

STUDENTS ATTITUDES REGARDING THE ETHICS OF EARNINGS MANAGEMENT ACTIVITIES: AN EMPIRICAL INVESTIGATION

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ABSTRACT: The objective of this paper is to assess the ethics of short-term earnings management in a code-law country. In order to understand the morals of short-term earnings management we conducted a survey using students as respondents. Even if we found disagreement among our respondents, the findings of this study document that ethical acceptance of short-term earnings management depends on the type of manipulation (e.g. accrual-based earnings management versus real earnings management). Also, the results indicate that students with higher moral development evaluate short-term earnings management practices as less ethical and are less likely to accept it. The paper concludes with a discussion of the implications and suggestions for future research.

Keywords: ethical judgments, accrual based earnings management, real earnings management

JEL Codes: I21, I23, M12, M14, M40, M41