

The Role Financial Variables in Reducing Money Earning Manipulation in Listed Financial Malaysian Companies

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Abstract: Many reported cases about money manipulation were found among the Malaysian listed financial corporations over the last period. The economy of the country, business environment and financial activities has been affected by these reported cases. This study aims to analyze the impact of 3 dimensions of effective monetary management on the cash earning manipulation in within the financial sector represented by some Malaysian listed companies in bursa Malaysia. The sample of this study consists of 370 staff from the financial departments. The finding of this study found a significant association between dominant three financial variables, that are Asset Quality Management, Accrual Quality Management, Leverage Quality Management, and the Money Earning Manipulation.

IndexTerms - Asset Quality Management, Accrual Quality Management, Leverage Quality Management, Money Earning Manipulation, Bursa Malaysia.

1. INTRODUCTION

Accounting manipulation is administered by the managers financial money transactions or events whereas they're conferred in financial reports (Bürge, 2019). Since the annual financial reports shed lightweight on the longer-term performance of the businesses and the success of the business management is evaluated per the financial performance, the managers manipulate their accounting records. Accounting manipulation; refutation or changing accounting reports or documents; deceit or concealment of financial statements, transactions or other important information; Amounts include activities such as classification of accounts, presentation of financial information or deliberate misuse of accounting principles in accounting transactions (Chu, Dechow, Hui, & Wang, 2019). In short, executives aim to gain an interest by showing the business's financial statements, which are in good or bad condition, better or worse than the current situation.

Accounting scandals are constantly continual in several countries and at fully totally different times, touching immeasurable companies. Gaps in accounting standards encourage financial report makers to use varied manipulation practices. Accounting manipulations are deliberate playing with accounting records in line with pre-determined goals (Bradler & Neckermann, 2019). although there are differing types of manipulation applications like profit management, stabilization of the profit, aggressive accounting, dishonorable coverage and inventive accounting, the elemental purpose of these applications is that the same. Studies at intervals the literature show that managers tend to vary their monetary ends up in order to satisfy their profit targets (Apostolou, 2017). Managers refrain from presenting data regarding the business throughout a sensible due to overcome monetary difficulties or to realize sure body objectives. For this reason, managers manipulate business performance with accounting ways that or methods.

2. EARNINGS MANAGEMENT IN MALAYSIA

Various definitions are found within the literature relating to earnings management. Ali, Razzaque, Ahmed, and Management (2018) defines earnings management as an intervention in the financial reportage method to realize self-interest. On the opposite hand, expressed their profit management by victimization their powers so as to have an effect on the results obtained in keeping with the rumored profit data, in order to forestall the particular information to be mirrored the market participants regarding the corporate performance. within the studies on the banking sector for the measure of the standard of the monetary statements, the quality of the financial statements is outlined by the quality of profit which is explained by the quality of accruals.

Accruals, on the opposite hand, contain data concerning the longer-term income and may be employed by managers to control profits and supply false information to the financial statements concerned. the foremost vital reason for applying to earnings management within the banking sector, as in the real sector, is to vary the chance perception relating to the bank. For banks, it's among the sources of changing the risk perception in order not to fall below the minimum capital adequacy regulation regarding the banking sector, to increase the bank earnings, to ensure the continuity of the profit and not to exceed the credit limits. Barghathi (2019) stated that bank managers performed earnings management by reducing the volatility of reported earnings through the expansion period of loan loss reserves and stabilizing the profit in the recession periods. With the stability of the profit, the volatility of the earnings is reduced over the years and resulting fluctuations within the costs of the bank shares are observed.

During the phase between 1996 and 2012, some companies reported faking in their earnings, as investigated by the Securities Commissions of Malaysia has declared (Ung 2014). In additional claimed forty-eight % of the Malaysian companies concerned or committed the white-collar crimes which suggests twisting their earnings management activities. Within the businesses investigated, solely twenty five percent were willing to develop and improve their techniques with connection to the earning management affairs. Upon additional clarifications, solely the higher than twenty five % of firms were interested to vary honest internal In a connected circumstance expressed that a Malaysian primarily based company referred to as Transmile cluster Berhad had exaggerated their income to a tune of RM 530 million throughout the amount 2005-2006 that eventually resulted their shareholders losing values of their shares. Eventually, the company was delisted or off from the Bursa list of Malaysia, for the reasons of worker dissatisfaction, disreputation and loss of company image declining relationship (Fong, 2007).

