



Article

The Impact of Manipulating Management Accounting Tools on The Strategic Capability of The Organizations of Iraq

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Abstract: In the current context of a competitive and sometimes aggressive environment, companies increasingly need professionally trained human resources, material and financial resources, as well as advanced technological resources that allow them to better position themselves on the market, to be sustainable and to ensure a real picture of its performance in order to beat the competition and penetrate other market segments. In this context, the management of any company must update its strategies, operating methods, be able to anticipate, act and mitigate the consequences of practicing creative accounting. The purpose of this article is to present the impact of creative accounting on management accounting, as well as the perception of Iraqi professionals and students/masters on delineating the permissive side from the fraudulent side of creative accounting in view of the efforts that Iraqi regulatory bodies are making to alignment with international practice. The existence of high corruption, the need to adopt accounting based on commitments instead of cash accounting, the lack of transparency of accounting, the improvement of the budget law, the reform of the financial system, are just a few factors that reveal the existence of a fine line between the permissive side and the fraudulent side of accounting creative with an impact on managerial accounting.

Keywords: Managerial Accounting, Creative Accounting, Income, Expenses, Results, Budget

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1. Introduction

It should summarize the rationale, provides a concise research background (not an Defining accounting as a technoscience, many authors argue that accounting information, due to its predominantly numerical specificity, is placed in the perimeter of objectivity and accuracy. If we consider that the accounting information has as its starting point two different and qualitatively unequal sources (on the one hand, the transactions carried out on different markets and which generate rigorous and objective information, on the other hand, the accounting policies of the company that generates less rigorous information being the consequence of some estimates), we can ask ourselves if J.M. Keynes was right when he said that "it is preferable to approximate than to be wrong exactly" and if by replacing the dual requirement "true and correct view" with that of "true and fair view", the true image can be considered an incentive in the use of creative accounting techniques.

If this is the case, it seems that the idea of an exact science of accounting is questionable, because some evaluations can be made with a certain margin of appreciation and, moreover, when faced with a problem, the enterprise has several options. It is important to establish the threshold between the permissive side, the contraventional aspect and the criminal nature of the accounting that facilitates tax evasion and fraud.

In the context in which accounting dualism is practiced, specific in particular to European accounting systems, we ask ourselves whether the aspects of creative accounting only concern financial (general) accounting or do they equally affect management or managerial accounting? Although complementary, management or managerial accounting must be seen beyond cost accounting, it has become a financial communication tool, and internally it has become a strategic management tool. Although they perform different roles, the data source is one, namely financial (general) accounting, only the processing is different. This explains the fact that the tools of creative accounting are particularly specific to financial (general) accounting, but the impact of some of them can be found in managerial accounting through the manipulation of information related to income and expenses.

A. Literature Review

In establishing the accounting policy, although the option for one method or another is determined by the need for truth, the management interests of the enterprise as the object of accounting reflection and taxation cannot be avoided either. Thus, while the faithful image involves providing the real situation on the patrimony and the result, the entity must also watch over its management interest in achieving the cost structure that will make it competitive.

Seen first as an art, "dell'arte della scrittura veneziana" as Luca Paciolo called it, accounting has gradually become a technique, a science, a formalized language, a social game and, more recently, a technoscience.

It has been preserved for a long time and is still used the expression "art of manipulation of numbers" which is not far from the truth if we consider the freedom of the accounting professional to choose between two or more accounting policies, the choice of the best option being dependent on a multitude of factors including his ingenuity.

Ingenuity, as well as imagination, novelty, originality are attributes of creativity that led in the accounting field to the reflection of a certain reality, as it is desired and not as it exists.

Subjectivism in the reflection of the economic reality of the company is based on flexibility in the application of accounting principles, in the application of professional reasoning. This flexibility has led to the emergence of cases of creative accounting.

The concept of creative accounting appears for the first time in the literature, in 1973, in the work of the British researcher J.Argenti. According to him, creative accounting practices, together with incompetent management, lead to the intensification of business decline, a harbinger of an economic crisis.

Staying in the same geographical space, we note that a number of authors have approached the concept of creative accounting, presenting it from different perspectives, among which:

[1] believes that the results presented by the companies correspond more or less to the reality of the operations that were the basis for obtaining them and are based on adaptations, modifications, falsification of data, depending on the needs. In this sense, he concludes that: "every company in the country arranges its profits. Each set of published accounts is based on ledgers that have been more or less embellished. The figures, which were provided twice a year to investors, were all changed to hide the fault. It's the biggest trick since the Trojan horse... In fact, this practice is totally legit. It's creative accounting."

