

Creative Accounting versus Aggressive Accounting – Exploring Specific Dimensions

Daria MOSKWA-BĘCZKOWSKA

<https://orcid.org/0000-0003-2165-6829>

Department of Economics and Finance, Faculty of Management and Computer Modelling
Kielce University of Technology¹, Poland
dariam@tu.kielce.pl

Julia RECZYŃSKA

Faculty of Management and Computer Modelling
Kielce University of Technology, Poland
juliareczynska@wp.pl

Article's history:

Received: 7th of October, 2023; *Received in revised form:* 27th of October, 2023; *Accepted:* 19th of November, 2023; Available online: 25th of November, 2023. *Published* as article in the Volume XVIII, Winter, Issue 4(82), 2023.

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Suggested citation:

Moskwa-Bęczkowska, D. & Reczyńska, J. (2023). Creative Accounting versus Aggressive Accounting – Exploring Specific Dimensions, *Journal of Applied Economic Sciences*, Volume XVIII, Winter, 4(82), 267–276
[https://doi.org/10.57017/jaes.v18.4\(82\).01](https://doi.org/10.57017/jaes.v18.4(82).01)

Abstract:

In business practice, there is a statement that creative accounting refers to actions within the scope of accounting law that are legally prohibited. In other words, it encompasses all bookkeeping activities that distort the financial and asset situation of an economic entity. This, therefore, contradicts the principle of a true and fair view mandated by the Accounting Act of September 29, 1994, which requires entities to present their financial results in accordance with their actual state. However, in the literature on the subject, these actions are not designated as creative accounting but as aggressive accounting. Furthermore, creative accounting is presented as a positive phenomenon in accounting systems. Hence, the diversity of interpretations of these terms in both the literature and business practice has become a basis for their systematization.

The aim of this article is a comparative analysis of creative accounting and aggressive accounting, as well as presenting the results of original survey research regarding the knowledge and correct interpretation of these terms within the accounting community.

Keywords: creative accounting; aggressive accounting; bookkeeping fraud.

JEL Classification: M41.

Introduction

The effective management of economic activity requires having current and reliable information about fundamental economic categories, such as costs, revenues, and financial results of the company. This information is provided by accounting, which, according to the literature, is a system for recording economic events occurring within an entity, possessing specific goals, rules, and methods of operation. In Poland, accounting is mandatory and is determined by balance sheet and tax regulations. The key principle of accounting in an entity is the faithful, honest, and accurate presentation of asset and financial information in line with the actual state. However, as examples in the literature show, cases of bookkeeping fraud do occur relatively frequently.

¹ Al. Tysiąclecia Państwa Polskiego 7, 25-314 Kielce, Poland

Sometimes these are deliberate and intentional actions, while at other times, they may be unintentional errors or difficulties in correctly interpreting and applying the existing regulations in practice. As a result of these situations, accounting has been further described with one of two adjectival terms, namely, creative accounting and aggressive accounting.

Given that both of these terms are often mistakenly used as synonyms in practice, it is justified to conduct an analysis of the differences arising from their interpretation. Therefore, the aim of this article is a comparative analysis of creative accounting and aggressive accounting, as well as presenting the results of original survey research regarding the knowledge and correct interpretation of these terms within the accounting community.

1. Literature Review

Achieving the goal of this article requires defining the concepts of creative accounting and aggressive accounting in the context of the literature on the subject. However, due to the limited scope of this article, this information will be presented synthetically.

Creative accounting

Creative accounting is a euphemism referring to accounting practices that may follow the letter of the rules of standard accounting practices, but deviate from the spirit of those rules. In bookkeeping practice, creative accounting first found its application in the 20th century (Mirdan & Manhel, 2017, 939). This occurred in the United Kingdom. The initial attempts by authors to define this phenomenon attributed a negative character to it (Holda, 2020, 30-31). However, it is worth noting that the literature does not provide a uniform definition, and it does not conclusively label creative accounting as either positive or negative (Król, 2015, 12-13). With economic development, the definition of this term underwent various changes. For example: In 1976, Argenti described creative accounting as the deliberate misleading of shareholders. In 1986, Griffiths referred to it as “legal fraud.”