According to Teh (2017) the rise of accounting scandals in Malaysia has been raised to the doubt of earnings management, particularly in family corporations on that the families hold absolutely the right and claims. The author investigated some a hundred family owned companies and created five hundred observations on the topic focus. Finally, he found the family owned firms do follow earnings management because of the equities they management and having an influence and right to get hands on. However, the researcher of science ascertained in firms wherever non- government member held a position, the earnings management wasn't observed. Healy (1999) earnings do give a good impact to the corporations because of labelling and saying the great performance of the firm to others. They alter their monetary policies in an exceedingly means enabling them to high earning. The author commented the financial users are the hands to change the earnings accounts for the advantages of the economic stability of the firms. They take the economic selections supported the quantity of earnings. However, they interact and manage the earning inside the boundary of the account procedure and therefore the procedure looked as if it would support their earnings. The author additional reportable that abusive earnings of management are carried out principally in SMEs because of purposeful monetary reportage sake that eventually mislead the users and therefore the stakeholders. The author argues earning management might lead to each positive and negative outcome and thus them managers were warned of dire consequences unless acceptable caution is exercised.

Ghazali, Shafie, and Sanusi (2015) worked with multivariate analysis for companies operating within the capital of Malaysia markets between 2010 and 2012. during this , the authors tried to see the impact of opportunist behavior on financial gain and therefore the revenue management of the governance mechanism. Findings show that there's no relationship between earnings management and opportunistic behavior and the management mechanism; however, it indicates that earnings management behavior is expounded to money pressure.

As one amongst the studies relating to earnings management, the findings obtained within the scope of the study failed to show the timeserving behavior within the banking sector through the present literature and earnings management; On the opposite hand, it's expected that the audit mechanism can contribute to the continuing disputed literature on whether or not it restricts earning management. As a matter of fact, it is calculable that examining the link between opportunistic behavior and therefore the management mechanism and earnings management could also be useful for the developers, auditors, and regulative authority's victimization the finances information. Moreover, the studies for the earnings management subject embrace models with extremely accepted labels within the real sector. However, there's no accord on modelling for the banking sector yet. For this reason, it's expected that this study can shed lightweight on future studies relating to the examination of earnings management for the banking sector (Caruso, Ferrari, & Pisano, 2016). From the purpose of read of the studies conducted for accounting manipulations, it's investigated within which direction the finances are employed by mistreatment the accruals supported the measuring of profit management.

Providing flexibility to financial statement organizers during this method might cause dishonorable data provided to users of economic statements. during this study, earnings management activities for the banking sector, which have a very important share within the economy, are examined and also the literature on earnings management is summarized in this a part of the study. so as to live earnings management for the banking sector, the primary study was allotted by (Eugster & Wagner, 2020). Eugster and Wagner (2020) checked out the link between credit and different assets impairment provision and standard profit. inside the scope of the findings, it had been explicit that there was no positive relationship between the 2 variables which profit was shown as stable and profit management was applied. Bhat (1996) worked on whether or not the banks in operation within the USA had a profit management activity in the amount 1981-1991. it's determined that banks with low growth rate, low book value/asset value, high loan/deposit, and loan/asset ratio, low market value/book value, and money quality's with low asset profitability aren't sensible in financial management. Lock, Chu, Song, and Lee (2019) have complete the link between accruals and earnings management for corporations registered within the COMPUSTAT info for the amount 2008-2016. The results provided proof of the existence of earning management behavior for the relevant sample.

Suffian et al. (2015) discussed whether firms that comply with the Sharia were traded in Bursa Malaysia Sendirian Berhad for the period 2009-2013, whether they manage earnings from the perspective of the opportunistic behavior and control mechanism. Findings show that opportunistic behavior and controlling mechanisms affect earnings management.