In the introduction to the second book dedicated to creative accounting, [2] states that presenting a true picture through financial statements will never be an "exact science", but it represents "a subtle combination of objective facts and subjective assumptions".

[3] believes that "the accounting process consists of using judgment in many cases and resolving conflicts between alternative approaches to presenting the results of financial events and transactions... this flexibility provides opportunities for manipulation,

deception and misrepresentation. These activities practiced by the least scrupulous of the accounting profession have come to be known as "creative accounting".

[4], investment analyst, argued: "we believe that the apparent increase in profits that occurred in the 1980s was the result of accounting embellishment rather than the result of true economic growth..."

[5], from an academic perspective, gives the following definition: "creative accounting represents the transformation of financial accounting figures from what they are to what the preparers of the financial statements want to be, taking advantage of the existing rules or ignoring part or all of the rules".

Analyzing the four definitions, we observe a unity in perceiving the characteristics of creative accounting, namely, creative accounting is a fraudulent, beautifying practice.

Considering the abundance of literature addressing this topic, creative accounting has entered the sphere of concern of many researchers.

[6] defines creative accounting "as a technique for presenting the annual accounts of companies, allowing to provide the best possible image of the profit and loss account and the balance sheet. It is also a communication technique aimed at capitalizing through legal accounts the image of the company towards possible investors";

[7] associate creative accounting with a translation of financial creativity. The authors also state that financial engineering, which sometimes aims to circumvent accounting or tax provisions, and accounting "technology", which records these innovations, often lead to creative accounting;

[8], considers creative accounting to be represented by "a set of procedures aimed at changing the level of the result, in order to increase or decrease, or the presentation of financial statements, without these objectives being mutually exclusive";

[9] specify that "the accounting screen is represented by the result of the options that managers use with the intention of deceiving the users of the published accounts. The manipulated accounts comply with the letter of the law and the rules, but not with their spirit";

[10] state about creative accounting that "it is a tool for improving accounts, a support and a consequence of financial and fiscal engineering"; On the other hand, [11] states that, on the contrary, creative accounting can be distinguished by its innovative character from the classic practices of modeling the result and changing the balance sheet, known very well by financial analysts.

[12] makes the following statement: "creative accounting is about choosing the best accounting option, which reflects the reality and the management interest of the entity as correctly as possible". He claims that:

- a. managers can manipulate, for example, the size of the entity's accounting result (strategic result management) through calculated expenses and income (which do not generate cash flows, such as value adjustments and depreciation) and deferred expenses and income (which do not are imputable to the profit and loss account), also called accounts for regularization of the result of the exercise, respecting the accounting rules.
- b. creative accounting is also used in issuing accounting solutions in the absence of rules or when the rules are insufficient for a certain management situation, in which case we are dealing with professional reasoning. It is considered that the freedom granted to managers in the evaluation and presentation of financial statements is precisely given by the level of expenses and revenues calculated, respectively deferred, called regularization accounting variables.

In the specialized literature, a series of reasons why economic entities turn to creative accounting have been listed.

In this context, wonder about the reasons that allowed the generalization of such a phenomenon. The authors have come to the conclusion that one of the most serious arguments advanced in favor of this practice would be the fact that there is a diversity of economic activities (industrial, commercial and services) that presuppose certain specific requirements. In this context, a certain flexibility is required to better represent a certain activity, which implies the existence of multiple options regarding the evaluation. The use of these options by an enterprise is not illegal, and it is therefore difficult to make a decision on the type of intention behind that practice.

The dematerialization of the enterprise as an effect of the ambiguity of the accounting rules in the matter of intangible assets, represents, in the opinion of, another factor that argues the recourse to creative accounting practices.

For his part, [14] believes that the globalization of enterprises, which is based on the free movement of capital on the financial markets, having as a priority objective the maximization of the value of shares, justifies the use of creative accounting practices.

[15] believe that the increasing recourse to creative accounting practices is based on periods of crisis that companies face with difficulty, because "they narrow the wallet and the treasury and are at the origin of risks on which the accounting technique translates only imperfectly. As a result, the managers put their imagination to the test in order to hide the unfavorable situation of the company and implicitly to improve the presentation of the financial statements".

