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# Analytical study on the application of earnings management practices in the Algerian business environment from professionals' perspectives

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***Abstract*---**This study aims at analyzing the methods of earnings management applied in the Algerian environment. It involves a field study on a group of 65 professionals who answer a questionnaire made up of two axes, namely the exploitation of the flexibility in the accounting practices provided for in the financial accounting system, and the earning management practices through the real operational activities and the financial and investment policies. Findings show no statistically significant differences attributed to the experience among the informants regarding the two axes. However, we find statistically significant differences attributed to the specialty among the informants regarding the two axes.

***Keywords*---**Earnings management, Discretionary accruals, Measurement models, Earnings management incomes.

## 1. Introduction

Earnings management is an important accounting issue for the academics and professionals (Patricia et al., 2012). It covers the management of the real and accrual earnings. The management of the accrual earnings refers to the manipulation in the accounting information through choosing the accounting


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policies and estimates. In addition, the real earnings management manipulates the earnings level through affecting the flow of incoming and outgoing economic benefits through the real transactions procedures. The companies interchangeably use the real and accrual earnings managements to manipulate the earnings (Luo, 2022). We find many views about the earnings management in accountancy and can divide them into two classes. In this context, the American accountant, William Scott, claims in his theory that earnings management means that in the earnings management under the generally accepted accounting principles, the choice of the accounting policies allows the company to maximize the market value. On the other hand, Katherine Shear, an American accountant, sees that the earnings management is, in fact, a disclosure management, as the directors deliberately control the process of making the external financial reports to get specific benefits (Gu, 2020). The issue of earnings management is linked to their measurement. We can find different measurement models in the economic literature. These models can be divided into models that rely on the time series, on the mathematical modeling of the specific accruals, on the mathematical modelling of the estimate accruals using the time series, and on the mathematical modeling of the overall estimate accruals using the cross-sectional unnatural accruals (Zdenko & Anna, 2020). The earnings management may decrease the validity of the financial reports, as the administration manipulates the reports on its behalf. The managers use different methods to estimate the earnings size, namely the fast recognition and recording of the incomes and costs. Thus, they do not disclose their commitment, as they change the accounting procedures and methods and use others that are foreign for the financial environment (Azizah & Pujiono, 2021).

**1. The study problematic:**

The question of measuring and detecting the earnings management is recurrently studied. However, we do not find a common view regarding the most efficient methods (Lenka & Lucia, 2021). Therefore, our study aims at analyzing the dimensions of this phenomenon and on its spread in the Algerian business environment. In addition, it aims at finding out the causes of these practices. Based on what was said, we raise the following problematic, "**what are the methods of earnings management applied in the Algerian business environment from the perspective of professionals?"**

**Sub-problematic:**

1. Is there an exploitation of the available flexibility and accounting choices in the accounting financial system of the Algerian environment from the perspective of professionals?
2. Is there an application of the practices of the earnings management through the real operational activities and the financial and investment policies in the Algerian environment from the perspective of professionals?

**2. The study hypotheses:**

1. There is an exploitation of the available flexibility and accounting choices in the accounting financial system of the Algerian environment from the perspective of professionals.

2. There is an application of the practices of the earnings management through the real operational activities and the financial and investment policies in the Algerian environment from the perspective of professionals.

**3. Importance of the study:**

The importance lies within the fact that the study looks for the methods used in the earnings management in the Algerian business environment through presenting and analyzing the local methods of manipulation, which contradict with the professional ethics.

**3. Literature review**

Many studies focused on the models of measuring the earnings management. Therefore, we shall chronologically tackle some studies and link them to our study.

**The study of Peasnell, Pope, & Young (2000):**

It investigated the issues of specifications and power regarding the cross-sectional models used to estimate the unnatural accruals. In addition, it tested Jones measurement model (1991) and Jones modified model (Dechow et al., 1995). Moreover, the authors developed and tested new specifications, known as "the margin model". The experimental tests showed that the three models are well determined when applied on a random sample. Nevertheless, the margin model may generate relatively better estimates for the unnatural accruals when the performance of the monetary flow is extreme. In addition, the analysis of the models' ability to detect the accrual earnings management shows that the three measures can generate relatively strong tests. As for the relative performance, Jones measurement model and Jones modified model are stronger in dealing with the incomes and the manipulation of the bad debts. Contrarily, the margin model is stronger in detecting manipulation in the expenditures of the bad debts. These results show the need for different models in different circumstances.

