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An empirical study on students’ behaviour regarding creative accounting techniques

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An empirical study on students’ behaviour regarding creative accounting techniques

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Abstract: The scope of this study is to investigate the accounting master students’ attitude and perception regarding ethics and the existence and manifestations of creative accounting, in the context of harmonization of the Romanian accounting system. The sample of our research consists of accounting master student from three Romanian representative universities. Our survey regarding the students’ perception on the accounting practices is a descriptive one, we have used as an instrument of research the questionnaire. These were posted on an Internet page and also, we used the possibility of its direct approach, preserving the anonymity of the respondent. In order to attain our research’s objectives we have first presented a descriptive analysis of the answers, but tested some research propositions from a practical point of view as well. These show that there is a correlation between the master students’ tendency (as potential managers) to modify the accounting information and to distort the real image of financial reports and their ethical behaviour. We consider our study is valuable and attractive from the perspective of the elements of introspection and connection that it detects, in the context of a clear interest expressed by the authors in the students’ psychology and their irrational behaviour regarding their potential future decisions.
Introduction

Currently, accounting worldwide is facing irreversible processes such as: economic globalization of business, the internationalization of economic relations, development of transnational corporations and foreign capital investment. Accounting has sought to modernize, to continuously improve and evolve over time in order to meet the information requirements of the moment. Romanian accounting could not remain indifferent to the profound changes that have taken place in the economic field, considering the phenomena of harmonizing financial reporting of companies worldwide and the idea of adopting a common language for financial reporting in order to develop the level of comparability internationally. An important role in this respect is played by the emergence and continuous improvement of IFRS.

Order no.3055/2009 plays the strongest impact on the Romanian accounting. These regulations have been subdued to permanent improvements since the moment of issue until present time, adapting to the EU Directives and IFRS.

Trying to harmonize the accounting system to IFRS has not been easy. Ristea et. al. (2010, pp. 177-178) lists a number of specific features regarding the transition to IFRS such as: “the call for estimates and professional judgment, as reference elements of the basis of accounting solutions; introduction of the IASB framework as the conceptual framework of the Romanian accounting; the adoption of concepts from international standards which did not originate in the national practice, such as deferred taxes; introduction of new accounting principles such as the principle of economic primacy over law and and the materiality threshold principle; the existence of deviations from the principle of balance sheet intangibility, a tradition accounting principle in Romania; application of cost / benefit ratio in the process of obtaining financial-accounting information; the use of new assessment base, such as fair value, current value, etc.

Certain international accounting standards were easily assimilated into practice while for other parts was more difficult and some will have to take some preparation to be assimilated. A modern accounting system based on IFRS standards requires disconnection of accounting from taxation. Feleagă & Malciu (2002) in the content of an essay on the battle between the ideal of honest accounting and the "creative accounting" practices in the context of the Romanian economy, made a plea to disconnect accounting from taxation. Disconnecting accounting from taxation will not be easy to achieve because the state will not accept too easily to be on the "tail" of users of accounting information and in this situation the ad literma
introduction of IFRS standards in the Romanian accounting environment is facing difficulties. The efforts made by the Romanian accounting standard setters in terms of assimilation of IFRS in the Romanian accounting environment is positive taking into account that the Romanian accounting can not remain indifferent to the processes of business globalization, the internationalization of economic relations, the development of multinational companies, of foreign capital investment and the development of information systems.

In a study by Iftime, A.D. & Ioan G.C. (2013) which aimed to investigate the perceptions of professional accountants on the costs, benefits and implications of applying IFRS in Romania concluded that 73% of respondents considered that the application IFRS financial statements would improve to a great extent the quality of financial information. Even if the Romanian accounting regulations have not kept pace with the changes in IFRS, yet accounting treatments and options of the Order no.3055/2009 are in most cases similar to those of IFRS. In the content of these Romanian accounting regulations are found a number of accounting options which involve several policies (in terms of bases, conventions, methods, rules or practices) and/or estimation techniques to solve the same problems, treatments that have a different effect on the financial position and performance of firms.

The results of a study conducted over the years 2010-2013 by Pășcan (2014) suggest that IFRS adoption in Romania generates an enhancement of accounting quality, registered especially in the case of information about the book value of equity.

