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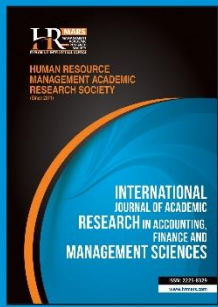
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Earnings Management: A Study from Bibliometric Analysis

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Abstract

The current economic crisis, which is exacerbated by the covid-19 outbreak, has become a hot topic in the business world. Due to earnings management operations, many businesses were forced to declare bankruptcy due to their inability to generate profit during a pandemic. Earnings management actions were intensified when various impediments were established during a pandemic. Prior to the pandemic, earnings management activities have been recognised for many years. Much previous research has studied various methods to profits management activities and their most typical impact on corporate success. This preliminary study used a mixed qualitative-quantitative method on 878 publications retrieved from the SCOPUS database using social science citation index coverage to identify the name of authors year and co-authorship network in publishing articles on earnings management activities in SCOPUS database. We use VOSviewer to analyse data acquired between 1986 and 2021 from multiple perspectives. The analysis identifies the top scientific contributors in terms of author's name, year, and co-authorship network. It also displays the authorship network. This study gives a retrospective on the most prestigious journals' scientific collective efforts to evaluate the publication of earnings management activities in SCOPUS indexed journals, which will aid in a better understanding of the literary evolution and intellectual structure of this issue.

Keywords: Earnings Management Activities, Bibliometric, Author's Name, Year, Co-authorship Network

Introduction

One of the utmost objectives of financial reporting is to periodically sum information about an enterprise's financial performance (Wei et al., 2019; Welc, 2022). Earnings play a trail role in measuring the firm's performance. In addition, earnings are a central part of the

financial statements additional disclosure that stakeholders use to evaluate how well managers discharges its stewardship duties (Crawford et al., 2018; Xu et al., 2007). For example, earnings are widely use stakeholders in measuring management's performance, determining executive compensation, assessing firm's prospects to make resource allocation and firm valuation decisions. The role of earnings in compensation control and invests' assessment of firm performance induces incentives for earnings management (Kim, 2016; Suffian et al., 2022; Suffian et al., 2018).

The objective of this study is to offer some insight on a topic that has proven to be of dramatic relevance and significant momentum in recent years, notably during the acute financial crisis: Management's financial performance when a corporation engages in earnings management efforts during a crisis (Chia et al., 2007; Lakhali & Dedaj, 2019). A thorough exploration of prevailing studies will create opportunity to gain knowledge on the existing dimensions of earnings management activities immediately which in turn creates a prospect for the policymakers to explore the most effective way in mitigating earnings management activities.

This study differs from other studies in that it focuses on the names of the writers who contributed to the body of knowledge about earnings management activities. Aside from that, this study focuses on the co-authorship network trend as well as the number of productions by year. Moreover, this study has used VOSviewer software to analyse those elements mentioned earlier. It has examined a total of 878 articles for bibliometric analysis published from 1986 to 2021 in the SCOPUS database indexed journals. Finally, to the best of our knowledge, this is the first study in the earnings management literature to employ bibliometric analysis on the names of authors, co-authorship network, and production of papers in the subject by year, up to the end of 2021.

Earnings Management Activities

Earnings management (EM) has been one of the most frequently stated causes of financial failures among publicly traded corporations in recent years (Suffian, 2021; Suffian et al., 2022). Increased capital market efficiency with EM practises requires disclosed earnings in the financial accounts. If the EM is above par in the EM calculations conducted, it will increase the market efficiency of the company, attracting more investors to the company (Andersen et al., 2018). Because EM activities have both advantages and disadvantages for businesses, excellent EM practises must be protected. If EM activities give negative impact to the businesses, public confidence in the accounting profession has dropped significantly, and most financial scandals have seen the unfortunate participation of big names in companies.