**The study of Paul & Craig (2007):**

It analyzed the effects of using the absolute value of the estimate accruals when testing the earnings management through developing the mean and variance of the distribution of the absolute estimate accruals. Findings showed that the expected value is an increasing function of the variance in the model of estimating the estimate accruals in the 1st phase. In addition, the study shed light on many characteristics of the company, related to the error variance in the estimate accruals models using the mimicry. The correlation between the variable of dividing the earnings management and the company characteristics leads to an excessive refusal of the null hypothesis due to the absence of earnings management. In addition, there is a big positive relation between the unexpected estimate accruals and the scale of the sensitivity of CEO compensations for the increase of 1% in the company shares. This relation disappears when the model is widened to cover the fluctuations in the cash flows and the sales. This confirms the importance of controlling the factors that determine the accruals fluctuations when using the models of the unexpected estimate accruals to deduce the possibility of achieving the earnings management.

**The study of Stephen (2010):**

It tackled the ability of the accruals and revenues models to detect the real and simulated earnings management. Findings show that the revenues models are less biased, more exact, and stronger than the commonly used accruals models. Using the mimicry, the study found out that the revenues models are more probable than the accruals models in detecting the manipulation of the revenues and expenditures. In addition, despite that the revenues models detect manipulation, the accruals models do not. These findings support the use of the estimate revenues scales to study the earnings management.

**The study of Tianran (2010):**

The study tackled the issues of the alternative accruals-based models in detecting the earnings management through comparing Jones model and Jones modified model, which are the most common in the experimental analysis at the present time. Earnings management is an administration that uses accounting techniques to satisfy the needs of CEOs for earnings. In addition, the study provided examples on situations where Jones model cannot be used. Findings show that Jones modified model is the best for detecting the earnings management compared to the other methods. In addition, it is problematic sometimes; therefore, it is necessary to use other methods to detect the earnings management and compare the results with Jones modified model because the use of the results of one model is not sufficient. Moreover, efforts are still up to find the best earnings management. Despite that many people deduce that the modified model of Jones raises issues, we have no alternatives.

**The study of Patricia et al. (2012):**

It tackled a new method for accruals-based earnings management and the premise that this management must reflect on another phase. If the researcher has prior information about the reflection time, merging this prior information may highly improve the strength and specificities of earnings management tests. Findings show that merging the reflections may increase the strength of the model at 40%, and provide a strong solution to alleviate the imprecision of the model resulting from the related deleted variables.

**The study of Ann et al. (2014):**

It aimed at showing the effect of the familial companies on the real earnings management and the accruals-based earnings management using the social welfare and emotionality as a theoretical frame of the different effects of the real earnings management and the accruals-based earnings management on cross generational sustainability in the family companies. The study covered 402 family companies listed in Germany during 1998-2008. In this regard, the family companies participate less in real earnings management and show more policies of accruals-based earnings management that reduce the earnings compared to 436 non-family companies. Furthermore, the family companies deal with the real earnings management and the accruals-based earnings management as alternative, not complementary, tools to the earnings management. In general, the

study found out that the family companies strategically use the activities of the earnings management, avoid those that hinder the long-term value of the company (i.e., the real earnings management), and participate in those that help the families maintain the control across generations.