Both accounting standards and Romanian Fiscal Code provides a number of degrees of freedom and flexibility All these make the Romanian accounting regulations approved by Order no. 3055/2009 to provide sufficient opportunities for professional accountants call creative accounting techniques. Both accounting standards and the Romanian Fiscal Code provide a number of degrees of freedom and flexibility All these make the Romanian accounting regulations approved by Order no. 3055/2009 provide enough opportunities for professional accountants to call on creative accounting techniques.

Professional judgment is one of the basic concepts underlying the Romanian accounting system with accrual accounting and business continuity. The way in which this concept is understood causes the occurrence and temptation to creative accounting practices. In the context of today's Romanian accounting regulations, the professional accountant is decisively the dependent element: the manner in which he exercises in his professional activity this professional judgment. Coman, Diaconu & Gorgan (2008, p. 25) state that "the exercise of professional judgment must
be made in the spirit of the objective of true image (fair accounting) and not in the vie of creative accounting use (bad accounting)."

**Literature review**

The temptations of creative accounting can be alluring and nothing undermines more seriously the trust in a system than the occasional implosions generated by creative accounting. As well know, creative accounting is not a new practical activity. It has been both a temptation and a problem since the accounting principles were used for the first time in order to draw up the financial reports on company performance. Throughout time, creative accounting has been the subject of numerous research studies, many researchers trying to provide a definition related to this concept. A complex vision of creative accounting is given by Naser (1993), according to which creative accounting is: "1) the process by which, given the existence of gaps in the rules, accounting figures are manipulated and, taking advantage of the flexibility, are chosen the measurement and disclosure practices which allow the transformation of synthesis documents from what they should be into what the managers would like them to be; 2) the process by which transactions are structured in such a way as to enable "the production" of the desired accounting result. Raffournier (2003) defines creative accounting as “the use of flexibility and lacks in regulations to present the financial situation of the company in a manner different from that which would result from the ordinary application of the existing rules."

Tabără & Rusu (2011) believe that "creative accounting refers to accounting practices derived from standard accounting usage, characterized by certain, more or less complex creative accounting techniques, the ultimate goal being the change by the accounting information producers, for the desired purposes, of the financial position and the performance of the entity reflected in the financial statements".

Creative accounting is negatively perceived given that accounting professionals seek to apply those accounting policies in order to beautify the financial statements and the firm’s performance. Dumitrescu (2013) does not exclude either the "positive alternative, in the sense of innovation that should lead to engineering able to answer the question: How to manage resources more efficiently, to build performance?"

Groșanu (2013) wonders whether the best solution is to use creative accounting in good faith or to prohibit some creative accounting techniques. According to the researcher, there is no answer that will lead to a permanent resolution of the problem since human society is particularly complex and there is always a fundamental disturbing factor that is the
man. And man is subjective by nature. The accounting dictatorship might be a valid solution in this view. With the development of human society there are protection systems against viruses that affect society and hence accounts. Tabără & Rusu (2011) state that "creative accounting practices will disappear only with the disappearance of the causes that generated them, thus the accounting setters' desire to limit creative accounting must consider the circumstances that allow its expression."

The literature presents a number of assumptions according to which the entity’s management chooses contextually those accounting policies that aim either the decrease or the increase of its result. Dumitrescu (2013) shows that "as a norm, the accounting methods that lead to increased profits are preferred by firms with high leverage, by large companies that have a significant dividend policy and by companies in which the directors' remuneration is conditioned by the size of the result or where the administrators have little capital participation. An interesting point of view belongs to Bigioi (2014) who believes that when tax legislation is not very clear, this can give rise to different interpretations of the companies, their tendency being to interpret the law in their interest.

The accounting methods that result in diminishing profit margins are generally preferred by enterprises under the direct control or influence of the state (operating in a strategic area or heavily subsidized or which have state capital), by large enterprises, to avoid political costs, as well as by small and medium enterprises, with lower debt and a high rate of dividend distribution."

An empirical study conducted by Vladu, A. B. & Groșanu, A. (2011) on how creative accounting is perceived in Romania by the regulators, Financial Auditors and professional bodies, found that the overstatement and understatement of profit and leasing are the main creative accounting techniques applied to the Romanian accounting environment. The respondents in the study mentioned consider that it is difficult to use creative accounting techniques and their detection process requires high professionalism. The respondents consider important the role of professional accounting and accounting regulation bodies to limit creative accounting practices. There are various methods used in order to corrupt the result.