Earnings management (EM) is the deliberate practise of achieving a desired level of reported earnings within the constraints of generally accepted accounting principles (Gunny, 2010; Suffian & Sanusi, 2015). Another definition is 'an intentional involvement in the external financial reporting process with the objective of earning certain private profits,' (Schipper, 1989). In other words, EM is a deliberate act by managers to manipulate a company's accounting figure to present an outstanding financial standing of the company to investors. Based on the definitions earlier, earnings management can be said as a movement made by a person to alter the accounting numbers to portray a good performance of the company.

The Securities Commission of Malaysia (SC) reported that 12 cases of fraudulent activities were escalated to the court in 2018 (Securities Commission, 2018). The recent survey by PricewaterhouseCoopers (PwC), which was published in the 2018 Malaysian Global Economic Crime Report found that the number of fraudulent cases increased by 41% in 2018. When compared to a similar data from 2016, which claimed that the number of fraudulent cases grew by only 18% in that year, this figure was worrying. Furthermore, according to a PwC Report (2019), 48% of Malaysian organisations have been implicated in white-collar crimes, but only 25% have vowed to strengthen their internal audit system. The average loss in Malaysian enterprises owing to earnings management activities is RM 6.39 million.

Since the Asian Financial Crisis of 1997, earnings management activities have been employed as a middleman in fraudulent activities. According to Nor and Ismail (2017), reported earnings are independent of management bias and reflect the true results of the company's activities, which may be classified as amassing high earnings without any indications of EM tactics (Nor & Ismail, 2017). A prior study revealed that losses from fraudulent activities had a major influence on the organisation, which supports this viewpoint (BaMaung & Cuddihy, 2018; Rustiarini & Sunarsih, 2017). In other words, managers that avoid financial statement manipulation and depend on as-is statistics in financial statements lower the risk of fraudulent activities.

Methodology

The bibliometric methodology encapsulates the application of quantitative techniques (i.e., bibliometric analysis – e.g., year, subject, source, country, author, and affiliation. Data was collected from the SCOPUS database. It is representing the highest available quality of journals and articles in the field of social sciences and also is widely used in conducting studies such as bibliometric analysis (Bergman, 2012). The idea to this method is based on the analysis of database research following Archambault et al. (2009) to decipher how to target the highest quality articles and reviews on earnings management activities. It has been a focus of the past researcher to made use the 'bibliographic' web versions of the database (Archambault et al., 2009).

It is critical to the success of our data collection, as the accuracy in picking the right keyword highly affects the results number. To ensure selecting all or most of the related papers from SCOPUS database, this study adopted this query which was chosen after careful consideration: "(TITLE-ABS-KEY (earnings management) AND (LIMIT-TO (OA,"all")) AND (LIMIT-TO (DOCTYPE,"ar")) AND (LIMIT-TO (SUBJAREA,"BUSI")) AND (LIMIT-TO (LANGUAGE,"English")) AND (LIMIT-TO (SRCTYPE,"j"))). The rationale behind using this query is the various use of terminologies like fraudulent activities; financial manipulation and earnings quality...etc. by researchers to express this topic. Hence, this query is more likely to bring most of the papers related to this topic, especially when searching in the topic area.

Initially, the articles and reviews on the related field is more than a thousand. However, this study has conducted several ways to exclude and include irrelevant papers. To ensure that the collected data is of direct relation to the designated aim rather than discussing the topic in a non-marginal and non-flimsy way, this study has undergone a careful and cursory examination of the title and abstract of each article to include or exclude irrelevant papers