**The study of Ivana et al. (2015):**

It aimed at analyzing the predictive ability of the current models used to detect the earnings management, and at developing an enhanced model to detect the manipulative financial statements using the multi-linear regression model. Findings show that the current models of the estimate accruals in the Serbian economic environment do not have enough interpretation power (Jones model 5.4%, Dechow model 2.6%, and Kazenck model 37%). There is a need for more adjustments. Among these models, only Kazneck's is statistically significant for a sample of 65 companies in the industrial sector in Serbia. A modified model was developed for the estimate accruals to improve the interpretation ability and allow detecting new techniques to manipulate the financial reports in the industrial sector. The interpretation ability of the model is 63.7%. In addition, the current models of the estimate accruals, such as Jones (1991), Dechow (1995), and Kazneck (1999) do not have independent variables to detect the effects of the prior and posterior measurement of the stocks, the properties, the firms, and the tools on the financial statements. The suggested model in the study showed an enhanced interpretation power for the dependent variable, estimated at 63.7%, and that the application of the model of the estimate accruals may detect the earnings management in the industrial sector in Serbia.

**The study of Mohamed & Azhar (2017):**

It aimed at analyzing the previous studies on the effect of adopting the international standards of making the financial reports on the earnings management and the quality of the financial reports. In addition, it justifies the use of the new model of estimating the accruals in the developing economies, such as in Bangladesh, which was suggested by Yohn et al. (2006). Findings show that the modified widened model of Jones (Yohn et al., 2006) is more suitable compared to Jones model to manage the detected earnings. Finally, the choice of the model is explained by pointing to the modern studies and clarifying the specifications of the model of the experimental study.

**The study of Anna (2020):**

It aimed at showing the historical development of the earnings management models and at clarifying the historical development of the earnings management model. Findings show that many models were developed to measure the degree of the earnings management. The 1st methods rely on the time-series-based methods. Another group of authors dealt with the earnings management through the mathematical modelling of the accruals. In addition, others found out the earnings management through the mathematical modelling of the overall estimate accruals using the time-series. Finally, others used the cross-sectional unnatural accruals instead of the time-series, namely DeFond, Jiambalvo, Subramanyam,

Pope, and Young. Beneish built a model to detect the manipulation in the earnings, like Altman's bankruptcy model.

**The study of Gu (2020):**

The study focuses on the studies that tackled the earnings management in China from 2015 to 2019, including the economic researches, the administration world, the accountancy researches, the financial studies, the Chinese industrial economy, and the international economy. The studies were classified as samples to analyze the case of the local earnings management researches. The relevant studies were summarized according to the factors that affect the earnings management and the economic results of earnings management to provide a reference for the future earnings management. Findings show that the literature about the earnings management mainly focuses on the factors that affect the earnings management, and represents 69% of the literature on the earnings management from 2015 to 2019. The 2nd is the economic effect resulting from the earnings management researches, the earnings management, and the literature that cannot be classified in the 3 mentioned classes. Besides, the entry point and the perspective of the factors that affect the earnings management are wide. Moreover, the current relevant studies are no more limited to studying the effect of earnings management from the perspective of the internal systems and the behavior of CEOs; rather, they focus on new views, such as the macro-policies and the protection of the environment. Finally, there is a relatively low number of studies on the economic repercussions of earnings management.

**The study of Zdenko & Anna (2020):**

It aimed at testing the interpretation power of the foreign models chosen in Slovakia. The authors used the statistical methods used in the chosen models of earnings management (the regression, Man Whitney non-parametrical test, Adjusted R, and the standard deviation). The study contributed to testing the interpretation power of the foreign models chosen in the other economic conditions where they were established. The authors described the interpretation power of the most used earnings management models, namely Jones model (1991), Jones modified model (suggested by Dechow, Slone, and Swini, 1995), the model of Theo, Welsh, and Wong (1998), the model of Kazneck (1999), and Kothari model (2005). In this context, the interpretation power was measured, and showed that the highest power due to the adjusted determination coefficient is in Jones modified model while the lowest is in Theo, Welsh, and Wong model. Jones modified model has the highest power thanks to the sign indicator and the standard deviation of the variables. All the used models have a statistical significance. Jones modified model is universally used in earnings management measurements; its interpretation is sufficient even in Slovakia.

