A STUDENTS AND ACCOUNTING PROFESSIONALS POINT OF VIEW REGARDING THE CREATIVE ACCOUNTING POLICIES

CRISTINA NICOLAESCU[1], BOGDAN COSMIN GOMOI[1], DIANA TĂGĂDUAN[1], LUCIAN CERNUȘCA[1]
[1] ***"Aurel Vlaicu" University of Arad, Arad, Romania, e-mail: cristina_nc2@yahoo.com***

Abstract: *The main objective of our research is to study the perception of the accounting professionals and, in the same time, of the accounting specialized students regarding the existence and development of the creative accounting phenomenon. In order to accomplish this purpose, there was chosen the polls/questionnaire research method. Trying to emphasize a global conclusion of the questionnaire, on could notice that slightly over 50% of the accounting professionals and of the accounting specialized students working in the accounting field would use, during their professional activity, creative accounting techniques and practices, rather motivated by tax consequences than by the necessity of an adequate financial informing. They also take into consideration the positive variant of creative accounting, as an innovation in order to answer to the following question: How could be found legal solutions for determining the entities' profit maximization and, implicitly, additional sources to the public budget? Thus, it is taken into consideration the "clean" professional reasoning of the accounting professionals and the good faith of managers in administrating the resources as efficiently as possible in order to build performances. At the opposite side, more than a half accounting specialized students that do not work at all or do not work in the accounting field consider that reflecting the accurate image of the entity's financial position and performances represents the essential factor that involves the accounting policies' elaborating and grounding.*

Key words*: students, accounting professionals, accounting policy, creativity, polls/questionnaire.*

INTRODUCTION

The creative accounting represents an issue about which it has been written, it is written and, for sure, it will be written even more from this moment on. Why? This happens for at least two reasons. On one hand, it represents an interesting issue even for those „not very experienced in the field" because simply bringing together the words „accounting" and „creative" is something exciting...On the other hand, its practices are parts of the professional arsenal of each accountant. In fact, this last aspect was the one from which the writing of this article started trying to establish in what measure accountant professionals are able to use the creative accounting's techniques and, moreover, if the tendency of using these techniques depends on the accounting professional's „personality" or appears during the professional activity as a consequence of the „professional growing up" or of the costumers' requests. Also, the study tries to emphasize in what measure the creative accounting's specific practices have an accounting or a taxation target. In other words, their using aims reaching the „accurate image" objective or optimizing the taxation.

LITERATURE REVIEW

In the last years, as a consequence of the financial scandals, the studies and the research of any specialists brought more and more in front an amount of perspectives, visions and points of view in what concerns the creative accounting phenomenon. At the international level, there has been written a countless number of papers that review the accounting methods leading to the fictive profit's growth and, also, the accounting methods that, on the contrary, encourage the exhibition of modest results [6]. In most of the cases, the specialized literature brings to front a general vision of the creative accounting,

insisting more on the deadlock in which the financial-accounting information is caught and less on the techniques of eliminating this figures manipulation's phenomenon [6]. In the economic specialized literature, there can be noticed the existence of empirical studies regarding the creative accounting practices' existence and development. Thus, it could be mentioned the object of such research made by Jones [10], Dechow, Sloan and Sweeney [5], Burgustahler and Dichev [3], Mulford and Comiskey [12],[13], Fagbeni and Olaoye [7], Stoica and Cernușca [14], Balaciu et.al [2], Vladu and Groșanu [15].

During the process of harmonizing the Romanian accounting system to the European and international referential, there could be noticed a number of concerns of Romanian professors and researchers bringing into front the creative accounting phenomenon. In their papers, any authors consider the creative accounting as a mechanism of manipulating the information within the financial statements while other authors consider it as a positive technique that could lead to finding any solutions for the problems that recently appeared in the accounting area, in order to present as accurate as possible the entity's financial position and its performance. Dumitrescu considers that "instead of being preoccupied of finding any techniques that makeover the results in order to exhibit an as large as possible amount of profit for attracting the investors, it would be better that companies to try finding means that really maximize the results, to better administrate the resources and to avoid the waste, removing in this way the makeover risk"[6].