Referring to creative accounting, [16] consider the positive theory of accounting according to which there are three groups of objectives for the management of results, namely:

1. First of all, the political control of costs in companies with abnormally high profits and which in fact reveal a weak competition on the market;
2. Secondly, the company's policy of minimizing financing costs by acting on results and reducing the cost of capital;
3. Finally, there is talk of the manipulation of data in favor of the shareholders, the reverse of these actions being found in the increase of administrators' salaries.
4. In the context of the generated informational asymmetry, the manipulation of accounting information also corresponds to the following objectives:
5. Costs resulting from conflicts of interest, starting from the fact that any contract presents associated costs. These costs explain the differences between the accounting procedures used by companies and the moment of adopting certain specific accounting procedures;
6. The incompetence of managers who focus their attention on particular arrangements and neglect the accounting information system. Arriving in this situation, the organization inevitably turns to innovative methods, facilitated by creative accounting, to improve its image in front of suppliers in order to increase trust and continue to grant commercial credit, obtained from goods granted with as long terms as possible due date, in front of the creditors, in order not to reduce their conditions for granting loans and establishing shorter repayment terms. In this situation, managers refuse to accept failure, using information manipulation techniques to avoid or postpone the collapse as much as possible;
7. Uncertainty and risk mark another possible cause of the application of cosmetic accounting information procedures. Thus, the use of creative accounting is the result of the increase in the volatility of some of the market elements, such as, for example, the increase in the inflation rate, the increase in the interest rate, the transition to fluctuating rates, etc. In this context, entities are motivated to resort to risk reduction methods;
8. The attitude of information users towards giving excessive importance to the accounting result of the exercise. Taking advantage of this attitude of investors who

are looking for safe increases in earnings, the concerned organizations seek to cosmeticize their bottom line to meet the required requirements. Changes in the payout ratio could portend changes in future profitability and, as a result, would have an effect on the share price. Therefore, the attitude of investors in the pursuit of profit at any cost contributed to the emergence of methods of distorting the reality of accounting information.

There are sometimes happy cases that allow skillful investors to get out of these deceptive situations either because they discover these tricks and stop in time, or because they are unwittingly in favorable conjunctural situations.

But in most cases they are in hopeless situations, with a catastrophic outcome.

In conclusion, we appreciate that the emergence and development of creative accounting techniques are determined by the desire of management factors and decision to present to users a certain image of the company in relation to its financial position and performance. These reasons developed the innovative imagination of managers who, supported by specialists in the accounting field, found various methods of manipulating the accounting information that made up the financial statements. However, all these are also mediated by the regulations of the International Accounting Standards, which allow several treatment alternatives for the same phenomena and economic operations, depending on managerial interests.

The implementation of IFRS/IAS must not represent a gateway to violating the legal provisions. In the context of the application of IFRS/IAS, creative accounting should represent an exercise of creativity of accountants, to translate legal, economic and financial innovations, to offer favorable solutions to those interested by exploiting legal and professional loopholes.

Even though specialized literature has abounded and varied under the aspect of creative accounting practices, our following study is limited only to the identification of some of them. In other words, it is not an exhaustive study, nor a financial audit. We do nothing more than simple observations on the accounting practices used by companies, considered creative, in the sense that they use the options offered by the accounting legislation in their interest and found predominantly within the tools, techniques and practices of managerial accounting.

B. Objectives And Hypotheses

Considering that the study of managerial accounting systems is characterized by a relatively small number of researches on the practice of creative accounting, in the scientific approach we propose we have two objectives in mind, namely:

Objective no. 1 is a recourse to the procedures, techniques and practices of creative accounting aimed at managerial accounting;

Objective no. 2 tries to establish the perception of current and future professionals (students and masters), under the conditions of the accounting system practiced in Iraq, regarding the image attributed to creative accounting, the opportunity to approach some issues related to creative accounting policies, the role of professional bodies accounting regulation in the fight against creative accounting and that of financial auditing in detecting these practices.

The working assumptions will be appropriate for each objective, so that it is achieved, as follows:

1. Hypothesis no. 1: Are there creative accounting procedures, techniques and practices specific to financial accounting but which indirectly affect managerial accounting?;
2. Hypothesis no. 2: Are there procedures, techniques and practices of creative accounting specific to managerial accounting that affect the decision-making process?;
3. Hypothesis no. 3: Can a fine line be perceived between the permissive side and the illegal side of creative accounting?

2. Materials and Methods

The scientific approach carried out in this research combines qualitative research with quantitative research if we refer to the research methodology and perspective. The perspective is of a theoretical-descriptive-conceptual nature and is based on representative specialized literature in the field of managerial accounting and that of creative accounting combined with practical aspects derived from reality.

The quantitative research method used to validate or not the defined working hypotheses is statistical survey research through questionnaire. The study undertaken is mainly exploratory and descriptive and, to a certain extent, explanatory and even predictive, by identifying some trends that we consider to be significant.

In order to collect the information necessary to carry out the research, several collection techniques adapted to the research objective were used. Thus, in order to solve objective no. 1, whose essence is exclusively theoretical, the research was based on informative data collected from the specialized literature on managerial accounting and creative accounting, from international regulations in the field of accounting and compared with the aspects found in the practice of enterprises during two years as a practitioner. In the case of the second objective, we used the survey technique based on a questionnaire conducted among students, massage therapists and professionals in Baghdad, Iraq.

