"MATERIALISTIC" ACCOUNTANT INTERPRETATION IN EARNINGS MANAGEMENT PRACTICES

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Abstract

The background of this study the phenomenon of earnings management practices often does companies that resulted in losses for the stakeholders and degrade the quality of financial reporting information. Therefore, this study aims to interpret the behavior of accountants in earnings management practices. The approach taken is hermeneutic interpretive. Hermeneutic approach undertaken by the authors based on the curiosity of the author of the views and understanding of accountants and businessmen related to earnings management practices. The views and comments of the accountant may be the interpretation which would have a meaning according to their worldview. As a result, earnings management commentary in the practice of accountants in the study found: 1) Accountants have always considered that the accounting figures are mirrored the progress of the company; 2) Profit Management don'ts home still in the corridor accounting policy rather than to meet the interests unilaterally; 3) The tendency of managers does materialistic behavior in earnings management practices.

Keywords: Earning Management, Materialistic behavior, Accounting Number

1. BACKGROUND

Earnings management practices is an interesting issue if examined from an ethical perspective. Earnings management is believed to arise as a direct consequence of the efforts of the manager or the financial report's authors to regulate the amount of earnings numbers for the sake of personal and / or corporate interests. Some experts also said that earnings management is often the cause of illegal and unethical opportunist behavior, one of which Merchant and Rockness (1994) states that fraud in financial reporting is one of the important factors that undermine business ethics. Furthermore, earnings management is the practice of intervention in the management of the external financial reporting process with a view to personal gain (Schipper, 1989).

The background of this study the phenomenon of earnings management practices often does companies that resulted in losses for the stakeholders and degrade the quality of financial reporting information. According to some accountants, earnings management practices can increase added value for firms (Setiawati and Naim, 2000). The added value derived from the activity of an accountant is able to provide information or direct the company management in decision making related to the increase in profit. The added value of this course will be an important point for the development of the company, but in practice the profit improvement that occurs often wrapped in earnings management unethical.

Healy and Wahlen (1999) suggest that the practice of earnings management occurs when managers use judgment (judgment) in financial reporting and the preparation of transactions to alter financial statements for the purpose of manipulating the amount (magnitude) in income to some stakeholders about the economic performance of companies or to influence the outcome of the agreement (contracts) are dependent on accounting numbers reported. In this case, one of motivation becomes purpose of implementation of earnings management is a high bonus based on motivational bonus plan.

Bonuses motivation by Healy (1985) in a positive accounting research proves that the urge to get a bonus for management is one of the factors that led to the management of earning management. The management including the management accountants see bonus plan are more likely to use accounting methods that increase income and reported in the current period. The reason, according Riahi-Belkaoui (1992) is an action like that will probably increase the percentage of the value of the bonus if there is no adjustment for the chosen method.

In addition, the profit is also often used as one of the criteria for assessment of corporate performance. Companies with low profit are considered worse relative performance compared to high corporate profits, so that management is often used as an excuse for profit management work especially profit. According Cahan (1992) companies which proved practiced in violation of antitrust regulation and antitrust, occurred as management and management accountants to manipulate earnings by reducing reported earnings. This statement is reinforced Hall and Stammerjohan (1997), which revealed that the company through its management are also earning management to lower earnings in order to influence court decisions against companies that suffered damage award.

So far earnings management is still a matter of controversy. Almost everyone assumes that earnings management is bad practice because it tends to reduce the reliability of financial reporting information. This is because the management accountant has inside information and to outsiders this problem is difficult to know. However, in practice earnings management is still an option for the company in giving information to external parties.

The issue of transparency in this respect is needed, at least not to the detriment of society, but in fact this is precisely the problem will not be exposed. Earnings management in a specific context according to Fischer and Rosenzweig (1995) is also contrary to the Standards of Ethical Conduct for Management Accountant stating that management accountants have a responsibility to disclose all the relevant information and is estimated to affect the understanding of users of financial statements to the financial statements, comments and recommendations granted.

Incompatibility earnings management with the norms accountant indicating the occurrence of acts contrary to the ethics, as benchmarks the ethics of accountants is the standard of the fact, according to Abdullah (2009) makes profit management reaped some consequences include earnings management has a tendency to affect the behavior of accountants that focus on individual interests such as egoism, religion or genetically, this condition will certainly lead to conflict of interest that affects the destruction (Merchant and Rockness,1994).

Incompatibility earnings management with the accountant norms indicates the occurrence of acts contrary to the ethics, because the benchmark of accountant ethics is based on that standard. This fact according to Abdullah (2009) makes earnings management having some consequences which earnings management has a tendency to affect the behavior of accountants that focus on individual interests such as egoism, religion or genetically. This condition will certainly lead to conflict of interest that affects the destruction (Merchant and Rockness, 1994).

