

The role of corporate governance in reducing creative accounting practices -A field study -

دور حوكمة الشركات في الحد من ممارسات المحاسبة الإبداعية –دراسة ميدانية–

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Abstract:

This study aimed to reveal the role of Corporate Governance in limiting Creative Accounting. To achieve the study objectives, a questionnaire was developed for the purpose of collecting data from the sample members. For the purpose of the study and analysis, 54 questionnaires were relied upon, or 91.52% of the distributed questionnaires, and the SPSS statistical package for social sciences was used to analyze the questionnaire data. The study concluded that Creative Accounting depends on the intelligence of accountants and their knowledge of accounting rules and standards to process the numbers recorded in the company's accounts, as its applied results showed a strong correlation between Corporate Governance and the reduction of negative practices of Creative Accounting, recommended the need to raise the level of competence and skill of financial analysts in detecting Creative Accounting practices, raising awareness of their level of danger, and imposing deterrent penalties on accountants who are proven to use Creative Accounting

Keywords: Corporate Governance; Creative Accounting ;

ملخص:

هدفت هذه الدراسة الى الكشف عن دور حوكمة الشركات في الحد من المحاسبة الابداعية، ولتحقيق أهداف الدراسة تم تطوير استبانة لغرض جمع البيانات من أفراد العينة، واعتمد منها لغاية الدراسة والتحليل على 54 استبياناً أي ما نسبته 91.52 % من الاستبانات الموزعة، وتم استخدام الرزمة الإحصائية للعلوم الاجتماعية SPSS لتحليل بيانات الاستبانة، وتوصلت الدراسة ان المحاسبة الابداعية تعتمد على ذكاء المحاسبين ومعرفتهم بالقواعد والمعايير المحاسبية لمعالجة الأرقام المسجلة في حسابات الشركة، كما أظهرت نتائجها التطبيقية وجود علاقة ارتباط قوية بين حوكمة الشركات و الحد من الممارسات السلبية للمحاسبة الإبداعية و اوصت بضرورة الرفع من مستوى كفاءة ومهارة المحللين الماليين في الكشف عن ممارسات المحاسبة الإبداعية والتنوعية بمستوى خطورتها و فرض عقوبات ردعية على المحاسبين الذين يثبت عليهم استخدام المحاسبة الإبداعية.

الكلمات المفتاحية : حوكمة الشركات؛ المحاسبة الإبداعية؛

I- Introduction :

Accounting is a mixture of science and art as it requires creative skills in judging financial results. It also requires scientific skills, but it is not an exact science because the rules and principles of accounting change and evolve constantly according to advanced scientific methods and various

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approaches. The continuous innovation in accounting has contributed to the emergence of international accounting standards. It grew and developed over time. This is what we call Positive Creativity. But with the passage of time this positive concept of accounting creativity took another facet, represented in the process of manipulating accounting results by exploiting flexibility and the multiplicity of alternatives, methods and accounting policies, which leads to a fundamental distortion in those results and shading financial data users and affecting the accounting information and the values of the items that appear in the financial statements in a way that achieves the goals and interest of a certain group over the rest without violating the laws and accounting standards. And to restore confidence between companies, investors and users of financial information, there had to be mechanisms and means to detect these practices where international organizations joined efforts to enhance the accounting work and increase the credibility of the financial statements by adopting and devoting Governance principles as an integrated system and a preventive framework that allows limiting these practices .