Only in the 21st century did the definition of creative accounting take on a positive character. Gut (2006, 307) described creative bookkeeping² as “the recording, registration, processing, and presentation of economic events using existing regulations and correctly interpreted accounting principles in a way that is not directly specified in these regulations and principles but results from ingenious, creative, and non-standard application of these regulations and principles” (Shevchenko & Liadska, 2022, 24-26). This definition has become common in the literature, and it is worth pointing out that it does not imply any failure to comply with the law. In turn, Grabowska (2021, 320) believes that creative accounting is accounting records that are not directly prohibited by law.

An analysis of the subject's literature allowed for the formulation of the definition of creative accounting as the creative use of accounting knowledge and skills, taking into account the applicable legal regulations in the field of balance sheet law. In business practice, creative accounting is often equated with the concept of aggressive accounting. However, it is important to note that these are entirely different terms, and using them as synonyms is a mistake.

Aggressive accounting

Aggressive accounting began to appear in the late seventies of the twentieth century and its presence increased in the Eighties of the twentieth century, where one of the methods of manipulating accounts is the practice that deliberately hides the actual performance of companies in order to achieve results beneficial to the company or some of its employees (Abdulsaed & Rejeb, 2023, 4). Aggressive accounting refers to a fraudulent financial reporting tool where management deliberately misrepresents financial result in order to mislead investors and other users of published financial reporting (Oladele, 2023, 59).

Gut (2006, 6-10) defined the discussed accounting as “conscious, intentional, and purposeful recording, registration, processing, and presentation of economic events that are in contradiction to the regulations or improperly and tendentiously interpreted regulations and accounting principles, which can harm the users of accounting information by presenting a different (better or worse) economic situation than the actual one”.

On the other hand, Król (2015) referred to aggressive accounting as a “dangerous practice.” These are fully conscious and deliberate actions meant to influence the formation of the financial and economic situation of the economic entity. It is worth noting that these actions are not in compliance with the applicable law (Ostrowska, 2022, 97).

² Bookkeeping is a narrower concept than accounting. The accounting system consists of: bookkeeping, cost accounting, financial reporting (Pfaff, 2022, 24). In his definition, Gut (2006) confines his considerations to this part of accounting.

The most common goal of using aggressive accounting is to shape a positive image of the company for the financial statement's recipients. In particular, this applies to artificial improvement of the company's financial result and other achievements, which improves its financial position and valuation (Zielińska, 2022, 154).

2. Distinguishing Between Creative and Aggressive Accounting

Due to the diversity in the interpretation of both examined types of accounting, it was reasonable to conduct a comparative analysis of these terms for the purpose of this article. Table 1 presents the key differences between creative accounting and aggressive accounting.

Table 1. Comparison of creative and aggressive accounting

Creative accounting	Aggressive accounting
<ul style="list-style-type: none"> ▪ Lawful activities 	<ul style="list-style-type: none"> ▪ Unlawful activities
<ul style="list-style-type: none"> ▪ Beneficial to recipients of financial statements 	<ul style="list-style-type: none"> ▪ Misleads recipients of financial statements
<ul style="list-style-type: none"> ▪ Includes new solutions, uses knowledge and skills 	<ul style="list-style-type: none"> ▪ Uses manipulation of financial data
<ul style="list-style-type: none"> ▪ Makes the most of accounting 	<ul style="list-style-type: none"> ▪ Intentionally distorts financial information and data
<ul style="list-style-type: none"> ▪ Combines the interests of the company with the expectations of customers, but while respecting the applicable rules of law 	<ul style="list-style-type: none"> ▪ Seeks to make illegal gains
<ul style="list-style-type: none"> ▪ Uses the rights of choice of accounting policy 	<ul style="list-style-type: none"> ▪ Overinterprets and violates accounting rules
<ul style="list-style-type: none"> ▪ Shows a realistic, reliable picture of the company 	<ul style="list-style-type: none"> ▪ Shows an unrealistic picture of the company's economic and financial situation

Source: own study based on Mączyńska (2015)

From the information in the above table, it can be concluded that creative accounting can be equated with actions fully in compliance with the law. Its specificity lies in the flexible and convenient utilization of the choice of accounting policies, all within the established rules and regulations in a given country (Pięcek and Brzeziński, 2023, 274). This is achieved by applying innovative solutions and making effective use of the knowledge and skills of the company's employees. On the other hand, aggressive accounting involves actions that go beyond established legal requirements. Those employing this type of accounting tend to over-interpret regulations, directly contravening established accounting principles (Verkariya, 2023, 185).