Nazir and Afza (2018) emphasized how ownership structure affect actual earnings management for firms operating in Malaysia. A total of 1180 companies were sampled, and financially distressed companies selected from this sample for the 2001-2011 time period were included in the analysis. As a result, it was determined that there was no relationship between ownership structure and gain manipulation. Unlike; Omar and Zolkafli (2015) have argued that there is a strong and negative relationship between earnings management and corporate ownership. Talab, Flayyih, Ali, and Research (2018) examined the relationship between earnings management and capital structure from the perspective of traditional banking and Islamic banking. In the study, 441 traditional and Islamic bank data operating between 2007 and 2013 were used in Bayreyn, Jordan, and Qatar.

The findings indicate that there are differences between traditional banks and banks that use the Islamic banking system, and traditional banks realize the relationship between earnings management and capital structure differently from Islamic banks with their loan losses. Lazzem and Jilani (2018) examined the relationship between the leverage ratios and earnings management of firms traded in the CAC All-Tradable Index. Using the leverage ratio and optional accruals, the authors investigated the availability of earnings management activities with panel data analysis. Findings indicate that debt rates encourage firm managers to earnings management.

3. LITERATURE REVIEW

Istiak and Serletis (2017) stated that accounting manipulation has three main reasons. The first is that management tends to draw a pink picture of the company's financial situation to meet pre-determined financial performance expectations and strengthen their personal earnings. The second is that some accounting practices allow management to better show the financial position of the company than it is. Third, because of the relationship of interest between independent auditors and companies, independent auditors can use accounting rules as they do to draw a financial situation that will satisfy their customers (Laksomya, Powell, Tanthanongsakkun, & Treepongkaruna, 2018).

Pereira and Coelho (2019) used in accounting manipulation; It has classified it as Aggressive Accounting, Profit Management, Profit Stabilization, Fraudulent Financial Reporting and Creative Accounting Practices covering all of these methods. Aggressive Accounting: Aggressive accounting is the process of compelling and consciously choosing and applying accounting methods regardless of whether generally accepted accounting principles and standards are appropriate (Rachok, 2020). Aggressive accounting method consists of applications carried out by forcing accounting standards. The purpose of aggressively using accounting standards and principles is to create the impression that the business has better performance by showing its financial results and financial status differently than it is (Saiag, 2019). Profit Management: Objectives that are predetermined by management are actively manipulating the profit in accordance with the estimates made by analysts or a more perfect and sustainable amount of profit (Schrauwers, 2020).

Managers carry out profit management by changing the financial statements in order to change the perceptions of the stakeholders of the company about the financial performance of the company. Conscious transactions made in generally accepted accounting principles are performed to reach the desired profit level. This is a process that covers profit management, and profit management has two aspects: "opportunistic" and "informative". In the opportunistic direction, management tries to influence and mislead investors' perceptions. In terms of information, management uses earnings management to explain its expectations to investors (von Helversen, Coppin, & Scheibehenne, 2020). Thus, businesses show their profits higher than they would be illegal, increase their market values and ultimately achieve their goals.

Making Profit Stable: with this method, in order to create a low-risk company image that will provide a stable profit distribution, it is aimed to lower the profits in high periods and increase them in low periods (Zokaityte, 2018). Stable profit figures will create a better management perception of the company's capacity in terms of long-term profitability and the true value of the company (Wilson & Shailer, 2007). Stabilization of the snow can be done in three ways (Abbey & Meloy, 2017); (a) Making income stable through accrual. Management can adjust the realization times of revenues in line with their own judgment to reduce variability in profits. (b) Profit stabilization through time distribution. Management can record some income and expenses in different periods in order to stabilize the profit. (c) Making the snow stable through classification. Management can classify some income statement accounts differently by using their own judgment to stabilize the profit.

