



RESEARCH ARTICLE

# Accrual-Based Earnings Management under External Pressure: Evidence from FAST and PZZA Using the Modified Jones Model

Maya Ismayanti<sup>1\*</sup> | Ali Jufri<sup>2</sup> | Ernanto<sup>3</sup>

<sup>1,2,3</sup> Management Study Program, The Faculty of Economics and Business, Universitas Muhammadiyah Cirebon, Cirebon City, West Java Province, Indonesia.

## Correspondence

<sup>1</sup> Management Study Program, The Faculty of Economics and Business, Universitas Muhammadiyah Cirebon, Cirebon City, West Java Province, Indonesia.  
Email. mayaismayanti326@gmail.com.

## Funding information

Universitas Muhammadiyah Cirebon.

## Abstract

This observe objectives to research warning signs of accrual-primarily based profits management at PT fast meals Indonesia Tbk (rapid) and PT Sarimelati Kencana Tbk (PZZA) all through the 2020–2024 length, while both businesses confronted outside pressures within the shape of the COVID-19 pandemic and consumer boycott sentiment. This examine employs a quantitative method the usage of secondary facts inside the form of the organizations' annual monetary statements for the 2020–2024 duration. profits control turned into measured using the changed Jones model by way of calculating general accruals, non-discretionary accruals, and discretionary accruals. The consequences suggest that each groups skilled a discrepancy among internet earnings and running cash go with the flow, as meditated in terrible general accruals throughout the observation period. notwithstanding facing exceedingly similar outside pressures, fast constantly exhibited high quality discretionary accruals starting from 0.3296 to 0.3416 (suggest  $\pm 0.338$ ), while PZZA constantly exhibited bad discretionary accruals starting from -0.3742 to -0.3209 (mean  $\pm 0.343$ ). these findings indicate that speedy tended to interact in income-growing accruals, even as PZZA tended to have interaction in profits-decreasing accruals all through the remark period. moreover, the results display that even though both groups faced tremendously comparable outside pressures, their responses in terms of discretionary accruals did not comply with a uniform sample. The response to outside pressures thru discretionary accruals became extra stimulated by using business enterprise characteristics and the particular situations faced by way of each enterprise. additionally, the modified Jones model used on this take a look at served as an indicative device for figuring out discretionary accruals.

## Keywords

Accrual-Primarily Based Earnings Control; Discretionary Accruals; Changed Jones Version; Income Best; External Pressures; Fast-Meals Companies.

# 1 | INTRODUCTION

Financial statements are essential for informing investors, creditors, and other stakeholders about a company's success and future opportunities. Profit is a crucial bit of data to look at since it is frequently used to determine how well management has done at running the business. According to (Siladjaja & Jasman, 2024) the quality of financial reporting is critical since the profit information displayed might have an impact on how users evaluate a company's ability to maintain its performance. Profit, however, must be evaluated in terms of operating cash flow, not just in terms of the reported amount. Profit backed by healthy operating cash flow, according to (Intara *et al.*, 2024) ,more accurately indicates the company's real financial status. Profit may vary from cash flow under accrual-based accounting because revenue and expenses are accounted for using the accrual method. As observed by (Kafa & Almasri, 2024), accrual-based earnings management results from the opportunity for management to sway profit using accrual components found in financial statements. This flexibility might be shown in optional accruals. Management's subjective assessments have an impact on discretionary accruals, according to (Nguyen *et al.*, 2022), and this factor is frequently utilized to identify signs of earnings management. Accrual earnings management is still a big worry in the accounting field because this technique does not always produce a clear interpretation. (Juliaa *et al.*, 2025) show how reported earnings might not properly reflect a firm's financial situation since accrual earnings management can be applied to sway financial statement readers' views. Under some conditions, (Isiaka Taiwo Muideen & Ismaila, 2025) found this approach can be used as an informative signal for the market. Apart from its existence, these conflicting results show that accrual earnings management should be investigated in view of the conditions and situations that lead to it. These various opinions notwithstanding, accrual earnings management still poses a major worry as it might undermine the dependability of information on disclosed earnings. Therefore, particularly when companies are under pressure that might affect their financial reporting methods and results, it is imperative to look not only at the frequency of accrual earnings management but also at the direction in which they surface. Income reduction, income increasing, income smoothing, and "big bath" accounting are among the several reporting trends that could point to earnings management in practice. (Durana *et al.*, 2022) show how companies in the same industry usually show like earnings management techniques under normal economic conditions. Still, (Salmita, 2024) found that based on a company's circumstances particularly when there is external pressure—the type of earnings management strategies could change.