An important element distinguishing creative accounting from aggressive accounting is its impact on the recipients of financial statements. According to its concept, creative accounting aims to present a fair and true image of the financial and economic situation while benefiting the users of its financial reports. It aligns the company's interests with the expectations of its clients. In contrast, aggressive accounting employs actions that distort the economic and financial situation of the company in a manner inconsistent with reality. Deliberate distortion of financial data and information is applied here. By using these techniques, the image of the company's situation becomes unreliable, directly misleading the recipients of financial statements from entities employing aggressive accounting. In this case, the business entity does not seek to combine interests (as in the case of creative accounting), but to make illegal gains.

In summary, creative accounting is not a negative phenomenon, and there is no need to avoid it if its actions remain within the bounds of the law. The situation is different regarding aggressive accounting. Economic entities should refrain from using it as it involves violating applicable legislation.

One of the obligatory financial reports that economic entities are required to prepare – according to a specified pattern – is an orderly presentation of information about the economic and financial situation of the entity (Pfaff, 2022, 205). Although such a report should be characterized by reliability, verifiability, transparency, consistency, timeliness, continuity, and completeness of the data presented (Nowak, 2002, 174-175), it happens that economic entities use various manipulations to create the desired image of their financial-economic situation. This includes actions within the bounds of the law but also those that go beyond it. The use of solutions that comply with the accounting policy, with the involvement of bookkeeping knowledge and skills, characterizes creative accounting. In contrast, subjecting financial reports to various manipulations and distortions of financial data results in the use of aggressive accounting within the economic entity (Antczak, 2017, 288). It is often the case that actions aimed at falsifying financial statements are fully conscious and have the goal of manipulating the true image of the company's financial situation to achieve a desired result (Szewczyk-Jarocka, 2015, 29-30).

Key reasons influencing the manipulation of financial statements, as recognized in the literature, are situations related to capital deficiency or increased demand for it, as well as various types of crises occurring within the economic entity. Crisis is most often associated with the loss of liquidity, solvency, or profitability of the company (Wąsowski, 2010, 26-28). The reasons for falsifying financial statements can be considered based on the entity implementing these manipulations. This leads to the distinction of three main groups: owners, management, and employees. Owners and management use manipulations for personal gain or justified goals for the company. Examples of reasons for using falsified financial statements by these two groups include increasing or decreasing financial results, extracting money from the company, or using its assets for personal gain, falsifying documentation, as well as concealing financial risk or manipulating financial ratios, losses, and profits. Employees, on the other hand, primarily use manipulations for personal gain – avoiding responsibility or achieving financial gain (Uziębło, 2012).

3. Conceptual Framework

Both in the subject literature and in practice, the terms "creative accounting" and "aggressive accounting" have been in use for a long time. According to research conducted, the term "creative accounting" is more popular, but it can be associated with legal actions within the accounting policy of the entity for some, while for others, it is linked to a violation of balance sheet law. Therefore, this article employs a comparative analysis method of the studied types of accounting, namely creative accounting and aggressive accounting. A review of the subject literature presents a synthesized comparison of the terms, highlighting key differences between them. The analysis also revealed that the most common actions used within aggressive accounting are accounting fraud. Therefore, this article provides selected examples in a synthetic perspective.

To assess the understanding of the studied terms in the accounting environment, a diagnostic survey was conducted using an original questionnaire. The survey aimed to identify the frequency of negative phenomena in business practice. The survey's subject is to examine the perception of creative and aggressive accounting in the accounting environment. Its goal is to check the knowledge of these phenomena, how they are perceived, and to analyse the knowledge about common accounting frauds in Polish and foreign business practice. Additionally, it aims to determine how common creative and aggressive accounting is according to the respondents. The survey was conducted both online and in paper form. The responses came from individuals from all over Poland, with the majority from the Świętokrzyskie Voivodeship. The main survey targets were accounting offices, accounting departments in large companies, finance departments in municipalities, as well as social media and groups that bring together accounting professionals. The survey consists of 18 closed-ended single or multiple-choice questions. A total of 50 people from all over Poland participated in the study. The majority of respondents work as independent accountants (70%), followed by junior accountants (12%), assistant accountants (10%), and chief accountants (8%). A significant portion (54%) has over 10 years of experience in accounting. 22% of respondents have been involved in accounting for 3 to 10 years, 18% from 1 to 3 years, and only 6% for less than a year. This indicates that the respondents have extensive professional experience and therefore have the appropriate qualifications. The results obtained will be presented in the subsequent part of this article.

