



*Factors Influencing Forensic Accounting services Awareness
In Iraqi environment*

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Abstract

Forensic accounting considered as modern tools to address fraud and corruption crimes in countries that suffering from this phenomena. There are many services that Forensic Accounting provided. In Iraq there is low level of awareness related to Forensic accounting services. This study was a theoretical attempt to declare the factors that influence on Forensic Accounting Services Awareness (FASA). Current study found that there five factors which they are: Professional bodies, Accounting firms, Multimedia, Government, Education, these factors affected on FASA and they are suitable for the Iraqi environment.

Keyword: Forensic accounting, Professional bodies, Media, Government

Introduction:

Corruption has clearly become one of the most difficult issues faced governments around the world. Corruption as a concept includes many sub-concepts such as fraud, Embezzlement, Bribery, Negligence, Damaging state assets, Exceeded and Falsification (UN, 2013; Agator, 2013). According to report issued by Transparency International (2013), the level of corruption during the last 10 years became growing up in all Iraqi sectors, the report showed that Iraq was ranked 169 out of 175 countries in 2014 (Commission of Integrity, 2015) . The rapidly increasing in corruption, fraud and unclear financial reporting around the world during the last decades, put pressure on the governments and professional associations of accounting to find out a mechanism that can help in addressing this phenomenon, thus forensic accounting appeared. Forensic accounting (FA) can be explained as application of accounting skills and knowledge in circumstances that have legal consequences (Ng'ang'a, 2015).

Efiong (2013) highlighted the importance of forensic accounting; he claims that it should be covered by the educational institutions. He added that the high level of corruption and fraud effect on standard of living and the services that provide for Iraqi citizens.



Based on the above discussion, it is clear that there is an urgent need in Iraqi environment to find out a mechanism which is effective in mitigating corruption and fraud. Forensic Accounting considered as successful way that help the countries round the world in addressing this phenomenon (Jameel, 2012; Chi-Chi & Ebimobowei, 2012), but still there was a low level of awareness and knowledge about forensic accounting in Iraqi environment, This because factors that influence on forensic accounting awareness are not clear enough. This study considered as an attempt to carry out the factors that influence on forensic accounting awareness an Iraqi environment. The urgent need to embark on a major overhaul of the economic situation has motivated this research and it is hoped that the findings will help Iraqi government in addressing to the fraud.

2: Literature Review:

2.1 Forensic accounting Services Awareness (FASA):

From the previous study, it is clear by that Forensic Accounting appeared because the traditional accounting methods' inability to handle fraud cases around the world (Al-Jaleeli & Jameel, 2012; Jameel, 2012). Thus, there are many definitions of Forensic Accounting, for example, Zysman (2004) explain that forensic accounting as combination of accounting, auditing and investigative skills. while Crumbley (2001) Joshi (2003), and Mehta and Mathur (2007) defined Forensic Accounting as using the accounting concepts and practices in solving legal issues, also Jameel (2012) defined Forensic Accounting as Incorporation between all of the accounting, auditing experience, legal knowledge, skills and techniques of investigation and inquiry in the financial, commercial and economic issues. Hence, it is clear that Forensic Accounting is an information system which is tries to provide information about the business deals. Sharma (2015) revealed that there is a lake of awareness of forensic accounting.

2.1.1 Type of Forensic Accounting Services

Forensic accounting provides many types of services, the big four Audit firms (i.e. Deloitte, Klynveld Peat Marwick Goerdeler (KPMG), Ernst & Young, and Pricewaterhouse Coopers (PWC) highlighted the various Forensic Accounting services. In table 1 below, there an explanation of these types of services.