Sulistyanto (2008) states empirically proven that earnings management is one of the factors that led to the destruction of the economic order, ethics and morals of the nation. Earnings management has resulted in international financial scandal involving and making a lot of parties in various countries experiencing economic difficulties. If we have reviewed in managerial activities, it will affect the management of earnings management in strategic decision making. Due to the profit is a product of the financial statements that are informed by the company's accountants.

The above research is generally done in a positivistic paradigm. While research on ethical behavior performed at the level of non-positivistic still very little for research in Indonesia at this time. Research in the level of non-positivistic have done one of them by Riduwan (2010) revealed that the accrual basis is the cause of corruptive behavior that is based on earnings management policies, inspired researchers to conduct this research in a natural setting with non - positivistic paradigm. This is done so that the study could explore the understanding of the behavior of accountants in addressing the phenomenon of earnings management practices.

To the authors felt, it is necessary and important to explore the issue of the behavior of accountants in this study with the hope of this study can explore more deeply about the behavior of accountants in addressing the earnings management practices

1.1. Research Questions and Objectives

The question in this study is how the behavior of accountants in addressing the earnings management practices. This study is aimed at entrepreneurs, management accountants, public accountants and accounting educators in Surabaya and Gresik.

This study aims to describe, interpret and translate interpretation in a gesture meaning accountants look at the phenomenon of earnings management at this time.

2. HERMENEUTICS - INTEPRETIF FOR APPROACHING REALITY

This study uses a hermeneutic approach to the interpretive paradigm. The reason of author using Interpretive paradigm is more emphasizing on the role of language, interpretation and understanding of the meaning of reality (Bungin, 2008). By definition, the authors interpreting the research with an interpretive worldview tends to be closer to the understanding of social phenomena of the actors

Hermeneutic approach undertaken by the authors is based on the curiosity of the author of the views and understanding of accountants and businessmen related to earnings management practices. The answers of these questions and statements are the issues related to the meaning of “text”. Each meaning of "text" always requires some interpretation that aims to gain an understanding of "text" concerned. The attempts to gain an interpretation understanding of the text is called by Schmidt (2007) in Riduwan (2010) as hermeneutics.

The views and understanding of the accountants can be the interpretation which would have a meaning according to their worldview. This statement provides an understanding of the meaning of earnings management in their views in accordance with the positions and interests of each. Next, their views will explain their behavior regarding earnings management practices.

2.1. Sources and types of data

According to Moleong (1998), the most important source of data from studies with non- positivistic approach is words and actions. Sources and types of data in this study were obtained from the Key Person (key information), that management accountants, public accountants, government accountants and accounting educators in Gresik and Surabaya. In this case the sample is snowball sampling means sampling in research with a qualitative approach is intended to select informants were really relevant to the issues to be studied and performed repeatedly.

Table 1. Research Informant

Accountant Name	Position or Job
Saleh Mutadjid	Auditor at KAP MS and Partners in Surabaya
Dina Lorensia	Internal Accountant at PT. SI in Gresik
Ella Sulistyowati	Accounting Educators at state universities in Surabaya
Bambang Sudrajat	Head of Tax Division at Tax Office in Surabaya
Yoga Saputra	The owner of several businesses in Gresik
Tommy Purnomo	Tax Consultant in Gresik

Source: field data

For the information, the names of informants in the above are not his real name. Acronyms organization also does not reflect the actual acronym. Selection of the informants mentioned above is done deliberately. According to the criteria described by Bungin (2008) that the informant is an individual who has a long and intensive blend with the activity or field of activity targeted research.

2.2 Data collection technique

The way the author doing an investigation is by approach the subject that to be examined with a natural setting. The author came to the place where the subject studying, observing and interacting with social actors in a relatively long time. After obtaining enough data, the authors then systematically analyze it using appropriate methods, and then interpreting it.

After the authors analizing all these measures, the authors report it in accordance with the data or phenomena obtained in the field. This study used several techniques that are relevant to the type of research that is through interview, observation, and documentation.

3. EARNINGS MANAGEMENT IN THE ACCOUNTANT CONCEPTION

There are several arguments that developed in the community related to earnings management. Some claimed that the earnings management less elegant if applied and some declared legitimate. Therefore, this study will revisit that argument in a more comprehensive study and in-depth.

3.1. Figures and Accounting Earnings: Mirror for Accountants

In the development and practice, accounting becomes a tool used by company management to see clearly a phenomenon that is invisible and conceptually formed into symbols to reflect the state of the organization. It is successfully received by the public who want to know the organization. Accounting is a figure or quantitative information that can affect individual behavior and social. Examples: management accountant efforts to seek personal gain using the ignorance of stakeholders by way of manipulating profit unethically will only make the public lose confidence in the company. As a result, the public will question the ethics and morals of an accountant in managing the company.

