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Investigating impacts of implementing earnings manipulation practices on stakeholders' perception of earnings management: The case of Poland

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ABSTRACT

Objective: The objective of the article is to investigate the impact of earnings manipulation on the perception of the earnings management phenomenon by financial specialists in public enterprises listed on the Main Market of the Warsaw Stock Exchange (WSE).

Research Design & Methods: Empirical analyses were based on questionnaire research conducted among 124 finance specialists of listed companies. We used the Mann-Whitney U Test to compare the significance of differences in perceiving the earnings management phenomenon.

Findings: The research proved statistically significant differences in the ethical perception of earnings manipulation between participants representing firms that implement and do not implement earnings management behaviours. Moreover, it allowed for gathering statistical evidence about the differences in the judgement of the possibility of detecting earnings-violating practices by statutory auditors in the eyes of diverse stakeholder groups. Furthermore, this study revealed significant differences between the respondents regarding the assertion that the auditor's positive opinion on the financial report constitutes a guarantee for investors of the high-quality reported data.

Implications & Recommendations: This study evidenced that participants who declared deploying earnings management in the companies they represent perceived the earnings management behaviour less rigorously and more liberally than individuals engaged in firms that did not manipulate earnings.

Contribution & Value Added: The conducted research is an important contribution to the research gap and the foundation for future studies on the perception of earnings manipulation in the context of the Polish capital market.

Article type:	research article
Keywords:	earnings management perception; earnings manipulation; questionnaire research; Warsaw Stock Exchange; public companies; ethical attitudes
JEL codes:	G4, M4

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INTRODUCTION

Perception is a psychological process that involves stimulus interpretation and a recognition of the object that produces a sensation. Based on earlier experience, it is a process by which one becomes acquainted with the environment (Graigner, 1972). This article investigates the impact of implementing earnings manipulation practices on the general perception of the earnings management phenomenon by finance managers and accounting officers of public enterprises listed on the Main Market of the Warsaw Stock Exchange (WSE). Previous research has shown that the formation of employee ethical attitudes towards earnings management or the tendency to commit accounting and operational manipulations may depend on many determinants, such as gender, age, education, professional experience and respondents' personalities (Maruszewska, 2020; Cygańska & Bartoszewicz, 2023). This study adds to the existing literature on the issue of perceptions of earnings management in the conditions of implementing activities that do not go beyond the framework of the law but are generally considered negative. It contributes by suggesting that decision-makers who affect reporting data can demonstrate a less rigorous and more liberal approach to the moral assessment of earnings management than other financial or accountant specialists. Moreover, they can take a different position in terms of the possibility of detecting earnings manipulations or the assessment of the harmful effects of their occurrence on the organization. We operationalized the set research with the following hypotheses:

H1: There are statistical differences in the perception of the earnings management phenomenon from an ethical point of view among participants who declare or do not declare implementing earnings manipulation behaviours in companies they engage.

H2: The prevailing belief among respondents is that earnings management behaviours are pernicious and should be perceived as activities that always lead to deterioration of the quality of the reported data and misleading the company's stakeholders about the real economic performance of the company.

H3: Respondents who do not declare the use of earnings manipulation in firms they represent judge earnings management as an accounting or operational practice more seamlessly detectable by the auditor than participants who declare to manage earnings.

This research is part of a discussion on the endogenous factors of accounting ethics, which are related to the personal moral stance, individual predispositions, and the perception of accounting as a system providing the truth and fair view of a business entity. Among other elements, it refers to the assumptions of the positive accounting theory, developing a spectrum of middle-range theories explaining selected areas of phenomena related to reporting the economic performance of an enterprise (Riahi-Belkaoui, 2005). Previous studies paid little attention to questionnaire research to diagnose earnings manipulation determinants. The vast majority of scientific explorations on discussed issues focus exclusively on using econometric models, enabling the extraction of individual subcategories of accruals. However, inferencing based on estimated values of discretionary accruals may lead to certain distortions. For example, regression models explain the magnitude of earnings management without indicating how abnormal accruals would evolve without managerial interference (McNichols, 2000). By considering social and psychological mechanisms in economic analyses, it will be possible to provide economic models with a more realistic dimension, increasing their accuracy and improving their forecasting values.

The article is organized as follows. The first section will contain theoretical backgrounds regarding prior studies. The second section will present the research design and data on hand. The third part will include findings and a discussion of the empirical results. The last section will contain a conclusion, limitations, potential path, and future research directions.

LITERATURE REVIEW

Earnings Management: Definition and Dimensions

There are many definitions of earnings management in the scientific literature. The diversified meanings of accounting profit combine earnings manipulation features with flexibility and discretion in financial reporting, unconventional interpretation of applicable accounting principles, various ethical justifications for the actions taken and concerns about violations of accounting standards. Following the position of Kliestik *et al.* (2020), in this article, we strictly equated earnings management with earnings manipulation.