3. Results

Referring to objective no. 1 regarding the procedures, techniques and practices of creative accounting aimed at managerial accounting, we place the discussions on two levels according to the two formulated hypotheses.

3.1 Hypothesis no. 1: Are there procedures, techniques and practices of creative accounting specific to financial accounting but which indirectly affect managerial accounting?

Accounting and management are two closely related complementary processes. Accounting provides information about past events, while management allows decisions to be made based on future events. The manager can adjust his forecasts based on the accounting information and know the performance of the company. Therefore, management accounting is more than simply calculating the costs of a product, work or service.

No matter how the reasons and objectives of creative accounting are presented, we believe that the techniques of income manipulation and the methods of recognizing expenses can be discussed, each direction of research putting its more or less direct, more or less visible, the imprint on managerial accounting.

Thus, manipulation techniques regarding revenue recognition (premature revenue recognition, fictitious revenue recognition, embellishment of long-term contracts and construction contracts), as well as expenses (incorrect allocation of expenses, how to apply depreciation policies, incorrect capitalization of expenses, (non)recognition of provisions) although they represent the prerogative of general (financial) accounting, their practice leaves their mark on managerial accounting by distorting results, KPI indicators and future decisions.

[17] brings into discussion three mechanisms with impact: on the results, on the income statement, and on the balance sheet, the impact on the results having a significant impact on managerial accounting.

Without presenting an exhaustive treatment considering that we only refer to the area of income and expenses, in table no. 1 we present the impact of creative accounting mechanisms on the results synthesized from the theory and practice of enterprises.

Table 1. Creative accounting techniques with impact on result measurement.

Targeted items	Mechanisms	Impact on results
Fixed assets and financial expenses	The company's inclusion of financial expenses in the production cost of fixed assets.	-Increase in the result in the year of cost transfer. -Decreasing in the year of the transfer and in the following years, through the amortization of the fixed assets.
Research and development expenses	The immobilization of the amounts necessary for research and development.	-Increasing the result in the year of immobilization; -Decreasing the result in the year of the transfer and in the following years, through the amortization of the fixed assets. -Impact of the option regarding the start date of the amortization.
Property	The lease-back transaction: Sale of a fixed asset or asset and repurchase through leasing	-The appearance of a gain in the lease-back transaction, at the time of sale. -Registration of rent expenses during the leasing period.
Amortization	When establishing the amortization plan, there are multiple options and possibilities: - determination of a probable duration of use; - retention of a residual value; - the attention given to the rhythm of use. Revising the amortization schedule, for example by increasing (or decreasing) the remaining amortization period.	Modification, according to the option, of the value to be amortized; hence, there is a change in the distribution over time of the amortized amount with an impact on the result. Reduction (or increase) of future allocations over a longer (shorter) period.
Provisions and participation titles	Undervaluation (or overvaluation) of provisions for the depreciation of capital securities, allowed especially due to the existence of several valuation methods.	-Reducing (or increasing) the result at the time of allocation. -Reverse effect in the year in which the recovery takes place.
Stocks	Inclusion of financial expenses in inventory production costs. Change in inventory valuation method. Incorporation of costs of secondary activities in the value of stocks.	-Increasing the result in the year of including expenses. - Decrease in the year of consumption of stocks. - Modifying the result according to the changes that have occurred. -Transfer of losses from secondary activities to the next financial year. -Increasing the result of the current financial year. -Decreasing the result of the next financial year.
Provisions and current assets	-Underestimation (or overestimation) of provisions for doubtful debts. -Underestimation (or overestimation) of provisions for stocks.	-Reducing (or increasing) the result at the time of allocation. -Reverse effect in the year in which the recovery takes place.
Provisions and receivables	The payment to an insurance company of a single premium, whose investment in "zero coupon" generates, after a certain period of the claim, the nominal	The recovery of provisions that exceed the amount paid to the insurance company and the increase of the result.