Fraudulent Financial Reporting: Errors made in the financial statements are expressed as errors when they are not done intentionally and frauds when done intentionally. In the Independent Audit Standard No. 240, fraud is defined as "Intentional acts involving deception by one or more persons responsible for management, senior management, employees or third parties in order to obtain an unfair or unlawful interest." Cheats can be classified within the business as manager cheats and employee cheats, according to the performer. Since the abuse of assets is generally performed by the employees of the enterprise, it can be stated that the frauds of the employees are in the form of abuse of assets and the frauds of the managers are in the form of fraudulent financial reporting (Airaud & Olivero, 2019). Fraudulent financial reporting; It is stated that manipulating, falsifying or changing accounting records and documents, events, transactions, information that should be reflected in financial statements are not deliberately disclosed or misrepresented and deliberate misapplication of accounting principles regarding amounts, valuation, presentation format or disclosure. Accounting fraud is generally aimed at hiding various corruption, showing the status of the business and tax evasion, and it is the result of knowingly and willingly displaying, abusing, misleading the resources or assets of businesses. In this case, the employees prepare false financial statements in order to gain benefits (Bennett, Sasmita, Maloney, Murawski, & Bode, 2019).

The author says as the technology keeps improving in presenting the financial statements of the accounting procedure, the frauds have also been keep rising up. Therefore, forensic accountants have become the much sought-after professionals. Of the several forensic accounting systems, Baneish M-Scores is considered one of the efficient analytical systems based on the eight common variables formulated by Baneish to work on the detection of fraud or earned manipulations in the presented financial statements of companies.

An analytical researcher, (Owojori AA, 2009), the business organizations are supposed to present an accurate and true account of their financial standing so that the stakeholders could make a right decision in dealing with the organizations. The true accounting factor is a tool to the participating market player of the company. A financial statement filled with false information on the financial performance of the organizations would lead to nowhere but to self and public disappointment. Of late it was noticed wide fraud even in fortune 500 corporate companies have published false or cooked up statements that adversely affect the capital and financial market across the world (Carter & Breunig, 2019). The dynamics of the business procedures in the modern world have changed rapidly and the traditional auditing systems have been of little use in detecting the fraud committed by the organizations in their financial structure.

The fraud detecting investigators have to deal with the defrauders and hence forensic accounting systems are realized in need to the investigations. The responsibilities of forensic accountants are to be divided to carryout effectively. The professionals have to share the entire forensic accounting system as follows: (1) Investigative or detective auditing procedure. (2) Litigation or legal action initiating support auditors, and (3) Auditors capable of initiating criminal investigation

As well, the researcher points out the forensic auditors have to equip themselves to investigate the corporate accounts bearing the following aspects in the mind: (1) Detecting the tax evading exercise with an interest of creative accounts and statements. (2) The interest of the organization in supporting anti-money laundering activities. (3) Presenting a creative opinion on the financial health of the organizations, if on an ulterior motive. (4) Giving creative estimation on the possible loss of the business. (5) Discerning on the evaluation of firms' liquidation criteria, and (6) Finding to understand the basic reasons for the bankruptcy of the organizations. Applying the eight variables of Baneish M-Scores, Miller and McIntyre (2020) investigated some sample companies in Turkey. He expresses satisfaction of detecting the earned manipulations using the Baneish statistical model of analysis. Finally, he found a fair number of frauds have been committed in Turkey which could be able to pinch the economy. The author took 174 listed companies in bursa Istanbul for working with his analytical studies. He found Baneish M-Scores method has been useful and the analytical model became popular after the Enron fraud affairs in the US.