As underlined by Healy and Wahlen (1999), earnings management occurs when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting practices. The presented terminological approach emphasizes the negative perspective (pernicious earnings management), which refers to achieving private gains by the managers at the expense of deterioration of the quality of the reported financial result and depreciation of the company's value. Schipper (1989), Leuz *et al.* (2003), and Fuad *et al.* (2019) express a similar opinion. They perceive the implementation of earnings management as a desire to distort the financial statements motivated by low-purpose motives. However, as noted by Scott (2015) and Ronen and Yaari (2010), a broader analysis of the nature of the earnings manipulation phenomenon enables distinguishing opposing insight to assessing the transparency of the relationship between financial statements and the generated earnings. The concept of beneficial earnings management considers it in categories of proven accounting practices that do not violate the reliability of the financial statements but aim to increase its quality, thus signalling the possibility of the influence of specific factors on the company's value. Sankar and Subramanyam (2002) also expressed that although researchers mainly focus on opportunistic earnings management, which lowers the information content of earnings, managers may use discretion to enhance the quality of information communicated through earnings. Likewise, as Healy (1985) defined, earnings management could be considered reasonable decision-making and reporting intended to achieve stable and predictable financial results. In general, earnings management practices refer to accounting activities conducted in correspondence with the adopted balance sheet policy and within the limits of the law (even if they are not always consistent with the spirit of the law). The ambiguity and heterogeneity of earnings manipulation often lead to its ambivalent perception in the eyes of diverse enterprise stakeholders.

Factors Influencing the Perception of the Earnings Management Phenomenon

Although most adults judge the morality of actions by comparing them to society's expectations (Grabiński & Wójtowicz, 2019), the current research indicates that earnings management perception depends on many variables. The ethicality of earnings manipulations may be considered in its relationship with institutional or cultural factors, participants' morality, personality traits, applied techniques of earnings manipulation, the temporal scope of the impact of earnings management practices on the quality of reported results, etc.

Geiger *et al.* (2006) gathered evidence that the perception of the acceptability of earnings manipulations varies depending on the country in which the empirical analyses were conducted. They proved that the differences in aggregate perceptions across countries were associated with the power distance index and the masculinity index. Geiger and Smith (2010) examined the association between the level of cultural secrecy and the perceptions of accrual-based and real earnings management in selected countries. They found that individuals from secretive cultures were more accepting of both concepts of earnings manipulation activities. Moreover, they discovered that participants from stakeholder-oriented corporate governance countries perceive earnings management more rigorously than individuals from shareholder-oriented countries. Dayanandan *et al.* (2012) showed the relationship between ethical values and personality traits of individuals on the perception of earnings manipulation activities. They found statistically significant evidence that participants with high idealism judge earnings management more harshly than those with low idealism. Moreover, they proved that respondents known as situationists rate earnings manipulations as more unethical. At least, aside from personality traits, participants consider accrual-based earnings management more unethical than real earnings management. Similarly, Maruszewska (2020) conducted experimental research examining the tendency to reproduce unethical accounting operations in the presence of an agency relationship in the organization. The results were compared with the taxonomy of personal moral philosophies that divides individuals into four groups (situationists, absolutists, subjectivists, or utilitarians) (Forsyth, 1980). She proved that the ethical orientation of the participants did not play a major role in the tendency to repeat inappropriate behaviour. However, idealists were more strict in assessing the moral situation than relativists. Bruns and Merchant (1990) conducted a moral judgement of the consequences of the intentional shaping of company financial results by readers of the Harvard Business Review. Their research results lead to the conclusion that in a case where an accounting practice is not explicitly prohibited or where there is a slight deviation from the rules, earnings management activities are considered ethically acceptable, regardless of who might be affected by the distorted information. Johnson *et al.* (2012) referred to the perception of the consequences of earnings management due to its impact on the organization. The results of empirical analyses indicated that managers might be motivated to discount the ethical impact of earnings manipulation activities when the final consequence favours the company they represent. Ambiguous conclusions regarding the ethical perception of earnings management by stakeholders of commercial banks were highlighted by research conducted by Barghathi *et al.* (2020). As the authors indicated, conclusions drawn from semi-structured interviews indicated that half of the individuals were convinced that earnings management is generally ethical, especially when these practices were applied within GAAP and the legal framework. In turn, the findings from a parallel questionnaire study lead to the conclusion that the dominant share of respondents generally considers earnings management unethical. In turn, Kaplan (2001) surveyed two groups of respondents (managers and shareholders), examining their attitudes towards three earnings management techniques, considering deferral of discretionary expenses, requesting an invoice from a consulting firm to be delayed, and an increasing accounting loss through an unnecessary increase in the obsolescence reserve. Kaplan revealed that managers rated operating manipulations (*via* real earnings management) more ethically than accounting manipulations (*via* accrual-based earnings management), whereas shareholders assessed both strategies as unethical. Ismail and Atik (2011) discovered that the ethical attitudes towards earnings manipulation differ depending on the profile of the surveyed individuals and the earnings management behaviour scenarios used in the company. They proved that accountant officers opposed income smoothing, management buyouts or manipulation before IPO practices more strongly than financial analysts, while the latter perceived banks' misleading activity as more unethical than bookkeepers. Similarly, Baskaran *et al.* (2020) indicated that the perception of practices of intentionally influencing the company's financial results may depend on the earnings manipulation technique used in an accounting year and the scale of impact on the reported accounting data. For example, according to authors, the ethical approach to earnings cosmetics practices (understood as the tendency to small rounding of reported net income upward) could be different from an attitude towards earnings management practices, referred to as managerial tricks to deceive other users of financial statements for the sake of private benefits. Nowghabi and Anbarani (2012) evidenced significant differences between the perception of earnings management practices that affect accounting data in quarterly financial statements and earnings manipulation distorting earnings yearly. Moreover, they showed that research participants judged income-increasing practices to manage earnings upward as less ethical than downward earnings manipulation activities. Sugiarto and Djeni Indrajati (2020) proved that the perception of earnings manipulation is significantly associated with respondent maturity. Hence, individuals aged 40 years and over are more aware of the impact of earnings management on the quality of reported data compared to those under 40 years of age. Several studies also focused on the impact of gender on earnings management (Giacomino *et al*., 2006; Jooste, 2011; Sugiarto & Djeni Indrajati, 2020; Cygańska & Bartoszewicz, 2024). However, the results of this research have not been conclusive.