**Table 1: Forensic Accounting Services Provided by the Big Four**

Individual Services	Total No. of Services
Deloitte 1- Fraud & financial investigations 2- Litigation support & expert witness 3- Computer forensic services & e-Discovery 4- Data analytics & data visualization 5- Anti-Money Laundering (AML) consulting and investigations 6- Anti-Money Laundering (AML) Check 7- Foreign Corrupt Practices Act (FCPA) investigations & consulting 8- Business intelligence services 9- Fraud risk management consulting 10- Whistle blowing services (Tip-offs Anonymous) 11- Fraud & investigation training 12- Forensic tools and technologies	12
KPMG 1- Fraud Investigation 2- Fraud Risk Management 3- Dispute Resolution Services 4- Forensic Technology Services 5- Corporate Intelligence 6- KPMG Ethics Line 7- K-Trace 8- FCPA (U.S Foreign Corrupt Practices Act)-related services	8
Ernst & Young 1- Anti-Fraud 2- Corporate Compliance 3- Investigations & Disputes 4- Fraud and Investigations 5- Dispute Services 6- Forensic Technology & Discovery	6
PricewaterhouseCoopers 1- Economic Crime Risk Management 2- Forensic Investigation 3- Litigation Support 4- Computer Science 5- Regulatory compliance 6- Licensing Management Services	6

Source: Source: Muthusamy, (2011)

Muthusamy (2011) summarizes this wide view of forensic accounting services which are provided by the big four audit firms in Malaysia as illustrated in the following table:

Table (2): Summary of Common FAS provided by the Big Four

Common Services	Deloitte	KPMG	Ernst & Young	PwC
Fraud and Financial Investigation	√	√	√	√
Litigation support, expert witness and dispute resolution	√	√	√	√
Forensic technology	√	√	√	√
Fraud risk management	√	√	√	√
Regulatory compliance strategies	√	√	√	√
Business intelligence	√	√	X	√

Source: Muthusamy, (2011)



This show how fare there are an interesting in providing Forensic Accounting services even in Third World Countries which Malaysia is one of them.

2:2 Factors influences on awareness of Forensic Accounting Services

Based on previous studies such as Muthusamy, Quaddus & Evans (2010) and Gicuki (2012) there are many factors influencing forensic accounting services awareness, the factors are as follows:

2:2:1 Professional Bodies:

Professional bodies are defined as establishments that represent the concern of the qualified practitioners, and so act to maintain their own privileged and powerful position as a controlling body (Harvey, Mason, & Ward, 1995). A study conducted by Weaver, Trevino and Cochran (1999) claimed that there is a significant impact of professional associations on corporate ethics program. Similarly, Muthusamy (2010) confirms that professional associations have a positive impact on FASA.

2:2:2 Audit Firms:

According to Muthusamy (2010) audit firms have a considerable impact on FASA because they are supplies of the planned service. Muthusamy (2011) declared that Forensic Accounting services is provided by the audit firms, thus, it highlights the role of audit firms in spreading the FASA because they are the vendor of this type of services.

2:2:4 Media

According to Eschenbrenner, Nah, and Telaprolu (2015) “knowledge sharing,” “socialization and onboarding,” and “branding and marketing” are the most common forms of communication Researchers claimed that the issue of social media usage by accounting professional services firm is not explored yet. for example, Prokofieva (2015) and Du and Jiang (2014) considered the market efforts on social media that have been done by the accounting firms and media has a positive effect on marketing of services that provided by accounting firms, such as Forensic Accounting service. Yaseen, Kate and Adams (2015) revealed that in Jordan the media which is contained all types of media (Social media and mainstream) have a positive effect on rising awareness. This is supported by Hajli (2012) and Hajli, Bugshan and Kalantari (2012). Form the above discussion it's clear that there are a big support to include the media as one of the main factors in this study.

2:2:5 Government Legislations

In general, a government has the right and power to enforce the others to follow the rules and legislations. This shows how government is the



most powerful factor in this framework. In Iraq, the government is the only executive authority entitled to enact legislations on accounting and financial related issues. Muthusamy (2010) argued the government plays a vital role in awareness of Forensic Accounting services. Yaseen et.al (2015) confirmed that governments' role is vital in increasing citizens' awareness and setting laws. In other words, Joel (2013)

2:2:6 Accounting Education

Jameel (2012) revealed that Iraq education considered as a key factor in accountants' perception on Forensic Accounting. Furthermore, the result of zadeh and Ramazani (2012) study found low level of Iranian accountants' perception of forensic accounting methods. This reflects the importance of education in creating the awareness of perception. This viewpoint has been supported by Joel (2013), in a nutshell education plays a key role in awareness of perception. In a study conducted in India revealed that there is a lack of forensic accounting education (Sharma, 2015). The results of the Indian study confirmed that education as external factor that would positively influence awareness in forensic accounting (ibid).

Finally, in this section the researcher discussed the factors that influence on FASA, next section the discussion will be centered on framework and hypotheses of this research.