As businesses come under outside pressure, the importance of accrual earnings management techniques grows. Elements including public dissatisfaction and the COVID-19 epidemic might affect a company's sales, profits, cash flow, and financial reporting process. These situations can inspire companies to apply accrual earnings management techniques, according (Yan *et al.*, 2022). Still, the course of earnings management arising from it is not always the same. While (Garfatta *et al.*, 2023) observed a propensity toward income-decreasing accruals, (Aljughaiman *et al.*, 2023) found a tendency toward income-increasing accruals. These findings point out that, depending on the business, accrual-based earnings management can respond differently to outside pressures. This supports (Ndu & Sims, 2023) analysis of variations in discretionary accrual techniques for specific businesses. Several past studies have shown that outside pressure on companies can cause accrual earnings management strategies to cause discretionary accruals to go in different directions. Most studies, however, still focuses on either proving the existence of earnings management or the impact of outside factors on such behavior. More research on how discretionary accruals are targeted in companies under outside pressures during the same period is still required. Sources suggest that outside influences related to the COVID-19 pandemic from 2020 to 2022 created challenges for the fast-food sector, resulting in reduced sales, necessary operational changes, and assessments of restaurant locations (Hardiantoro & Pratiwi, 2024). Furthermore, during the 2023-2024 timeframe, public sentiment against certain brands also impacted the fast-food industry, leading to similar declines in sales and operational efficiency (Burhan, 2024). These circumstances show that the fast-food sector is quite reactive to shifts in consumer habits and public attitudes. The industry's dependence on customer movement, spending capabilities, brand reputation, and daily sales figures means that external influences affect a business's operational performance more rapidly than in other sectors. Consequently, the repercussions of external pressures on fast-food chains can be seen through changes in revenue, net earnings or losses, and cash flow from operations. These three aspects offer valuable insight into a business's operational status and its capacity to sustain performance under various pressures. Additionally, it is important to look at the connection between net earnings or losses and operating cash flow, as they do not always correspond in the same direction.

Table 1. Revenue, Profit/Loss, Operating Cash Flow

Company	Year	Revenue	Profit/Loss	Operating Cash Flow
FAST	2020	4.840.363.755	-377.184.702	203.011.514
	2021	4.840.596.018	-300.609.572	-18.216.474
	2022	5.857.474.313	-77.477.669	267.500.169
	2023	5.935.004.692	-418.212.411	383.332.062

	2024	4.875.792.516	-798.247.109	148.560.138
PZZA	2020	3.458.405.977.840	-93.519.909.374	204.241.736.826
	2021	3.418.811.243.788	49.986.602.500	468.514.847.819
	2022	3.612.319.039.640	-23.456.287.257	316.164.263.658
	2023	3.543.982.915.761	-96.224.827.283	359.813.114.282
	2024	2.798.983.342.354	-72.835.122.806	484.425.445.313