**The study of Azizah & Pujiono (2021):**

It aimed at studying the differences in the earnings management patterns in the companies listed in the Indonesian stockmarket (IDX). The administration may make profits because it wants to take advantage of the accountancy policies/specifications thanks to the nature of the assets available in the

industries. The study used Jones modified model in determining the loyalty of the earnings management. In addition, it used ANOVA to find out any differences in the earnings management patterns. The data include 450 companies from 08 industrial sectors in Kompas 100 index during 2015-2019, namely the basic and chemical industries, consumption products, services, mining, oil, natural gas, firms, estates, and banking. Findings showed differences in the patterns of earnings management between the industrial sectors; therefore, the administration exercises earnings management according to the specificities of each industry.

**The study of Lenka & Lucia (2021):**

It compared the ability of Jones model to detect and evaluate the occurrence of earnings management under the conditions of Slovakia. The study used the regression analysis and comparison. In addition, it observes Jones model and its modifications to identify the suitable model for evaluating the existence of earnings management in the companies in Slovakia. Jones model achieved the highest interpretation power, as the mean value of the adjusted determination coefficient is 0.0913, which means that the model interprets the variance at 9.73%. The 2nd is Kothari model with a value of 0.966, followed by Kazneck model with 0.0736, Jeetr & Shevacomar with 0.648, Jones model with 0.0601, and Chi model with 0.0590. In addition, Theo, Welsh, and Wong model showed the lowest interpretation power as the determination coefficient was 0.0383. The second criterion is the standard deviation of the variables mentioned in the earnings models. In this regard, Jones modified model was the most efficient, as it reduced the standard deviation of the first variable in Jones model. Its adjustment of AREV-AREC variable reduced the standard deviation to 31%. Besides, the standard deviation of the variable PPE reached 25%. Based on these findings, Jones modified model is the most important in Slovakia conditions.

**The study of Luo (2022):**

It experimentally investigated the partial substitution of two earnings management patterns after change from 04 to 03 classifications of the financial assets in China. The experimental study found out that after the change from 04 to 03 classifications, the manipulation of the financial assets classes decreased and the recognition of the financial assets was cancelled by the listed companies. In addition, the manipulation of the measurement of the fair value of the financial assets increased. The last point is highly linked to the financial assets ratio and the fair value through gain or loss in the hierarchical sequence 3. Based on the findings, the study recommends that the auditors and the relevant organizational entities must focus more on the number of the retained financial assets, and appropriate the techniques of evaluating the financial assets in the hierarchical sequences 2 and 3. Furthermore, CAS22 standard has a relatively efficient item about the manipulation of the classification of the financial assets and cancelling their recognition. However, it is necessary to focus on the relation between the hierarchical sequence of the fair value and the accrual earnings management. Finally, it is necessary to focus on earnings management after reviewing the financial tools criterion.

### 1.1 The concept and methods of earnings management:

Earnings management is practiced due to the manipulation by the administration to reduce its earnings to avoid taxes, or to increase the earnings and the rewards of the administration council. However, there are different motives that push the administration to adopt earnings management.

#### a. The concept of earnings management:

It is a legal and very efficient accounting technique to reach specific goals, including manipulation of the accruals (Lenka & Lucia, 2021). It happens when the directors use their personal estimates and views in making the financial report and structuring the operations to modify the financial report to mislead the stakeholders or affect the financial statements (Healy & James). Moreover, it is the process of reporting the level of income through increasing or decreasing the earnings in a given time for the administration and the stakeholders (Azizah & Pujiono, 2021). Furthermore, it happens when the executives use their freedom and personal judgments with the accounting statements to maximize the value of the company or achieve personal interests (Fields, T & I, 2001). Additionally, it is the attempt to influence the turnover to achieve personal interests (Schroder, M & J). Finally, it is a deliberate intervention from the administration in making the financial reports to achieve subjective interests (Schroder, J., & M, 2005).

#### b. The methods of earnings management:

The earnings management methods are divided according to (Azizah & Pujiono, 2021):
- Taking advantage of the opportunities to make accounting estimates: The administration uses this method to influence the earnings through judgments on the accounting estimates, including the estimated levels of the bad debts, the fixed assets depreciation periods, the consumption of the intangible assets, etc.
- Taking advantage of the opportunities to choose the alternative accounting methods mentioned in the accounting standards: The administration has freedom to choose or change the accounting method in the financial reports, such as using FIFO or LIFO methods in calculating the stock. In addition, the companies can change the depreciation method from the linear depreciation to the number of years method.