Gabriels, X. & Van de Wiele (2005) investigated the level of ethical awareness, as well as the attitude towards creative accounting, among accounting and non-accounting students of the post Enron generation. The findings of the study refer to the fact that accounting students find creative accounting less acceptable than non-accounting students. The authors believe that a possible explanation is that accounting students through their education are more aware of the possible consequences of creative accounting practices.
accounting for financial statement users. The difference does not only apply to students’ attitude towards creative accounting, but also to more ethical orientation.

Another result of the study refers to the fact that there is not a significant difference in the ethical perception of creative accounting between men and woman. The researchers find that both accounting and non-accounting students tend to hold themselves responsible for creative accounting decisions in professional life.

In principle, people trust accounting figures, yet it is possible that, by breaking some of the accounting principles and rules, the accounting representation might provide a deceiving and distorted image of the economic reality of the enterprise. In other words, the behavior of the users of accounting information can be influenced by the distorted accounting image and, thus, the users might be manipulated. Just like in life, for many times, the truth is beyond appearance...these practices are made under the endorsement of the auditors who are called in to ensure the social reliability of the accounting information by certifying the fact that the financial statements reflect the economic reality due to their conformity with a certain referential. The results of an empirical study regarding auditors' perception conducted by Balaciu et. al (2012) show that most of respondents (44%) consider that financial statements prepared by companies are not transparent enough, 68% of them consider that accounting manipulation is a frequent procedure encountered in practice and 68% of the respondents believe that the stakeholders’ interests can be affected by using creative accounting; 72 % of the investigated auditors consider that a consolidated control can diminish the tendency to use creative accounting.

In accounting, all the organizations recognize the need for a code of conduct. Profound economic crises that mankind barely cross force us back to the fundamentals, the current world trying to discover morally and spiritually. Growing virtues was a frequently debated issue since the ancient philosophers. According to Platon, virtue can be taught, if it is taught by a real teacher.

This is why he emphasizes the Socratic idea that doing injustice is, in all circumstances, a thousand times worse than suffering an injustice. Therefore, one who commits injustice, even if they are in possession of all power and riches, of reputation and all pleasures, is in all circumstances unfortunate and unhappy especially when escaping punishment for his actions, because he does not have the opportunity to move. Happy is only one who is in possession Justice and Goodness. Hence, we continue our efforts to bring into question the words of a disciple of his, Aristotle according to which, in terms of virtue, it is not enough to know the theory,
but must try to possess and make use of it, or any other existing means to become a good man. Scribner (1989) describes the case of a consolidation approach to content on ethics in accounting courses. According to him, a weakness of the existing accounting courses is their failure to include the adequate exposure of ethical dimensions of accounting practice. Students will probably have a better chance to make ethical decisions when they have been less naive about the existence of ethical issues in practice and have been warned. Mahdavikhoussi and Khotanlou (2012) support the idea of introducing a new approach to ethics education in the accounting profession by incorporating the Islamic ethics in all accounting education courses.

The solution proposed by Lehman (2014) is that professionals act as phronemos, without forgetting the ethical ambiguities in accounting and the critical role the syllabus / curriculum of accounting, education and pedagogy plays.

Starting from the behaviour of the characters of the controversial biblical parable of the unjust steward, Balaciu and Bogdan (2012) carried out an exploratory research that bring into discussion the implications regarding the compliance or non-compliance with ethical principles in the accounting profession.

Breban, Dumbrava & Crișan (2008, pp.18-19) believe that "ethics establishes principles of right and wrong by standards of conduct (professional), an attitude designed to facilitate the application of values by the existence of a Code of Ethics for almost any activity; in this regard there is the Hacker’s code of ethics: "Information must be free"; the Cowboy’s code of ethics: "Do not shoot first and do not hit the weak"; the Code of Ethics for galactic trade: "Committed to ensure the free alien market conditions".