As illustrated in Table 1, FAST and PZZA demonstrate an inconsistency between net earnings or losses and operating cash flow from 2020 to 2024. In certain years, both companies recorded net losses, but their operating cash flow was still in the positive range. This trend gains significance as it occurred in a time when businesses faced external challenges, from the COVID-19 pandemic to public boycotts, potentially influencing their revenue, operational capabilities, and financial reporting practices. While these situations cannot definitively be labeled as earnings management, they may indicate an early discrepancy between accrual-based and cash-based performance metrics. According to (Arsyad, 2026) the gap between net earnings and operating cash flow is crucial in determining total accruals; thus, this difference deserves additional scrutiny to evaluate the possible existence of discretionary accruals. Given this observation, the mismatch between net earnings or losses and operating cash flow for FAST and PZZA during the 2020-2024 timeframe requires more detailed examination. It remains uncertain whether this situation entirely reflects the effects of external pressures or if it is also shaped by the application of discretionary accruals in financial reporting. As a result, this study aims to explore signs of accrual-based earnings management by measuring discretionary accruals. To examine these signals, this research utilizes the Modified Jones Model as a tool to assess the level of discretionary accruals. According to Dechow *et al.* (1995), the Modified Jones Model is capable of differentiating between nondiscretionary and discretionary accruals, which makes it suitable for analyzing accrual-based earnings management. In accordance with (Arsyad, 2026), the Modified Jones Model can help pinpoint the value of discretionary accruals, serving as a foundation for studying the trends in earnings management practices. This approach aims to explore the trends in discretionary accruals within fast-food restaurant businesses facing external pressures, without regarding these early signs as conclusive proof of fraud. Theoretically, the findings of this research are anticipated to add to the body of literature on accrual-based earnings management, particularly in clarifying the disparity between net income and operating cash flow as an initial sign of discretionary accrual usage. Practically, this research can assist investors, management, and other stakeholders in comprehending earnings quality and assessing potential financial reporting trends shaped by managerial interventions. The article is structured into sections that include a literature review, research methods, results and discussion, and conclusions.

## 2 | BACKGROUND THEORY

### 2.1 Agency Theory

Agency Theory, introduced by Jensen and Meckling (1976), outlines the contractual connection between principals and agents within an organization, which in this scenario refers to investors and managers. In this framework, managers, acting as agents, are given the authority to make decisions intended to maximize the welfare of investors, despite these decisions being made amid uncertainty and limited oversight. (Elvaretta & Setijaningsih, 2022) describe that in an agency relationship, conflicting interests between the principal and the agent can result in agency problems. This issue arises because both parties pursue different goals, leading managers to sometimes prioritize their personal interests over those of the company's owners. In the realm of financial reporting, such circumstances allow managers to exhibit opportunistic behavior, including employing accounting policies that impact earnings. Thus, Agency Theory lays the groundwork for understanding the potential for earnings management as a reaction from managers to contractual demands, performance assessments, or particular economic motivations.

### 2.2 Accrual-Based Earnings Management

(Mlawu *et al.*, 2025) provide an explanation for that accrual-based totally profits management involves using estimates and accounting methods associated with the accrual additives of financial statements to regulate profits figures for specific reporting purposes. in line with this, (Kafa & Almasri, 2024) view accruals-based earnings control as a exercise of coping with profits via accrual accounting techniques that allow management to steer stated earnings via accrual components. in the meantime, (Yaşar & Yalçın, 2024) display that accrual-based profits control can lessen the satisfactory of monetary announcement records. therefore, accrual-based totally income control may be understood as a economic reporting practice that leverages the ability of accrual-based totally accounting thru estimates, judgments, and particular accounting rules, in order that said income may be stimulated through

management's discretion and might not absolutely mirror the organization's monetary circumstance, potentially reducing the excellent of monetary statement statistics. This scope for discretion in accrual accounting is then pondered in discretionary accruals. (Danysh-Hashemi, 2022) explains that discretionary accruals stem from control's choices regarding accounting regulations. hence, discretionary accruals can be understood as the portion of accruals that is greater heavily influenced by means of management's guidelines and estimates, and are therefore often used as an indicator to hit upon symptoms of accrual-based totally profits management. in this study, discretionary accruals are used because the primary proxy to take a look at the course of earnings management practices, in which nice values replicate an profits-increasing tendency and terrible values replicate an profits-reducing tendency. Accrual earnings control exhibits several styles in shaping the stated earnings. (Qatawneh & Alfalayeh, 2022) provide an explanation for that profits management can be done via numerous styles, specifically profits growing, earnings lowering, profits smoothing, and "huge tub" accounting. those four patterns indicate that income control isn't only associated with the use of accrual discretion but also to the route of profits that control desires to provide in monetary statements. Income increasing is an earnings management practice executed with the aid of raising reported earnings in a selected period. This exercise suggests an inclination towards using tremendous discretionary accruals. (Arsyad, 2026) shows that wonderful discretionary accruals may imply control intervention to improve reported performance. earnings reducing is a profit control pattern done by way of reducing suggested profits in a selected period. This sample is pondered in negative discretionary accruals. (Garfatta *et al.*, 2023) show that using earnings-reducing discretionary accruals occurs when a agency lowers income thru discretionary accruals. income smoothing is a income control pattern finished to maintain earnings so that they seem strong throughout periods. on this context, income smoothing is classified not best via the sign of the DA but also through the consistency of modifications in the fee of discretionary accruals throughout durations, which indicates an effort to smooth profits. large bath accounting is a pattern of profits control achieved via recognizing large expenses or losses in a single specific duration. This pattern is meditated in huge poor discretionary accruals at some stage in a particular duration, particularly while the organization's overall performance declines. Primarily based at the above dialogue, accrual-primarily based profits control styles may be understood thru the direction, value, and modifications inside the price of discretionary accruals. high quality DA results in earnings increasing, negative DA leads to income decreasing, changes among durations result in profits smoothing, while a huge negative DA in a unmarried duration ends in "huge tub" accounting. accordingly, discretionary accruals no longer only suggest the presence of income management but additionally mirror the resulting earnings reporting styles.

