



A STUDY ON IMPACT OF FORENSIC ACCOUNTING IMPLICATIONS ON EMPLOYEE MORALE – WITH SPECIAL REFERENCE TO CYBER FRAUD

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I) ABSTRACT

Forensic Accounting is one among the emerging trends in the field of Accounting. Financial forensics are emerged mainly to investigate frauds and to get potential evidence of crimes to produce in front of the law. In India, Chanakya was the pioneer to quote the avenues of misappropriation in his famous book Kautilya's Arthashastra. Cyber Frauds are the major concerns in the present era as an impact of digitalization among all the sectors. The management has to be very keen on all the computerized transactions happening in the organization and ensure the employees' ethical efficiency on the completion of work. This paper focuses on the techniques used by the audit officials in association with the team of management and the involvement and role of employees to detect the cyber frauds in the company. The main aim of this research paper is to know the extreme impact of forensic accounting on the smooth functioning of the enterprise and the employees' involvement on the detection and prevention of cyber frauds. The sampling technique adopted for the study is Convenience Sampling. Primary data has been collected through Questionnaire from the respondents.

Key Points – Forensic Accounting, Digitalization, Cyber Fraud, Detection and Prevention, Employee Morale.

II) INTRODUCTION

Forensic Accounting is a special field in the area of Accounting. It means the detection or investigation of fraud and any misappropriation or misrepresentation of data can be found out and conduct the depth analysis of financial information by the way of interrogation and reports must be produced in the court of law whenever necessary. Forensic accounting and fraud investigation methodologies are different than internal auditing. Thus forensic accounting services and practice should be handled by forensic accounting experts, not by internal auditing experts. Forensic accountants may appear on the crime scene a little later than fraud auditors, but their major contribution is in translating complex financial transactions and numerical data into terms that ordinary laypersons can understand. That is necessary because if the fraud comes to trial, the jury will be made up of ordinary laypersons. On the other hand, internal auditors move on checklists that may not surface the evidence that the jury or regulatory bodies look for. The fieldwork may carry out legal risks if internal auditing checklists are employed instead asking to a forensic accountant and may result serious consultant malpractice risks.

HISTORY

Forensic accounting was not formally defined until the 1940s. Originally Frank Wilson is credited with the birth of forensic accounting in the 1930s. When Wilson was working as a CPA for the US Internal Revenue Service, he was assigned to investigate the transactions of the infamous gangster Al Capone. Capone was known for his involvement in illegal activities, including violent crimes. However it was Capone's federal income tax fraud that was discovered by forensic accountants.

FORENSIC ACCOUNTING IN INDIA

The relationship between forensic accounting and block chain technology in the 21st century has given the immense importance for the profession of forensic accountants. The additional forensic accounting skills possessed by the forensic accountants while performing their duties will definitely fetch the need and importance of the profession in this digital era.

The evolution of forensic accounting and forensic accountant's profession is related to historical events, which explain the differences in the status of accounting examinations and their approach in different countries that have different legal systems. There are many foreign studies devoted to the experience of forensic accounting and fraud examination, which demonstrate the necessity and importance of research in this area. Despite the fact that the institution of forensic accounting has existed for already 20 years in Latvia, there is no regional study of Latvian practice and its comparison with other countries.

Cyber fraud is the most common and threatening form of fraud which takes place internationally. The cyber world has been expanding and growing throughout the twenty-first century, allowing fraudsters to hack victims' personal and financial information in a variety of ways. Fraudsters can use the information which they gather to then financially fund themselves, or worryingly they might use this money to fund terrorism. Therefore, it is essential that individuals and organizations are aware of how to protect themselves against cyber fraud by having forensic accounting as a tool and the intervention of internal control system formed by the management.

In the emerging economic scenario, forensic accounting is an essential tool for uncovering or inquiry of financial crime and the direction of justice, providing decisive information about the facts found related to financial crime. It is a new area, but in recent years, banks, insurance companies and even police have increased taking help of forensic accountants. The increase in white collar crime and the difficulties faced by law enforcement agencies in uncovering fraud have also contributed to the growth of the profession. Organizations like India forensic, Institute of Chartered Accountants of India (ICAI) and Association of Chartered Certified Accountants (ACCA) offer courses on forensic auditing in India.