The abbreviated outline of the issue of understanding and judgement of earnings management practices indicates the high importance of social factors of perception in the assessment of business activities. A closer examination of determinants affecting earnings manipulation perception could be inestimable in explaining or expanding existing knowledge about motivations for the intentional shaping of financial results in contemporary enterprises.

RESEARCH METHODOLOGY

We conducted the questionnaire survey among 124 representatives of non-financial public companies listed in the Main Market of the WSE in June-August 2023. The target group of respondents included finance managers, accounting officers and other professionals authorised by representatives of the company's management at the level of the owner, president, member of the management board, and general director. The research sample selection was random (exhaustive testing). However, according to the assumptions, it was to cover at least 30% of enterprises listed on the

Main Market of the WSE. A specialised external company conducted the research using the method of standardised computer-assisted questionnaire interviews (CATI).

We divided the study into two stages. In the first step, respondents were asked to answer questions to assess their tendency to implement particular accrual-based and real earnings management tools in business practice. Moreover, participants judged earnings manipulation from an ethical perspective and evaluated the possibility of detecting practices aimed at the intentional shaping of financial results by auditors. A total of thirteen close-ended questions were asked in the questionnaire, of which five were used for the article (Table 1).

A weakness of the obtained research results was the possibility of respondents using the ‘no opinion’ answer from the available list. In total, 13, 10, 2 and 1 individuals, respectively used this option (questions 2-5). During the research, it turned out that 29% of respondents (36 individuals) declared that earnings management practices were implemented in the company they represent. The remaining respondents (88 individuals) denied that accounting or operational practices aimed at earnings manipulation occurred in the companies they represented. This separation allowed for the extraction of two distinct research subpopulations.

Table 1. List of substantive questions used in the study

<table>
<tr><th>The content of the question</th><th>Possible answers with assigned grades</th></tr>
<tr><td>1. How would you verify the statement that the reported earnings are susceptible to intentional manipulation (i.e. lowering or increasing followed by the specific goals of the company’s management)?</td><td rowspan="5">1 – definitely agree
2 – rather agree
3 – rather disagree
4 – definitely disagree
X – no opinion (response not included in further non-parametric the U Mann Whitney test)</td></tr>
<tr><td>2. How would you verify the statement that earnings management practices are ethically acceptable?</td></tr>
<tr><td>3. How would you verify the statement that the implementation of earnings management practices always results in misleading the users of financial statements?</td></tr>
<tr><td>4. How would you verify the statement that earnings management activities are relatively seamless to detect by a statutory auditor?</td></tr>
<tr><td>5. How would you verify the assertion that the auditor’s positive opinion on the financial statements constitutes a guarantee for investors of the reliability of the reported financial data?</td></tr>
</table>

Source: own study.

The second stage of the study referred to comparing the significance of differences in the perception of the earnings management phenomenon by finance specialists representing firms that manipulate or do not alter earnings. In the face of failure to meet the condition normality of the distribution of variables and the occurrence of qualitative features on an ordinal scale, this examination was performed by the Mann-Whitney U Test. It is commonly used to determine whether two independent samples come from populations having the same distribution.

RESULTS AND DISCUSSION

The first stage of the empirical research was related to evaluating reported earnings as a measure prone to intentional manipulation. The results shown in Figure 1 indicate that the vast majority of respondents agreed that the financial result is an economic category rather susceptible to intentional shaping due to its accrual nature. Hence, through appropriate accounting policy instruments and operational activities, it will be possible to present the level of earnings consistent with the intentions and expectations of selected groups of company stakeholders. Only in the case of participants representing companies that do not implement earnings management behaviours, a small percentage of respondents (approx. 8%) declared that the reported profits (losses) are not receptive to deliberate management.