### 2.3 Modified Jones Model

The changed Jones model is an empirical device used to stumble on warning signs of accrual-primarily based income control with the aid of distinguishing among nondiscretionary and discretionary accruals. This version is used to become aware of indicators of accrual-primarily based income control thru the value of discretionary accruals, however it isn't always meant as a device to at once prove the life of fraud in financial statements. (Durana *et al.*, 2022) provide an explanation for that this version is utilized in earnings management studies to gain the fee of discretionary accruals as a proxy for income control practices. in step with this, (Putri, 2023) views the modified Jones version as a tool for figuring out the usage of managerial discretion in accrual items inside financial statements. for that reason, the changed Jones model may be understood as a size tool used to discover warning signs of accrual profits management via the price of discretionary accruals received by way of isolating everyday accruals from those influenced with the aid of control rules. The development of the modified Jones version is intently tied to the model introduced by means of Jones (1991) as the idea for measuring accruals in earnings control studies. Jones (1991) predicted nondiscretionary accruals the usage of modifications in revenue and glued belongings as the primary variables. however, this model nevertheless has obstacles as it does not completely account for the opportunity of control discretion thru bills receivable. consequently, Dechow *et al.* (1995) subtle the Jones model by means of adjusting adjustments in sales for changes in accounts receivable. This refinement resulted in the changed Jones model, which is taken into consideration higher capable of seize discretionary accruals and extra sensitive in detecting warning signs of accrual-based totally profits control. (Durana *et al.*, 2022) explain that this refinement makes the modified Jones model extra appropriate to use than the preceding model for measuring discretionary accruals. Since its development by using Dechow *et al.* (1995), the modified Jones model has been broadly used in empirical accounting studies due to the fact it's miles taken into consideration capable of providing a extra targeted degree of accrual-based earnings control practices. (Yan *et al.*, 2022) used an accrual-based totally technique to explain profits control practices while groups face positive pressures. (Putri, 2023) also used the changed Jones model to research the usage of managerial discretion in accrual items on financial statements. furthermore, (Durana *et al.*, 2022) established that this version can be applied across numerous sectors to measure discretionary accruals and examine earnings management tendencies. This huge use shows that the modified Jones version has grow to be one of the set up models in accrual-primarily based income management studies. Though, the consequences obtained from the modified Jones model ought to nevertheless be interpreted with caution. The discretionary

accruals values generated suggest the possibility of discretionary reporting of income, but can't be used as direct evidence of economic declaration manipulation or fraud. therefore, the translation of discretionary accruals values ought to do not forget the path, magnitude, and patterns of accruals that emerge at some point of the statement period. in this study, the changed Jones model turned into used to calculate discretionary accruals for PT Fast Food Indonesia Tbk and PT Sarimelati Kencana Tbk so that traits in accrual profits control can be analyzed greater objectively. Based on the above dialogue, the conceptual framework of this examine is built through the interrelationship among accrual profits control, discretionary accruals, earnings reporting styles, and the modified Jones version. Accrual earnings management explains the ability that management possesses in influencing income via accrual components. Discretionary accruals are used as a trademark to evaluate this scope of discretion, at the same time as the styles of income growing, earnings lowering, earnings smoothing, and huge tub accounting are used to apprehend the route of earnings reporting that emerges. The changed Jones model is then used as a tool to differentiate between nondiscretionary and discretionary accruals, thereby making an allowance for a more focused and measurable analysis of accrual earnings management at PT Fast Food Indonesia Tbk and PT Sarimelati Kencana Tbk.

