



THE INFLUENCE OF ACCOUNTING PRINCIPLES ON THE TENDENCY OF FINANCIAL REPORT MANIPULATION: A BEHAVIORAL THEORY PERSPECTIVE

PENGARUH PRINSIP AKUNTANSI TERHADAP TENDENSI MANIPULASI LAPORAN KEUANGAN: PERSPEKTIF TEORI PERILAKU

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Abstract

Financial statement manipulation persists despite the application of accounting principles. This study aims to analyze the influence of accounting principles on the tendency of financial statement manipulation from a behavioral theory perspective. A Systematic Literature Review was conducted on 30 national and international articles published between 2014 and 2024. The results indicate that flexibility in accounting standards and subjective judgment increase the likelihood of earnings management, which is influenced by performance pressure and incentive systems. This study emphasizes the importance of consistent accounting principles and behavioral control in reducing financial statement manipulation.

Keywords : accounting principles, financial statement manipulation, behavioral theory.

Abstrak

Manipulasi laporan keuangan masih menjadi permasalahan yang sering terjadi, terutama pada organisasi dan pelaku usaha yang memiliki keterbatasan pemahaman terhadap prinsip akuntansi dan etika pelaporan keuangan. Prinsip akuntansi seharusnya menjadi pedoman dalam penyusunan laporan keuangan yang transparan dan akuntabel, namun dalam praktiknya sering disalahgunakan akibat tekanan kinerja dan perilaku oportunistik. Kegiatan pengabdian kepada masyarakat ini bertujuan untuk meningkatkan pemahaman dan kesadaran masyarakat mengenai pentingnya penerapan prinsip akuntansi dalam mencegah kecenderungan manipulasi laporan keuangan. Metode yang digunakan adalah Systematic Literature Review (SLR) terhadap 30 artikel ilmiah nasional dan internasional yang relevan, yang kemudian disintesis sebagai bahan edukasi akuntansi. Hasil kajian menunjukkan bahwa penerapan prinsip akuntansi yang konsisten, disertai pemahaman etika dan pengendalian sederhana, mampu menurunkan potensi manipulasi laporan keuangan. Oleh karena itu, pengabdian ini menekankan pentingnya edukasi akuntansi yang bersifat teknis sekaligus membangun perilaku jujur dan bertanggung jawab dalam pengelolaan keuangan.



Kata Kunci : prinsip akuntansi, manipulasi laporan keuangan, teori keperilakuan..

1. INTRODUCTION

Financial statements are the primary source of information used by stakeholders to assess a company's financial condition and performance. The information presented in financial statements is expected to fairly, reliably, and relevantly reflect the company's condition, thereby supporting economic decision making. Therefore, the preparation of financial statements must be guided by generally accepted accounting principles as the basis for producing quality financial information.

Although accounting principles have been established to govern the preparation of financial statements, the practice of financial statement manipulation is still frequently found in various companies. This manipulation is generally carried out through earnings management practices, namely, management's actions in adjusting accounting figures to meet certain interests. This condition indicates a divergence of interests between management and users of financial statements, which can reduce the quality and credibility of the financial information presented.

From a behavioral theory perspective, accounting decisions are influenced not only by technical and regulatory aspects, but also by individual behavioral factors within the organization. Pressure to achieve performance targets, profit-based incentive systems, and an organizational culture oriented toward short-term results can encourage management to make aggressive accounting decisions. As a result, accounting principles, which should guide the presentation of honest and transparent information, are potentially exploited for opportunistic purposes.

Previous studies have shown mixed results regarding the relationship between the application of accounting principles and the tendency to manipulate financial statements. These differing findings indicate the need for a more comprehensive study to understand how accounting principles interact with behavioral factors to influence financial reporting behavior. Therefore this study aims to analyze the influence of accounting principles on the tendency to manipulate financial reports using a behavioral theory perspective through a Systematic Literature Review approach.

2. RESEARCH METHOD

This study uses a Systematic Literature Review (SLR) approach to analyze the influence of accounting principles on the tendency to manipulate financial statements from a behavioral theory perspective. This approach was chosen because it allows researchers to systematically and structuredly review, evaluate, and synthesize previous research findings to gain a comprehensive understanding of the research topic.

The research data sources were obtained from national and international scientific articles relevant to the research topic. Articles were collected through various scientific databases and accredited journals using keywords Key issues related to accounting principles,



financial statement manipulation, earnings management, and behavioral theory. Articles used in this study were limited to publications from the last five years, available in full-text form, and discussing variables relevant to the research focus. Articles that did not meet these criteria were excluded from the selection process. Based on the selection results, 30 articles were obtained for further analysis.

The Systematic Literature Review process was conducted through the stages of article identification, screening based on inclusion and exclusion criteria, data extraction, and analysis and synthesis of research findings. The extracted data included the research objectives, methods used, research variables, and key findings related to the application of accounting principles and the tendency of financial statement manipulation. Data analysis was conducted using a comparative approach and narrative synthesis to identify patterns, similarities, and differences in the research results. The results of the subsequent analysis are interpreted using a behavioral theory framework to explain the role of behavioral factors in influencing the application of accounting principles and the tendency to manipulate financial statements. This approach is used so that the research results are not only descriptive but also able to provide conceptual understanding relevant to the research objectives.