Sombartt as quoted Riahi-Belkaoui (2000) suggest that the transformation of wealth will always be the value of the abstract and the figures are formed from pairs book keeping system as a result of the description of the company having the management that is able to plan, implement, and measure their activities. These figures will be made a distinction between the interests of owners and the interests of the company so that it can be said that the accounting numbers can be used to assess the development of the company. Even Healy (1985) states that the use of accounting numbers in contract bonuses is to encourage managers to adjust the level of earnings to maximize bonuses earned.

The same thing expressed by Pythagoras and cited by Harahap (2008) that everything which exists can be explained on the basis of figures and numbers. Accounting that we apply currently or conventional accounting also provides information about the money and numbers that can affect the behavior of management, accountants, and the user.

Accounting figures are used as the basis for decision making management and accountants in business. Yet if we look at whether these figures can make use real benchmark for assessing the existence of an honest organization. This has often led to a controversy. But what if it turns out the accounting numbers that we use today is a guide in every action of accountants. In general, all accounting practices with accounting figures are developed to help managers maximize profits accounting for decision making. According to Subiyantoro and Triyuwono (2004) the accounting numbers in an accounting profit is needed by users of the information because it can be used to meet four (4) ways which are:

- The owner of the company,
- Sustainability of business,
- Investing in the future,
- Performance (management).

Consequently, the interpretation of accounting profit becomes plural and more. But in practice, the concept is not in line with what is interpreted and environment occurs. This leads to the interpretation of accounting profits in social reality and different interpretation on some of the history of creation figures into an accounting. The problem is a lot of the management of an organization actually makes profit as the main orientation. Managers and accountants are more focused on profits tend to ignore the real business objective which is to maximize net worth. For the objective of maximizing profits should be limited to the requirement that profits should be achieved through legal and ethical means.

Accountants are responsible towards society and the environment. It is fitting that they not only focus on profit alone but they also need to focus on the interests of the community that needs to behave ethically that is very big and important. One thing we cannot deny at this time is the accounting profit becomes the mirror of accountants. According to them, profit became important because profits can be used as guidelines for determining the basis and as short-term measures. In addition, profits can also be used as a tool to predict the state in the future.

Figures and accounting profit that we often use as an indicator are the creation of an accountant and all this of course can be changed in accordance with the changing times. This condition must be very risky if the accountant simply rely on numbers and accounting profit in decision making. This resulted in their opportunistic behavior that leads to unethical behavior.

This study looked at accounting numbers as a tool in the practice of earnings management to motivate accountants in conducting ethical or unethical actions. Earnings management practices in the field shows that the numbers have become an important tool in people's lives. According to almost people, all of which cannot be described by a number rather than a reality. The numbers made by someone can change the reality around into something dangerous.

So that the accounting numbers in an accounting profit are actually the result of human creation can cause someone to be someone else for himself or even be the one who can harm others. Under these conditions only the awareness of individuals to behave ethically is the only your hope.

3.2. Reveals the Profit Management Concepts in Circle Agency Theory

Accounting profit is an object that is often targeted as a pretext for earnings management. Various ways can be done by management to increase or decrease the profit in accordance with the needs of the interested parties. That is, the management can work especial component in the income of the accounting to be regulated, but this practice does not violate the accounting standards in accordance with the rules when the rules contained in the accounting policies or GAAP. To that end, Scott (1997) defines earnings management is the accounting policies applied by the manager of the existing accounting standards and are naturally able to maximize their utility and or the market value of the company.

According to Schipper (1989), earnings management is a management intervention with specific objectives in the external financial reporting process to gain some personal advantage. Levitt (1998) states that the practice of earnings management is a practice of reporting earnings that reflect management's desire rather than financial performance. Refraction measurement by raising or lowering profit and reported profit that is not representative as they should be reported, then the reality of profit be reduced. While Assih and Gudono (2000) defines earnings management as a process that is done deliberately in the range of General Accepted Accounting priciples (GAAP) to lead the level of reported earnings.

Earnings management is believed to arise as a direct consequence of the manager efforts or the financial report's authors to regulate the amount of earnings numbers for the sake of personal and/or corporate interests. This is consistent with the statement of Fisher and Rosenzweig (1995) that the earnings management as an act someone managers to raise or lower the long-term economic profitability. This means that earnings management is considered as earnings manipulation, both inside and outside the boundaries of Generally Accepted Accounting Principles (Dechow et al, 1996)

Scott (2000) mentions that the motivation of managers to manage earnings based on the bonus plan, debt covenants, and political costs. Managers are motivated to regulate the amount of profit figures in order to achieve targeted performance bonuses earned in connection with, minimizing the possibility of violation of the loan agreement between the company and creditors, as well as minimizing the political costs that may arise as a result of government intervention through specific regulations. Strategies that can be implemented by managers in earnings management among others make the choice of accounting methods and make certain estimates as accounting policies, especially discretionary accruals.