1. the theoretical framework of Corporate Governance

The term "Corporate Governance" is considered one of the modern management concepts that have received great attention in recent times, especially after a series of economic collapses and financial crises, and institutional failures that undermined the confidence of investors. And as one of the proposed solutions to avoid the recurrence of such crises, the issue of corporate governance emerged to control the relationship between the main parties of the company

1.1 The concept of Corporate Governance

There are many uses of the concept of Corporate Governance in all administrative, economic, political, legal and social fields, which expanded its concept, significance and dimensions, as the writings did not agree on a clear and specific definition of Corporate Governance, where it differed according to international bodies and researchers as well as their multiplicity of orientations. The following is a presentation of the most important definitions:

- **The Cadbury Committee** defined it as “the system by which companies are directed and controlled, where the board of directors is responsible for Corporate Governance, and the role of shareholders in governance is to elect members of the board of directors and auditors and to ensure that there is an appropriate governance structure in place. The responsibility of the board also includes setting the strategic goals of the company and providing leaderships that achieve these goals, monitoring work management and reporting to shareholders during their tenure, and ensuring that the board of directors adheres to laws and regulations, and works for the interest of shareholders who are members of the general assembly.” (Cadbury A, 1992).
- **Defined by the HHI Royal Commission**, “Corporate governance is the legal and regulatory framework to which companies are subject, and the principles and procedures through which they operate and are managed” (HHI Royal Commission, 2001)
- **The Organization for Economic Cooperation and Development** defined it during its meeting with representatives of the G20 as "a set of relations between the administration and its board of directors, shareholders and other stakeholders. It also provides the structure through which the company's goals are determined and the means to achieve those goals and monitor performance."

Based on the previous definitions, it is clear that there are basic meanings to the concept of governance represented in:

- ✓ It is a set of regulatory systems supervising the performance of companies.
- ✓ It regulates the relations between the board of directors, shareholders and stakeholders.
- ✓ Emphasizes that companies should be managed within the interest of the shareholders.
- ✓ It includes the distribution of rights and duties among the participants in the management of companies.

Accordingly, it can be said that Corporate Governance is a set of laws that seek to direct and manage the company to ensure the protection of the rights of owners and stakeholders through balancing the division and distribution of responsibilities and achieving the principles of disclosure, transparency, accountability and maximizing market value.

1.2 The importance of Corporate Governance

Corporate governance has many advantages and benefits of which companies, and even countries, whether developed or developing, can reap the fruits represented in (Suleiman, 2008):

- Reducing the risks related to financial and administrative corruption faced by companies and countries.
- Raising the performance levels of the companies, advancing the wheel of development and economic progress of the countries to which these companies belong.
- Attracting foreign investments and encouraging the investment of local capital in national projects
- Increasing the ability of national companies to compete globally and opening new markets for them.
- Transparency, accuracy and clarity in the financial statements issued by companies and the consequent increase in investors' confidence and their involvement in the decision-making.

1.3 Corporate Governance mechanisms:

The concept of Governance is applied through a set of supervisory mechanisms classified into internal and external.

Internal mechanisms: Represented in a group of Governance mechanisms that are designed from within the company to ensure the company's commitment to the principles of Corporate Governance and then achieve the goal of designing and implementing the general framework of corporate governance. The most important internal mechanisms of governance are:

- ✓ **Internal Audit:** Recent trends in the audit have indicated that internal audit supports, to a large extent, corporate governance. This is evident in terms of monitoring the achievement of the goals set by the company or in evaluating the approved administrative plans and policies to achieve the planned goals (Lajmili, 2019)
- ✓ **The role of the board of directors:** Harianto & Singh mention that activists in the field of corporate governance, researchers, and practitioners consider the board of directors the best tool

for surveilling the administration's conduct, as it protects the capital invested in the company from being misused by the administration. It does so through the legal powers to appoint, exempt and reward top management. Also, the strong board of directors actively participates in setting the company's strategy and provides appropriate incentives to management and monitors their behavior and performance, thus maximizing the value of the company (Brush and Dehimi, on May 6-7, 2012)

- ✓ **Audit Committee:** It is a committee composed of members of the Board of Directors of the company whose responsibility is concentrated in reviewing the annual financial statements before handing them over to the Board of Directors. Its activities are summarized in nominating the external auditor, discussing the scope and results of the audit with him, reviewing the company's internal control system and ensuring its effectiveness as well as the application of corporate governance rules in the organization (Gharbi, 2016).