Targeted items	Mechanisms	Impact on results
	value of the debt. The insurance company guarantees this face value at the end of this period. Update of term receivables without interest.	- The provision for the depreciation of the receivable. -Reducing the result at the time of allocation. -Reverse effect in the year in which the recovery takes place.
Deferred expenses or period expenses	The change in the method leads to the allocation of expenses through depreciation, while these costs were previously recorded during a single financial year.	Apportionment of costs or, conversely, recording expenses for a single period.
Asset acquisition expenses	The acquisition costs can be: -not included in the acquisition cost and highlighted as maintenance expenses; - included in the purchase cost.	- In the case of maintenance expenses: the immediate decrease of the result. - If the transfer is made in assets, there is a distribution of expenses.
Subsidies	- Subsidies for investments increase own capital. - Multiple highlighting possibilities in the results account.	- Modification of own capital. - Return on invested capital.
Provisions for risks and expenses	Failure to register provisions such as those for pensions allowed by law. Restructuring provisions raise several issues: - the date of the decisions; - the degree of precision of the decisions and the consequences on the assessment, - consideration of potential earnings in the assessment of provisions.	Increasing the accounting result. -The impact on the result depends on the level of the provision. -Reverse effect during recovery.
Financial products	"Artificial" distribution of securities: assignment followed by redemption ("return"). The sale of securities with the right to redeem them later at a price from which interests are deducted for a certain period.	The transformation from unrealized gain to real added value. -Transformation from unrealized gain into real added value. -In the year of exercise of the option, the result is reduced by recording interest.
Long-term contracts	The existence of several methods of registering these contracts.	-The impact on turnover according to the method used. - Modification of distribution with the execution of the contract.
Leasing	"Capitalization" of the lease.	The impact on the result depends on the leasing characteristics: royalty, amortization, method of loan repayment.
Tax on companies	Calling on the deficit carry-back mechanism.	The retroactive carryover of the deficit leads to an increase in the result.

The strategy of manipulating the profit and loss account, to make the results look different than in reality, is based on the "big bath" procedure, which can be used in four ways, namely:

primarily by choosing between the allowed alternative accounting policies (for example, choosing between passing on expenses or capitalizing research and development expenses);

secondly, the subjectivity involved in accounting estimation methods (for example, estimating the life of an asset in order to calculate depreciation);

thirdly, structuring the transactions in such a way that the costs are manipulated (for example, the sale followed by the lease of an asset);

lastly, planning the moment of real operations in order to manipulate costs (for example, the case of an investment that has a certain historical cost and a market value three times higher, and the manager plans the sale aiming to increase the profit in a certain year).

The first two methods, according to J.Blake, can be called accounting manipulations. The problem of defining an accounting choice as manipulative and therefore creative is that where the accounting rules allow such a choice, it is very likely that there will be a legitimate debate on this subject. Therefore, it is not the chosen policy itself that constitutes manipulation, but the intention behind it.

Summarizing what has been presented, it can be stated that Hypothesis 1 is confirmed.

3.2 Hypothesis no. 2: Are there procedures, techniques and practices of creative accounting specific to managerial accounting that affect the decision-making process?

Along with the procedures, techniques and/or accounting practices that affect the content and structure of income and expenses viewed through the profit and loss account, and therefore the results, in the practice of companies can be identified a series of procedures, techniques and accounting practices that directly from the area of managerial accounting.

A first aspect that can be discussed concerns the underestimation of the budget, either through the deliberate underestimation of revenues or overestimation of expenses. This can be done to ensure that the budget is not exceeded or to facilitate the achievement of budget goals. Unused budget capacity can also be used to create a buffer against unexpected expenses or to create a surplus that can be used for other purposes.

Budget understatement and creative accounting are common practices in the business world and can have serious consequences for a company's financial health. From a practical point of view, we can talk about three ways of underestimating the budget of an enterprise, namely:

- a. overestimation of expenses in relation to their reality. This can be done by increasing the cost of goods sold, assuming higher wages, or assuming higher overhead costs. However, this technique can backfire if expenses turn out to be lower than expected, resulting in unused funds;
- b. underestimation of revenues in relation to their evolution. This can be done by assuming lower sales volumes or lower prices. This technique can be risky if revenues turn out to be higher than expected because it leads to missed opportunities;
- c. the creation of a guarantee fund which consists of reserving a part of the budget as a cushion to cover unforeseen expenses or losses. This technique is useful for companies that operate in volatile markets or face unpredictable risks.

Managerial behavior can affect the practices of managerial accounting systems, both in the area of expenses and in the area of costs, a statement that [18] describes as follows: "in the current economic context, a direct link between the practices of creative accounting, the incompetence of managers, the decline of activity, periods of general economic difficulty and the urgent needs of fiscal optimization".