## II. Method and tools:

### 2.1 The study population and sample:

The population and sample of the study include 65 professionals from the Eastern West to know the methods of earnings management used in the Algerian context. We used the experience and specialty variables to study the differences.

### 2.2 Setting the scale according to Cronbach's Alpha:

To test the validity and consistency of the scale, we used Cronbach's Alpha, which takes values between 0 and 1. Appendix 01 shows that the value of Cronbach's Alpha is 0.635, which shows it is statistically acceptable and sufficient for such

study. In addition, the validity coefficient, which is the square root of Cronbach's Alpha is 0.796. Therefore, we confirmed the consistency and validity of the scale.

**2.3 Kolmogorov-Smirnov test:**
It tests whether the data follow a natural distribution. It is necessary when testing the hypotheses because most of the parametrical tests require a natural distribution. Appendix 2 shows that the probabilistic value of each axis is higher than 0.02, showing that the data do not follow a natural distribution, and that it is necessary to use non-parametrical tests. From table 02 and the data of this treatment:
**Axis one:** based on the significance level 0.001, which is less than 0.05, the distribution of the data of the population from which the sample was chosen does not follow a natural distribution.
**Axis two:** based on the significance level 0.001, which is less than 0.05, the distribution of the data of the population from which the sample was chosen does not follow a natural distribution.

**2.4 Describing the trend of the answers:**

**2.4.1 Exploiting the flexibility and accounting choices available in the financial accounting system:**

Appendix 3 shows the descriptive statistics of axis 02. The question about the existence of an unreal evaluation of the doubted debts got the highest confirmation with an arithmetic mean of 2.90 and a standard deviation of 0.422. On the other hand, the question about the unsuitable application of the assets depreciation methods got the highest confirmation with an arithmetic mean of 1.67 and a standard deviation of 0.93. Finally, the overall axis was neutral with an arithmetic mean of 2.18 and a standard deviation of 0.434.

**2.4.2 Applying the earnings management practices through the real operational activities and the funding and investment policies:**
Appendix 04 shows the descriptive statistics of axis 03. In this regard, the question about the unreal costs of sales, including transportation and storage, got the highest confirmation with an arithmetic mean of 2.58 and a standard deviation of 0.52. On the other hand, the question about the easygoingness in the conditions and guarantees to increase the sales got the highest confirmation with an arithmetic mean of 1.66 and a standard deviation of 0.71. Finally, the overall axis was neutral with an arithmetic mean of 2.18 and a standard deviation of 0.274.

**III. Results and discussion:**
This section discusses the results of the study hypotheses regarding the variables of experience and specialty using the non-parametrical test Kruskal-Wallis to study the differences.

**3.1 Testing the study hypotheses based on the experience variable:**

Appendix 05 shows the descriptive statistics of the 03 independent samples of the experience variable regarding the size and the ranks mean for each sample. These

are necessary parameters to execute the tests and estimate the conditions of the validity of its execution. We notice that the informants with an experience that does not exceed 05 years are 14 with a ranks mean of 42. On the other hand, those with an experience between 0 and 10 years are 07 with a ranks mean of 33. Finally, those with an experience of more than 15 years are 44, with a ranks mean of 30.14.

### 3.1.1 Testing the 1st hypothesis:

**$H_0$:** There are no statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of experience.
**$H_1$:** There are statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of experience.

Appendix 06 shows the statistical analysis test based on the independent variable (the experience). The value of $x^2$ test is 3.673 with a significance level of 0.159, which is more than 0.05. Therefore, we accept the null hypothesis and refuse the alternative. Consequently, there are no statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of experience.

### 3.1.2 Testing the 2nd hypothesis:

**$H_0$:** There are no statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of experience.
**$H_1$:** There are statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of experience.