Earnings management arise because of the reflection of that figure and the accounting profit is very important data for businesses. In an information perspective, earnings management is a managerial policy to disclose personal expectations of management about the company's cash flow in the future. However, if the note is more dominant than the opportunist perspective with information. That is, the actual earnings management is an opportunistic attempt to influence someone presented information by using the ignorance of others regarding the actual information (Sulistyanto, 2008)

Some researchers revealed that earnings management is always based on the Agency Theory (Govindarajan, 1995; Beaver, 2002: Lambert, 2001). As we know the agency theory arise because of the divergence of interests between management and the shareholders or between the principal to the agent. This is because of the separation of ownership and control in a company (Meckling, 1976). Companies that separate the functions of management and ownership would be vulnerable to conflicts of agency (Lambert, 2001). That is, the theory of agency (agency theory) implies the existence of information asymmetry between agent and principal.

Agent as the holder of the authority to run the company have a lot more information than the shareholders and stakeholders so that the management will likely take advantage of the information that to maximize the utility for him. The principal can limit it by setting the right incentives for agents and do monitor that is designed to limit the activities of agents who deviate. According to some researchers, the asymmetry of information can be used by the agency to take action opportunistic.

While Eisenhardt (1989) see the agency theory of the behavior of accountants who conduct earnings management. According to agency theory using three assumption of human nature, namely (1) the general human selfishness (self-interest), (2) humans have limited the power of thought the future perception (bounded rationality), and (3) humans have always avoid the risk (risk averse). Based on the assumption that human nature as man manager will act opportunistic, i.e. prioritizing personal interests (Harris, 2004).

If judging from the statement Eisenhardt (1989) and Harris (2004) it appears that individual as an agent in an organizational entity, with the dominant characteristic inherent in human beings is a personal interest that is inherent in human beings to fulfill its prosperity. The above description shows that the study of the moral aspects underlying the behavior of management as agents who have qualified with the information it possesses the characteristics of perfection. As a result, the management has more opportunities to undertake actions that could harm deviation stakeholders. Of those occasions there are the motivation underlying the management as an agent to perform earnings management practices.

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3.3. Browse for Earnings Management Motivation

Managers as agents in the agency theory, would be the dominant actor in earnings management practices. Various desire managers can be poured in the practice. That is, the willingness of a manager in earnings management practices influenced by motivation and ethical behavior of accountants so that the quality of information in the financial statements also depends on the motivation and behavior of the company's accountant. The point is getting worse motivation and ethical behavior of an accountant also cast further doubt on the quality of the published financial statements.

The manager or the preparers of financial statements in the financial reporting process earning management because they expect the benefits of the action taken. Earnings management practices provides overview of the behavior of managers in reporting its business activities in a given period that is the possibility of a definite motivation that drives them to manage financial data and trends of accounting method to adjust the gain to be reported because it is allowed under accounting rules (Abdullah, 2014).

Magnan and Cormier (1997) dividing the earnings management motivation into three groups, namely the motivation to minimize the political costs, to maximize the welfare of the manager (manager wealth maximization), and minimization of financial costs. While Watts and Zimmerman (1986) classifies the motivation of earnings management into four groups, namely the motivation for the bonuses and other compensation, influence the decision of the capital market, to avoid covenant violations debt (debt covenants), and avoid the costs of politics (political costs).

Furthermore, Scott (1997) shares how the understanding of earnings management into two. First, it is an opportunistic behavior of managers to maximize their utility in the face of the compensation contract, contact the debt, and political costs (Opportunistic Earnings Management). Secondly, with regard to earnings management from the perspective of efficient contracting (Earnings Efficient Management), in which earnings management gives managers a flexibility to protect themselves and the company in anticipation of events that is unexpected for the benefit of the parties involved in the contract.

In the perspective of opportunistic behavior, earnings management was done by the manager or accountant to defraud investors and maximize their well-being because it controls a lot more information than the other party. Meanwhile, outside the company user, e.g. the owner, potential investors and other stakeholders have limited resources and access to information about the company. That is, how much information can be controlled by outside the company user will largely depend on how much information is received from the manager of the company.

Attempts to influence the information is carried by utilizing the freedom to choose, use and modify various accounting methods and procedures that exist. The use of different methods will produce different values. This means that one can set the value of the company by utilizing the freedom to choose and change those methods. Therefore, in the opportunistic perspective, earnings management can be regarded as accounting games (Sulistyanto, 2008).

Earnings information in practice may affect the behavior of the users of financial statements information, in particular investors and creditors. Especially in a country that in the economy there are capital market mechanism in it. Profit (earnings), the ability to generate profit (earning power), and the ability to create cash (cash generating power) enterprises are considered as indicators that can affect the behavior of participants in the capital markets (Sulistyanto, 2008). This earnings information needed by investors and creditors as a basis for a decision on the return of capital that they invested. Due to magnitude of the benefits provided by these financial statements, then set up a rule in the process of financial reporting (financial reporting) called Generally Accepted Accounting Principles (GAAP).

