

A C A D E M I C S E M I N A R

State Ownership and Earnings Management around Initial Public Offerings: Evidence from China

This study investigates earnings management by firms around their initial public offerings (IPOs) in domestic Chinese equity markets. Using a sample of 437 IPO firms, we find that Chinese firms tend to inflate earnings around their IPOs. We also show that state-owned enterprises (SOEs) manage earnings to a lesser degree than non-state-owned enterprises (NSOEs) around IPOs. Furthermore, using path analysis, we find that two incentive factors, CEO shareholding and accessibility to bank loans, explain 48% of the correlation between state ownership and earnings management for IPOs. In particular, the accessibility to bank loans is a more important incentive factor that leads to less earnings management for SOEs than NSOEs.

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Dr. Wei is currently working at HK PolyU as an associate professor in finance. He got his Ph.D. in economics at University of Toronto, Canada, and worked at HKUST, the University of New South Wales in Australia, before joining HK PolyU. His main research interests are empirical asset pricing and investments, firm-level stock volatility, market anomalies, earnings management, etc. He has published in Journal of Business, Journal of Financial and Quantitative Analysis, Journal of Banking and Finance, and Journal of Empirical Finance.

Date: **27 May 2015 (Wednesday)**

Time: **2:30 pm – 4:30 pm**

Venue: **SEK210, 2/F, Simon & Eleanor Kwok Bldg.**

Language: **English**

*** All are Welcome ***