4. Exemplary Analyses: Investigating Specific Cases

Unfortunately, in Polish business practice, a wide range of information regarding the use of accounting abuses can be found. For the purpose of this article, several cases of aggressive accounting were selected, and then they were analysed based on court judgments. Among others, the following judgments were examined:

- The judgment of the Court of Appeal in Warsaw dated October 16, 2019, with the reference number II AKa 28/19;
- The judgment of the Regional Court in Wrocław dated February 16, 2018, with the reference number III K 149/17;
- The judgment of the Regional Court in Gliwice dated May 21, 2015, with the reference number IV K 100/14;
- The judgment of the Regional Court in Wrocław dated September 4, 2013, with the reference number IV Ka 309/13.

After analysing the mentioned court rulings, it can be concluded that accounting crimes committed in Poland were most often associated with misappropriation of money, gaining illegal financial benefits, and the inappropriate use of accounting within the company, not in compliance with the applicable law. The predominant punishment for these crimes is a fine, as well as imprisonment and bearing the costs of proceedings and fees. It is worth noting that suspended imprisonment is most common, probably due to the lack of prior criminal records of the individuals sentenced by the courts.

Based on the examined judgments, the most commonly used methods to detect and prevent accounting fraud are: all actions taken by expert auditors, the implementation of verification procedures, external audits, internal controls, and formal, accounting, and substantive checks.

Analysing the Polish case law, it can be observed that the use of aggressive accounting is a relatively common phenomenon. The accused individuals commit these prohibited acts mostly to achieve their financial gain, although such actions are unlawful and punishable. To detect these crimes, various methods have been employed, with the most frequently mentioned including internal controls, external audits, and the analysis of the accounting documentation of the respective business entities. The selected case law refers to individual persons using inappropriate practices. There are also cases where entire companies are focused on falsifying financial reports or engaging in other malpractices, often in collaboration with auditing firms or other institutions. To examine the use of aggressive accounting by large business entities, both Polish and foreign, a review of the relevant literature was employed. While examining modern global frauds, some of the most well-known and popular cases include those committed by companies such as Enron and Worldcom. In Polish business practice, accounting frauds of significant importance include: Elektrim, Bank Millennium, and Amber Gold.

Enron Corporation, founded in 1985 as a result of the merger of companies such as Northern Natural Gas Company and InterNorth Inc., is one of the notable cases. It consisted of 33 partner companies. Investments on such a large scale required a sufficient amount of capital. Problems arose as investor demands increased, along with the lack of appropriate legal norms regarding innovative products. These factors contributed to Enron's use of aggressive accounting (Holda, 2020, 61). On October 16, 2001, Enron released its financial report for the third quarter of 2001, revealing a loss of USD 618 million. However, earlier financial reports were falsified, showing inflated profits and understated debt levels. Despite these irregularities, the auditing firm Arthur Andersen approved these financial reports, which hindered the detection of bookkeeping fraud. All losses not disclosed in the reports were concealed by creating SPEs (Special Purpose Entities). As explained by Holda (2020, 61-62) these are "entities that utilize financial instruments whose task is to hide losses and finance Enron's activities through the sale of assets or their transfer to obtain bank guarantees". Therefore, the credit obtained in this way was not included in Enron's report, and the resulting losses were only recorded in the reports of its subsidiaries. Additionally, a consolidated report was not used, even though there was an obligation for Enron and its subsidiaries to do so. The auditing firm did not raise objections to this, which led to accusations of dishonesty and the concealment of fraud, even their destruction of documentation. Due to these fraudulent activities, the company lost trust among customers, investors, banks, and creditors. The inability to secure funds and the ever-growing debt led to Enron's bankruptcy. This bankruptcy became one of the world's largest, estimated at \$60 billion.