3. Hierarchy of Effects Theory:

The Hierarchy of Effects Model (HOE) explains that users go through a series of progressive steps that culminates in obtaining a product or services. This model has three stages:

1) Cognitive stage: Similarly this stage termed "thinking" stage; this is where the user collects knowledge about the products or services and becomes aware of it. This considered as rational step where pros and cons, product or service specifications etc. of a product are evaluated.

Regarding to Lavidge and Steiner (1961) in this stage there are three effect steps which they are awareness, knowledge and liking. The authors declared that awareness considered as a critical step and the starting point for purchasing products or services. Thus, awareness is the startup point that production producers think about it which is mean that creating consumer awareness is the first step.

2) Affective: Similarly recognized as the "feeling" step, which is mean that user starts developing a liking for the product or service, and may even grow strong positive (or negative) feelings toward it. In this stage there are two steps which they are performance and Conviction.



3) Conative: This is the behavior stage of the process. This is when the user, after considering the pros and cons, and deciding his/her preference actually use the services. The model is depicted in Figure 1.

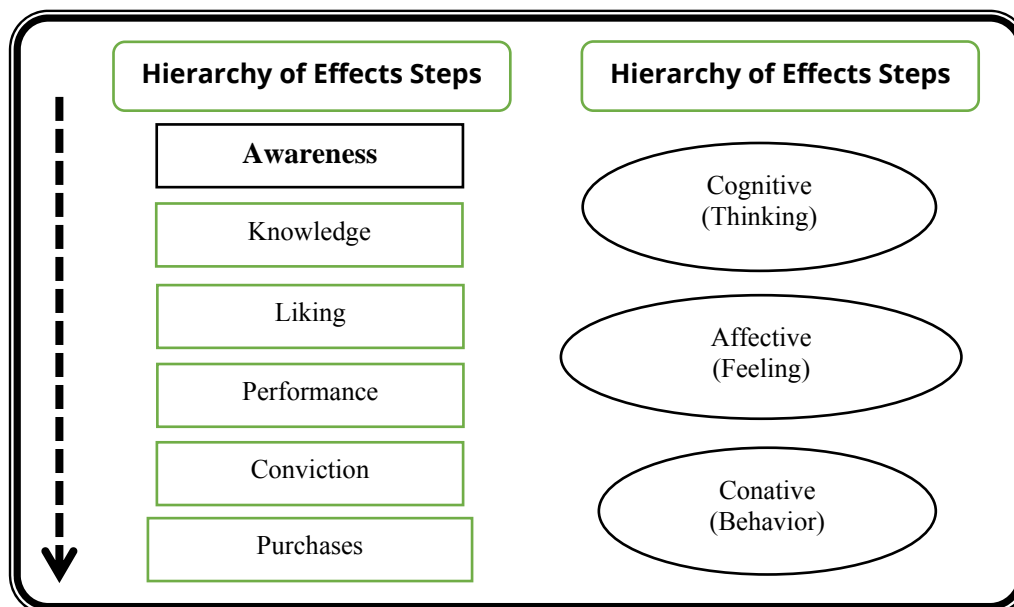


Figure 1: Hierarchy of Effects Model

Source: Lavidge and Steiner (1961)

In this study, professional bodies; audit firms; media; government pressure, accounting education considered as independent external factors that effect on forensic accounting services awareness which is depended variable for this study. The aforementioned Independent variables contribute to raising the level of perception among expected users of forensic accounting services. From the above dissection, it is clear that HOE considered as suitable theory to be adopted by this research as underpinning theory for explaining the research framework.

3: Research Framework and Hypotheses of the study:

Sekaran and Bougie (2010) defined theoretical framework as a reasonably developed detailed network of associations between the variables estimated, related to the problematic situation and identified through such processes as interviews, observations and literature review.

The development of a theoretical framework is considered as an important step in the research methodology since it clearly understanding of directions and contributions of the study. The theoretical framework is an epistemology of constructivism that assumes a pluralist and relativist view of the reality (Guba & Lincoln, 1994). Based on the aforementioned discussion in the previous section this research intends to investigate five independent variables (professional bodies, audit firms, multimedia, government legislations and accounting education) and one dependent



variable (forensic accounting services awareness). Table 3 illustrates the relationship between the main variables of the research and conceptual framework is illustrated in Figure 1.