Forensic accounting 'covers a broad spectrum of activities, with terminology not strictly defined in regulatory guidance. Generally, the term 'forensic accounting' is used to describe the wide range of investigative work which accountants in practice could be asked to perform. The work would normally involve an investigation into the financial affairs of an entity and is often associated with investigations into alleged fraudulent activity. Forensic accounting refers to the whole process of investigating a financial matter, including potentially acting as an expert witness if the fraud comes to trial. It focuses on investigations into alleged frauds, it is important to be aware that forensic accountants could be asked to look into non-fraud situations, such as the settling of monetary disputes in relation to a business closure or matrimonial disputes under insurance claims.

Cyber Fraud/Cyber Forensics

Cyber fraud can be considered as any fraudulent crime which is conducted via a computer or computer data. The crimes are extensive. Fraudsters can use the

Cyber world to gain access to victims' personal identity, their online accounts and their bank accounts. They can then use the money and information from this to fund terrorism. The extensive and popular use of internet banking and mobile banking means there are more opportunities than ever for criminals to commit cyber fraud. It is a very serious crime - one that needs to be cracked down on.

Digital violations in different sector can be comprehensively be arranged into classification such as digital harassing, programming robbery, wholesale fraud, Email spam, online robbery With the development of Internet technology, costs for businesses to generate knowledge and deliver them to users have considerably

decreased (Sevim, 2009:1). In order to prevent manipulations and frauds on national and international levels, Businesses should take into consideration some elements. Some of these reasons that forces businesses to this obligation are (Karausta, 2013:17);

- Developments in digital environment,
- Money laundering,
- The need for trust in order to invest in national and international markets,

Employee s' Involvement and their ethical values on fraud detection:

Not taking fraud as a serious thing is dangerous

A weak response or no response to internal fraud can harm employee morale and attitudes. The lack of visible and appropriate action by an organization to deal with fraud can give the impression to other employees that the offence is not thought serious. The result may be a decline in productivity caused by lower employee morale and motivation.

III) OBJECTIVES OF THE STUDY

1. To know the role of employees on cyber fraud detection
2. To know the impact of fraud examination on employees motivation
3. To examine the involvement and dedication of employees to mitigate cyber fraud
4. To analyse the intensity of internal audit control.

IV) REVIEW OF LITERATURE

Sl. No.	Author	Topic of study	Year
1	Kalikant Mishra, Dr. M. Khalid Azam , Dr. S.O. Junare.	Role of forensic audit in controlling financial statement fraud	2020
2	CA RubneetAnand	FORENSIC AUDITING: A much required tool in the recent era of	2019
3	Oluwatoyin Esther Akinbowale, Prof. Heinz	The integration of forensic accounting and management control	2021
4	GojkoGrubor*, NenadRistić**, NatašaSimeunović	Integrated forensic accounting investigative process	2013
5.	JonikaLamba, Dr. Esha Jain (Ph.D.)	Forensic Accounting: A Way to Fight, Deter and Detect Fraud	2020
6.	Julia liodorova valeriya fursova	Forensic accounting in the world: Past and Present	2018

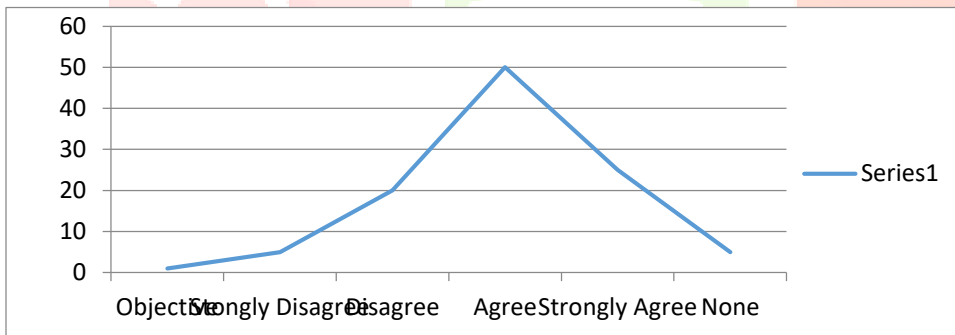
7.	Godwin Emmanuel Oyedokun	Forensic Accounting Investigative Techniques	2021
8.	Timothy A, Pearson & Tommie W. Singleton	Fraud and Forensic Accounting in the Digital Environment	2008
9.	Akinbowale, O.E., Klingelhöfer, H.E. and Zerihun,	The assessment of the impact of	2020
10.	Owojori, A.A & T. O. Asaolu	The role of forensic accounting in solving the vexed problem of	2009