In a study that present the perception of male and female accounting majors and non-accounting majors on ethics in accounting before and after Enron/Arthur Anderson scandals Onyebuchi (2011, p.76) shows that “all the accounting majors male and female, of the respondents indicated that the adoption of code of ethics would help organizational integrity. Among non-accounting, 67% indicated that the adoption of code of ethics would help organizational integrity, while 13% indicated that it would not”.

Among the authors preoccupied with the necessity of morality and ethics in the field of accounting we can mention: LaGrone (1996), Armstrong et al (2003)

Locally, Feleagă & Malciu (2008), bringing into question a number of ways to analyze ethics and ways to combat creative accounting practices, believe that "although legal, creative accounting is considered ethically
dubious”. An argument in favour of ethical regulations is, according to Țurlea et al. (2011), the need to legitimize the profession (macro level) and maintain the professional’s reputation (micro level).

Currently, humankind lives within an interactive social system based on «being the first», «being more successful» encouraging the old-fashioned corruption and unfair behaviours when, actually, in a truly enlightened society, the purpose would be everybody’s survival, a better life for everybody, the secret being transparency, as it has already said: «Know the truth and the truth will set you free.» (Walsch, 2003), because in such a society nobody would want to get anything on someone else’s expense. Instead, the governments, the politicians, the world corporations do not want to allow the promotion of such an economic-social system, taking into account that the law of gain and the law for power are promoted. We are invited to remain open in order to live the experience of a new system of thinking within a society based on the principle of transparency, without being afraid that someone might have something to lose. Our contemporary thinkers agree that the new model of economic-social development will depend on a renewal of minds, mentalities, and of human beliefs, by directing human will towards the reception of the source of superior Consciousness, generator of unconditioned love, freedom of expression, creativity, inspiration and intuition that human mind can transform into material, concrete experiences and manifestations, for everybody’s welfare.

We intend that, by this study, to expand the scope of investigation regarding the field of creative accounting. We will analyze the perception of the Romanian students from Accounting specializations in Romania regarding the manifestation of creative accounting phenomenon in the current context that the accounting Romanian system Romanian goes through on its harmonization with the European accounting referential and IFRS.

### Methodology of the research

Our research regarding the students’ perception on the accounting practices is a descriptive one of transversal type, we have used as an instrument of research the questionnaire. Our survey was carried out between May-July 2014. Our sample consists of accounting master students’ in three of the Romanian representative universities.

The objectives of our research are: to determine the perception of the master students from 3 major Universities in Romania regarding the existence and forms of manifestation of the creative accounting
phenomenon. We will use a descriptive analysis of the answers provided by the sample subjects and also a test of some research hypotheses. Synthetically, these are:

**H1:** The students’ propensity towards risk is correlated with their accounting manipulation inclination.

**H2:** There is a correlation between the master students’ tendency (as potential managers) to modify the accounting information and to distort the real image of financial reports and their ethical behavior.

**H3:** The master students’ perception regarding the managers’ interests are associated with their willing to help them modify financial reports.

The total population under analysis is represented by the 158 (the total number of students) master students the Academy of Economic Studies, Bucureşti Faculty of Accounting and Management Information Systems (41%), master students from the Aurel Vlaicu University, Faculty of Economics Arad (29%), as well as master students at the University of Oradea, Faculty of Economics (30%).

**Discussion**

In order to analyse the answers given by the students, we built one-dimensional tables (based on a single variable) as well as crosstabulation tables, in which we presented the absolute and relative frequency of the answers, at the sample level. The survey contains two categories of questions: general questions, their role being to provide an as faithful as possible image regarding the personal profile of the students as well as questions regarding their perception on the existence and forms of manifestation of the creative accounting phenomenon within Romanian companies.

**Descriptive analysis of answers**

I. General questions

a) The first general aspect which has been emphasised with the help of the survey questions is the distribution of students according to gender.
Table 1. Distribution of respondents in the sample of students according to gender

<table>
<thead>
<tr>
<th>Answer choices</th>
<th>Simple absolute frequencies</th>
<th>Simple relative frequencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>117</td>
<td>81.0</td>
</tr>
<tr>
<td>Male</td>
<td>27</td>
<td>19.0</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: the authors, based on survey answers.

The results presented in Table 1 show us that the majority of students answering the survey questions are women.

b) Distribution according to age groups. Another variable characterising the sample of students from the demographical point of view is age.