This situation led to the company's managers and accountants tend to be the more superior in the control of information than the other party. The gap information (asymmetry information’s) is encouraging accountants to behave opportunist in revealing important information about the company. Sulistyanto (2008) states that the higher asymmetry information accountants impetus for management to behave opportunistic. As a result, many of the accountant unethical behavior and ultimately create an accounting scandal.

As we know, the accounting scandals are more often triggered by the desire to maximize profits. Actions profit maximization through unethical profit management has led in some cases accounting reporting scandals that are widely known, such as Enron, Merck, WorldCom, Xerox, and the majority of other companies in the United States (Santoso, 2002). In connection with the rise of the accounting scandals in the guise of earnings management makes the author need to verify by interviewing informants that often intersect with the company's earnings or financial statements.

4. TELESCOPED ACCOUNTANTS INTERPRETATION OF EARNINGS MANAGEMENT

In this section the authors conducted the interpretation of earnings management performed by some accountants as informants. To understand this interpretation, the steps being taken by the author are:

- conduct observations and assessment of the behavior of accountants as key informants in this study;
- an interpretation based on the data, language and interpretation informants’ earnings management practices;
- perform interpretation of meaning conveyed by the informants.

Subiyantoro and Triyuwono (2004) states that the hermeneutical analysis has two goals: 1) shows that the interpretation of the text will not be separated from the surrounded context. The interpretation of a someone text will be influenced by the prevailing social consciousness. This suggests that social behavior cannot be separated from the value of the bandage. Second, exposing the true meaning of the text.

Earnings management by some accountants regarded as unethical because of the assumption of data manipulation. However, in view of the positive accounting theory, the extent not inconsistent with generally acceptable accounting principles no matter that should be debated.

Some accountants reasoned why the company made earnings management, one of which is to maintain the company's existence in the midst of intense competition. Therefore, it is indispensable for creative ways to calculate finance in the business world, although by most businesses is often considered the less ethical. This is because the opinion of some experts who declare earnings management as the manipulation of financial firms and accounting scandals.

Under these conditions, the question arises: "Is 'earnings management' legal and ethical?" According Velasques (2002) one of the main characteristics of ethical moral standards to determine whether or not an act is an act that does not harm others. One's perspective and life experiences of someone will affect whether or not an ethical act. So the best reference of earnings management is a moral and ethical standard. How to assess the behavior of accountants in financial reporting? Adequate disclosure is a medium that required accounting standards, so that management can explain the policy and practice of accounting selected.

Based on interviews with informants, there are fundamental differences regarding earnings management from the perspective of some businesses, public accountants, internal accountants, government accountants and accounting educators. Generally, businesses such as investors, governments and other economic actors consider the earnings management as a managerial fraudulent practices. According to them, the earnings management activity is likely to mislead others who use financial statements as a source of information to know everything about the company.

While accountant's educators or academics, including the researchers assessed the earnings management is not a fraud, for engineering activity is the impact of spectrum generally acceptable accounting principles were broad. In addition, the company is also allowed to change the accounting methods and procedures that had been used by the accounting methods and other procedures. Even accounting principles also allow a company to present the financial statements of some past period. That is, the financial report ever presented may be withdrawn to be replaced by new financial statements using accounting methods and procedures different from that used previously. Here are excerpts of interviews with some of the accounting profession.

4.1. Towards Earnings Management: Accounting Number is the Best

Earnings Management always begins with a perception that profit is everything for businesses. Profit is one manifestation of accounting numbers that are always used by stakeholders to look at the performance of an organization. Following the opinion expressed by a Public Accountant, Mr. Saleh Mutadjid:

"We cannot deny at this time, an overview of a company's growing or not, can only be seen from the figures accounting ... not a fancy building, a lot of labor. Financial performance is a concrete illustration of the condition of a company".

"Earnings of companies like report cards of students in the school or a student's study result card. For that earnings management is indispensable in order to report on the company for the better, as this report reflects the performance of companies in one period".

According to Mr. Saleh, accounting numbers is a tool that can be used to measure how the condition of a company. That is, itis an interpretation of accounting numbers in an indicator to guide the users in order to understand how the current condition of the company. Meanwhile, according to Mrs. Ella Sulityowati an accountant educator at one of the state universities in Surabaya states:

"If not use accounting figures how businesses can see prospects and movement of business of an organization. Accounting figures still everything for them, even though the current non-financial measure is also taken into consideration".

In connection with the footage of two informants, the writer illustrates that accounting numbers are very crucial. The question is whether the accounting figures could indicate a true condition of an organization. If it turns out the figures were manipulated by a manager, then a picture of the actual condition of the company is becoming blurred.

Glance treatment expressed by both informants indicate that accounting numbers are the way to go on earnings management. With the accounting figures, the accountants can still change the figure because it does not violate existing standards. Meanwhile, the number of accounting is a tool used to measure the performance of companies. This means that they agreed that up to this time a number of accounting financial measures embodied in accounting earnings still dominate decision-making in business. As a result, a variety of ways can increase or decrease profits and accounting figures so that it appears that the company has undergone a positive transformation.