The analyses using the U Mann-Whitney test shown in Table 2 highlighted that in the tested sample, there were no statistical differences in perception of reported earnings as a measure susceptible to manipulation by respondents who were engaged in firms that implemented or did not implement earnings management activities, respectively.

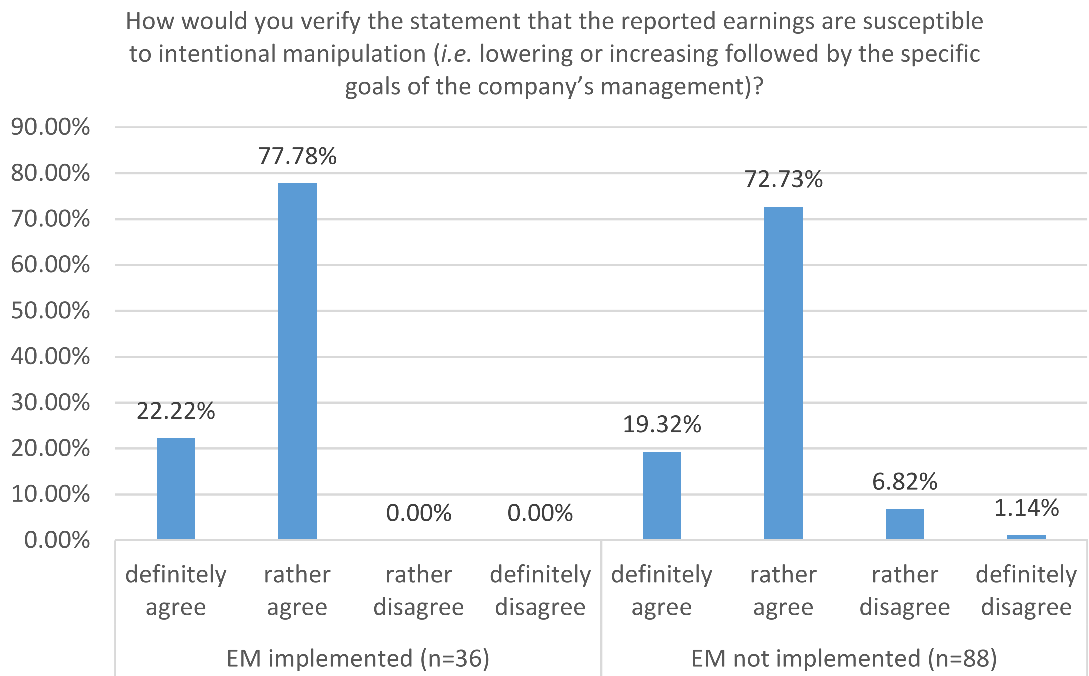

Figure 1. The share of participants who consider financial results as a category susceptible to intentional manipulation
Source: own elaboration.

Table 2. Results of the U Mann-Whitney test concerning the differences in perception of reported earnings as a measure susceptible to intentional manipulation

Comparison	N	Mean Rank	Sum of Ranks	Test statistics Mann-Whitney U	Z	p-value
Firms that implement earnings management	36	58.50	2106.00	1440.00	-1.038	0.299
Firms that do not implement earnings management	88	64.14	5644.00			

Source: own study.

The next part of the empirical research concerns judging earnings management as an accounting or operating activity ethically acceptable (Figure 2). Among the participants who declared occurring earnings management in firms they represent, as many as three-quarters of respondents believed that earnings manipulation behaviour is rather morally acceptable. About 17% of these respondents unambiguously confirmed that the mentioned practices are acceptable from an ethical point of view. In turn, among respondents who officially admitted that earnings management was not used in their organization, only 12.5% of individuals completely or rather agreed with the assertion that the earnings management phenomenon is ethically acceptable. Moreover, nearly 73% of this subpopulation's representatives considered earnings manipulation rather or definitely unethical behaviour.

The results of the U Mann-Whitney tests shown in Table 3 underlined that in the examined research sample, there are statistically significant differences in the ethical perception of earnings management behaviour by representatives of public companies manipulating and not manipulating reported profits (losses). This outcome allowed for positive verification of the first research hypothesis and indicated that implementing earnings manipulations in business practice could contribute to a more liberal approach of individuals in their moral assessment of these activities.