Table 2. Distribution of respondents in the sample of students according to age.

<table>
<thead>
<tr>
<th>Answer choice</th>
<th>Simple absolute frequencies</th>
<th>Simple relative frequencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25 years old</td>
<td>112</td>
<td>78%</td>
</tr>
<tr>
<td>26-35 years old</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Over 36 years old</td>
<td>12</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: the authors, based on survey answers.

One of the conclusions that can be reached after looking at Table 2 is that most of students are aged between 18 and 25 years old, moreover 98% of the master students are under 35 years old.

c) We also wanted to emphasize the distribution according to their professional history. We have noticed that most of the master students (71%) had previously an accounting related job, 83% of them are currently employed, out of which 71% work in an accounting related job. A half of the students that are currently employed are satisfied with their wage.

II. Questions regarding the financial students’ perception on the existence and the forms of manifestation of creative accounting phenomenon.
The most important part of our research has as purpose the determination of the students’ perception regarding creative accounting techniques. We present here a part of the descriptive statistics referring to these aspects, and we will tackle the subject again and more thoroughly analyse them in the part dedicated to testing some research hypotheses.

The students in our sample were asked about their opinion about the phenomena that encourage the existence and the forms of manifestation of creative accounting. Most of the students (50% of them) believe that the accounting rules are the ones that are the main cause of the existence of creative accounting while 39% of the students from our sample believe that it is the managers’ need of fiscal optimisation that generates creative accounting practices.

*The bivariated analysis. Testing the research hypotheses*

In this stage of our research we tried to validate the research hypotheses in our sample of students as well as to expand the results at the level of the total population. For this purpose, each hypothesis was analysed and interpreted, using for this specific statistic calculations, qualitative appreciations and direct observations of data gathered.

**H1: The students’ propensity towards risk is correlated with their accounting manipulation inclination.**

Regarding the first hypothesis, we tried to investigate a possible correlation between the students’ propensity towards risk and their accounting manipulation inclination. For the validation of this hypothesis we have analysed the answers to the following questions: II. 2. Would you buy a green card if you had a car? and a set of five questions regarding the willingness of the student to use creative accounting techniques. For these five questions we have determined an average score for each student, ranging from 1 to 5, the highest value indicating a maximum disposibility of the student to use creative accounting techniques. The distribution of answers at the sample level is the following:
Table 3. Distribution of answers to questions II.2 and average scores used in the validation of H1 research hypothesis

<table>
<thead>
<tr>
<th>Answers to question</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>[1-3)</td>
<td>58</td>
<td>23</td>
<td>81</td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>(3-5]</td>
<td>35</td>
<td>18</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>43</td>
<td>144</td>
</tr>
</tbody>
</table>

Source: the authors, based on survey answers.

To analyse the existence of a correlation between students’ propensity towards risk and their accounting manipulation inclination, we will use the $\chi^2$ – Chi squared test, which is a non-parametric test, being applied both for numerical, quantitative variables as well as for qualitative characteristics, no matter their probability distribution. The Chi square value in our sample is 0.97, the value is slightly higher than 0, which indicates a weak correlation between the students’ propensity towards risk and their accounting manipulation inclination. The value is not statistically significant as the critical value for 5% level of confidence and 2 degrees of freedom is 5.99, much higher than our calculated value. The H1 research hypothesis is therefore not validated.

H2: There is a correlation between the master students’ tendency (as potential managers) to modify the accounting information and to distort the real image of financial reports and their ethical behaviour.

The questions based on which we will test the validity of this research hypothesis are II. 13. When taking a strategical managerial decision, are the ethics and deontology important? And a set of five questions regarding the willingness of the student to use creative accounting techniques. For these five questions we have determined an average score for each student, ranging from 1 to 5, the highest value indicating a maximum disponibility of the student to use creative accounting techniques. We have constructed a crosstabulation between these values, which is presented in Table 4.
Table 4. Distribution of answers to questions II.13 and average scores used in the validation of H2 research hypothesis.

