

Evaluating the Exploratory Dimensions of Forensic Accounting: Two-Stage Fuzzy Process¹

Ali Mohammad Khanaki², Ali Akbar Farzinfar³, Mehdi Safari Geraily⁴, Meysam Arabzadeh⁵

Received: 2022/08/10

Accepted: 2023/02/27

Research Paper

INTRODUCTION

With the rise of scandals in the world's big companies in recent years, the role of accounting, along with specialized and technical areas, has also included facilitating the inspection processes of legal institutions. More seriously, it follows the discovery of the violation, something that has been unusual until the past few decades (Aminian and Tahriri, 2022). Actually, according to the limits of the conflict of interests between the company and the shareholders due to the agency theory, the accounting profession is trying to improve its productivity in areas such as the judiciary and forensics to reach the right position and through this, financial structures in markets such as capital to protect the interests of shareholders; Investors and market analysts develop so that the level of legal transparency along with financial transparency leads to increase the effectiveness of investment attractions in this market (Clavería Navarrete and Carrasco Gallego, 2022). In other words, forensic accounting is considered an important part of legal-financial changes in the structure of capital market companies in line with the recommendations of the American Institute of Certified Public Accountants (AICPA) (2011) and the Association of Certified Fraud Examiners (ACFE) (2014), it should be used in companies today as an independent department that oversees compliance with mandatory laws and standards. For example, the AICPA (2011), considers forensic accounting to include the application of principles; and explains

1. DOI: 10.22051/JERA.2023.41157.3034

2. Department of Accounting, Kashan Branch, Islamic Azad University, Kashan, Iran. (khanaki58@gmail.com).

3. Assistant Professor, Department of Accounting, Kashan Branch, Islamic Azad University, Kashan, Iran. (Corresponding Author). (farzinfar.47@yahoo.com).

4. Associate Professor, Department of Accounting, Bandargaz Branch, Islamic Azad University, Bandargaz, Iran. (Mehdi.safari83@yahoo.com).

5. Assistant Professor, Department of Accounting, Kashan Branch, Islamic Azad University, Kashan, Iran. (Meysam.Arabzadeh@iau.ac.ir).

accounting theories and facts or hypotheses in matters related to forensic disputes (lawsuits) which includes various branches from accounting to law (Digabriele et al., 2020). However, the important issue that has not been paid attention to is establishing the method of forensic accounting in capital market companies in different countries, especially in our country. Because based on legal principles, every legal content needs to examine different dimensions from the perspective of social rights; cultural; it is political, and economic that its formulation can lead to more effectiveness of the implementation functions of that law. In other words, since the concept of forensic accounting in financial reporting standards and accounting principles is only a recommended department as a legal unit within companies, attention and focus on its development in any field can lead to its dynamics (Kamalizadeh and Souri). , 2018). In other words, due to the lack of a coherent framework in terms of implementation and accountability, in any structural system, forensic accounting should be done to consolidate the foundations of the social rights of the beneficiaries and based on cultural institutions; social; political; Iran's economic and legal society should take a step towards transparency. Therefore, this research tries to present the dimensions of forensic accounting in the form of the model of capital market companies.

MATERIALS AND METHODS

To design the model, a process should always be considered in terms of the execution method, that the phenomenon under investigation does not have an integrated framework and coordination at least at the level of the target society in terms of content. Therefore, since the concept of court accounting, according to the topics discussed in the theoretical foundations and introduction, does not have the necessary theoretical coherence at the level of capital market companies, therefore, this research, in terms of results should be placed in the category of developmental research. In terms of purpose, this research, relying on a two-stage exploratory and fuzzy study, seeks to determine the most practical field of forensic accounting at the level of capital market companies in terms of effectiveness. The research approach of the current study, in terms of the logic of data collection, is of a mixed method type; because it examines a phenomenon for which there is no comprehensive framework in the theoretical fields of accounting at the level of capital market functions. Therefore, first, through the analysis of the qualitative part and relying on the grounded theory method, it tried to present the dimensions of the forensic accounting model in the form of a multi-dimensional model. For this purpose, Glaser's (1992) emergent approach is used to develop a forensic accounting model through three stages of coding by using interviews with experts. In this approach, the theory emerges from within

the data and the researchers do not have preconceptions about the relationship between the data from the beginning. Also, based on the emergent grounded theory strategy, data analysis begins simultaneously with the interviews (Kalalian Moghadam et al., 2020). After presenting the model and measuring the reliability of its dimensions through Delphi analysis, in a quantitative analysis through a two-stage fuzzy process, the research is looking for the most functional field of court accounting at the level of capital market companies.

RESULTS AND DISCUSSION

This research by going through three main steps in the theoretical analysis of grounded theory including open coding; selective coding and central coding tries to give the concept of forensic accounting in Iran an identity based on social characteristics; give cultural and legal. Therefore, based on the lack of clarity of coherent dimensions regarding forensic accounting, in this section, efforts are made to create more transparent areas of the concept of research. Based on the two criteria of Mean and agreement coefficient, it was determined that all the main components related to the dimensions of forensic accounting are approved. In other words, considering that the Mean of the main components was 5 and above 5 and on the other hand since the agreement coefficient obtained is more than 0.5, it can be said that all the main components of the research were approved. It was also specified in the quantitative section, based on the two fuzzy criteria of the weight of the components and the normalization of the weight of each of them, according to the accepted prioritization, it was determined that the dimension of institutional supervision "F3" is considered the most functional field of forensic accounting at the level of capital market companies, which can be the basis for consolidating disclosure information and prevent fraud in the financial statements of companies.

CONCLUSION

The purpose of this research is to evaluate the exploratory dimensions of court accounting based on the two-stage fuzzy process. Therefore, in line with the mixed nature of the research, first, through the analysis of the ground theory, it tried to present the dimensions of the model in the form of a theoretical framework. For this purpose, relying on the process of theoretical saturation point in the analysis of the ground theory, 13 interviews were conducted, during which 3 categories; 6 components, and 39 conceptual themes of forensic accounting were placed in the form of a six-dimensional model to be the basis of its explanation at the level of capital market companies. Therefore, to determine the most influential components identified from the qualitative analysis stage, an effort was

made to compare the pairwise components of forensic accounting with the participation of 50 financial managers of listed companies and legal experts. The results showed that based on the two-stage phase, the dimension of institutional supervision "F3" is considered the most functional field of forensic accounting at the level of capital market companies, which can be the basis for consolidating information disclosure and preventing fraud in the financial statements of companies. The obtained result is an expression of the fact that institutional supervision in the structure of corporate governance provides considerable help to the field of court accounting to reduce the legal and judicial burden of financial functions. Balancing the corporate governance procedures and clarifying the policies related to the structure of the company's authority and responsibilities to the stakeholders will lead to the company having a more significant capacity to deal with judicial financial risks and in this way can help companies respond more legitimately to the stakeholders.

Keywords: Forensic Accounting; Two-Stage Fuzzy Process; Institutional Oversight.

JEL Classification: M40, M39.

COPYRIGHTS



This is an open access article under the CC BY-NC-ND 4.0 license.