Another global accounting scandal occurred with WorldCom. The 1990s were a period of significant growth for the company, as it acquired or merged with several entities, including Advanced Communications Corp., Metromedia Communication Corp., Resurgens Communications Group, IDB Communications Group Inc., Williams Technology Group Inc., MFS Communications Company, and MCI (WorldCom). Eventually, WorldCom acquired about 60 companies, accumulating a debt of \$41 billion (Holda, 2020, 62). The company's situation worsened during the global internet and communication crisis, causing its stock prices to fall below expected values. In 1999, WorldCom began employing aggressive accounting techniques to hide its unfavourable financial situation and maintain stock prices. Much like in the case of Enron, they engaged the services of Arthur Andersen, who concealed their dishonest accounting techniques. Detecting accounting fraud using a specialist's knowledge proved ineffective in this case. WorldCom's aggressive accounting involved improperly capitalizing costs, treating them as investments or tangible fixed assets. In 2002, irregularities were uncovered, including the reporting of \$1.5 billion in profits instead of \$1.2 billion in losses. In the same year, the company admitted to its wrongdoings, leading to bankruptcy (Holda, 2020, 62-63).

In Polish business practices, one of the common accounting frauds in the late 20th and early 21st century was committed by the company Elektrim. One of their initial fraudulent actions involved inflating net profit by simultaneous buying and selling of Bydgoska Fabryka Kabli shares. The value in Bydgoska Fabryka Kabli's balance sheet was lower than the market price of the shares, allowing Elektrim to realize a profit. The company also used other aggressive accounting techniques, such as excluding losses from consolidated reports generated by subsidiary companies (Szewczyk – Jarocka, 2015, 34).

Another entity where accounting fraud was discovered is Bank Millennium. The net profit it reported for the year 2001 was 44.7 million PLN, which raised auditor doubts. The auditor believed that the report should show a loss of 820 million PLN instead. This difference arose from the "incorrect presentation of the consequences of foreign investor taking control of the bank." This investor decided to restructure the loan portfolio and created additional provisions for receivables. The essence of the problem appeared in these activities. The created reserves were not shown in the profit and loss statement of Bank Millennium, which resulted in a higher financial result. Additionally, the bank established the Development and Risk Fund by a resolution of the general meeting of shareholders. Capital from this fund, along with funds allocated for general risk, was used to cover costs, expenses, and specific reserves. Such actions resulted in no change in the equity capital. However, if, as the auditor suggested, the costs of creating reserves were included in the profit and loss statement, Bank Millennium would have reduced its net profit for 2001 by 868 million PLN (Antczak, 2017, 291).

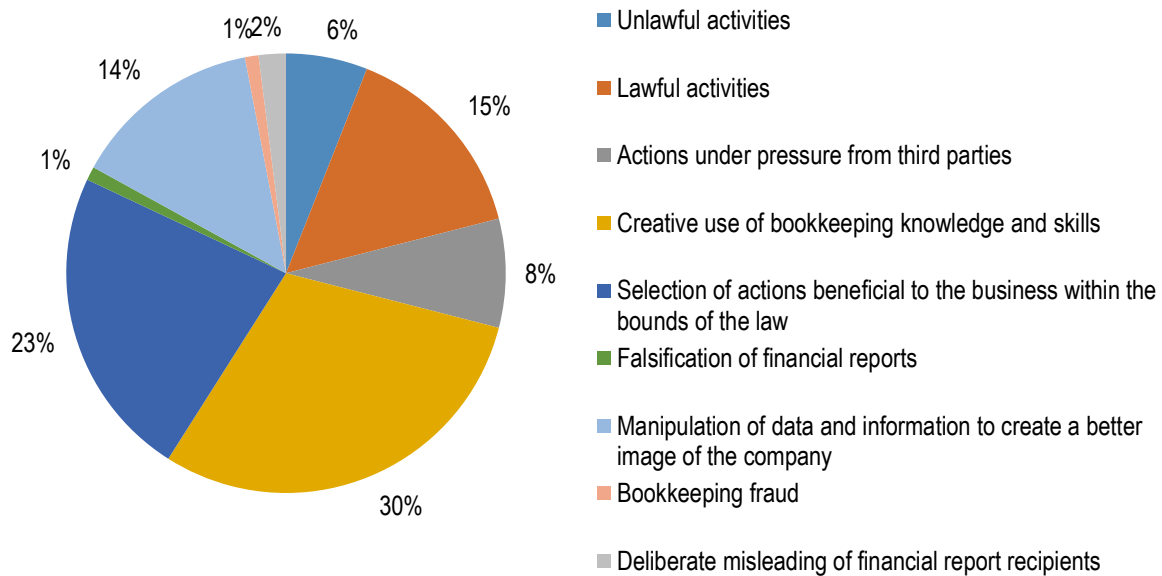
One of the most high-profile recent cases of bookkeeping fraud in Polish business is associated with the company Amber Gold. This company was established in 2009 and was often referred to as a "Para-bank," providing financial services without having the legal status of a bank, as defined by public trust institutions, but rather as a private institution. Amber Gold's primary objective was to invest in gold and other precious metals. It offered customers high interest rates, ranging from 6% to as high as 15%. The rising price of gold contributed to the possibility of achieving such high profits. However, this activity carried significant risks, mainly because these transactions lacked any guarantees (Hołda, 2020, 65). In 2011, Amber Gold acquired full ownership of the airline Jet Air, and subsequently OLT Germany and Yes Airways, leading to the creation of the OLT Express brand. In 2012, the newly formed airline faced financial problems and declared bankruptcy in the same year. Amber Gold did not disclose its financial reports for the years 2009-2011, despite legal obligations. It was only in 2012 that Amber Gold disclosed these previously concealed data. However, the inclusion of higher profits did not alleviate investor concerns, leading to actions to withdraw their entrusted deposits. This resulted in the company's liquidity problems, and in 2012, the Para-bank Amber Gold declared bankruptcy (Hołda, 2020, 65). It is worth noting that Amber Gold operated as a pyramid scheme. In such schemes, one participant's profit depends on the contributions made by another person within the pyramid. This indicates that "the pyramid does not invest but merely pretends to do so to conceal its true nature of operation and the knowledge that profits come from the contributions of new participants." Another significant aspect of the company's operations is that it lacked a legal basis. This is due to the fact that the institution did not obtain permission to conduct banking activities. Additionally, their failure to submit financial reports to the National Court Register (KRS) made it difficult to determine the bookkeeping frauds employed. Approximately 18,000 people suffered due to Amber Gold's activities, accumulating around 851 million PLN in their deposits, with only 10 million PLN having real security in the form of precious metals (Hołda, 2020, 65).