Appendix 07 shows the statistical analysis test based on the independent variable (the experience). The value of $x^2$ test is 4.544 with a significance level of 0.103, which is more than 0.05. Therefore, we accept the null hypothesis and refuse the alternative. Consequently, there are no statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of experience.

## 3.2 Testing the study hypotheses based on the variable of specialty:

Table 08 summarizes the descriptive statistics related to the 03 independent variables regarding the size and ranks mean for each sample, which are necessary parameters in executing the test and estimating the conditions of the validity of its execution. In this context, 17 informants are specialized in accountancy and taxation, with a ranks mean of 48.53. On the other hand, 16 are specialized in accountancy and finance, with a ranks mean of 36.5. Finally, 32 are specialized in accountancy and audit, with a ranks mean of 23.

### 3.2.1 Testing the 1st hypothesis:

**$H_0$:** There are no statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of specialty.
**$H_1$:** There are statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of specialty.

Appendix 09 shows the statistical analysis test based on the independent variable (the experience). The value of $x^2$ test 22.729 with a significance level of 0.0000, which is less than 0.05. Therefore, we refuse the null hypothesis and accept the alternative. Consequently, there are statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of specialty.

### 3.2.2 Testing the 2nd hypothesis:

**$H_0$:** There are no statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of specialty.
**$H_1$:** There are statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of specialty.

Appendix 10 shows the statistical analysis test based on the independent variable (the experience). The value of $x^2$ test is 40.761 with a significance level of 0.000, which is less than 0.05. Therefore, we refuse the null hypothesis and accept the alternative. Consequently, there are statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of specialty.

## VI- Conclusion

The study analyzed the methods of earnings management practices in the Algerian environment from the perspective of 65 professionals. The questionnaire had an axis about the use of the flexibility and accounting choices available in the financial accounting system, and another about the application of earnings management practices through the real operational activities and the funding and investment policies. For the reliability of the study tool, Cronbach's Alpha and the validity coefficient showed good results. As for the data distribution, they follow an unnatural distribution; therefore, we used the non-parametrical tests in studying the differences between the informants.

For hypothesis one, which is about the use of the flexibility and accounting choices available in the financial accounting system due to the variable of experience, the significance level was 0.159, which exceeded 0.05 and makes us say that there are no statistically significant differences between the informants

regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of experience. In addition, the informants did not agree on this hypothesis regarding the specialty; therefore, there are statistically significant differences between the informants regarding the use of the flexibility and accounting choices available in the financial accounting system due to the variable of specialty.

As for the 2nd hypothesis, which is on the use of the flexibility and accounting choices available in the financial accounting system due to the variable of experience, the significance level was 0.103, which exceeded 0.05 and makes us say that there are no statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of experience. In addition, the informants did not agree on this hypothesis regarding the specialty; therefore, there are statistically significant differences between the informants regarding the application of earnings management practices through the real operational activities and the funding and investment policies due to the variable of specialty.

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**Appendices:**

**Table 01:**

| Number of questions | Cronbach's Alpha | Validity coefficient |
|---|---|---|
| 24 | 0.635 | 03796 |

**Source:** by the authors based on the outputs of SPSS

**Table** 02: Kolmogorov-Smirnov test

| Axis | Z value | Significance level |
|---|---|---|
| Axis 01 | 1.972 | 0.001 |
| Axis 02 | 1.633 | 0.01 |

**Source:** by the authors based on the outputs of SPSS

**Table 03:** The descriptive statistics of axis 02

| Number | Question | Arithmetic mean | Standard deviation | Trend of the answer |
|---|---|---|---|---|
| 5 | There is an unsuitable application of the methods of assets depreciation | 1,6769 | ,93721 | Neutral |
| 6 | There is an unsuitable reevaluation of the lifespan of the asset depreciation | 2,1077 | ,98620 | Neutral |
| 7 | There is an unsuitable evaluation of the value of the hardware after the asset depreciation | 1,9538 | 1,00671 | Neutral |
| 8 | There is an excessive confession of the risk allocations and the supply costs | 1,9385 | ,99808 | Neutral |
| 9 | There is a mixture in classifying the revenues and investment expenditures | 2,4923 | ,58957 | Agree |
| 10 | There is an unsuitable application of the methods of evaluating the stock | 2,3846 | ,93026 | Agree |
| 11 | There is an unreal evaluation of the doubted debts | 2,9077 | ,42290 | Agree |