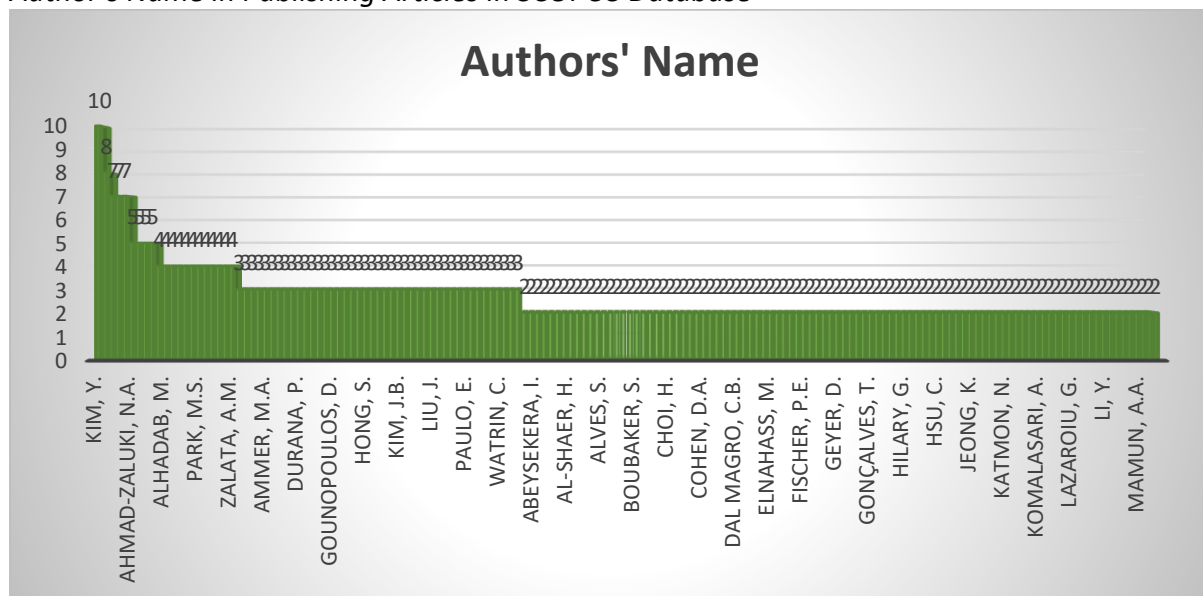
(Hassan et al., 2022). Thus, the final sample of the data in this study is 878 articles and reviews that remain. The final data covers the period for 35 years from year 1986 until 2021.

Finding and Discussion

Authors' Name

Based on Table 1 below, the highest contributor to the field is Kim from South Korea. He has produced about 10 articles pertaining to the earnings management activities until year 2021. It follows by Ahmad Zaluki from Malaysia with 8 articles. Most researchers have produced at least 2 articles in the same field. All these authors produced articles on the field of earnings management in the journals indexed by SCOPUS. This is consistent with the empirical evidence found by previous researchers on the number of articles been produced on the field of earnings management (Kim, 2016; Suffian & Sanusi, 2015; Xu et al., 2007).