3.1 Asset Management Quality (AQM) and Money Earnings Manipulation

AQM (Asset Quality Management). The value of the asset quality measure is the ratio of the value of Non-current assets other than assets, plants and facilities (PPE) for total assets and calculates the proportion of total assets for which potential benefits are less certain (Tahmina, and Naima 2016) Beneish (1999) expects a significant relationship between AQM and earnings handling activities. The higher the value of AQM, the more likely it is to delay and capitalize expenses in order to maximize earnings (Paolone et al., 2017), AQM is greater than 1, the organization has theoretically increased its engagement in cost deferral. A rise in the probability of asset realization implies an increased willingness to capitalize and thereby defer costs. Therefore, it was expected to find a favorable relationship between the AQM and the possibility of manipulation of earnings (Talab, Hammood & Ali, 2017). According to (Tahmina et al., 2016) Overstatement of intangibles which is classified as non-current asset could be considered as a sign for manipulation of earnings in Bangladeshi companies. Based on the above discussion, the first hypothesis as follow:

H1: There is a significant and positive impact of effectiveness asset management quality and money earnings manipulation.

3.2 Effectiveness Accruals Management (ACM) and Money Earnings Manipulation

Li et al. (2011) hypothesized in his research which has been done to detect the influence of the Beniesh model on the unveiling the earning manipulation that the Earnings quality measured as accruals quality value indicates that the earnings management is more likely to be opportunistic for Stressed Bankrupted companies. Beside that Beneish (1999) in his latest article hypothesized that accrual management correlated positively to money earning manipulation explaining that the high accrual value reflects the probability of the company to be a manipulator. The discrepancy between earnings and cash is the accrual (Bao & Bao, 2004; Schipper & Vincent, 2003; Sloan, 1996). One of the functions of the accruals is to change or modify the identification of cash flows over time so that the modified number best measures firm efficiency. Dechow and Dichev (2002) establish a measure of the quality of the accruals and argue that the quality of the accruals and earnings is diminished by the magnitude of the error of calculation in the accruals. Based on the above discussion, the sixth hypothesis as follow:

H2: There is a significant impact of effectiveness accruals management and money earnings manipulation.

3.3 Leverage Management (LM) and Money Earnings Manipulation.

Noor et al. (2015), hypothesized in their study that Leverage has a significant relationship with earnings management. In addition to the significant hypothesis which has been proved by Daniel Beneish (1999) justifying the impact of the leverage management on the manipulation of earning within the company in case the ratio increased more than specific value. The auditors have an important role to play in ensuring the quality of financial reports. Auditing services are needed to make it easier relations between the internal and external parties of a business, such as shareholders, creditors, public authorities, Employees, clients and others (Chia, Lapsley and Lee, 2007). The function of auditing is to ensure quality Corporate earnings were subject to considerable investigation due to some high-profile earnings management courses. Like the WorldCom and the Collapse of Enron (Li and Lin, 2005). The auditors shall promote the contract between investors and the management by attesting to the financial reliability of the contract. DeAngelo (1981) describes independence within a larger audit quality system. Auditing Quality is the shared probability that the auditor will find and record a misstatement. Freedom of the auditors is Considered to be corrupted when auditors fail to report the false statement. The independence of the auditors is deemed to be undermined if the auditors fail to report any mistakes they have found. The provision of non-audit services which impair independence by establishing an economic connection between auditors and clients. Simunic (1984), modelled the common demand for audit and non-audit services. Defines the decrease in auditor Independence as "any situation that alters incentives such that a self-interested auditor is more likely to ignore; Hide, or mislead, his findings." It shows that when the same auditor performs both of the services and maintains the service, A portion of the cost savings from "knowledge spillovers" are economically bonded to the customer. Based on the above discussion, the fifth hypothesis as follow:

H3: There is a significant and positive impact of leverage management and money earnings manipulation.

4. METHODOLOGY

This study relied on a primary data, the data where the researcher himself obtains them through his own data collection instruments. The questionnaire is the quintessential data collection method, since it is obtained through questions directed at the chosen sample based on criteria or the total statistical population. For the purpose of collecting the data, the random sampling technique will be used to nominate the participants, the generator random numbers software will be used to generate the numbers based on the listed of companies from Bursa Malaysia. The Malaysian current corporate sector altogether had 790 (as of 2019) board listed organizations in which were several financial institutions like banking, insurance and other credit facilities providing companies have been included. For the current task, companies dealing in sectors other than financial or insurance business have been picked. The companies are chosen at random, despite there are categories of top listed or performing and categories like dormant and minimal performing companies. The total population represents by the total employees work within the accounting department, which accounted around 9,480. Based on Krejcie and Morgan (1970), the sample size 370 participants.