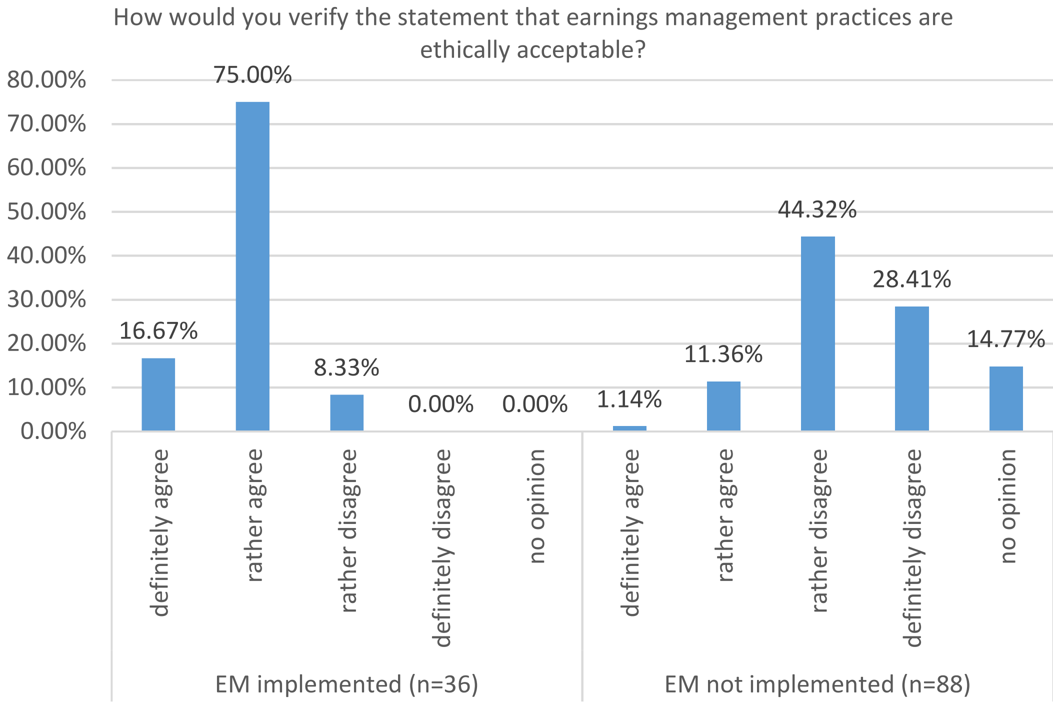

Figure 2. The share of participants who consider earnings management as an ethically acceptable practice
Source: own elaboration.

Table 3. Results of the U Mann-Whitney test concerning the differences in perception of earnings management as an ethically acceptable practice

Comparison	N	Mean Rank	Sum of Ranks	Test statistics Mann-Whitney U	Z	p-value
Firms that implement earnings management	36	25.63	922.5	256.50	-7.272	**0.000**
Firms that do not implement earnings management	75	70.58	5293.5			

Source: own study.

A closer analysis of judging the statement that the implementation of earnings management practices always results in misleading the users of financial statements by respondents provided several other results worthy of comment (Figure 3). The conclusions drawn from the empirical analysis showed that in the population of individuals who declared implementing earnings management, a larger percentage of respondents definitely or rather agreed with the statement mentioned above than among the remaining research participants. This remark may indicate that finance specialists managing earnings are generally convinced that the techniques used in altering reported data have in view the deterioration of the information provided to the stakeholders. On the other hand, this finding could point out a dominant way of perceiving the earnings management phenomenon in a grey or black light, as activities that mostly deteriorate the quality of reporting data and distort the image of the economic achievements of public companies. However, the obtained conclusions allow for a positive verification of the second research hypothesis presented in the introduction to the article.

In-depth research results in Table 4 demonstrate that among participants hired in firms that manipulated or did not manipulate earnings, there were no statistical differences in perception of earnings management as accounting or operating practices that always mislead other users of financial statements.