Malciu [11] takes into consideration the challenges involved by the creative accounting in the accounting profession context and finding any solutions in order to limit its using. Several authors consider that creative accounting appeared as a weakness of the corporate governance. Dumitrescu [6] takes into consideration this challenge aiming, in his paper, more aspects regarding the corporate governance and the way in which it is applied in Romania. Feleagă and Malciu [8] present a range of practices and techniques of creative accounting regarding the entities' performance and the balance sheet's modeling. Also, there are concerns on this area in papers of professors as Groșanu [9] , Balaciu [1], Dumitrescu [6] , Malciu [11], Cernușca [4].

MATERIALS AND METHODS

The main objective of our research is studying the perception of the accounting professionals and of the accounting specialized students regarding the creative accounting and the credibility of information. In order to accomplish this goal, there has been made an exploratory study, the selected method for the research being the investigation based on the questionnaire (the poll). The investigation is based on certain objectives. Taking into consideration these initial objectives, there have been formulated hypothesis that could be accepted or rejected by using the "chi square" method.

The questionnaire has been distributed to 150 bachelor and master students from the accounting profiles in the Economic Studies Faculty within the "Aurel Vlaicu" University of Arad. Also, the questionnaire has been distributed to 100 accounting professionals, members of the Romanian Accounting Experts and Authorized Accountants' Body (CECCAR), Arad branch. The investigation based on the questionnaire (the poll) has been made during February and March 2016 and it represents the basis on which the scientific approach's interpretation took place.

RESEARCH RESULTS

We intend to bring to front the analyzed aspects in order to accomplish the proposed objectives. In order to accomplish the first objective we take into consideration

two target groups: group 1, consisting of 100 students, from which 45 are unemployed and 55 employed, but their job is not connected to accounting; group 2, consisting of 50 students employed on a job connected to accounting.

Objective I: The perception of the two groups (groups 1 and 2) regarding the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing.

We intend to test the following hypothesis within this objective:

Hypothesis I: There is a difference of perception between the two groups concerning the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing. The two target groups have been asked to answer the following question: "Would you use during you professional activity creative accounting practices and techniques rather motivated by fiscal consequences than by the necessity of an adequate financial informing?" The pre-established question's answers were based on the Likert scale, using 5 answers alternatives starting with 1-Total disagreement and finishing with 5-Total agreement.

The null hypothesis H_0: There is not a difference of perception between the two groups concerning the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing.

In order to test the hypothesis, there will be used the "chi-square test" (Karl Pearson).

The decision criteria:

- The materiality: alfa = 0,05
- Number of freedom degrees:

df = (no. columns - 1) x (no. rows - 1)= (5-1) x (2-1) = 4

Table 1

Theoretical and Observed Frequencies (groups 1 and 2)

OBSERVED / THEORETICAL	**Total disagreement**	**Disagreement**	**Indifference**	**Agreement**	**Total agreement**	**Total on rows**
Group 1	21/17	39/33	10/8	23/32	7/10	**100/100**
Group 2	4/8	10/16	3/5	25/16	8/5	**50/50**
Total on columns	**25/25**	**49/49**	**13/13**	**48/48**	**15/15**	**150/150**

Source: Own elaborating based on the questionnaire' answers

More than 50% of the group 1 respondents are not tempted to use the creative accounting practices and techniques in order to optimize the taxation without breaking the actual law regulations (21% are in total disagreement while 23% are in disagreement). 23% of the respondents are in agreement with creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing, while 7% are in total agreement. We should mention that 10% are undecided.