### 3 | METHOD

This take a look at employs a quantitative technique using a longitudinal case examine design primarily based on annual records. This approach become chosen because the have a look at focuses specially on studying agencies' economic statements to perceive indications of accrual profits management using the changed Jones model. The look at populace includes all speedy-food businesses listed at the Indonesia stock trade. The pattern changed into decided on using purposive sampling primarily based on predetermined criteria, ensuing in companies that met those criteria: PT Fast Food Indonesia and PT Sarimelati Kencana Tbk (PZZA), with an commentary length from 2020 to 2024. This have a look at changed into then carried out the usage of an in-intensity case study technique for every corporation to study the characteristics of changes in accruals throughout the observation length. This approach permits for a targeted evaluation of the specific situations of each entity in knowledge the accrual styles that emerge over the years. The statistics used includes secondary facts in the shape of annual economic statements obtained from the Indonesia stock alternate and the organizations' official monetary statements. information collection was conducted the usage of the documentation method. All information used includes raw statistics from each company's economic statements without any modifications or inter-enterprise scale normalization. The analytical instrument used is the changed Jones version, which serves to split general accruals into nondiscretionary and discretionary accruals as a proxy for accrual-primarily based earnings control. the use of this version is based on the research through (Durana *et al.*, 2022) and (Arsyad, 2026), which demonstrates the consistency of the model's application in accrual-based income management studies Data analysis was conducted in several stages. First, Total Accruals were calculated as shown in Equation (1).

$$TA_{it} = NInc_{it} - CFO_{it} \quad (1)$$

Notes:

$TA_{it}$  : Total accruals of firm i in year t

$NInc_{it}$  : Net income of firm i in year t

$CFO_{it}$  : Cash from operating activities

Second, determine the values of the coefficients  $\alpha_1$ ,  $\alpha_2$ , and  $\alpha_3$  using linear regression, as shown in Equation (2)

$$\frac{TA_{it}}{TAct_{it-1}} = \alpha_1 \left( \frac{1}{TAct_{it-1}} \right) + \alpha_2 \left( \frac{\Delta REV_{it} - \Delta REC_{it}}{TAct_{it-1}} \right) + \alpha_3 \left( \frac{PPE_{it}}{TAct_{it-1}} \right) \quad (2)$$

Notes :

$TA_{it}$  : Total accruals of firm i in year t

$TAct_{it-1}$  : Total assets of firm i in year t-1

$\Delta REV_{it}$  : The difference between firm i's net revenue or sales in year t and its revenue in year t-1

$\Delta REC_{it}$  : The difference between Company l's accounts receivable from third parties in year t and accounts receivable in year t-1

$PPE_{it}$  : Company i's fixed assets in year t

Regression in the changed Jones model is used as an estimation technique to obtain the coefficients  $\alpha_1$ ,  $\alpha_2$ , and  $\alpha_3$ , which can be eventually used within the calculation of nondiscretionary accruals. As a consequence, the evaluation specializes in using the expected coefficients in accordance with the modified Jones model procedures defined in the literature, in which regression serves because the approach for estimating version parameters. Regression analysis become executed the usage of statistical software program to help in estimating the coefficients. The regression technique turned into carried out at the firm stage to account for the characteristics of every corporation within the formation of accruals at some stage in the remark duration, so that every organization became analyzed based totally on its very own financial conditions and structure. Third, determine the nondiscretionary accrual value, as shown in Equation (3)

$$NDAcc_{it} = \alpha_1 \left( \frac{1}{TAct_{it-1}} \right) + \alpha_2 \left( \frac{\Delta REV_{it} - \Delta REC_{it}}{TAct_{it-1}} \right) + \alpha_3 \left( \frac{PPE_{it}}{TAct_{it-1}} \right) \quad (3)$$

Notes:

$NDAcc_{it}$ : The value of nondiscretionary accruals at firm i in year t

Fourth, determine the value of discretionary accruals, as shown in Equation (4)

$$DAcc_{it} = \left( \frac{TA_{it}}{TAct_{it-1}} \right) - NDAcc_{it} \quad (4)$$

Notes:

$DAcc_{it}$  : Company i's discretionary accruals in year t

The resulting DA is then interpreted based on the direction of the values and the patterns of discretionary accruals that emerge during the observation period. The methodological limitations of this study lie inside the use of the changed Jones version, which is indicative in nature; therefore, the effects of the calculations are not meant to say with absolute reality the existence of accrual income control practices. To mitigate these limitations, the outcomes were interpreted with the aid of thinking about the direction of the values, styles of discretionary accruals across durations, and the conditions and characteristics of the businesses in the course of the commentary length. therefore, warning signs of accrual income control in this look at have been traced through the calculation of discretionary accruals in order that the resulting evaluation might be greater measurable and feature a stronger analytical basis, rather than being primarily based entirely on descriptive adjustments in profits and coins float.

## 4 | RESULTS AND DISCUSSION

### 4.1 Results

#### 4.1.1 Total Accruals

This section presents the results of the total accrual (TA) calculations for PT Fast Food Indonesia Tbk (FAST) and PT Sarimelati Kencana Tbk (PZZA) for the 2020–2024 period.

Table 2. Total Accrual Calculation Results

Company	Year	$NInc_{it}$	$CFO_{it}$	$TA_{it}$
FAST	2020	-377.184.702	203.011.514	-580.196.216
	2021	-300.609.572	-18.216.474	-282.393.098
	2022	-77.477.669	267.500.169	-344.977.838
	2023	-418.212.411	383.332.062	-801.544.473
	2024	-798.247.109	148.560.138	-946.807.247
PZZA	2020	-93.519.909.374	204.241.736.826	-297.761.646.200
	2021	49.986.602.500	468.514.847.819	-418.528.245.319
	2022	-23.456.287.257	316.164.263.658	-339.620.550.915
	2023	-96.224.827.283	359.813.114.282	-456.037.941.565
	2024	-72.835.122.806	484.425.445.313	-557.260.568.119

Based totally on desk 1, the full accruals for fast and PZZA in the course of the 2020–2024 length were all poor. these outcomes suggest a discrepancy among accounting earnings and operating coins waft at both corporations; for that reason, the full accruals serve as the start line for distinguishing among nondiscretionary and discretionary accruals within the next level.

#### 4.1.2 Coefficient results

This section presents the estimated regression coefficients used in the calculation of non-discretionary accruals (NDA) in the Modified Jones Model.

Table 3. Coefficient values

Company	$\alpha_1$	$\alpha_2$	$\alpha_3$
FAST	0,308	0,130	-1,126
PZZA	0,815	0,112	-0,165

Based totally on desk 2, the regression estimation outcomes show that speedy has coefficients of  $\alpha_1 = 0.308$ ,  $\alpha_2 =$  zero.one hundred thirty, and  $\alpha_3 = -1.126$ . meanwhile, PZZA has coefficients of  $\alpha_1 = 0.815$ ,  $\alpha_2 = 0.112$ , and  $\alpha_3 = -$ zero.one hundred sixty five. for instant, the coefficient with the most dominant significance is located in the PPE/overall belongings (t-1) aspect with a terrible direction, whereas for PZZA, the coefficient with the most dominant magnitude is determined within the 1/general property (t-1) factor with a high-quality direction. these results indicate that the variables constituting non-discretionary accruals in the two companies have unique instructions and magnitudes of coefficients.

#### 4.1.3 Non-Discretionary Accrual Value

This section presents the results of non-discretionary accrual (NDA) calculations for PT Fast Food Indonesia Tbk (FAST) and PT Sarimelati Kencana Tbk (PZZA) for the 2020–2024 period.