External mechanisms: External Corporate Governance mechanisms are represented in the control of external stakeholders on the company, and the pressures exerted by international organizations interested in this subject, as this source constitutes one of the major sources generating enormous pressure in order to apply the rules of Governance, and examples of these mechanisms are as follows:

- ✓ **Competition in the market for products or services and the administrative labor market:** The competition in the market for products or services improves the conduct of the administration, which prompts it to carry out its duties properly, and the company to compete in its field of activity (Hess, David; Impavido, Gregorio, 2003).
- ✓ **Legislation and laws:** These mechanisms often shape and influence the interactions that take place between actors who directly participate in the governance process. Some legislation related to the accounting profession and the laws related to the financial accounting system in Algeria have affected the main actors in the governance process, not only in relation to their role and function in this process, but also on how they interact with each other (Boutala'a and Bouras).
- ✓ **External audit:** The auditor plays an important role in improving the quality of data and statements and the competition of the audit committee. To achieve this, it is necessary to focus on the independence of the external auditor to ensure the integrity of the financial statements and their compliance with the stipulated standards and laws (Abbott, 2000).

2. Creative Accounting

Creative accounting appeared since the eighties, when companies faced difficulties during the recession that occurred during that period, which prompted them to show accounting data in a way that was different from reality, as there was pressure to show better profits at a time when it was difficult to find those profits. Companies thought that if they cannot gain profits, then at least they can create it, through manipulation, trickery and deceiving users of accounting information, which has made its concept the center of great interest and focus by accountants and auditors in recent years. Therefrom we shall try to take a look at Creative Accounting.

2.1. The concept of Creative Accounting

The concept of Creative Accounting can be given in light of the definitions of writers and researchers in this field, and according to their perspective in the light of their study of the concept of Creative Accounting. The following is a set of definitions of the term Creative Accounting for a group of researchers:

Ghosh 2010 defines it as “the modification of accounting numbers according to the wishes of the company’s managers, by exploiting the loopholes in the legal rules or overlooking some of them (Kamau, 2012, p. 01), **and Kamal Naser** defines it from an academic perspective, as he sees it as “transforming financial accounting numbers from what it really is to what the compilers desire by taking advantage of existing laws or ignoring some or all of them (Amat & Blake, 1999, p. 8). **As for (Shah & But, 2011, p. 97)**, he believes that Creative Accounting is the use of accounting knowledge to influence the reported numbers, while remaining within the jurisdiction of accounting rules and laws, so instead of showing the actual performance or position of the company, it reflects what the administration wants to communicate to stakeholders.

2.2. Forms of Creative Accounting

The forms of creative accounting vary according to the vision of the one studying this accounting, as many terms and concepts are mentioned, all of which are classified under the table of the financial numbers game. The forms of creative accounting can be presented through the following table:

Table No. (01): Forms of Creative Accounting

Utilitarian Accounting	It is the insistence on choosing and applying specific accounting methods to achieve goals, including achieving high profits, whether the accounting practices used are based on generally accepted accounting principles or not.
Earning management	It is earning manipulation with the aim of reaching a goal predetermined by management, or predicted by a financial analyst, or to be compatible with specific courses of action.
Softening the income picture	It is a form of earning manipulation that includes transferring income between periods of varying levels by reducing income in years good income and transferring it to years with bad income.
Manipulating financial reports	It is deliberately showing wrong data or deleting certain values or hiding them in the financial statements with the aim of deceiving the users of the financial statements. This type of manipulation is considered a violation of the law.