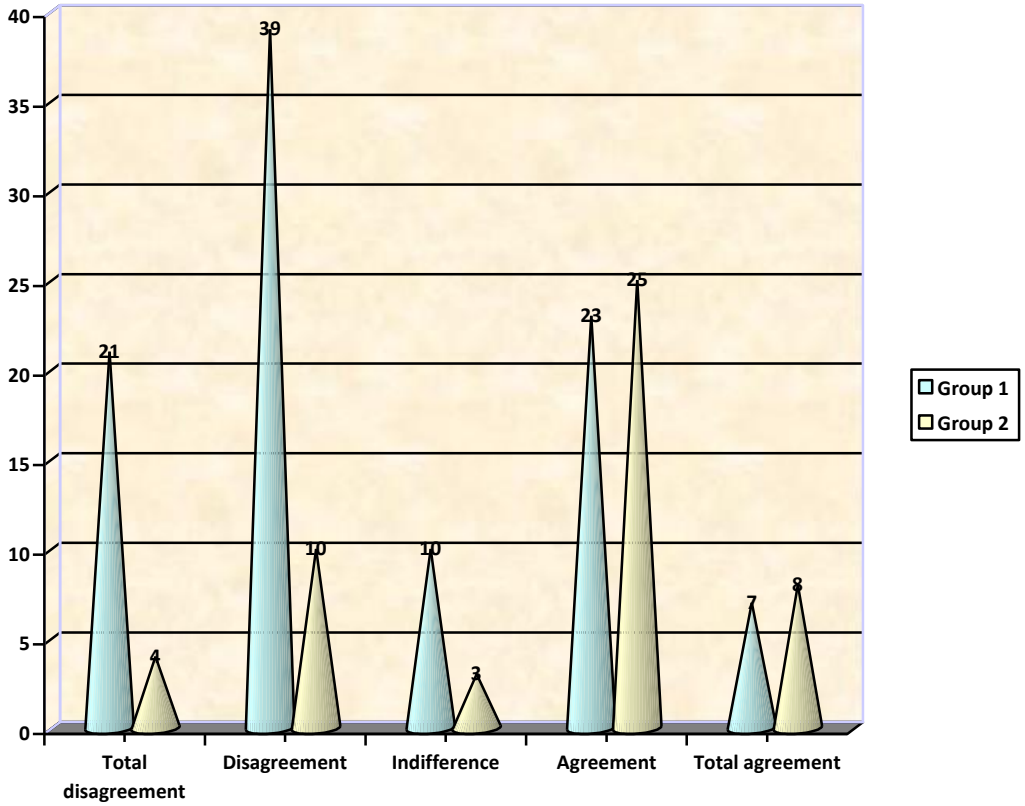

Figure 1. The opinion of the accounting specialized students (target groups 1 and 2) regarding the creative accounting phenomenon

Over 50% of the respondents belonging to group 2 would use creative accounting practices and techniques in order to optimize the taxation, without breaking the law regulations (16% are in total agreement while 50% are in agreement). 8% for those interviewed are in total disagreement, 20% are in disagreement, while 6% are undecided.

Calculating the observed value of the parameter:

$Chi^2_{calculated}=(21-17)^2/17+(39-33)^2/33+(10-8)^2/8+(23-32)^2/32+(7-10)^2/10+(4-8)^2/8+(10-16)^2/16+(3-5)^2/5+(25-16)^2/16+(8-5)^2/5=17,87$

$Chi^2_{calculated}=17,87$

$Chi^2_{critical}=9,488$

Taking the decision:

$Chi^2_{calculated} > Chi^2_{critical}$

The null hypothesis is rejected and, as it follows, the alternative hypothesis is accepted. The conclusion is that there is a difference of perception between the two groups concerning the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing.

For reaching the second objective, we take into consideration two target groups: group 3, consisting of the 150 students and group 4, consisting of 100 accounting professionals, members of the CECCAR.

Objective II: The perception of the two groups (groups 3 and 4) concerning the creative accounting techniques and practices' using during their professional activity,

rather motivated by fiscal consequences than by the necessity of an adequate financial informing.

We intend to test the following hypothesis within this objective:

Hypothesis II: There is a difference of perception between the two groups (group 3 and group 4) concerning the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing. The target groups have been asked to answer the same question from above.

The null hypothesis H_0: There is not a difference of perception between the two groups concerning the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing.

In order to test the hypothesis, there will be used the "chi-square test" (Karl Pearson).

The decision criteria:

- The materiality: alfa = 0,05
- Number of freedom degrees:

df = (no. columns - 1) x (no. rows - 1)= (5-1) x (2-1) = 4

Table 2

Theoretical and Observed Frequencies (groups 3 and 4)

OBSERVED / THEORETICAL	Total disagreement	Disagreement	Indifference	Agreement	Total agreement	Total on rows
Group 3	25/25	49/40	13/11	48/54	15/20	**150/150**
Group 4	16/16	17/26	6/8	43/37	18/13	**100/100**
Total on columns	**41/41**	**66/66**	**19/19**	**91/91**	**33/33**	**250/250**