Therefore, another aspect that can be discussed is the techniques placed directly in the field of costs, such as:

- a. distorting the information regarding the download of the management of the products sold in order to achieve a certain objective, called by Guinea the technique of virusing the costs related to the production sold. In the context of large enterprises, with a complex cost structure and activity, this technique is masked by the actions of the following periods of management discharge, which leads to a slippage of costs from one period to another;
- b. the immediate consequence of the distortion of the information regarding the download of the management of the sold products is found in the form of the simultaneous misleading of the users of accounting information by means of the production costs;
- c. regardless of the economic environment we are referring to, we can state without the risk of being wrong that it is far from being subject to fair competition. We refer to the fact that in the real production costs we find only the visible costs, while the invisible costs are dissipated within other orders (projects) which leads to the distortion of the actual costs and to the masking of the real performance of the enterprise;
- d. the manipulation of the distribution coefficient of indirect production expenses is a frequent practice of companies carried out knowingly. The difficult identification of indirect production expenses from general administration expenses leads in the most frequent cases to accounting conventionalism, the consequence of which is found in the level of the production cost and affecting the performance of the company;
- e. the existence of accounting dualism, on the one hand financial accounting, on the other hand management accounting, in order to determine production costs, leads to the use of a series of procedures, techniques and methods, some of them creative in character, all the more so as accounting accounts of management are not subject to publicity. Depending on the objectives pursued by the management of the enterprise, the determined production cost affects the financial position and performance of the enterprise through the cost of stocks;

The presented examples, to which others can be added (the tick method of production costs, production costs related to identical projects, etc.), convince us that the second hypothesis is also confirmed.

3.3 Hypothesis no. 3: Can a fine line be perceived between the permissive side and the illegal side of creative accounting?

The verification of the third hypothesis was carried out on the basis of a questionnaire made up of 10 questions with a single answer, with the exception of question no. 9 which is complex considering that it sought to identify the factors that contribute to the manipulation of income and expenses. The answers to the questions were based on the Likert scale establishing five response options (items) from 1 to 5, where 1 meant total disagreement, and 5 meant total agreement.

The sample consisted of 50 respondents, of which 30 were professionals (managers, accountants, financial auditors) and 20 students/master's students, and their answers formed the basis of two response groups.

Synthesizing the answers of the two groups of respondents, processed with the SPSS 26 software, we get the picture presented.

Table 2. The comparative table of the answers to the questionnaire for the two groups.

Targeted items	Mechanisms	Impact on results
Fixed assets and financial expenses	The company's inclusion of financial expenses in the production cost of fixed assets.	-Increase in the result in the year of cost transfer. -Decreasing in the year of the transfer and in the following years, through the amortization of the fixed assets.

Targeted items	Mechanisms	Impact on results
Research and development expenses	The immobilization of the amounts necessary for research and development.	-Increasing the result in the year of immobilization; -Decreasing the result in the year of the transfer and in the following years, through the amortization of the fixed assets. -Impact of the option regarding the start date of the amortization.
Property	The lease-back transaction: Sale of a fixed asset or asset and repurchase through leasing	-The appearance of a gain in the lease-back transaction, at the time of sale. -Registration of rent expenses during the leasing period.
Amortization	When establishing the amortization plan, there are multiple options and possibilities: - determination of a probable duration of use; - retention of a residual value; - the attention given to the rhythm of use. Revising the amortization schedule, for example by increasing (or decreasing) the remaining amortization period.	Modification, according to the option, of the value to be amortized; hence, there is a change in the distribution over time of the amortized amount with an impact on the result. Reduction (or increase) of future allocations over a longer (shorter) period.
Provisions and participation titles	Undervaluation (or overvaluation) of provisions for the depreciation of capital securities, allowed especially due to the existence of several valuation methods.	-Reducing (or increasing) the result at the time of allocation. -Reverse effect in the year in which the recovery takes place.
Stocks	Inclusion of financial expenses in inventory production costs. Change in inventory valuation method. Incorporation of costs of secondary activities in the value of stocks.	-Increasing the result in the year of including expenses. - Decrease in the year of consumption of stocks. - Modifying the result according to the changes that have occurred. -Transfer of losses from secondary activities to the next financial year. -Increasing the result of the current financial year. -Decreasing the result of the next financial year.
Provisions and current assets	-Underestimation (or overestimation) of provisions for doubtful debts. -Underestimation (or overestimation) of provisions for stocks.	-Reducing (or increasing) the result at the time of allocation. -Reverse effect in the year in which the recovery takes place.
Provisions and receivables	The payment to an insurance company of a single premium, whose investment in "zero coupon" generates, after a certain period of the claim, the nominal value of the debt. The insurance company guarantees this face value at the end of this period.	The recovery of provisions that exceed the amount paid to the insurance company and the increase of the result.