3. RESULT AND DISCUSSION

Based on the results of a Systematic Literature Review of relevant articles, this study found that financial statement manipulation remains a common phenomenon in corporate financial reporting practices. The most common form of manipulation is earnings management, which is carried out through the use of accrual-based accounting policies and through the company's actual activities. This practice demonstrates that flexibility in accounting standards provides room for management to adjust report figures finances according to with certain interests.

The consistent application of accounting principles, particularly the principle of conservatism, has been shown to suppress the tendency to manipulate financial statements. The principle of conservatism encourages caution in recognizing profits and assets and accelerates the recognition of expenses and losses, thereby limiting management's opportunities for manipulation. However, the study also shows that the application of accounting principles alone is not effective if it is not accompanied by adequate oversight and ethical commitment from management. The high level of subjectivity in accounting judgments, such as estimation and the use of fair value, still opens up opportunities for opportunistic behavior.

From a behavioral theory perspective, management decisions in preparing financial reports are strongly influenced by psychological factors and the organizational environment. Pressure to achieve performance targets, demands from owners and employees Investors, as well as profit-based incentive systems, encourage management to make aggressive accounting decisions. Under these conditions, accounting principles can potentially be exploited as tools to satisfy personal or organizational interests, rather than as guidelines for presenting reliable and honest financial information.



Furthermore, organizational culture and individual moral values play a significant role in shaping financial reporting behavior. Managers with high levels of integrity and ethical awareness are more likely to adhere to accounting principles even under pressure, while managers who are focused on short-term interests are more likely to manipulate financial statements. This finding reinforces the view that financial statement manipulation results from the interaction between weaknesses in the application of accounting principles and human behavioral factors within the organization.

Overall, the results of this discussion indicate that preventing manipulation Financial reporting requires a more comprehensive approach. Consistent application of accounting principles needs to be supported by a strengthened oversight system, improved corporate governance, and the establishment of a strong ethical culture. By integrating technical and behavioral accounting aspects, companies can improve the quality of their financial reports and maintain stakeholder trust.

Conclusion Based on the results of the Systematic Literature Review, it can be concluded that accounting principles influence the tendency to manipulate financial reports, but their implementation has not been able to fully prevent manipulative behavior in financial reporting practices. The flexibility of accounting standards and subjectivity in assessments provide new room for management to manipulate financial reports, particularly in the form of earnings management. This indicates that the existence of normative accounting principles needs to be balanced with their implementation consistent and adequate supervision.

The research also shows that the application of strong accounting principles, such as conservatism, can limit the opportunity for financial statement manipulation. However, the effectiveness of these principles depends heavily on management's integrity and ethical commitment to financial reporting practices. Without the support of a sound internal control system and strong corporate governance, accounting principles have the potential to be exploited opportunistically to further specific interests.

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From a behavioral theory perspective, management decisions in preparing financial reports are influenced by pressure to achieve performance targets, profit-based incentive systems, and an organizational culture that is oriented towards short-term results. Therefore, efforts to prevent financial report manipulation require not only strengthening the technical aspects of accounting but also controlling behavioral factors through improvements incentive systems, strengthening ethical values, and improving the quality of corporate governance so that the resulting financial information is more reliable and trustworthy.



4. CONCLUSION

This study aims to examine the influence of accounting principles on the tendency of financial statement manipulation from the perspective of behavioral theory through a Systematic Literature Review (SLR) of 30 national and international scholarly articles. Based on the synthesis and analysis of prior research, several important conclusions can be drawn.

First, the findings indicate that accounting principles play a significant role in influencing the tendency of financial statement manipulation. Weak implementation, inconsistency, and excessive flexibility in accounting principles—particularly in areas involving estimates, accruals, and revenue recognition—create opportunities for management to engage in earnings management and other manipulative practices. When accounting principles are applied rigorously and consistently, the likelihood of manipulation tends to decrease.

Second, this study confirms that behavioral factors strongly influence manipulative behavior in financial reporting. Factors such as managerial pressure, performance targets, incentive-based compensation, personal interests, and cognitive biases significantly affect decision-making in the application of accounting principles. From a behavioral theory perspective, financial statement manipulation is not solely a technical issue but also a result of psychological, ethical, and organizational influences.

Third, the interaction between accounting principles and behavioral factors demonstrates that accounting standards alone are insufficient to prevent manipulation. Even well-designed principles can be misused when individuals rationalize unethical behavior or operate within organizational cultures that tolerate opportunistic actions. Therefore, financial statement manipulation is best understood as a multidimensional phenomenon involving both technical accounting discretion and human behavior.

Overall, this study concludes that the tendency of financial statement manipulation is influenced by the application of accounting principles and is significantly reinforced by behavioral factors. Strengthening ethical awareness, behavioral controls, and governance mechanisms is essential to ensure the integrity and reliability of financial reporting.

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