In summary, the examples mentioned above illustrate that bookkeeping fraud is a common occurrence in business operations. The most common consequence of falsifying financial reports is the eventual bankruptcy of the entity. It is concerning that many auditing firms approve of these actions and even support accounting fraud instead of detecting and preventing it.

To assess the level of awareness of these accounting frauds among accounting professionals, a diagnostic survey was conducted using a custom questionnaire. The survey aimed to evaluate and analyse the knowledge of both creative and aggressive accounting and the interpretation of these phenomena by individuals working in bookkeeping. The survey also aimed to identify the frequency of negative accounting phenomena in business practice. This article presents the key findings of the study.

As mentioned earlier, the survey was conducted both online and in paper form, with responses coming from individuals across Poland, with a predominant number from the Świętokrzyskie Voivodeship. The main recipients of the survey were accounting offices, accounting departments in large companies, financial departments in municipalities, as well as social media and groups for individuals working in bookkeeping. The survey revealed that 96% of respondents were familiar with creative accounting, while only 2 individuals claimed not to have encountered this term in their practice. This result indicates that creative accounting is a widely recognized concept among accountants. When asked about their understanding of creative accounting, most respondents pointed to it as the creative use of knowledge and accounting skills, selecting actions beneficial to the economic entity within legal boundaries (see Figure 1).