First commentary: Accountants have always considered that the accounting figures are mirrored the progress of companies.

4.2. Behavior Interpretation: Management Profit Practices

The development of the concept of earnings, including the implications of developments surrounding the theory, at this point has led to a behavior. The behavior of a manager and accountant will affect several parties in taking a decision. One of them in making an investment decision.

Investors will not invest in a company if it is not clear how much profit and cash flow of the present and future of the company. That is, to increase profits, one of the behaviors that can be taken by an accountant is to control the costs of the company. The process of allocation and matching the cost of a general nature should be minimized. Because management is also to understand the behavior of investors and creditors to reported earnings. For more details, here are some snippets delivered by informants related to their behavior in response to earnings management. Bambang Sudrajat as a clerk in the Tax Office expressed:

"The term management of real significance as a noble plan, implement and control an activity to achieve certain goals. However, the term "earnings management" management noble meaning of the word has been reduced to a bad connotation meaning as set, changing, playing, organizing and manipulating earnings figures to achieve the goals that negative connotation. I do not know, who was first to reduce the meaning of words such management. The academics or practitioners? "

Opinions expressed Bambang Sudrajat over a stagnant about the development of earnings management. As if the earnings management is no longer as management will be the development of business situations again but has turned into messing tweaking the company's profit for a particular purpose. Meanwhile, according to Yoga Saputra as Entrepreneur:

"I do not want hypocritical ... if I took credit Bank and Bank requires me to attach the company's financial statements, then I tend to tighten cost me and catapulted my income. I know what I'm doing will make a decision to change the decision to be agree with me, even though my conscience refuse ... but how else ".

"Meaning of the earnings management to manage earnings that could be used to make decisions. The meaning is clear and meaningful absorbed very positive. If not managed earnings will be adversely impacted. So I think its ok ...".

That is, profit is the information used by someone to make business decisions. Although for the sake of getting a bank loan, Yoga willing to manipulate its financial statements. Yoga is certainly a behavior will harm others, especially the Bank, for its decision based on financial statements that have been manipulated and this is a lie to the public. Meanwhile, according to Dina Lorensia internal accountant as an SOE.

"Changing accounting methods in accordance with the actual standard of things, but too often changed the method of accounting at the time of the company's profit decline and declining business circumstances this is the problem. In addition, we as the company's internal accountants closely bound up with the interests of the owners. I work for them, meaning that earnings management that we do have a tendency to increase the wealth of the owner...".

"Sometimes we need to control the profits so that we can save the tax that must be removed. In my opinion, by carefully managing profits without violating the rules set forth are legitimate and do not violate the rules".

Based on the sentence expressed by Ms. Dina, hint that Ms. Dina addressing earnings management as common place as long as it is still in a corridor standards set. Besides the inability to resist earnings management practices led to Ms. Dina Lorensia cannot behave according to his conscience, consequently earnings management practices should be allowed or not is not something that is taken by him easily. In addition, earnings management is sometimes very necessary to manage corporate taxes. Accounting profit is a tool used to perform tax savings.

That is, the accounting profit shaped figure is a source of tax savings. The following explanation is expressed by a Public Accountant, Mr. Saleh Mutadjid:

"Sometimes there are companies that make transactions mark-up profit unexplained policy direction. For example, the company sold its production assets at current market prices at the highest value for the benefit of fixed asset sales. Though the company should maintain its production capacity".

"Earnings management was still making a profit for any reason to change. For example, for depreciation of fixed assets by using two methods: straight line and declining balance as set out in the Tax Act. Input acquired for the same, but because of different methods which lead to depreciation charges depending surely profits will also be different. So I think as long as there is no problem for the other party so run it".

Meanwhile, according to Ella Sulityowati as a lecturer:

"The greater the disclosure made by a company will reduce the information gap between managers and the public, especially the shareholders. This will reduce the risk occurs because of information asymmetry. Expected greater disclosure".

"Parts of the breakdown used by accountants are usually a component of current assets, fixed assets or current liabilities. One of the simplest examples e.g. asset component is receivable. You know by yourself that the account receivable is not having the physical manifestation and we are free to determine the basis for calculating the estimated account receivable percentage loss costs (the cost of custom-made or made-up on the possibility that accounts receivable cannot be charged".

Earnings management is usually done by exploiting loopholes in accounting standards. In addition to the freedom to choose and change the method of accounting, accounting principles also give the user freedom to determine the estimated value uses. Tommy as a tax consultant in Gresik stated that:

"If you want profits look bigger than its actual then just decrease the percentage of account receivable losses and vice versa. It is true that any changes to the estimates we use in the report should be disclosed in the footnotes of financial statements (footnotes of financial statements). According to the accounting standards say that-but let us remember since time immemorial if we read financial statements did we notice the footnotes".