5. FINDINGS

The profile of the respondents is the second test that is performed for the feedback for two main objectives, which are to ensure that the random sampling method was applied in the process of distributing the questionnaires to the respondents. The second objective was to identify the demographic backgrounds of the respondents. The test profile of respondents had 4 subtests to identify gender, age, education levels, and experience. According to the following Table1, the gender test had two categories which are male and female. The men surveyed were 320 with 86.5 while the women surveyed were 50 with 13.5. This test confirms that the majority of the respondents were men. According to the following Table.1, the age test had five age ranges, which are 17 -25 years, 26-30 years, 31-35 years and 36-40 years. The respondents aged 17 to 25 were 101 with 27.3. The respondents aged 26 to 30 were 124 with 33.5. Respondents aged 31 to 35 were 51 with 13.8. The respondents from 36 to 40 years were 94 with 25.4. This test confirms that the majority of the respondents were under 35 years of age. According to the following Table 1, the education levels test had three levels of education, which are bachelor's and master's degrees. The respondents who had diploma certificates were 40 with 10.8. The respondents who had bachelor's certificates were 225 with 60.8. The respondents who had master's certificates were 105 with 28.4 It appears that most of the respondents had bachelor's certificates. According to the following Table 1, the experience test had three experience ranges, which are 13 years, 46 years and 79 years. The 13 years of experienced respondents were 114 with 30.8. The respondents with experience of 46 years were 130 with 35.1. The respondents with experience of 79 years were 126 with 34.1. It appears that most of the respondents had an experience of between 4 and 6 years.

Table 1: Respondents Profile

Demographic Variables		Frequency	Valid (%)
What is your gender	Female	50	13.5
	Male	320	86.5
What is your age	17-25 years old	101	27.3
	26-30 years old	124	33.5
	31-35 years old	51	13.8
	36-40 years old	94	25.4
What is your highest level of education	Diploma	40	10.8
	Bachelor's degree	225	60.8
	Master's degree	105	28.4
Level of experience	1 to 3 years	114	30.8
	4 to 6 years	130	35.1
	7 to 9 years	126	34.1

Reliability is how much an appraisal apparatus produces steady and predictable outcomes. Test-retest reliability is a proportion of reliability acquired by directing a similar test twice over some stretch of time to a gathering of people. According to Table 2 the variables (Asset quality management, accrual quality management, leverage quality management) have shown good internal consistency with Cronbach alpha values = 0.841, 0.779, 0.841, and 0.852 respectively

Table 1: Reliability Test

Factors	Items	Cronbach's Alpha
Asset Quality management	5	0.841
Accrual management	5	0.779
Leverage management	5	0.841
Money Earning Manipulation	5	0.852

This section presents the result of hypotheses testing for direct effect. the results are presented in Table 3. this test is performed for the purpose of identifying the types of relationships between the independent variables and the dependent variable. according the findings of this test, the following conclusion was: there is a positive and significant relationship between controlling asset quality management and reducing money earning manipulation in the Malaysian listed financial companies with $\beta = 0.159$ and

significant level $p=0.037$, there is a positive and significant relationship between accruals management and reducing money earning manipulation in the Malaysian listed financial companies, with $\beta = 0.160$ and significant level $p=0.041$, there is a positive and significant relationship between of Leverage Quality Management, and money earning manipulation in the Malaysian listed companies with $\beta = 0.165$ and significant level $p=0.045$.