Figure 1. The concept of creative accounting

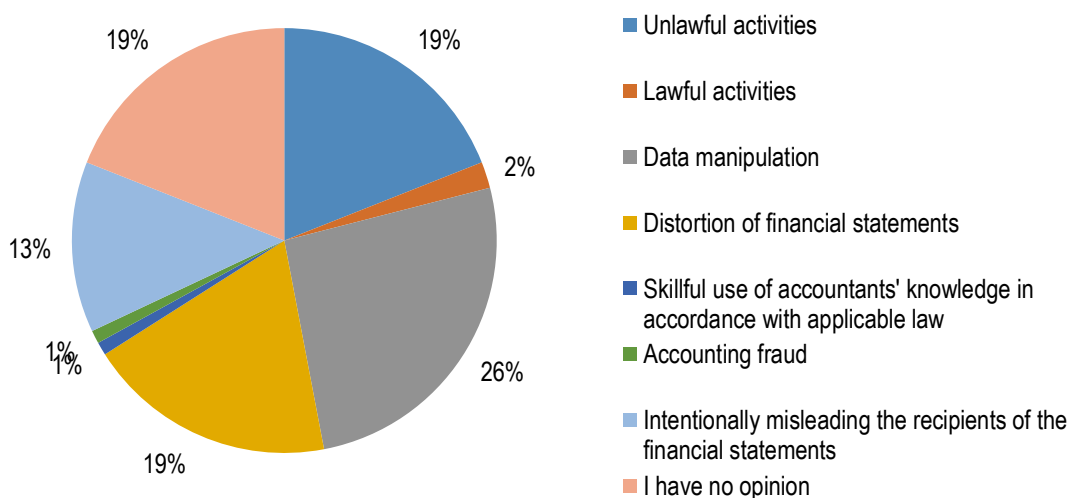


Source: Own study.

As per the data presented in Figure 1, among the frequent responses, there is an assertion that creative accounting is a lawful phenomenon. 15% of respondents pointed to the association of creative accounting with manipulating data and information to create a better image of the company. 6% of the responses indicated an understanding of this phenomenon as actions that are unlawful or performed under pressure from third parties. There were also a few responses where characteristics of aggressive accounting, such as falsifying financial reports, accounting fraud, or deliberately misleading financial report recipients, were attributed to creative accounting. The fact that most respondents perceive creative accounting in line with its operational concept, i.e., as the full and effective utilization of accounting knowledge and skills, is an indication of a good understanding of the term.

On the other hand, 70% of those surveyed are familiar with the term aggressive accounting, while 30% of the respondents do not recognize this phenomenon. This suggests that aggressive accounting is less popular in the accounting environment, as nearly one in three individuals working in this industry is unfamiliar with the concept. Figure 2 provides information regarding the understanding of aggressive accounting by the survey participants.

Figure 2. The concept of aggressive accounting



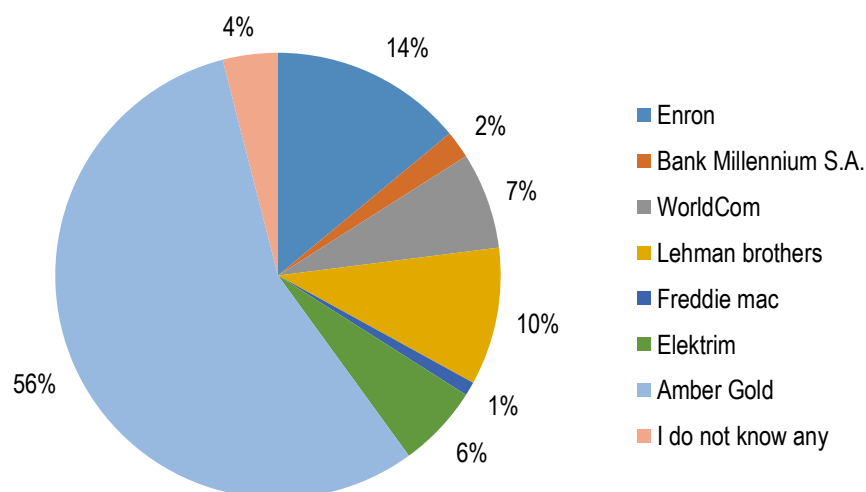
Source: Own study.

From data presented in Figure 2, it can be observed that aggressive accounting is most commonly associated with data manipulation and distortions in financial reports. A significant portion of respondents also understands this concept as actions that intentionally mislead the recipients of the financial report. They also consider aggressive accounting as activities that are not in compliance with the law. 14% of those surveyed pointed to "accounting fraud." This means that the respondents in the study consider aggressive accounting to be synonymous with accounting fraud. Other responses received few mentions. It can be concluded that the surveyed group understands this phenomenon correctly, even though 30% of the respondents indicated that they had never heard of aggressive accounting.

The interpretation of creative and aggressive accounting by the surveyed individuals confirms the thesis that these are distinct phenomena. Only a few people understand them in the same way, which may result from a lack of knowledge of one of the discussed phenomena. Respondents also indicated that the phenomena of creative and aggressive accounting are negative. 68% of those surveyed believed that creative accounting is not inherently negative, indicating that nearly one-third of individuals consider this type of accounting to be negative. The reasons for this may be attributed to varying interpretations of the phenomenon by the respondents. The situation is different in the case of aggressive accounting, as it was almost unanimously considered a negative phenomenon, with 96% of respondents indicating such an interpretation. This reasoning is entirely correct and demonstrates the awareness of accountants that aggressive accounting is directly associated with a negative impact on the company and its environment.