Source: (Serdouk, 2021, page 233)

2.3. Creative Accounting motives

There are two main motives for the practice of Creative Accounting, namely:

- ✓ **Opportunistic motive:** Where the primary motive here is to achieve self-benefits for administration, and creative accounting will have a fundamental impact on the real position of the enterprise, and thus the behavior of managers will be opportunistic to achieve maximum wealth.
- ✓ **Efficiency motive:** the motive is efficiency when influencing the users of the financial statements and accounting information by showing the company's income in a way that achieves a balance between risk and return in order to ensure the survival and continuity of the enterprise

in the competition market, and the following is a presentation of the most important motives for the practice of creative accounting.

Reducing risks by improving the market price of the share: The decline in the financial values of business establishments negatively affects the prices of their shares in the financial markets in which shares are traded, and keeping them as they are necessarily leads to a decrease in those prices, as creative accounting helps in maintaining share prices or amplifying them by reducing the apparent levels of borrowing, which makes the company appear less vulnerable to risk, helping to increase capital through new share issues (Muhammad Al-Sarayrah, 2018, p.14).

Access to finance: Companies management often seeks to obtain the necessary financing in its various forms when companies suffer from liquidity problems necessary to continue their exploitative or investment operations and sometimes to pay their obligations. And in order to obtain financing from financial institutions, they will be subject to certain conditions that must be met before approving the granting of this financing. Among the conditions that must be met for approval of financing is that the result of the activity and the financial position of the company during the period of receiving the financing until it is repaid allows the payment of the principal and the interest accrued therefrom. This condition cannot be estimated or expected by the financial institution except by reading and analyzing the previous financial situation of these companies requesting financing, and here companies resort to using creative accounting methods in order to improve their value, which will affect the credit decision-making of financial institutions (Kosheesh and Lakleiti, 2019 p. 114).

For the purposes of the professional classification: To rank ahead of its competitors in the professional ranking processes conducted by specialized international institutions based on financial indicators and criteria extracted from the annual, semi-annual and quarterly financial statements prepared by the institutions, so these institutions resort to improving some of their financial values (Rahal and Zain (2018, p. 126).

Achieving tax savings: Some companies controlled by their owners pay less taxes by adopting a strategy of reducing the taxable net profit and following accounting methods and policies that achieve this goal (Hamad, 2011, p. 40).

Avoiding political costs: Political costs are represented in the burdens that large-scale economic institutions may bear as a result of laws and regulations imposed by the government, such as laws to increase tax rates or charge the institution with high social burdens. Therefore, the institution's management may resort to using creative accounting methods to reduce profit in order to be able to avoid these costs (Momin and Mahawat, 2018, p. 203).

Technological progress: Technological progress may be one of the motives for using these practices. Technology and business methods are advancing faster than legislation, accounting rules, and accounting instructions. They suffer from their inability to keep pace with development in a way that parallels progress in business methods. Accounting standards are late in meeting these developments, which provides an opportunity for the emergence of creative accounting methods. (Moomin and Mahawat, 2018).

3. field study

- **Study community:** One of the basic factors that any researcher must determine before starting his study is to give it its limit as the study community is represented by accountants, account keepers and certified accountants.

The study sample: Sampling is defined as: “The process of selecting a sufficient number of elements of the community so that the researcher, through studying the selected sample and understanding its characteristics, can generalize these characteristics to the elements of the original society.

The questionnaire was distributed to a random sample of accounting experts, account keepers and certified accountants, so that they were asked to answer the questions freely and honestly, as 59 questionnaires were distributed, all of which were returned, and after examining the questionnaires, 5 forms that did not meet the requirements for answering the questionnaire were excluded. The questionnaires subject to the study were 54 questionnaires, equivalent to 91.52% of the study sample, which is a sufficient percentage to conduct the statistical analysis

- **Statistical tools used in the study:** To achieve the objectives of the study and test its hypotheses, the statistical package for social sciences SPSS.V25 program was used, and a set of statistical methods were used, whether to describe the study variables or to analyze them. These tools are represented in each of the following: the stability Cronbach Alpha coefficient to show the stability and validity of the study as well as the correlation coefficient between the variables of the study, the arithmetic mean and the standard deviation to determine the extent of the deviation of the study's responses to each of the statements of the study's axes from its arithmetic mean, as for the simple linear regression that shows us The effect of the independent variable on the dependent variable. And the Independent S.T Test and One Way ANOVA were used to study the differences between the respondents' answers.

