

JONES, DECHOW AND KASZNIK MODELS SIGNIFICANCE IN THE ROMANIAN ECONOMIC ENVIRONMENT

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ABSTRACT: This study intends to be a first step into an attempt of measuring the earnings management using an econometric model valid for the Romanian specificities by trying to establish the level of significance of three acknowledged econometric models: Jones (1991), Dechow et al. (1995) and Kasznik (1999) on Romanian economic environment.

Given the above mentioned premises, the study was conducted using the Romanian listed companies (active on the Bucharest Stock Exchange) selected by a main criteria: discrepancy between reported cash flow and reported net income. Our analyses lead us to the conclusion related to the above mentioned issues that Jones model was found to be significant for Romanian economic environment in terms of applicability unlike Dechow and Kasznik models, thus it may be further developed and applied to an extended database.

Key words: earnings management, manipulation, cash flow

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