Source: Own elaborating based on the questionnaire' answers

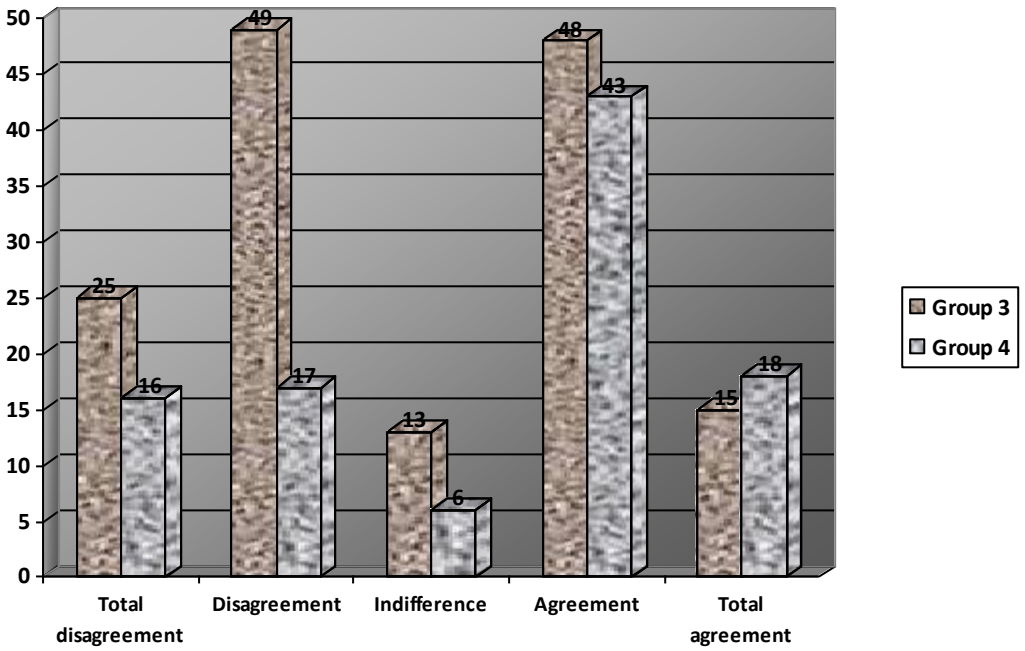

Figure 2. The opinion of the students and the accounting professionals (target groups 3 and 4) regarding the creative accounting phenomenon

Less under 50% of the group 3's respondents are not tempted to use the creative accounting practices and techniques in order to optimize the taxation without breaking the actual law regulations (16,67% are in total disagreement while 32,67% are in disagreement). 32% of the respondents are in agreement with creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing, while 10% are in total agreement. We should mention that 13 respondents are undecided.

Over 50% of the group 4's respondents would use creative practices and techniques without breaking the regulations leading to fiscal optimization (18% are in total agreement while 43% are in agreement). 16% from the interviewed persons are in total disagreement, 17% are in disagreement while 6 accounting professionals are undecided.

Calculating the observed value of the parameter:

$Chi^2_{calculated}=(25-25)^2/25+(49-40)^2/40+(13-11)^2/11+(48-54)^2/54+(15-20)^2/20+(16-16)^2/16+(17-26)^2/26+(6-8)^2/8+(43-37)^2/37+(18-13)^2/13=$

$Chi^2_{calculated}=10,81$

$Chi^2_{critical}=9,488$

Taking the decision:

$Chi^2_{calculated} > Chi^2_{critical}$

The null hypothesis is rejected and, as it follows, the alternative hypothesis is accepted. Thus, there is a difference of perception between the two groups concerning the creative accounting techniques and practices' using during their professional activity, rather motivated by fiscal consequences than by the necessity of an adequate financial informing.

For a more specific analyze of this objective, there were formulated two secondary objectives. The first secondary objective was focused on the comparative analyze of the answers formulated only by the respondents students, but who were divided into two target groups: group 1, formed by 100 students, either unemployed or employed in other field than accounting and group 2, formed by 50 students employed in the accounting field or a field connected to accounting. The second such an objective emphasized the comparative analyze of the answers provided by the target groups 3, formed by the 150 students and 4, formed by the 100 accounting professionals.

The main objective of the research making the object of this article is to establish in what measure the accounting specialized students and the accounting professionals would use the creative accounting practices and if they do it, for what purpose is it done, either in order to optimize the taxation or for a better financial informing.

Analyzing the answers of the respondents divided into the two target groups, 1 and 2, resulted the fact that, from the first groups, of those who are not employed in the accounting field, most (39%) expressed their disagreement for using the creative accounting techniques in order to optimize the taxation and 21% total disagreement while, from the second group, of those working in the accounting field or a connected to accounting one, most, namely 50% expressed their agreement for using those techniques while 16% expressed their total agreement.