❖ Measuring the validity of the study tool:

Table N(02): Cronbach's alpha coefficient to measure the stability of the study axes

Study axes	The number of paragraphs	The number of paragraphs
Corporate Governance mechanisms	21	0.96
Limiting Creative Accounting	5	0.92
The questionnaire as a whole	26	0.97

Source: Prepared by the researchers in the light of the outputs of Spss v 25

It is clear from the table that the general stability coefficient is very high, reaching 0.97 for the total questionnaire statements, which is greater than the accepted value of 0.70, while the stability of the axes ranged between 0.92 as a minimum and 0.96 as a maximum. It can be relied upon in the field application of the study.

- ❖ **The normal distribution of the study variables:** For the purpose of verifying the objectivity of the results of the study, the Smirnov-Kolmogorov test was performed in addition to (Shapiro-

willk) in order to verify that the study data are free from statistical problems that may negatively affect the results of testing the established hypotheses. This test requires the presence of a normal distribution in the data and vice versa. A false correlation is established between the independent and dependent variables of the study, and thus the correlation loses its ability to explain and predict the phenomenon under study, as shown in the table:

Table No03 : shows the statistical value of the normal distribution test for the study variables variables

Corporate Governance mechanisms	Kolmogorov-Simironov			Shapiro- willk		
	Statistical value	Degrees of freedom	Significance level (Sig)	Statistical value	Degrees of freedom	Significance level (Sig)
	0.67	54	0.200	0.975	54	0.315
Creative Accounting reduction	0.88	54	0.200	0.986	54	0.763

Source: Prepared by the researchers in the light of the outputs of Spss v 25

From the previous table, it is clear that the value of Kolmogorov-Simironov for the study variables, Corporate Governance mechanisms and Creative Accounting reduction, represents 0.67 and 0.88, respectively, and the level of statistical significance for them is 0.200, which is greater than the p-value 0.05. It is also clear that the value of Shapiro- willk amounted to 0.9875 and 0.986, and the level of statistical significance was 0.315 and 0.967, respectively, which is greater than the p-value 0.05, meaning that the two axes of the study in their terms follow the normal distribution, which enables us to use statistical tools in analyzing the answers of the study sample.

Table N(03)Descriptive analysis of the attitudes and opinions of the study sample

Here the researchers present the demographic description of the study sample, and the descriptive statistical analyzes of the study variables.

	Category	Frequency	Percentage
Age	Less or equal to 25 years old	07	%13
	From 26 to 35 years old	20	%37
	From 36 to 45	16	%29.6
	Over 45 years old	11	%20.4
	Total	54	%100
Gender	Male	37	%68.5

	Female	17	%31.5
	Total	54	%100
Qualification	Bachelor degree	12	%22.2
	Master degree	22	%40.7
	Ph.D	12	%22.2
	other	08	%14.8
	Total	54	100%
Length of service	05 years and under	22	%40.7
	From 06 to 10 years	10	%18.5
	11-15 years old	7	%13
	More than 15 years	15	%27.8
	Total	54	%100
Career Level	Auditor	15	%40.7
	Accounting expert	27	%27
	Certified accountant	12	%22.2
	Total	54	%100

Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the table, it is noted that the respondents, who are mainly auditors, accounting experts and certified accountants, are mostly men with a rate of 68.5% due to the nature of the work they do. As for the age, the majority of them are from 26 to 35 years, with an estimated rate of 37%. As for the educational level, we find that most of them have a master's degree with an estimated percentage of 40.7%. The previous results also indicate the existing of the experience factor among the members of the study community, which makes them able to form more accurate positive or negative opinions towards the role of Corporate Governance in limiting Creative Accounting practices. From the table, the highest percentage represents the category of auditors with a percentage of 40.7%, as the number of individuals within this category reached 27, followed by the category of accounting experts with a percentage of (27%), where the number of individuals within this category reached 27, and the category of certified accountants came in last place with a percentage of (22.2%). The number of individuals in this category was (12).