| | | | | |
|---|---|---|---|---|
| 12 | There are unreal values in the customers' account | 1,9231 | ,77677 | Neutral |
| 13 | The timing of confessing the revenues does not suit the financial accounting system perspective | 2,3538 | ,48188 | Agree |
| 14 | The timing of confessing the expenditures does not suit the financial accounting system perspective | 2,1385 | ,34807 | Neutral |
| | Axis 02 | 2,1877 | ,43464 | Neutral |

**Source:** by the authors based on the outputs of SPSS

Table 04: The descriptive statistics of axis 03

| Number | Question | Arithmetic mean | Standard deviation | Trend of the answer |
|---|---|---|---|---|
| 15 | The evaluation of the establishment contracts does not suit the financial and accounting system perspective | 2,4769 | ,61511 | Agree |
| 16 | The creation of conditional temporary sales through providing deductions on the sales in unordinary periods or unsuitable periods for increasing the sales | 2,1077 | ,77304 | Neutral |
| 17 | The easygoingness in the conditions and guarantees to increase the sales for activities that require guarantees like the realtors | 1,6615 | ,71320 | Neutral |
| 18 | The excess in production to reduce the fixed cost of the unit due to the decrease of the product value | 2,2769 | ,57303 | Neutral |
| 19 | There are unreal costs of advertisement | 2,3385 | ,71320 | Agree |
| 20 | The expenditures of the sales regarding the transportation and | 2,5846 | ,52715 | Agree |

| | | | | |
|---|---|---|---|---|
| | storage are unreal | | | |
| 21 | There are unreal costs of research and development | 2,3385 | ,71320 | Agree |
| 22 | The exploitation of the timing of purchasing the assets to reduce the earnings | 2,2154 | ,51515 | Neutral |
| 23 | The exploitation of the timing of waiving assets to increase the earnings | 1,7538 | ,58712 | Neutral |
| 24 | Unsuitable funding policies to influence the earnings | 2,1077 | ,61550 | Neutral |
| | Axis 03 | 2,1862 | ,27436 | Neutral |

**Source:** by the authors based on the outputs of SPSS

**Table 05:** The statistical analysis

| The independent variable | Samples | Frequency (size of the sample) | Ranks mean |
|---|---|---|---|
| Professional experience | 01-05 years | 14 | 42 |
| | 05-10 years | 7 | 33 |
| | 10-15 years | 0 | 0 |
| | More than 15 years | 44 | 30.14 |

**Source:** by the authors based on the outputs of SPSS

**Table 06:** The statistical analysis table

| Chi-square | Degree of freedom | Significance level |
|---|---|---|
| 3.673 | 2 | 0.159 |

**Source:** by the authors based on the outputs of SPSS

**Table 07:** The statistical analysis table

| Chi-square | Degree of freedom | Significance level |
|---|---|---|
| 4.544 | 2 | 0.103 |

**Source:** by the authors based on the outputs of SPSS

**Table 08:** The statistical analysis table

| Independent variable | Samples | Frequency (size of the sample) | Ranks mean |
|---|---|---|---|
| Specialty | Taxation and accountancy | 17 | 48.53 |
| | Finance and accountancy | 16 | 36.50 |
| | Accountancy and audit | 32 | 23 |

**Source:** by the authors based on the outputs of SPSS

**Table 09:** The statistical analysis table

| Chi-square | Degree of freedom | Significance level |
|---|---|---|
| 22.729 | 2 | 0.000 |

**Source:** by the authors based on the outputs of SPSS

**Table 10:** The statistical analysis table

| Chi-square | Degree of freedom | Significance level |
|---|---|---|
| 40.761 | 2 | 0.000 |

**Source:** by the authors based on the outputs of SPSS