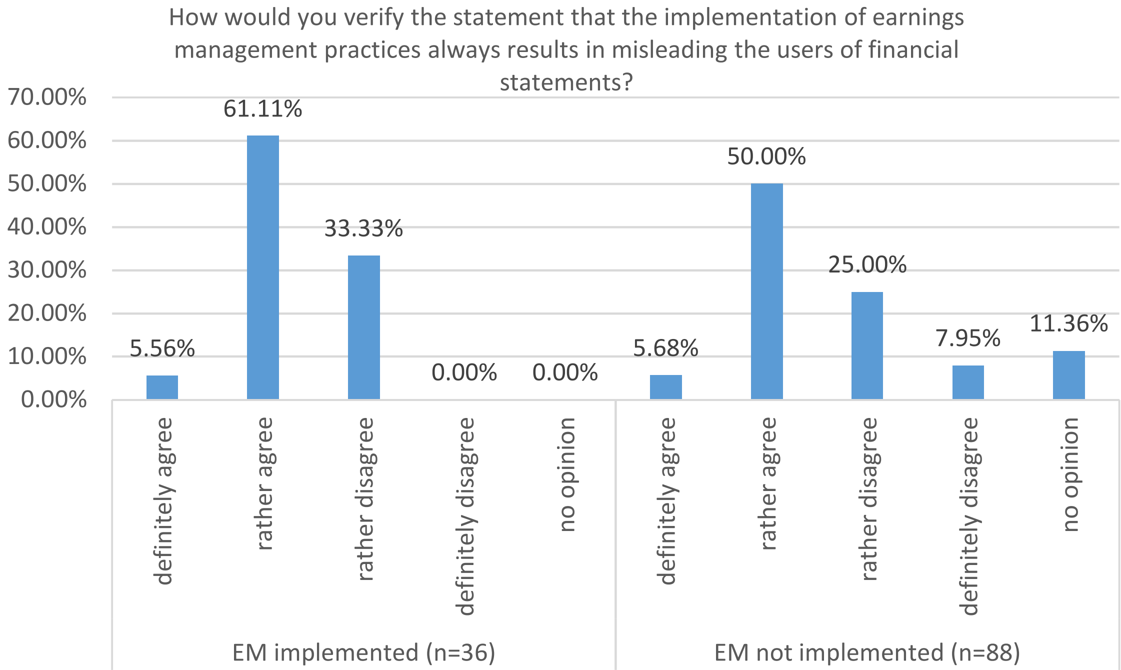

Figure 3. The share of participants who consider earnings management as a practice always results in misleading the users of the financial statements

Source: own elaboration.

Table 4. Results of the U Mann-Whitney test concerning the differences in perception of earnings management as a practice that always results in misleading the users of financial statements

Comparison	N	Mean Rank	Sum of Ranks	Test statistics Mann-Whitney U	Z	p-value
Firms that implement earnings management	36	55.14	1985.00	1319.00	-0.587	0.557
Firms that do not implement earnings management	78	58.59	4570.00			

Source: own study.

The next step in the empirical analysis was to answer whether, in the respondents' opinion, earnings management activities are seamless to detect by a statutory auditor. The obtained responses presented in Figure 4 show that nearly 92% of individuals who declared earnings manipulating in companies they represent held the opposite opinion. This finding suggests that participants from the group of respondents who manage earnings believe that detecting the practices above is tricky. At the same time, respondents' opinions referred to both potential earnings manipulation strategies without distinguishing between accrual-based and real earnings management. This notice could be important because operational earnings management (as opposed to accounting earnings manipulation) constitutes activities that, in principle, are not subject to the jurisdiction of any external control system. Hence, the risk of detecting the 'intentionality' of low-level motives for undertaken actions was lower than for accrual-based earnings management behaviour.

Respondents who declared that earnings management did not occur in the companies they represent had a different position on whether earnings manipulation is seamless for auditors. Over 80% of participants from this subpopulation confirmed that they completely or rather agreed with the discussed statement. The results of the Mann-Whitney U test, presented in Table 5 confirmed the statistical differences in the perception of earnings manipulation towards potential detection by the auditor by representatives of both examined subpopulations. Thus, this outcome allowed for positive verification of the third research hypothesis.