Targeted items	Mechanisms	Impact on results
	Update of term receivables without interest.	- The provision for the depreciation of the receivable. -Reducing the result at the time of allocation. -Reverse effect in the year in which the recovery takes place.
Deferred expenses or period expenses	The change in the method leads to the allocation of expenses through depreciation, while these costs were previously recorded during a single financial year.	Apportionment of costs or, conversely, recording expenses for a single period.
Asset acquisition expenses	The acquisition costs can be: -not included in the acquisition cost and highlighted as maintenance expenses; - included in the purchase cost.	- In the case of maintenance expenses: the immediate decrease of the result. - If the transfer is made in assets, there is a distribution of expenses.
Subsidies	- Subsidies for investments increase own capital. - Multiple highlighting possibilities in the results account.	- Modification of own capital. - Return on invested capital.
Provisions for risks and expenses	Failure to register provisions such as those for pensions allowed by law. Restructuring provisions raise several issues: - the date of the decisions; - the degree of precision of the decisions and the consequences on the assessment, - consideration of potential earnings in the assessment of provisions.	Increasing the accounting result. -The impact on the result depends on the level of the provision. -Reverse effect during recovery.
Financial products	"Artificial" distribution of securities: assignment followed by redemption ("return"). The sale of securities with the right to redeem them later at a price from which interests are deducted for a certain period.	The transformation from unrealized gain to real added value. -Transformation from unrealized gain into real added value. -In the year of exercise of the option, the result is reduced by recording interest.
Long-term contracts	The existence of several methods of registering these contracts.	-The impact on turnover according to the method used. - Modification of distribution with the execution of the contract.
Leasing	"Capitalization" of the lease.	The impact on the result depends on the leasing characteristics: royalty, amortization, method of loan repayment.
Tax on companies	Calling on the deficit carry-back mechanism.	The retroactive carryover of the deficit leads to an increase in the result.

Taking an overview of the two groups, an aspect that can also be seen from the histograms in figure no. 1, we notice some similarity in the answers and which confirms the fact that the accounting regulations in Iraq offer many possibilities for the proliferation of creative accounting.

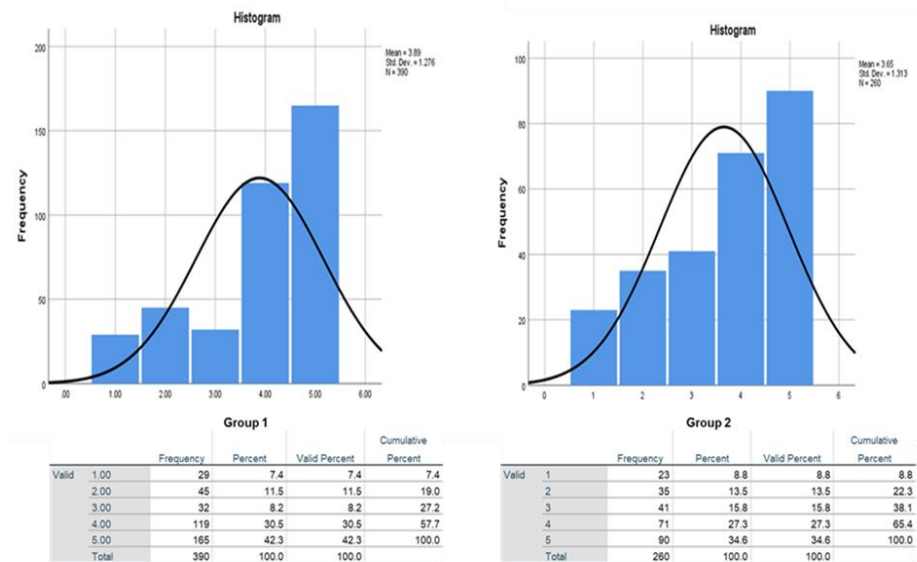


Figure 1. Histograms of the two groups regarding the perception of creative accounting.

The application of the national accounting standards (INAS) developed by IBAAS inspired by the IASC standards contributes even more to the use of accounting options, policies and accounting estimates to be used also as tools that the accounting professional can have at his disposal and as techniques and creative accounting practices. This aspect is perceived both by professionals (67% - total agreement 40%, agreement 26.7%) and by students/master's students (60% - total agreement 40%, agreement 20%).

If we accept the idea that creative accounting is currently a wonderful lie that teaches us how to construct and see the desired truth, we observe the existence of a dualism in the perception of professionals and students/masters who answered questions 2 and 3 of the questionnaire. Of course, we do not exclude the fact that creative accounting can also have a positive image (66.7% professionals and 50% students/masters) provided that professional accountants use correct and ethical professional reasoning and the management team is in good faith. Otherwise, the image of creative accounting can only have a predominantly negative connotation (76.6% professionals and 55% students/masters) and which the respondents see as a scourge in the accounting environment (answer to question no. 4: professionals 73.3%, students/masters students 45%).