Table No. (5) Analysis of the respondents' answers towards the first dimension, the board of directors

Number	Phrase	Arithmetic mean	Standard Deviation	Relative Weight	Opinion	Rank
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	The Board of Directors is committed to the laws and regulations related to stakeholders	3.84	1.37	%76.8	e Agree	01
	The Board of Directors works within a comprehensive strategic plan for supervision and control	3.47	1.37	%69.4	e Agree	03
	The Board of Directors works to provide all information and means to achieve the interests of companies	3.39	1.38	%67	e Agree	05
	The Board of Directors works to ensure the integrity of the company's accounting and financial reports	3.80	1.17	%76	e Agree	02
	The Board of Directors is responsible for appointing the CEO and senior staff	3.47	1.54	%69.4	e Agree	04
Board of Directors		3.58	1.36	%71.72	e Agree	

Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the previous table, it is clear that the sub-axis related to the Board of Directors has increased in average relative weight to 60%, meaning that the respondents agree with all its paragraphs, as the phrase “The Board of Directors is committed to the laws and regulations related to stakeholders” ranked first with an arithmetic mean of 3.84 and a standard deviation 1.37, and in the last place comes the phrase “The Board of Directors works to provide all information and means to achieve the interests of companies" with an arithmetic mean of 3.35 and a standard deviation of 1.38.

Table No. (6) Analysis of the respondents' answers towards the second dimension, audit committees

Number	Phrase	Arithmetic mean	Standard Deviation	Relative Weight	Opinion	Rank
	The audit committees supervise the financial and control systems in the company	4.31	0.86	%86.2	Completely agree	01
	Audit committees assist the Board of Directors in	3.85	1.07	%77	Agree	02

	implementing the set policies					
	Audit committees are keen to provide all special facilities for the work of the external auditor	3.83	1.11	%76.6	Agree	03
	Audit committees ensure that the company discloses its financial statements on a regular basis	3.53	1.19	%70	Agree	04
Audit committees		3.88	1.057	Agree	Agree	

Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the previous table, it is clear that the sub-axis related to audit committees has increased its average relative weight to 60%, meaning that the respondents agree with all of its paragraphs, as the phrase “audit committees supervise the financial and control systems in the company” ranked first with an arithmetic mean of 4.31 and a standard deviation. 0.86, and in the last place comes the phrase “audit committees work to ensure that the company discloses its financial statements on a regular basis” with an arithmetic mean of 3.53 and a standard deviation of 1.19.

Table No. (7) Analysis of the respondents' answers towards the third dimension of internal auditing

Number	Phrase	Arithmetic mean	Standard Deviation	Relative Weight	Opinion	Rank
	Internal audit evaluates the course of administrative operations to ensure their consistency with desired policies and plans	3.77	1.283	%75	Agree	02
	Internal audit studies the effectiveness, efficiency and economy of accounting systems	3.79	1.219	%75.8	Agree	01
	Internal audit evaluates the risks related to the facility	3.62	1.431	%72.4	Agree	04
	Internal audit	3.74	1.152	%74.8	Agree	03

	monitors the effectiveness of the internal control system and proposes appropriate improvements to improve and develop the company's operations					
Internal audit		3.73	1.271	74.6	Agree	

Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the previous table, it is clear that the sub-axis related to internal auditing has increased its average relative weight to 60%, meaning that the respondents agree with all its paragraphs, as the phrase “internal audit works to study the effectiveness, efficiency and economy of accounting systems” ranked first with an arithmetic mean of 3.79 and a standard deviation 1.219, and in the last place comes the phrase “internal audit evaluates the risks related to the facility” with an arithmetic mean of 3.62 and a standard deviation of 1.431.

