THE INTENTION TO USE FORENSIC ACCOUNTING AS A FRAUD MITIGATION TOOL: MEDIATING EFFECT OF COLLAPSE AVOIDANCE PERSPECTIVE

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ABSTRACT

Forensic Accounting is widely known as a fraud mitigation tool. The demand for forensic accounting is increasing, along with the fraud level. However, some companies are reluctant to use forensic accounting due to fear be found guilty and have to face legal consequences. The two main theories of this study are the Protection Motivation Theory (PMT) and Forensic Accounting Theory. The two theories are incorporating the element of fraud treat appraisal and collapse avoidance perspective in forensic accounting to determine the intention of companies to use forensic accounting. This study is expected to address the unwillingness to adopt forensic accounting services through the proposed framework model. Therefore, this study may significantly contribute to the increase of awareness and willingness of companies to use forensic accounting for fraud mitigation.

Keywords: *Forensic Accounting, Behavioural Intention, Forensic Accounting Theory, Protection Motivation Theory, Fraud*

RESEARCH HIGHLIGHTS

1. Fraud level in Malaysia is still increasing despite the various fraud prevention and detection methods applied.
2. The demand in forensic accounting has never slowed down, but the adoption of forensic accounting as a fraud mitigation tool still at a low level in Malaysia.
3. High numbers of companies in Malaysia reluctant to use forensic accounting for fraud mitigation to avoid to be found guilty and have to face legal consequences.
4. The elements from the Protection Motivation Theory and Forensic Accounting Theory involved to develop the proposed conceptual framework.

GRAPHICAL ABSTRACT

Fig. 1. Conceptual Framework

Research Objectives

This study aims to provide a proposed conceptual model to test the mediation effect of collapse avoidance perspective on the direct effect of severity and vulnerability of fraud on

the intention to use forensic accounting as one of fraud mitigation tool. The proposed framework attempts to examine five proposed research objectives as follows:

RO₁: Severity of fraud has a significant effect on behavioural intention to use forensic accounting.

RO₂: Vulnerability of fraud has a significant effect on behavioural intention to use forensic accounting.

RO₃: Collapse avoidance on company mediates significantly the effect of severity of fraud on behavioural intention to use forensic accounting.

RO₄: Collapse avoidance on company mediates significantly the effect of the vulnerability of fraud on behavioural intention to use forensic accounting.

RO₅: Collapse avoidance on the company has a significant effect on behavioural intention to use forensic accounting.

Methodology

A causal-comparative research design is proposed for this study to examine the direct and mediation effect between the variables (Azman & Vaicondam, 2020; Creswell, 2014; Sekaran, 2013). A primary data collection through a survey method is proposed as the standard method to confirm the theories (Creswell, 2014; Sekaran, 2013; Sekaran & Bougie, 2016). The target population for this study will be the industrial product and services of listed companies for having the highest fraud level in Malaysia (Azman & Vaicondam, 2020; Sulaiman, Danbatta, & Rahman, 2014). The calculated sample size is based on the GPower software and has widely been used to calculate the priori minimum sample size for quantitative studies (Mirabolghasemi, Iahad, & Ramayah, 2019; Ngah, Thurasamy, Abdul Aziz, Ali, & Khan, 2019; Syima et al., 2019). As a result, the minimum sample size is 119 of respondents.

Results

This study is expected to address the reluctant issue of companies and individuals by promoting the elements of collapse avoidance on a company from the perspective of a forensic accountant, in which the forensic investigation is only to address the corrective method instead of punishing a company for any wrongdoing. Instead, only the Court can discipline the respective companies or individuals. Therefore, this study aims to examine whether the collapse avoidance factor able to strengthen the intention to use forensic accounting significantly. Besides, the awareness and willingness of companies to use forensic accounting may significantly increase if there is a significant mediation effect, in which companies or individuals will feel more confident to use forensic accounting for fraud mitigation tool after understanding the concept of forensic investigation.

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