Given that INAS will comply with international accounting standards, and companies will have the freedom to develop and substantiate their own accounting policies, the respondents agree that compliance with ethics and professional deontology is a priority in this endeavor (answer to question no. 5: professionals 76.7%, students/masters 50%).

Respondents favorably appreciate (86.6% professionals and 75% students/masters) the role of the professional and accounting regulatory body in Iraq (question no. 6) and, to the same extent, the role of financial auditors in detecting creative accounting practices (answer to question no. 7: professionals 73.3%, students/masters 85%). In the process of building financial-accounting information, the accounting professional is put in a position to "harmonize" several interests, which are often divergent, related to the use of accounting information. Its ethical behavior is ensured by the application and observance of accounting regulations, in conditions of independence and professional competence, supported by the financial auditor.

4. Discussion

Far from being easy, but it is timely to detect creative accounting techniques in the field of managerial accounting, the respondents appreciate the fact that creative management of expenses is a technique of manipulating costs through various techniques and methods with the aim of obtaining an illicit financial gain that violates ethical and legal accounting standards. If we exclude the position of the undecided on question no. 8 (16.7% in the case of professionals and 10% in the case of students/master's students), we notice a balance between agreement and disagreement expressed by the respondents. The image is of an ambiguity in the perception of the respondents and which is due, on the one hand, to the lack of accounting human resources with high professional qualifications, and on the other hand to the existence of high corruption in the management of Iraqi companies.

The answers to the questions following question no. 9 are edifying regarding the assessment of the factors that have an impact on revenues and expenditures (the choice between alternative policies, the subjectivity used in the application of estimation methods, the methods of recognition of revenues and expenditures, less the underestimation of the budget) on who appreciate them as being favorable to the practice of creative accounting (the answers of professionals being on average 85.56%, and that of students/master's students on average 78.33%). Regarding the underestimation of the budget, we find an adverse effect in the sense that the respondents do not consider that this factor contributes significantly to the practice of creative accounting in the field of managerial accounting (professionals express their disagreement in proportion to 40% to which we can also add 13.3% undecided, and students /master students disagree with 75%). This is primarily a consequence of the lack of improvement of the budget law, but also of the lack of transparency of the accounting system.

Finally, the respondents agree that the managerial behavior of the company can affect the practices of the management accounting systems (73.3% of professional accountants agree and 75% of students/master's students agree). The awareness of the fact that the motivation related to the manipulation of income and expenses stemming from the desire to sometimes communicate accounting information that does not reflect reality, justifies the response of the respondents.

The responses to the questionnaire made available to Iraqi professionals and students/masters, confirm that although creative accounting can be used within legal limits, it becomes problematic when it turns into deception, ultimately damaging the company's reputation and the trust of stakeholders. Therefore, Hypothesis no. 3 is confirmed.

5. Conclusion

In the current economic context, a direct link can be noticed between creative accounting practices, the incompetence of managers, the decline of activity, periods of general economic difficulty and the urgent need for fiscal optimization.

Creative accounting in the digital age remains a controversial issue. While digital tools offer new ways to strategize and present financial information, they also carry the risk of perpetuating old tricks in a new form. It is imperative that all stakeholders remain vigilant and regulators adapt to the changing landscape to ensure that the art of creative accounting does not descend into the realm of scandal.

Creativity in management accounting can be a double-edged sword. On the one hand, it allows companies to present their financial situation in the most favorable light, thereby attracting investors and stakeholders. On the other hand, excessive creativity can lead to misleading financial statements, distorting the true financial health of a company. Finding the right balance is critical to maintaining transparency and building trust.

Budget space and creative accounting can be useful tools for financial management, but should be used with caution. Governments and regulators play a central role in setting guidelines and enforcing ethical standards for financial reporting. Robust frameworks such as Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) provide a common set of rules and principles that guide organizations in producing transparent and ethical financial reporting. The existence of high corruption, the need to adopt accrual accounting instead of cash accounting, the lack of accounting transparency, the improvement of the budget law, the reform of the financial system, are just a few factors that necessarily require the implementation of international accounting standards, both IFRS, as well as in the public domain of IPSAS .

Despite the relevance of the results stated in the context of this article, we must admit that the research is not without limitations that come from the fact that references to creative accounting with indirect impact, but also with direct impact on managerial accounting, are not exhaustive.

On the other hand, regarding the perception of Iraqi professionals and students/masters students on the existence of a demarcation between the permissive side and the illegal side of creative accounting, the surveyed sample is quite small which produces a dilution of the obtained results. In addition, this approach should have been coupled with a qualitative approach which would have made it possible to obtain more significant results regarding the adoption of discretionary accounting choices by Iraqi company managers.

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