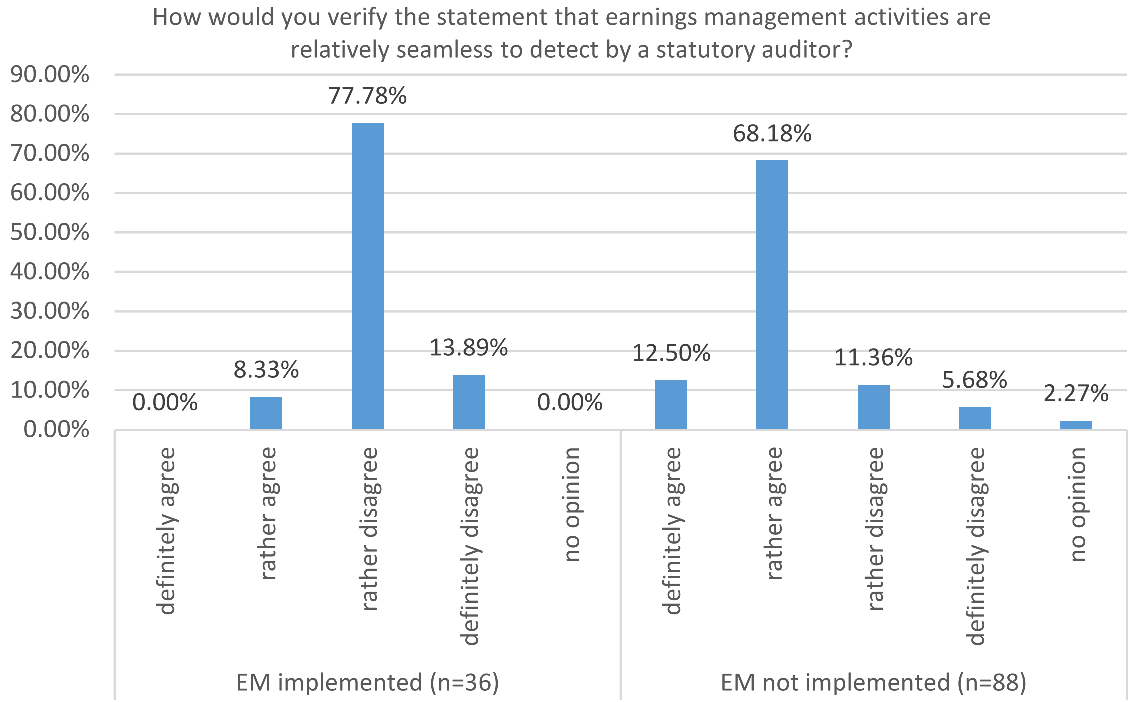

Figure 4. The share of participants who consider earnings management a relatively seamless practice to detect by a statutory auditor
Source: own elaboration.

Table 5. Results of the U Mann-Whitney test concerning the differences in perception of earnings management as a practice seamless to detect by a statutory auditor

Comparison	N	Mean Rank	Sum of Ranks	Test statistics Mann-Whitney U	Z	p-value
Firms that implement earnings management	36	92.63	3334.50	427.50	-6.901	**0.000**
Firms that do not implement earnings management	86	48.47	4168.50			

Source: own study.

In the last step of the questionnaire research, participants were asked to comment on the assertion that the auditor's positive opinion on the financial statements constitutes a guarantee for investors of the reliability of the reported financial data (Figure 5). The results proved that among individuals who confirmed the implementation of earnings management in companies they engaged, nearly 70% of respondents completely or rather disagreed with this statement. In the group of participants who did not admit to using earnings manipulation practices, nearly 90% of the respondents completely or almost agreed with the presumption that a positive opinion on the financial statements could be treated as a guarantee for the high quality of the reported data.

The results of the Mann-Whitney U test introduced in Table 6 confirmed that the comprehension of the assertion that the auditor's positive opinion on the financial statements constitutes a guarantee for investors of the reliability of the reported financial data differs statistically compared to respondents who admitted that managed earnings and participant who did not manipulate financial profits (losses).

The obtained results of empirical research highlight several findings that are worthy of comment. Firstly, they are consistent with the observations of Merchant (1989), who pointed out that managers usually have a poor opinion of the ability of auditors to detect earnings manipulation. Thus, this factor is not considered an important determinant of decision-making regarding managing reported data. There is also no answer as to whether the perception of the ease of detecting earnings management by statutory auditors among representatives of both surveyed subpopulations results mainly from their beliefs or previous business experiences. The verification of the reliability of retrospective financial data by the auditor at the time earnings management is implemented will only deepen this insight. Secondly, it is impossible to clearly state which earnings management techniques are ethical and which are not. McNichols (2000) considers that a certain amount of conservatism characterizes every organization, and therefore, we should view every company as a potential manipulator. As indicated earlier, the diversified classification approach of earnings management does not exclude the occurrence of activities enhancing the quality of information communicated through earnings. Moreover, due to the research design constraint, respondents did not specify the magnitude of manipulation of reporting data that would qualify it as morally questionable. As a prior study indicates, in some cases, managers have strong beliefs that not managing earnings and missing the earnings benchmark could be unethical (Coram *et al.*, 2022).

