DA	GCHAIR	GCEO	GCFO	CEOT	CEOAge	SIZE	LEV	AU
DA	1.0000								
GCHAIR	0.0278	1.0000							
GCEO	-0.1839	0.4065	1.0000						
GCFO	-0.0508	0.0887	-0.0567	1.0000					
CEOT	-0.1193	-0.1020	-0.0123	0.0121	1.0000				
CEOAge	0.0488	0.1474	0.0187	-0.1095	-0.1699	1.0000			
SIZE	-0.2202	-0.0651	0.1503	-0.1045	0.0862	-0.0456	1.0000		
LEV	-0.0427	-0.0693	-0.0313	-0.0753	0.0308	-0.0236	0.3584	1.0000	
AU	-0.1423	0.0104	0.1212	-0.1666	0.1148	-0.0974	0.4992	-0.0071	1.0000

To test the correlation between the variables the Pearson correlation coefficient was used. With this test it has been measured how variables move from each other. The correlations between the variables in Table 3, give a first indication about the sign and the influence of the variables in determining leverage. The correlation of 0.0278 for GENDERCHAIR and DA indicates that there is

a positive relation between the variables. The same applies for the CEOAGE with a correlation of 0.0488

The GENDERCEO, GENDERCFO, CEOTENURE are positively correlated with a correlation of -0.1839, -0.0508 and -0.1193. The same applies for the SIZE, LEV and AU with a correlation of -0.2202, -0.0427 and -0.1423.

Table 4. The regression results of model

Independent variables	FEM		REM	
	Coef.	P> t	Coef.	P> t
GENDERCHAIR	*2.03*10 ¹¹	0.081	*2.08*10 ¹¹	0.073
GENDERCEO	***-5.01*10 ¹¹	0.000	***-5.04*10 ¹¹	0.000
GENDERCFO	*-1.31*10 ¹¹	0.067	*-1.33*10 ¹¹	0.063
CEOTENURE	*-2.09*10 ¹¹	0.081	*-2.21*10 ¹¹	0.062
CEOAGE	2.14*10 ¹⁰	0.925	5.59*10 ⁹	0.980
SIZE	***-8.03*10 ¹⁰	0.006	***-8.04*10 ¹⁰	0.006
LEV	6.63*10 ⁹	0.757	6.08*10 ⁹	0.776
AU	-6.03*10 ¹⁰	0.529	-6.2*10 ¹⁰	0.515
CONS	*2.16*10 ¹²	0.061	*2.22*10 ¹²	0.052
R-squared				
Within	0.0959		0.0959	
between	0.8408		0.8396	
overall	0.0977		0.0977	

P_Value > X² = 0.0000 ***

Table 5. Hausman test

Independent variables	FEM	REM	Diff.
GENDERCHAIR	2.03*10 ¹¹	2.08*10 ¹¹	-4.50*10 ⁹
GENDERCEO	-5.01*10 ¹¹	-5.04*10 ¹¹	3.04*10 ⁹
GENDERCFO	-1.31*10 ¹¹	-1.33*10 ¹¹	1.26*10 ⁹
CEOTENURE	-2.09*10 ¹¹	-2.21*10 ¹¹	1.17*10 ¹⁰
CEOAGE	2.14*10 ¹⁰	5.59*10 ⁹	1.58*10 ¹⁰
SIZE	-8.03*10 ¹⁰	-8.04*10 ¹⁰	3.67*10 ⁷
LEV	6.63*10 ⁹	6.08*10 ⁹	5.54*10 ⁸
AU	-6.03*10 ¹⁰	-6.20*10 ¹⁰	1.72*10 ⁹

Chi2 = 0.78; Prob > chi2 = 0.9993

With the Hausman test, the results show that the P-value is 0.9993, greater than 5% of the significant level, so the RE estimation method is more suitable than the FE method. Therefore, we will use the estimated results based on RE for analysis.