Based on the analysis of the responses, it is also possible to hypothesize that creative accounting is a common phenomenon in today's economy. Only 14% of respondents believed that its occurrence is insignificant, which may be due to a lack of personal experience with its application. In the case of aggressive accounting, respondents held different opinions about its prevalence in the economy. 48% of respondents believed that instances of accounting manipulation are a common phenomenon. This result may indicate that this portion of the surveyed individuals is familiar with financial misconduct committed by businesses or has had direct experience with the use of aggressive accounting. The survey also asked respondents about their knowledge of the names of companies that have committed accounting fraud in recent years. The purpose of this question was to assess the prevalence of information regarding accounting abuses committed by the mentioned firms. The research results are shown in Figure 3.

Figure 3. Examples of companies that have committed bookkeeping fraud



Source: Own study.

Analysing the data presented in Figure 3, it is evident that the most well-known company involved in bookkeeping manipulation is undoubtedly Amber Gold. This firm was identified by 45 out of 50 survey participants, indicating that 90% of respondents are familiar with the negative practices of this entity. This awareness may be due to the fact that these frauds occurred relatively recently and received extensive media coverage. Knowledge of other negative actions by different companies is not as widespread. Only 11 individuals identified Enron and the fraud committed by that company as known to them. What is concerning is that the survey participants are not aware of the manipulations carried out by Polish companies such as Bank Millennium or Elektrim. This indicates

that, despite being large economic entities, their negative actions are not publicly disseminated. Such limited awareness of financial misconduct has an adverse impact on the economic consciousness of the respondents.

The survey also examined the frequency of pressure-related situations in accounting-related work. 84% of respondents had not encountered any coercion to engage in unlawful activities. It is worth noting, however, that 8 out of the 50 survey participants had experienced various forms of pressure. Such a phenomenon is unacceptable, and its further consequence is aggressive accounting. Additionally, it should be noted that one of the survey participants was forced to resign from their job due to pressure to falsify financial reports. This result can be considered satisfactory, as it indicates that the practice of coercion is relatively rare. However, efforts should be made to completely eliminate such practices.

In summary, creative accounting is a popular and well-known phenomenon in the accounting community. The situation is less favourable for aggressive accounting. Some of the survey participants had never encountered this term. Respondents correctly interpret creative accounting, considering it to be lawful actions, while they view aggressive accounting as actions that go beyond legal boundaries. An unattractive aspect of the conducted research is the low awareness among accountants regarding the misconduct of large economic entities, both Polish and foreign. It is also alarming that among the 50 survey participants, 8 of them had encountered coercion, with one having to resign from their job.

The results obtained confirm the correct understanding of creative accounting and, despite the lower recognition of aggressive accounting, emphasize the need for actions to improve awareness of these issues in the accounting community. Every individual working in this field should be familiar with phenomena that have the potential to pose a threat and either hinder or support their activities.

Conclusion

The analysis of the subject literature and the results of the conducted survey indicate that creative accounting and aggressive accounting are distinct phenomena with opposite meanings, and they should not be equated. It is satisfying that accounting professionals are aware of and correctly interpret these phenomena.

However, the number of abuses and overinterpretations of legal provisions, both in Poland and around the world, is observable, as evidenced by the examples of accounting fraud presented in the article. This highlights the need for greater attention to the accounting system on the part of those responsible for creating and controlling legal regulations in this area. Measures to detect and prevent accounting fraud include tightening tax systems, cross-checks, internal and external audits, and control actions entrusted to specialized individuals such as certified auditors. Despite the threat of fines or imprisonment, the desire to gain illegal financial benefits does not deter entrepreneurs from committing bookkeeping fraud. Therefore, this issue remains relevant and important in terms of implementing preventive actions at both the individual business level and the entire corporate sector.

Credit Authorship Contribution Statement

Both authors have actively collaborated throughout the research process, engaging in discussions, exchanging ideas, and jointly making decisions on the direction and content of the paper. The authorship contributions of Moskwa-Bęczkowska, D. and Reczyńska, J. are reflective of their respective roles, ensuring a balanced and synergistic approach to the exploration of creative and aggressive accounting dimensions.

Conflict of Interest Statement

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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