"In my opinion, earnings management is a contract between management and owners. Whatever the motivation, there will definitely be benefited in this condition. Obviously opportunist ...

even tend to materialistic. It is opportunist if the motivation is not materialistic, it is no problem. If it is then that arises materialistic certainly Fraud. If it is fraud, then it is no longer profit management.

Bambang Sudrajat Opinions (KPP):

'Whatever the reason, make a run for a state I think is not fair. If it goes continously. It would deceive another party, such as investors and creditors. Maybe we need to remember the Enron case, I believe that the case starts with earnings management. And finally spread on a fraud".

The various opinions informants above there are some codes that can be inferred by the authors: First, management accountant or internal accountant firm with all the skills must submit to and willing to take action beyond the power of himself for the material that needs for his life. They tried to maximize the return on some of the practical considerations, among others:

- Management accountant works and is responsible for financial reporting, which is where the profit is for the owner of the company. This means that if profits appear large, such profits are used to predict the future of the company. If the future of the company could have been predicted, the owners of companies will benefit personally in terms of revenue for the owner of the material. So that could be interpreted to mean that earnings management is done by the internal accountants to meet the needs of the owner.
- Some accountants behave very aggressive in addressing the earnings management practices. Some of them stated that earnings management is something that does not need to be debated because it is still below the generally accepted standard corridor. But if it leads to a fraud they agreed to reject it. According to them it is not in the realm of earnings management again.

Second commentary: Profit Management can be done as long as it is in the corridor of accounting policy rather than to meet the interests of unilateral.

4.3. Materialistic interpretation: Other Motivation in Management Profit Practices

As noted in the above section, Magnan and Cormier (1997) divide the motivation of earnings management into three groups, namely the motivation to minimize the political costs (*political costs minimization*), to maximize the welfare of the manager (*manager wealth maximization*), and minimize the financial costs (*minimization of financial costs*). In Magnan and Cormier statement, one of the motivations of earnings management is to maximize the welfare of the manager. As we know, basically a human life is based on the fulfillment of their needs. The necessities of life are not limited to carry on an impact on the fulfillment of the maximum. In an effort to fulfill their needs, someone will actualize itself through a relationship with the object outside himself, for example, the interaction between a person with another person. The interaction between the members will form the foundations of the society.

A society must never be separated from the norms and ethics. Similarly, the practice of preparing financial statements and financial statements examination practices will never escape from ethics. To that end, following the view of some accountants associated with one of the motivations of earnings management that is the fulfillment of welfare manager from an ethical stand point. Bambang Sudrajat a tax official said:

"The phenomenon of earnings management also showed us the moral degradation of the accountants. The financial statements as a charter result of hard work and overtime accountants are no longer able to provide the information that is ideal for decision makers".

According to Ella Sulityowati as a lecturer at one of the state universities:

"If we see the tangible, profit shown in the financial statements without using earnings management is not showing the condition of a profit or loss for the company. Let's see, the depreciation charges and fees receivable losses are just a cost estimate alone can reduce the size of the company's revenue. Though both of these real costs should not reduce our income. This means that the higher the cost or expense that we should spend it getting down profits. For that I think cost efficiency also profit management ... so if cost efficiency in my opinion is still common place ... or still ethical".

Saleh Mutadjid:

"I think the emergence of earnings management is based on the view that business entities should be going concern. So that the going concern business entities must be able to show a profit spectacular. This is because the profit is still a matter for the business entities they see measurable profit from existing material or translated in the amount of rupiah resulting from any differences between income minus expenses. If the amount of the rupiah is still considered as a measure of the success of a business entity, then do not blame if it would emerge materialistic attitudes of those ... "

Dina Lorensia:

"The strong intervention of the owners from determining the profits sometimes makes me feel a very strong pressure. Maybe my opinion is unethical, but because my family lives depend on my work, then that intervention was regarded as a necessity and honestly I ignore the ethical or unethical name ... "

Various statements above show how accountants interpret the earnings management from the standpoint of ethical or unethical. Mr Bambang said that earnings management as a form of moral degradation. While Mrs. Ella declared earnings management is the management way to hide the real income, which was supposed earnings management cost efficiency measures.

Furthermore, Mr. Saleh revealed that earnings management is materialistic behavior wrapped in accounting numbers as a mirror of the accountant to view the progress of the company. Meanwhile, Mrs. Dina showed structurally resignation in carrying out its responsibilities. In these cases, the perspective of ethical or unethical become the umpteenth number for them.

Based on the statements above, this study looked at the behavior of the accountant in an interpretation of the earnings management from the standpoint of ethical or unethical as follows:

- Management of profit has a tendency to attach great importance to only one party that is an agent, played by the manager or the management company so that most of the informants declare

less earnings management unethical because blanketed with the management interests to profit unnoticed by the shareholders (principal) using various reasons guise of accounting rules or policies.
- The interest for the welfare of the agent into the dominant motivation and tend to be materialistic compared to prioritize the welfare of principal.