Table 4. Non-Discretionary Accrual Value Results

Company	Year	$\alpha_1(1/TA_{it-1})$	$\alpha_2((\Delta REV - \Delta REC)/TA_{it-1})$	$\alpha_3(PPE/TA_{it-1})$	$NDAcc_{it}$
FAST	2020	0,0905	-0,0791	-0,5222	-0,5108
	2021	0,0829	0,0040	-0,5037	-0,4167
	2022	0,0880	0,0353	-0,5631	-0,4398
	2023	0,0905	-0,0012	-0,6285	-0,5393
	2024	0,0788	-0,0312	-0,6313	-0,5837
PZZA	2020	0,3864	-0,0285	-0,1781	0,1798
	2021	0,3653	-0,0018	-0,1769	0,1866
	2022	0,3706	0,0091	-0,1972	0,1825
	2023	0,3248	-0,0024	-0,1804	0,1419
	2024	0,3472	-0,0354	-0,1907	0,1211

Based totally on desk three, speedy's nondiscretionary accruals for the 2020–2024 length were all bad, at the same time as PZZA's had been all fantastic. for fast, the  $NDAcc$  value is in most cases pushed with the aid of the  $\alpha_3$  (PPE/total assets) factor, which has a considerably poor fee, while for PZZA, the  $NDAcc$  value is essentially supported by the  $\alpha_1$  (1/general assets) element, which has a wonderful fee. This difference indicates that the nondiscretionary accruals of the two groups are fashioned with one of a kind directions and dominant additives.

#### 4.1.4 Discretionary Accrual Value

This section presents the results of discretionary accrual (DA) calculations for PT Fast Food Indonesia Tbk (FAST) and PT Sarimelati Kencana Tbk (PZZA) for the period 2020–2024.

Table 5. Discretionary Accrual Value Results

Company	Year	$TA_{it}/TA_{it-1}$	$NDAcc_{it}$	$DAcc_{it}$
FAST	2020	-0,1704	-0,5108	0,3404
	2021	-0,0760	-0,4167	0,3406
	2022	-0,0985	-0,4398	0,3412
	2023	-0,2097	-0,5393	0,3296
	2024	-0,2421	-0,5837	0,3416
PZZA	2020	-0,1412	0,1798	-0,3209
	2021	-0,1876	0,1866	-0,3742
	2022	-0,1544	0,1825	-0,3369
	2023	-0,1817	0,1419	-0,3237
	2024	-0,2374	0,1211	-0,3585

Primarily based on desk 4, speedy's discretionary accruals (DAcc) values for the 2020–2024 duration were all fantastic, at the same time as PZZA's had been all terrible. for immediate, DAcc values ranged from 0.3296 to zero.3416, even as for PZZA they ranged from -0.3742 to -zero.3209. wonderful DAcc values for immediate indicate a bent in the direction of earnings-increasing accruals this is, discretionary accruals that enhance mentioned income. Conversely, the negative DAcc values for PZZA suggest an inclination towards profits lowering accruals that is, discretionary accruals that reduce said income. This difference shows that the two corporations exhibited opposite trends in discretionary accruals during the remark length. The discretionary accrual results on this examine are treated as a demonstration of profits management practices based totally on the modified Jones version method; therefore, the resulting interpretations are estimative in nature and must now not be interpreted as absolute proof.

#### 4.2 Discussion

The effects of the examine show that total Accrual (TA) for fast and PZZA all through the commentary length turned into terrible and fluctuating, reflecting the distinction between internet earnings and working cash waft. This indicates that earnings generation is not fully supported by means of cash waft, suggesting that accruals play a extensive position in explaining this discrepancy. at some point of the 2020–2024 duration which encompassed external pressures which include the COVID-19 pandemic in 2020–2022 and boycott sentiment in 2023–2024 the pandemic and boycott durations exhibited wonderful characteristics of strain; fluctuations in TA also reflect overall performance adjustments in every duration via accrual components. Concerning Non-Discretionary Accruals (NDA), there are variations in the structure of everyday accruals among businesses that continue to be particularly consistent all through the remark length. rapid's ordinary accruals have been dominated by assets, plant, and device (PPE), which had a negative effect, while PZZA's had been extra closely motivated via asset length and changes in revenue after money owed receivable, which tended to be high-quality. This shows that asset and revenue systems are the primary factors shaping the accrual baseline prior to the inclusion of discretionary additives. These structural differences are reflected in Discretionary Accruals (DA), in which speedy well-knownshows a steady tremendous pattern (profits-growing), at the same time as PZZA reveals a regular bad sample (profits-reducing). This indicates that the direction of DA does no longer directly represent a agency's earnings or loss, however as a substitute reflects the path of accrual modifications inside the performance reporting process. as a consequence, the resulting DA pattern maintains to follow the essential traits of regular accruals that had formerly been established, notwithstanding the dynamics of external pressures during every remark length. This finding shows that accrual responses are not absolutely uniform across organizations, as they're more carefully associated with the internal traits and underlying structures of each entity. adjustments in earnings across periods are also no longer usually followed by way of modifications inside the direction of discretionary accruals; as an alternative, they're more evident in variations inside the value of the changes that occur.