The analyze of the results given by the respondents of the target groups 3 and 4, namely by the accounting specialized students and by the accounting professionals has as a result the fact that from the students 49,34% expressed their disagreement for using the creative accounting practices and techniques in order to optimize the taxation (from which 16,67% are in total disagreement), 61% of the accounting professionals from the second group expressed their agreement for their using (from which 18% are in total agreement).

CONCLUSIONS

The conclusions that could be detached from the study referring to the students and accounting professionals perception regarding the creative accounting policies may be synthesized in what it follows:

1) There are differences of perception regarding the using of creative accounting practices between the accounting specialized students working in the accounting field or in a connected to accounting one and the accounting specialized students who are not working in the accounting field or are not working at all.

2) There are differences of perception in using the creative accounting practices between the accounting specialized students and the accounting professionals.

In the first analyze, it was established the fact that the students working in the accounting field or in a connected to accounting one are more predisposed to using the creative accounting techniques in a fiscal purpose than the ones who are not working.

As a consequence of the second analyze, it was proved the fact that accounting professionals approve the using the creative accounting practices in a larger measure than the students do it.

In both situations, the differences of perception have the same signification and prove the fact that practicing the accounting profession, involving in the professional life bring a more pragmatic point of view on the job and the approval of the creative accounting techniques as ways for the fiscal optimization.

REFERENCES

1. **BALACIU, DIANA ELISABETA,** 2011, Studiu privind natura, motivațiile și incidența contabilității creative, teză de doctorat, ASE București, pp.73-74
2. **BALACIU, DIANA ELISABETA, CERNUȘCA, L., MEȘTER, IOANA TEODORA, BOGDAN, VICTORIA,** 2014, Accounting Manipulation:an Empirical Study Regarding Managers' Behavior, The Annals of the University of Oradea. Economic Sciences, Tom XXIII,1st Issue/July 2014 No. 1 , Editura Universităţii din Oradea, pp 554-562
3. **BURGSTAHLER, D., DICHEV, I.,** 1997, Earnings Management to Avoid Earnings Decreases and Losses, Journal of Accounting and Economics, 24, pp. 99-126
4. **CERNUȘCA, L,** 2004, Strategii și politici contabile, Editura Economică, București, pp. 389-465
5. **DECHOW, P., SLOAN, R., SWEENEY, A.,** 1995, Detecting earnings management, The Accounting Review, 70, 1995, pp. 193-225
6. **DUMITRESCU, ADRIANA SOFIA,** 2014, Contabilitate creativă: de la idee la bani cu exemple practice, Editura Economică, pp.25-35 și 165-201
7. **FAGBENI, T. O., OLAOYE, J. A.,** 2014, Cosmetic Accounting: a Review of Literature and Perception of Accountants' in Nigeria, Journal of Poverty, Investment and Development,Vol. 3, pp. 85-90
8. **FELEAGĂ, N., MALCIU, LILIANA,** 2002, Politici și opțiuni contabile, Editura Economică, București, pp. 399-446
9. **GROȘANU, A.,** 2013, Contabilitate creativă, Editura ASE, București, pp. 60-61.
10. **JONES, J.,** 1991, Earnings Management During Import Relief Investigations, Journal of Accounting Research, 29, pp. 193-228
11. **MALCIU, LILIANA,** 1999, Contabilitate creativă, Editura Economică, pp. 109-125.
12. **MULFORD, C., COMISKEY, E.,** 2002, The Financial Numbers Game: Detecting Creative Accounting Practices, Wiley, New York

13. MULFORD, C., COMISKEY, E., 2005, Creative Cash Flow Reporting: Uncovering Sustainable Financial Performance, John Wiley and Sons Inc., New Jersey

14. STOICA, CODRUȚA, CERNUȘCA, L., 2014, Statistical Study on the Perception of Proffesional Accountants Regarding the Existence and the Manifestation of Creative Accounting, ATINER CONFERENCE paper series No. EMS2014-1134 printed in Athens Greece by the Athens Institute for Education and Research, pp.1-15

15. VLADU, A. B., GROȘANU, A., 2011, Some Insights Regarding Creative Accounting in Romanian Accounting Environment - Regulators, Financial Auditors, and Professional Bodies Opinion, Analele Universității din Oradea - Științe Economice, 1(1), pp. 661-668.