Table 1
Author's Name in Publishing Articles in SCOPUS Database



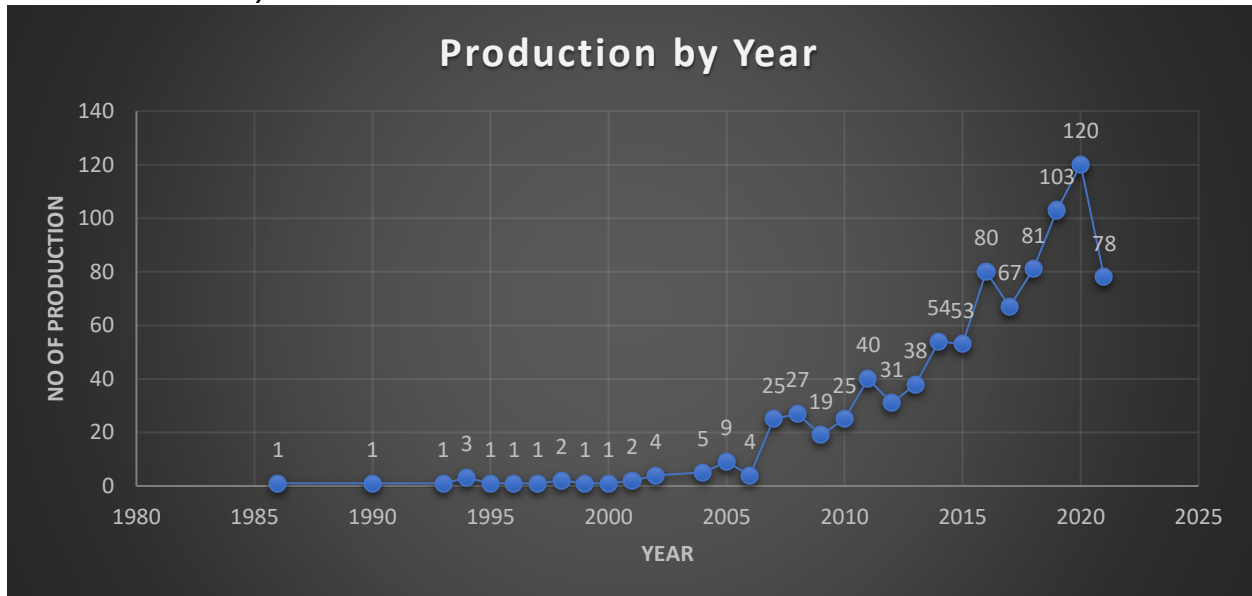
Articles Produced by Year

Based on Table 2 below, this study presented the number of articles produced by year. According to the table below, year 2020 is the significant year where 120 articles on earnings management activities have been produced by the researchers. It follows by 103 articles produced in 2019; 81 articles produced in 2018 and 78 articles produced in 2021 based on SCOPUS database. This shows that earnings management became a hot topic when the Covid-19 pandemic started at the end of 2019. This is proven by the production of articles related to earnings management published in the SCOPUS database.

According to the table, the term 'earnings management' has been emerged in year 1986. Since that, more articles on this field using this term have been produced. Interestingly, more papers have been produced after year 2000. This can be linked to the collapsed of big audit firm, Arthur Andersen which has together involved in the most famous financial scandal in the history, Enron Corporation in the United States of America (Jackson, 2018; Nigrini, 2005).

Table 2

Articles Produced by Year



Co-authorship Network based on Country

Figure 1 below presents the countries which have co-authored research on earnings management activities based on co-authorship. From the figure below, most researchers have produced articles together with their co-authors from or with authors in the United States of America and United Kingdom. In Asia, Indonesia, Malaysia, and Jordan are among the top 3 countries to co-authored articles on this field. The production of articles in the United States of America is said to be high compared to the other countries due to the infamous financial scandal of Enron Corporation and Arthur Andersen back in early 2000. The alliances among the authors were aimed to produced articles in the field of earnings management in the indexed journals in SCOPUS database (Lombardi & Secundo, 2020).