The estimated results based on RE show that all five elements – GENDERCHAIR, GENDERCEO, GENDERCFO, CEOTENURE, SIZE affect the earnings managements. GENDERCEO, SIZE affect at a significant level of 1%, and GENDERCHAIR,

GENDERCEO, GENDERCFO, CEOTENURE and SIZE variables of the research have negative relations to the earnings management except the GENDERCHAIR variable.

$$DA_{i,t} = 2.08*10^{11}*GENDERCHAIR_{i,t} - 5.04*10^{11}*GENDERCEO_{i,t} - 1.33*10^{11}*GENDERCFO_{i,t} - 2.21*10^{11}*CEOTENURE_{i,t} - 8.04*10^{10}*SIZE_{i,t} + 2.22*10^{12}$$

This finding is broadly consistent with the prior literature on gender differences in conservatism and risk aversion [15, 17, 18, 19]. Given these gender differences, it is reasonable to argue that female CFOs may inherently be more prone to avoid opportunistic income-increasing earnings management. Although the estimated coefficients for female CEOs are also consistently negative, the CEO seems not to have any statistically significant effect on earnings management. Thus, consistent with Geiger and North (2006) [46] and Jiang et al. (2008) [7], our findings provide further empirical evidence of the significant influence of the CFO on the quality of financial reporting.

We fail to find any significant relationships between the CEO's age and accrual earnings management. This could be due to the fact that the decisions of the CEO are influenced by the decisions of the Chairman since the Chairman has the power to replace the CEO. These insignificant results are consistent with the findings of Feng et al. (2011) [47], who report that CEOs are involved in material accounting manipulations because they give in to pressure from the Chairman.

According to the results, there is a positive relation between GENDERCHAIR and their earnings management. GENDERCEO, GENDERCFO, CEOTENURE and SIZE appear to maintain a negative relation. Moreover, the existing corporate finance literature suggests that executive gender may affect managerial behavior, while a vast body of accounting literature shows that the quality of financial reporting depends on managerial motives and incentives.

6. Limitations

We acknowledge several limitations in our empirical analysis. First, our empirical findings are not necessarily applicable to smaller firms. Second, due to the fact that our executive gender data are hand-collected, we were forced to limit the sample to four fiscal years. Thus, we are unable to analyze the relation between executive gender and earnings management over time in different business cycles. Given that the sample period is characterized by the strong growth of the Vietnamese economy, it is possible that the income-decreasing accruals of firms with female executives are actually a reflection of "cookie-jar" reserve accounting. Third, due to the short sample period and the low number of female executives, we are unable to examine whether the appointment of female executives would improve earnings quality. Fourth, we recognize that the applied accruals models may not provide perfect estimates of the extent of earnings management. Finally, it should be noted that our findings may suffer from a self-selection bias. Although we have attempted to control for size effects, it is possible that we have omitted some correlated variables, or that certain firm characteristics simultaneously affect the choice of female executives and earnings management.

7. Conclusion

In this paper, we conduct our analysis in order to clarify the effect of top executive gender on earnings management. We focus on the gender of the firm's CHAIR, CEO and CFO, and attempt to assess whether and how executive gender affects the quality of financial reporting. We use the data from the financial statements of 100 companies first listed on the Vietnamese stock exchanges before 2009 in the period from 2011 to 2014. These regressions provide considerable evidence to suggest that firms with female CFOs, CEOs and CHAIRs are associated with income-decreasing

discretionary accruals, thereby implying that female CFOs are following more conservative financial reporting strategies. This finding is broadly consistent with the existing literature on gender differences in conservatism and risk aversion. We find however, no relationship between earnings management and the age of the firm's CEO. Thus, consistent with prior research, our findings provide evidence about the significant influence of CFOs on earnings management activities. In general, the empirical findings reported in this paper demonstrate that gender-based differences, for instance, in conservatism, risk-aversion, and managerial opportunism may have important implications for the quality of reported financial information.

Thus, we hypothesize that the gender of a firm's executives may potentially have implications for earnings management. This study can open the horizons for forthcoming studies to investigate capital structure theories on valuable companies listed on Vietnam stock markets and valuable sectors of Viet Nam.

8. Suggestions for future research

Future research work should be done in other non-commercial state corporations and public benefit organizations. This will enhance the scope of the findings and level of generalization. Thus, future research could be replicated to examine the demographic diversity of top management teams and quality reporting in other regulatory and state agencies, listed companies and non governmental organizations. The same research can be carried out by bringing in other demographic characteristics such as: ethnicity, culture, religion, over-confidence, etc. This will help in explaining how reporting choices and corporate voluntary disclosures affect public institutions when constituting top executives and management boards. The future research could measure quality reporting using other indices of reporting quality and tracking specific fixed effects of top management teams over time,

since top executives' backgrounds are an actionable variable for corporate boards. A better understanding of top management's role is crucial for financial quality reporting.

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