<table>
<thead>
<tr>
<th>Answers to question II.13.</th>
<th>Average scores</th>
<th>[1-2,5)</th>
<th>[2,5-3,5]</th>
<th>[2,5-3,5]</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td></td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td></td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Agree</td>
<td></td>
<td>26</td>
<td>29</td>
<td>16</td>
<td>71</td>
</tr>
<tr>
<td>Strongly agree</td>
<td></td>
<td>29</td>
<td>17</td>
<td>2</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>60</td>
<td>54</td>
<td>30</td>
<td>144</td>
</tr>
</tbody>
</table>

Source: the authors, based on survey answers

The Chi square value in our sample is 27.84, the value is much higher than 0, which indicates a strong correlation between the master students’ tendency (as potential managers) to modify the accounting informations and to distort the real image of financial reports and their ethical behaviour. The value is statistically significant as the critical value for a 5% level of confidence and 8 degrees of freedom 15.5 lower than our calculated value. The H2 research hypothesis is validated.

**H3: The master students’ perception regarding the managers’ interests are associated with their willing to help them modify financial reports.**

The questions based on which we will test the validity of this research hypothesis are:

**II.8. The managers’ concern when choosing their accounting policy is (…):**

b) Maximising the financial result for a beautiful financial position and financial and economic output:

c) Minimising the financial result for fiscal optimisation purposes.

**II.9. If the manager asks you to, would you maximise the financial result in order for the firm to get a loan?**

**II.10. If the manager ask you to, would you minimise the financial result for fiscal optimisation purposes?**

The students were asked to express their opinion regarding the managers concern, by choosing from a list of possible answers, ranging from “Strongly disagree” to “Strongly agree”. First we have associated values for each answer – 1 for “Strongly disagree” and 5 for “Strongly agree” and
then we have determined an average score for each student. The higher the average score, the more open minded the students are regarding the managers’ interest to use creative accounting techniques. We have also calculated an average score using the answers to questions II.9 and II.10, by associating the same scores for the answers as before.

The distribution of the scores at the sample level is the following:

Table 5. Distribution of the average scores used in the validation of H3 research hypothesis.

<table>
<thead>
<tr>
<th>Average scores to question II.8</th>
<th>[1-2.5)</th>
<th>[2.5-3.5]</th>
<th>[2.5-3.5]</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>[1-2.5)</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>[2.5-3.5]</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>[2.5-3.5]</td>
<td>23</td>
<td>28</td>
<td>41</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>46</td>
<td>58</td>
<td>144</td>
</tr>
</tbody>
</table>

Source: the authors, based on survey answers

The Chi square value in our sample is 2.98, the value is higher than 0, which indicates a correlation between the students’ perception regarding the managers’ interests and their willing to help them modify financial reports. The value is not statistically significant at the critical value for 5% level of confidence and 4 degrees of freedom is 9.48, much higher than our calculated value.

The H3 research hypothesis is not validated.

Conclusions

Accounting helps managers in their efforts to improve the company's performance and its image but, unfortunately, some managers, exceeding their powers, seek a number of solutions without questioning the observance of ethical standards. Thus, they are tempted to ask the firm’s accountants to use those creative accounting techniques that lead to them obtaining the desired result. The professional accountants will not have to let themselves influenced or constrained by them in the performance of their mission, but they have to comply with the International Code of Ethics for Professional Accountants developed by IFAC and the National Code of Ethics for Professional Accountants developed by CECCAR (The Body of
Licensed Accountants and Expert Accountants in Romania). They will need to show, during their mission, integrity, honesty and professionalism. It is important that the manager of the company is a model of conduct within the firm, to model the behaviour of the employees, including the accountant, without requesting to use creative accounting practices that aim to "smooth the earnings", either the providing of a favourable image on it even if the existing gaps in the standards, their flexibility, the accounting choices and estimates are a number of factors that allow the expression of creative accounting techniques.

In the study reflected in our paper we started with three hypotheses but only one was validated. This hypothesis shows that there is a correlation between the master students’ tendency (as potential managers) to modify the accounting information and to distort the real image of financial reports and their ethical behaviour. We explain this situation by the fact that the students had not enough information about ethics. This demonstrates that the information regarding ethics in the accounting field is poor in the Romanian economical education. We consider this situation must be improved because the students are not capable to make the difference between good accounting and bad accounting.

The obvious limitations of our study are mostly circumscribed around the determined sample and the research propositions. In our future researches we will try to extend our sample, including master students from abroad.

*Acknowledgement*

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