Table 3: Description of the Research Variables

Independent Variables	Dependent Variable
Professional bodies Audit Firms Multimedia Government Legislations Accounting Education	forensic accounting services awareness

While in figure 2 the researcher clearly defined the relations, and effects between the dependent and independent variables.

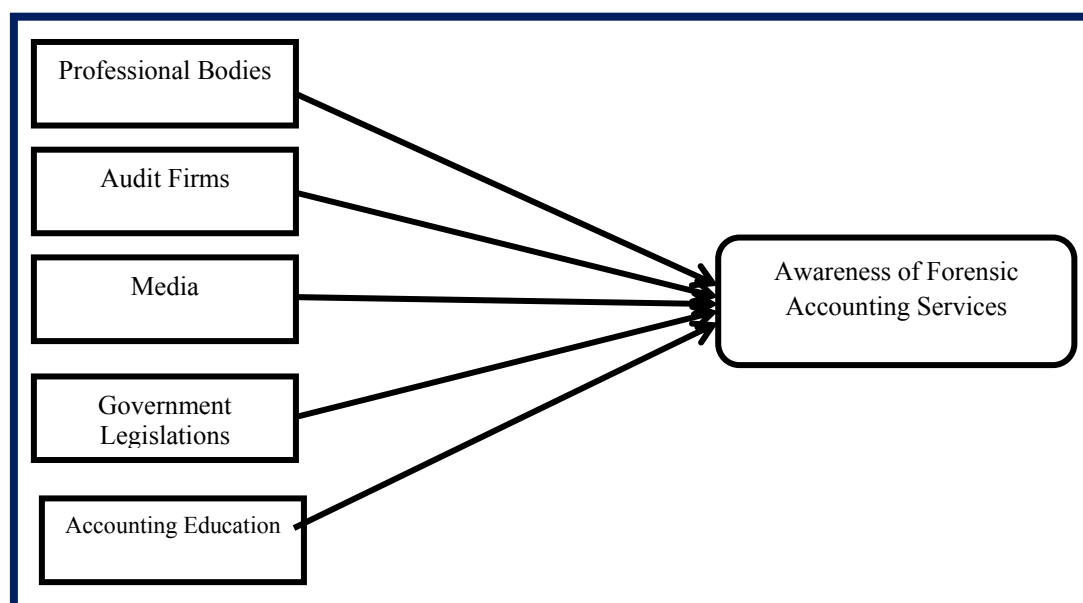


Figure 2: conceptual framework

The previous studies highlighted that professional bodies, accounting firms, multimedia, government legislations and Accounting education have impact on Forensic Accounting Services . awareness of Thus, the hypotheses of this study were formulated as follows:

H1: There is a positive influence for Professional bodies' on the awareness of Forensic Accounting Services awareness

H2: There is a positive influence for Audit firms on the awareness of FAS Audit firms

H3: There is a positive influence for multimedia on the awareness of FAS

H4: There is a positive influence for government on the awareness of FAS



H5: There is a positive influence for education on the awareness of FAS

After the declaration of hypotheses for the current study the author will discuss how far these study, contribute to the knowledge in the next section.

4: Contribution to the Knowledge:

In different way current study will contribute to the body of existing knowledge, this can be explained through the following ways: The study contributes to the existing knowledge by affirmation the current scenario in Iraq and how far there is a critical need to find out the suitable mechanism to address the corruption and fraud problems. The study will help the researchers to clear understanding about the factors that influence on the forensic accounting services awareness especially in the developing countries which Iraq represent one of them and the corruption and fraud problems are more pervasive than the developed countries.

5: Conclusion

This study reviews the existing literature on forensic accounting services and the awareness about this kind of services in order to find out the most related factors that effected on the awareness of forensic accounting services. Corruption and fraud consider as a complex phenomenon in Iraqi environment, the most modern ways to address this phenomenon is forensic accounting services, there no clear perception about factors that influence on forensic accounting awareness in Iraqi environment. The fundamental factors that affected of forensic accounting services awareness in the Iraqi environment are professional bodies, accounting firms, multimedia, government legislations and education. Based on the previous studies, the researcher found the factors mentioned above are suitable for the Iraqi environment.

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