Table 3: Path analysis

Path	Path Coefficient	S.E	t-Value	p-Value
AMQ -> MEM	0.159	0.076	2.085	0.037
ACM -> MEM	0.160	0.078	2.041	0.041
LM -> MEM	0.165	0.082	2.005	0.045

6. DISCUSSION

The direct effect test has been used in the study of the purpose of identifying the types of relationships between controlling asset quality management and reducing money earning manipulation in the Malaysian listed companies. It was found that there is a significant relationship between controlling asset quality management and reducing money earning manipulation in the Malaysian listed financial companies with $\beta = 0.159$ and significant level $p=0.037$. These results are supported by the previous studies, where Tahmina and Naima (2016), investigated the signs of manipulation of earnings in non-financial firms in Bangladesh using financial data of 102 publicly listed and non-financial firms from the years 2010 to 2013. Beneish model (1999) was used as an approach, the findings indicate the significant relationship between controlling Asset Quality management and reducing money earning manipulation in the Malaysian listed financial companies. Since, asset quality is correlated with the bank balance sheet's left-hand side. The quality of their loans is concerned to the bank managers, as that makes the bank a profit. The quality of the loan and of the asset are two terms that are practically the same. Increasing the long-term assets (for instance cost capitalization) in relation with the overall assets other than the property and equipment shows that a corporation could have increased its participation in a cost delay to inflate income. Similarly, Ching et al. (2015), they investigate the relationship among audit quality, earnings management, and financial performance among public listed companies in Malaysia. Sample companies were randomly selected from the Industrial Products and Consumer Products industry listed on the Main Board of Bursa Malaysia during the time period of 2008 to 2013. The findings indicate that there is a significant relationship between controlling Asset Quality management and reducing money earning manipulation in the Malaysian listed financial companies. The direct effect test has been used in the study of the purpose of identifying the types of relationships between the accruals management and reducing money earning manipulation in the Malaysian listed companies. It was found that there is a positive and significant relationship between accruals management and reducing money earning manipulation in the Malaysian listed financial companies, with $\beta = 0.160$ and significant level $p=0.041$. These results are supported by the previous studies, where the model of Ali et al. (2018), conducted a study to examine whether the fraud firms are engaged in real earnings management and accrual earnings management prior to the fraud year in the Malaysian context on comprises of 65 financial statement fraud and 65 nonfraud firms over a period of eight years from 2001 to 2008. The results found that there is a significant relationship between accruals management and reducing money earning manipulation in the Malaysian listed financial companies. Moreover, studies on earnings management have used accounting accruals as the proxy for earnings management. For example, Liu and O'Farrell, (2011) provide evidence that the magnitude of accruals has decreased in China since 2007 after the introduction of new set of accounting standards. Perols and Lougee (2011) investigate relationship between earnings management in fraud firms in the US. Our paper is different from this study because we test whether fraud firms manipulate real activities in developing countries, particularly, Malaysia where institutional arrangements governing corporate reporting different from those in the US. Further, Zang (2011) highlight that real earnings management activities occur prior to accruals earnings management. The direct effect test has been used in the study of the purpose of identifying the types of relationships between the leverage management and money reducing earning manipulation in the Malaysian listed companies. It was found that there is a significant relationship between of leverage management and reducing money earning manipulation in the Malaysian listed companies with $\beta = 0.165$ and significant level $p=0.045$. These results are supported by the previous studies, where Veronica (2015); In the study of determine the effect of leverage and firm size on earnings management, they conducted on 30 manufacturing companies, It was found that there is a positive and significant relationship between of leverage management and reducing money earning. Hence, Leverage can be defined as the ability of the company to use the assets or funds that have a fixed load to increase the level of income for the owner of the company (Syamsudin, 2001). Leverage is used to determine the amount of financial resources needed to consider the composition of the financial company that aims to increase profits. There are two kinds of leverage that operating leverage and financial leverage. Operating leverage demonstrate the use of fixed operating costs by the company in respect of company investment activities, while financial leverage over the use of funds from debt or issue preferred stock. The use of these funds raises fixed costs are interest or dividends.

7. CONCLUSION

It is important to note that the findings of the current study have highlighted some important managerial implications. The results of the current study indicated that there are also secondary results that would help managers of listed Malaysian companies to improve and avoid manipulation of money earnings. The study found that effectiveness financial management transactions have a great impact on manipulating money earnings, which helps companies' managers and accountants to work out a specific mechanism that helps them to limit manipulation of money earnings in their companies.

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