This indicates that profits pleasant is motivated not most effective via annual overall performance effects however additionally via the consistency of the accrual structure that shapes profits reporting patterns in reaction to converting outside conditions. In fashionable, the versions in discretionary accruals located in speedy and PZZA may be understood in light of the variations in every organization's characteristics in accomplishing its operational sports. those variations are meditated within the shape of the financial statements, consisting of the composition of belongings, sales dynamics, and commercial enterprise activity patterns that form the premise for accrual recognition. Given these conditions, the versions in discretionary accruals better illustrate the variations in internal characteristics amongst groups in responding to the overall performance reporting technique; for that reason, the styles that emerge cannot be separated from the underlying shape inherent in each entity. Basic, PPE-ruled fast well-knownshows regular accruals that have a tendency to suppress income and continuously power income-increasing discretionary accruals, while PZZA famous the alternative sample—an inclination towards earnings-reducing discretionary accruals. This suggests that accrual-based totally profits control at each companies arises from the interplay between accrual structure and control responses which are quite stable across durations. This finding is constant with (Garfatta *et al.*, 2023), who nation that outside pressures can bring about one of a kind instructions of discretionary accruals. moreover, (Yan *et al.*, 2022) show that outside pressures have a tendency to increase using accrual-primarily based profits control, even as (Yaşar & Yalçın, 2024) add that the direction of this reaction is not constantly uniform. accordingly, the findings of this examine are generally consistent with previous literature concerning versions in the response of discretionary accruals to external pressures.

## 5 | CONCLUSIONS AND FUTURE WORK

This observe shows that even though PT Fast Food Indonesia (FAST) and PT Sarimelati Kencana Tbk (PZZA) confronted extraordinarily comparable external pressures in the course of the 2020–2024 duration, their responses to those pressures thru discretionary accruals did not observe a uniform pattern. speedy tended to show off an earnings-increasing accrual pattern with discretionary accrual values ranging from zero.3296 to zero.3416 (average  $\pm$ zero.338), while PZZA tended closer to earnings-decreasing accruals with discretionary accrual values

starting from -0.3742 to -0.3209 (common  $\pm$ -0.343). This distinction indicates that the response to external pressures through the path of discretionary accruals is greater stimulated via the enterprise's inner conditions and traits, particularly the asset and revenue structures that shape non-discretionary accruals. Those findings endorse that although both agencies confronted pretty comparable external pressures, their responses did not observe a uniform sample. For this reason, the outcomes of this observe suggest that discretionary accruals at rapid and PZZA at some point of the 2020–2024 length have been formed by the unique traits and situations of each organization, which means that their interpretation is particular to the research topics analyzed in this study. In realistic terms, this take a look at confirms that users of financial statements need to don't forget a enterprise's characteristics while assessing earnings first-rate, as identical external situations can lead to extraordinary interpretations of overall performance. This observe has limitations in that it makes use of the changed Jones model, that's indicative in nature, and its pattern is limited to two organizations. therefore, destiny studies is usually recommended to increase the pattern to the meals and beverage (F&B) subsector and to use additional techniques or combine them with real profits control to make the analysis of earnings management more complete.

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How to cite this article: Ismayanti, M., Jufri, A., & Ernanto, E. (2026). Accrual-Based Earnings Management under External Pressure: Evidence from FAST and PZZA Using the Modified Jones Model. *Indonesian Journal Economic Review (IJER)*, 6(2), 999-1008. <https://doi.org/10.59431/ijer.v6i2.884>.