Table No. (8) Analysis of the respondents' answers towards the fourth dimension of external auditing

N umber	Phrase	Arith metic mean	Stan dard Deviation	Relati ve Weight	Opinion	Ran k
	External audit contributes to narrowing the expectations gap	3.72	1.265	%74.4	Agree	02
	The external audit mechanism provides confidence and credibility to the financial reports	3.46	1.254	%69.2	Agree	04
	The external audit mechanism allows for the evaluation of the validity and reliability of documents related to dealings with external parties	3.79	1.432	%75.8	Agree	01
	The external audit mechanism allows for the assessment of the validity of the financial statements	3.55	1.382	%71	Agree	03

	and their conformity with reality					
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Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the previous table, it is clear that the average relative weight of the sub-axis related to external auditing has increased to 60%, meaning that the respondents agree with all of its paragraphs, as the phrase “The external audit mechanism allows for the evaluation of the validity and reliability of documents related to dealings with external parties” ranked first with an arithmetic mean 3.79 and a standard deviation of 1.432, and the phrase “The external audit mechanism provides confidence and credibility to the financial reports” ranked last with an arithmetic mean of 3.46 and a standard deviation of 1.254.

Table No. (9) Analysis of the respondents' answers towards the second axis of limiting Creative Accounting practices

Number	Phrase	Arithmetic mean	Standard Deviation	Relative Weight	Opinion	Rank
	Corporate Governance provides reliability and credibility to the items and contents of the financial statements	3.81	0.991	76.2%	Agree	01
	Corporate Governance reduces the use of personal judgment when preparing the financial report	3.68	1.078	73.6%	Agree	03
	The application of Corporate Governance leads to the control of accounting work in terms of adherence to	3.44	1.238	68.8%	Agree	05

	generally accepted principles and standards					
	Corporate Governance insures that the management highlight any changes in the applied accounting principles and policies in order to study their impact on the financial statements.	3.48	0.96	69.6%	Agree	04
	Corporate Governance applies the principle of disclosure, transparency and control of accounting transactions	3.75	0.90	75%	Agree	02

Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the previous table, it is clear that the axis related to limiting Creative Accounting practices has increased its average relative weight to 60%, meaning that the respondents agree with all of its paragraphs, as the phrase “Corporate Governance provides reliability and credibility to the items and contents of the financial statements” ranked first with an arithmetic mean of 3.81 and a standard deviation of 0.991, and in the last place was the phrase “The application of Corporate Governance leads to the control of accounting work in terms of adherence to generally accepted principles and standards” with an arithmetic mean of 3.44 and a standard deviation of 1.238.

Hypothesis test results

Tabl N(10) : The results of the coefficient of the simple linear regression test for the first hypothesis

<u>Corporate Governance</u>	<u>correlation coefficient R</u>	<u>coefficient of determination R²</u>	<u>regression coefficient</u>	<u>F value</u>	<u>Significance level</u>
	<u>0.913</u>	<u>0.833</u>	<u>0.845</u>	<u>11.620</u>	<u>0.00</u>

Source: Prepared by the researchers in the light of the outputs of Spss v 25

Through the previous table, we notice that the value of the correlation coefficient R amounted to 0.913, which indicates the existence of a very strong correlation between the independent variable Corporate Governance and the dependent variable limiting Creative Accounting practices, and the coefficient of determination reached 0.833%, which indicates that 83.3% of changes or influences that occur in reducing Creative Accounting is caused by Corporate Governance, while the remaining percentage, estimated at 16.7, is due to other variables that were not included in the study model, and the calculated F value confirmed the significant effect, as its value was recorded as 11.620 with a significance level of 0.00, which is less than the significance level of 0.05.