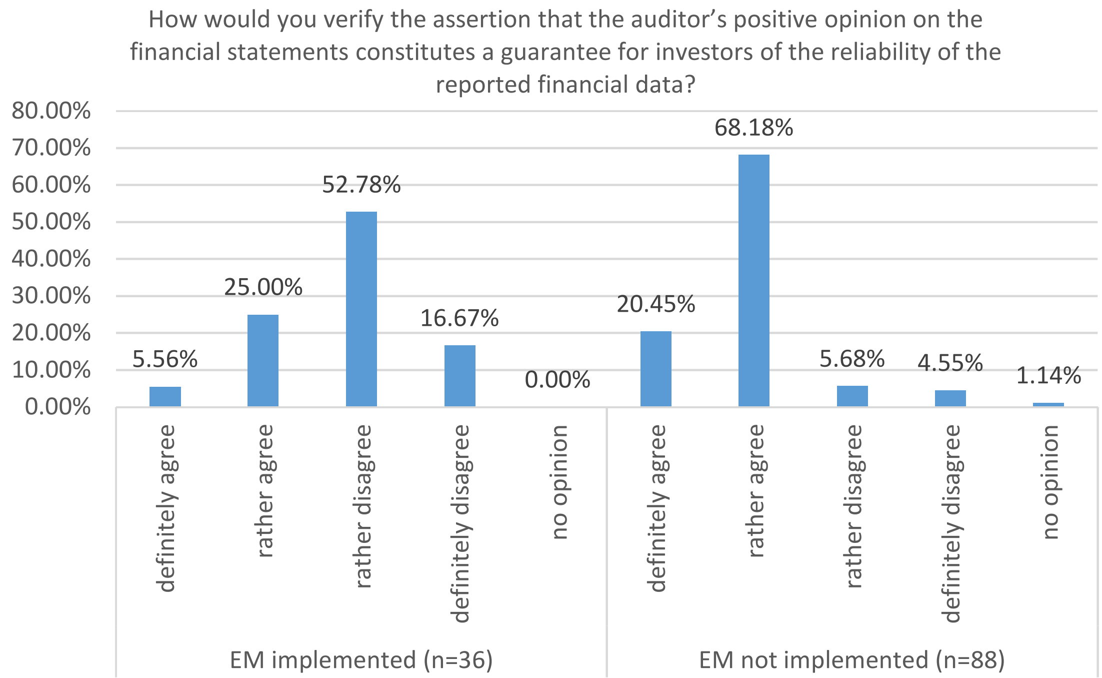

Figure 5. The share of participants who consider the auditor's positive opinion on the financial statements constitutes a guarantee for investors of the reliability of the reported financial data
Source: own elaboration.

Table 6. Results of the U Mann-Whitney test concerning the differences in perception of the assertion that the auditor's positive opinion on the financial statements constitutes a guarantee for investors of the reliability of the reported financial data

Comparison	N	Mean Rank	Sum of Ranks	Test statistics Mann-Whitney U	Z	p-value
Firms that implement earnings management	36	87.65	3155.50	642.50	-5.699	**0.000**
Firms that do not implement earnings management	87	51.39	4470.50			

Source: own study.

Thirdly, the current study showed statistical differences in respondents' attitudes towards the ethicality of earnings management operations in situations of confirmation or negation of their use. Conclusions from the study emphasize that contextual changes influence the way of perceiving the same object (phenomenon) and may cause different perceptual illusions. Implementing earnings manipulations contributes to a more liberal approach of individuals in their moral assessment of the undertaken actions. Managers' perceptions of the earnings management phenomenon could depend on the premises of decisions regarding accounting and operational adjustments. Johnson *et al.* (2012) confirmed this statement by examining managers' reactions to specific types of earnings management in cases where it led to benefits for the organization (individual stakeholder group) or personal gains. They proved that the ethical nature of an act had the greatest influence on the manager's ethical judgment t. Considering further research the motives encouraging managers to take specific actions would provide empirical support for a better understanding of the ethics of earnings management issues.

CONCLUSIONS

This article investigates the impact of earnings manipulation on the stakeholder's perception of earnings management in public enterprises from the Polish capital market. Consistent with research assumptions, this article provided evidence regarding the ethics of earnings management and the consequences of accounting or operational manipulations on the quality of reported data. The findings may contribute to raising the awareness of managers and financial officers on behavioural accounting issues.

This study proved that respondents who declared deploying earnings management in the companies they represent perceived the phenomenon of intentional manipulation of financial results less rigorously and more liberally than individuals engaged in firms that did not manipulate earnings. Utilizing the non-parametric Mann-Whitney U tests, this research showed statistically significant differences in the ethical perception of earnings manipulation between examined participant groups. Moreover, the conducted research allowed for the gathering of statistical evidence about the differences in the judgement of simplicity of detecting earnings management practices by a statutory auditor by individuals from both subpopulations. Finally, this study evidenced significant differences between the examined groups of respondents regarding the assessments of the assertion, claiming that the auditor's positive opinion on the financial statements constitutes a guarantee for investors of the reliability of the reported financial data.

The conclusions derived from the survey could be of interest to audit committees and regulators as they highlight that participants involved in earnings management practices perceive them as difficult to capture by auditors. The presented findings also serve as guidance in developing ethical standards by accounting associations. Although accounting codes of ethics do not cover COEs and CFOs, who are the real decision-makers in earnings altering in organizations, increasing ethical awareness and responsiveness among accountants can improve reporting data quality.

This study must be viewed with consideration of several limitations. Although the research conducted was anonymous, there is a likelihood of non-disclosure of the earnings manipulation practices by some respondents. Apart from the motives of undertaking managing earnings, participants sometimes do not want to admit engaging in questionable behaviour or consider it as the organization's secret. On the other hand, financial specialists and accountants frequently know earnings management tools but refrain from using them, which may result from attachment to previously used accounting solutions or fears about introducing changes. Despite this, the limited number of respondents willing to participate in the research means that this study did not fill the generalization conditions. Hence, we cannot directly apply the conclusions obtained to all public companies listed in the WSE.

This research leads to several future studies in the area of perception of earnings management in the Polish capital market. Future analysis can identify and summarize the main factors impacting ethical decisions in the process of earnings manipulation in the economic environment, taking into account the roles played by participants in the organization and identifying the initiators of earnings management activities. Since the study included domestic and foreign companies listed in the WSE, an interesting research thread is the comparative analysis of ethical earnings management attitudes among decision-makers from different countries and diversified regulatory regimes. Similarly, the perception of earnings management among representatives of concentrated forms of business cooperation, known for a high degree of economic and organizational integration, is worth further exploration.

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