The interpretation that earnings management is more likely to lead to action materialism lead this study to describe in a more detailed analysis as a way to describe and Interpret.

Materialistic behavior starting from an understanding that according to human nature always seek pleasure and avoid pain (De Vos, 1987; Raharjo, 1990). That is, people will always refuse if that happens not profitable and hurt himself. According to Amin (2005), Growth and trigger economic development of materialism, consumerism and hedonism. This means that the growth of materialism cannot be separated from economic growth and development. The more rapidly the economy grows and blossoms will be followed by the amount of materialistic behavior.

Materialistic behavior is based on egoistic attitude of humans. Conditions efforts to seek pleasure through earnings management regardless of the interests of other parties reflects the egoistic nature of human existence (Triyuwono, 1997). According to Giddens (1986) is owned by the selfish nature of every individual as well as social beings.

Although referred to as social beings, but our nature always seeks the pleasure that will appear predominantly unnoticed by every human being. In earnings management practices, as stated by several informants above shows that the manager or the management becomes the more superior in mastering information than the other party. Information gap that causes managers to behave opportunistic and materialistic in disclosing such information. This is why the manager will only disclose certain information if any benefits gained. Meanwhile, if no benefit for himself or his group then the manager will delay, hide and even falsify information.

This materialistic behavior has caused the company's assets are not allocated appropriately (misallocation). For owners, materialistic behavior caused by earnings management practices also lead owner cannot obtain a return in accordance with the amount of capital invested. Creditors will also be mistaken in choosing the company.

On the basis of this idea, the authors interpret that earnings management as a mirror materialistic behavior of a manager who prefers happiness or her advantage with a way to beautify the financial statements (fashioning accounting report) which reported earnings or performance in line with the interests to achieve. Earnings management is not only seen as intervention in a financial report by manipulating profits but also as an effort to maximize the welfare of a manager (moral hazard) with costs to be borne by the principal.

Third commentary: The tendency of managers does materialistic behavior in earnings management practices

5. KNITTING THE FINDINGS IN AN ETHICAL REFLECTION

Various narrative has been done by several informants in this study. Starting from the employer, the company's internal accountant, accountant educators and so forth. The narrative is certainly to the point of suspension in this study. For that, at the end of this study, the authors knit all informant statements as ethical reflection on the conduct of accountants as a manager in an earnings management practices.

Management earnings would still remain a phenomenon that is warm to talk about. Starting from agency theory, in which the principal with a variety of power still want to set the agent to be believed. However, these beliefs may be just a slogan just because every time we do business we have never been apart from the name of economic principles. Still, the economic principles that will embrace the interest or profit. Whatever the way, every business must rely profit activity.

If we talk about profit, it would not be separated from an interest. Every profit there must be a condition that would benefit from such profits. Profit is described a company that uses matching concept, where each revenue will always be matched with the cost of having a difference appears more or less difference. Hope every company is getting the excess. The excess illustrates that the company is able to sell the product in the form of goods or services in excess of costs.

To illustrate the difference more, companies are using accounting figures as a proxy to indicate the condition of the company. Accounting numbers is used as a tool of the easiest to assess earnings. Therefore, by using the company's accounting figures can assess performance. So it is not wrong if the accounting figures considered everything by the majority of the business community.

Accounting figures is the entrance to the start of earnings management practices. Earnings management is often used as an excuse by the manager or management company to maximize profit by intervening in the financial statements. Various efforts can be made by a manager by making the accounting methods and procedures used or deliberately change the financial statements as a managerial engineering effort. This can easily be done by the management for financial statement presentation criterion is prone to managerial policy so that managers have the opportunity to establish a policy engineering (Sulistyanto, 2008). Moreover, there is no a perfect observation of the management policy, because not all management policies can be intervened by users of financial statements. Therefore, Part of the policy states that the management is common place profit made by the management as long as it does not deviate from the policies or rules that have been agreed between the manager as an agent and as a principal shareholder.

However, in practice, many managers use the guise of earnings management as measures to cover more opportunistic behavior had materialistic tendencies. The tendency of a person to always find a gap of a certain rule or guideline that can be utilized for the benefit and personal happiness. Consequently, managerial policy and managerial information that it should have a positive goal distorted, as if into something negative and detrimental to the public.

Information that should be neutral instead diverted to meet the specific interests. Information that should be complete and comprehensive it is hidden or delayed disclosure that certain interests can be achieved. As a result, information becomes neutral and irrelevant to the needs of its use and tend to prioritize the needs of managers. This is done by the management due to the encouragement egoistic and materialistic attitudes that lead to the welfare maximizing behavior. Of course, this behavior arises because the manager did not want to feel pain because not all managers are able to survive in a pressure in the face of a risk. To that end, an attitude that often arises is how to reduce the risk to maximize profit so that the welfare and happiness can be met with ease. All of this cannot be separated from the materialistic behavior of accountants as a manager.

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