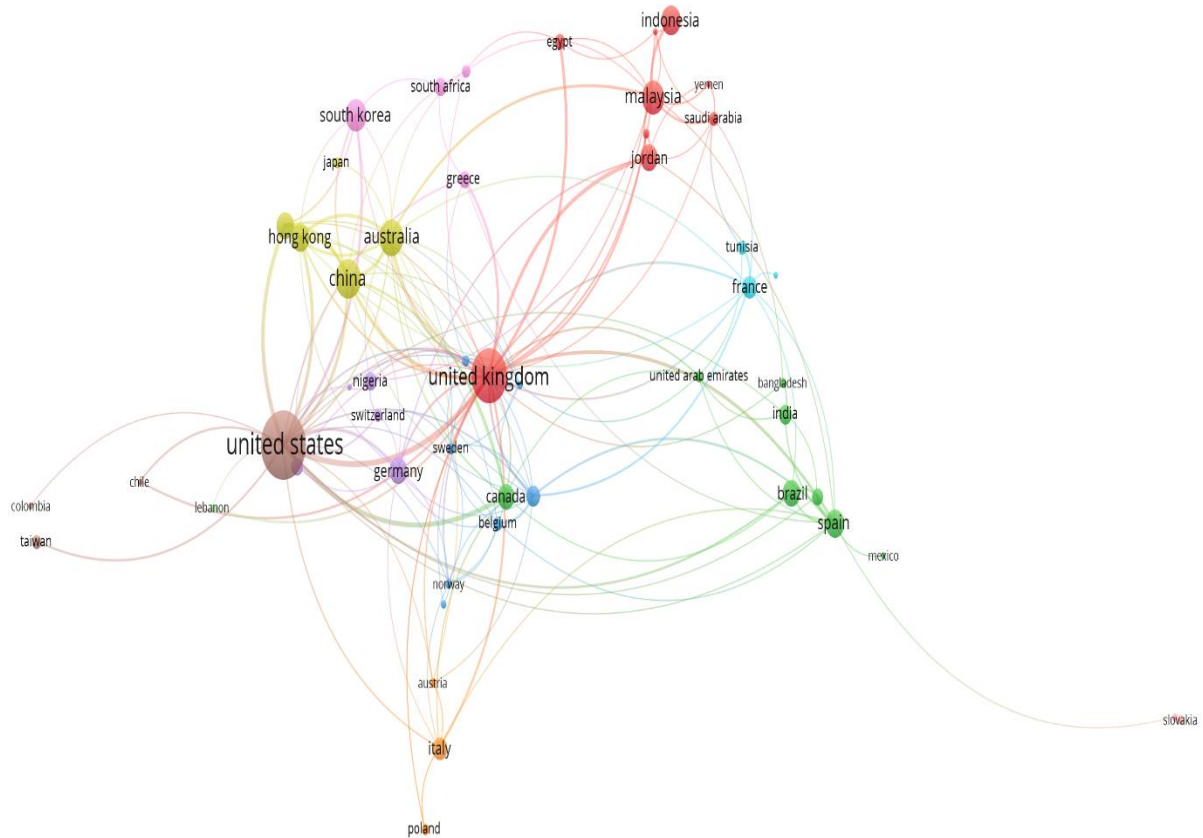


Figure 1. Co-authorship Network by Country

Conclusion

The purpose of the present study is to shed some light on an issue that, particularly in the last years acute financial crisis during the Covid-19 pandemic, have proven to be of dramatic importance and great momentum when a company is engaging in earnings management activities during crisis. A thorough exploration of prevailing studies will create opportunity to gain knowledge on the earnings management activities briefly which in turn creates a prospect for the policymakers to explore the most effective way in mitigating earnings management activities.

This study has contributed to the literature of earnings management activities by providing a retrospective overview including a preliminary stage of the intellectual structure of this field through identifying the most relevant actors of the scientific field, names of the authors, co-authorship and countries which produces articles on earnings management activities on SCOPUS database. This study only focused on two mainstreams which are name of authors and co-authorship. This study also will assist the researchers on the development of studies in earnings management and the gap exist from it. Therefore, more studies can be done to fill the gaps.

Theoretically, this study can enhance the literature review of Agency Theory as it is the most suitable underpinning theory that relates to earnings management. Most studies on earnings management have used the Agency Theory as their underpinning theory. As the act of earnings management practices are commonly conducted by the managers, hence, it can

contribute to the existence of the Agency Theory. The existence of this theory is due to the conflict of interest between the managers and shareholders (Agency Theory Type I) or could be between the majority shareholders and minority shareholders (Agency Theory Type II).

Like other studies, this study has got limitations too that refer to the criteria of collecting the data while its strength lies in reflecting the highest quality literature performance during 35 years of research. Other than that, a study on more depth analysis must be carried out to determine the other aspects of earnings management. This could be done by looking at other sources of earnings management articles other than SCOPUS database. Furthermore, an analysis could be done on the co-authorship among the researchers and the affiliations they come from.

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