Through the foregoing, the results confirm the rejection of the null hypothesis and the acceptance of the alternative hypothesis, which states that there is a statistically significant effect of Corporate Governance in reducing Creative Accounting at the level of ≥ 0.05 .

Testing the second hypothesis: There are no statistically significant differences towards Corporate Governance to reduce creative accounting due to demographic variables (gender, age, academic qualification, job level)

To test the hypotheses branching from this hypothesis, the (Independent S.T test) was used for the gender variable and One Way ANOVA for the rest of the variables, and the results were as follows:

Table No. (11) the results of the (Independent S.T Test) for the differences between the respondents' answers about limiting Creative Accounting practices in terms of gender

Variable		Levens Test		t-test for equal means				
		F Value	Signif icance level	T Value	D egree of freedom	Signif icance level	arithmeti c mean	
							ale	F emale
Limi ting Creative Accounting	The homogeneity hypothesis	0.234	0.630	3.964	52		.85	.330
	The heterogeneity			3	52			

	hypothesis			.869			
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Source: Prepared by the researchers in the light of the outputs of Spss v 25

From the table, we note that the result of the Levens test for homogeneity of the variable of limiting Creative Accounting supports the hypothesis of homogeneity, as the level of significance reached 0.630, which is greater than the level of significance 0.05, and from it the T-test was relied on to equal the means corresponding to the hypothesis of homogeneity, and also by referring to the test of differences in the means, the value of the T-test amounted to 3.964, which is greater than its tabular value of 2.007, and the level of significance reached 0.00, which is less than 0.05. That leads us to reject the null hypothesis and accept the alternative hypothesis, that is, there is a statistically significant effect that is attributed to the gender variable in reducing Creative Accounting in favor of males in the higher averages

Table No. (12) Results of One Way ANOVA shows respondents' answers about the reduction of Creative Accounting practices in terms of age

Age	source of variation	sum of squares	degrees of freedom	mean of squares	F value	Sig
	Between the groups	46.718	3	15.573	11.100	0.000
	Within the groups	70.144	50	1.403		
	Total	116.862	53			

Source: Prepared by the researchers in the light of the outputs of Spss v 25

It is clear from the statistical results shown in Table No. (12) that there are statistically significant differences in the perceptions of the respondents to limit Creative Accounting according to the variable of age, as it was found that ($F = 11.100$) and the level of significance ($0.000 \text{Sig} =$) and this result is significant at the level of significance ($\alpha \leq 0.05$).

Table No. (13) results of one-way ANOVA shows respondents' answers about limiting Creative Accounting practices in terms of job level

Job level	source of variation	sum of squares	degrees of freedom	mean of squares	F value	Sig
	Betwe en groups	38.420	2	19.210	12.490	0.000
	Within the groups	78.442	51	1.538		
	Total	116.862	53			

Source: Prepared by the researchers in the light of the outputs of Spss v 25

It is clear from the statistical results shown in Table No. (13) that there are statistically significant differences in the perceptions of the respondents to limit Creative Accounting according to the variable of the job level, as it was found that ($F = 12.490$) and the level of significance ($0.000\text{Sig} =$), and this result is significant at the level of significance ($\alpha \leq 0.05$).

Conclusion

- ✓ This study addressed the role of Corporate Governance in limiting Creative Accounting practices, to finally reach a set of results which we summarize as follows:
- ✓ Creative Accounting is a form of accounting manipulation without violating the rules and laws by exploiting the flexibility in choosing accounting policies.
- ✓ Creative Accounting practices depend on the intelligence of accountants and their knowledge of accounting rules and standards to deal with the numbers recorded in the company's accounts.
- ✓ The results of the applied study showed that there is a strong correlation between Corporate Governance and the reduction of negative practices of Creative Accounting. The results of the analysis show us that corporate governance explains 83.3% of the variance in limiting Creative Accounting.

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