V) DATA COLLECTION AND ANALYSIS

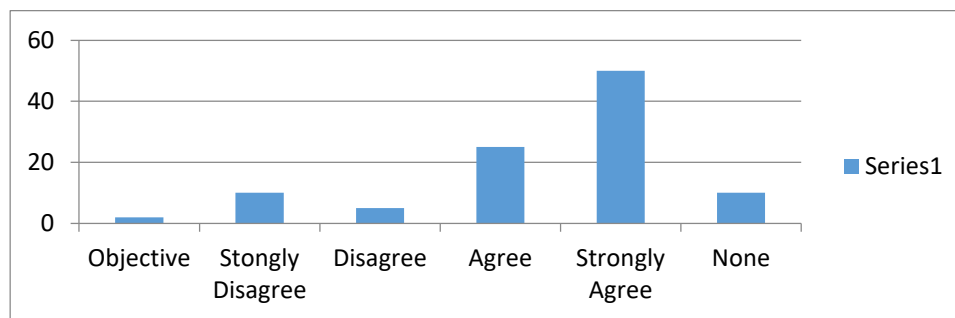
Objective	Strongly Disagree	Disagree	Agree	Strongly Agree	None
1	5	20	50	25	5
2	10	5	25	50	10
3	10	5	50	20	5
4	5	25	50	20	10

GRAPHICAL REPRESENTATION

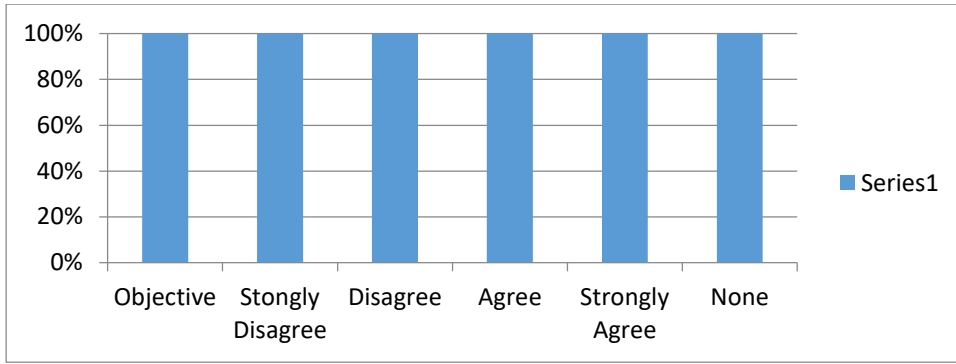
OBJECTIVE -01



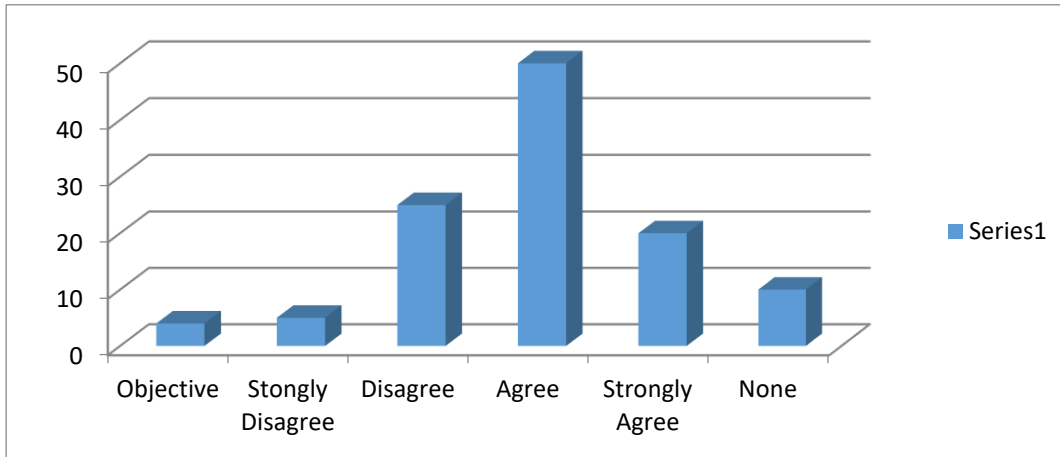
OBJECTIVE -02



OBJECTIVE-03



OBJECTIVE-04



HYPOTHESIS TESTING

This research study is considering hypothesis testing as a statistical tool in order to prove testing as

NULL HYPOTHESIS =REJECT,

ALTERNATIVE HYPOTHESIS=ACCEPT

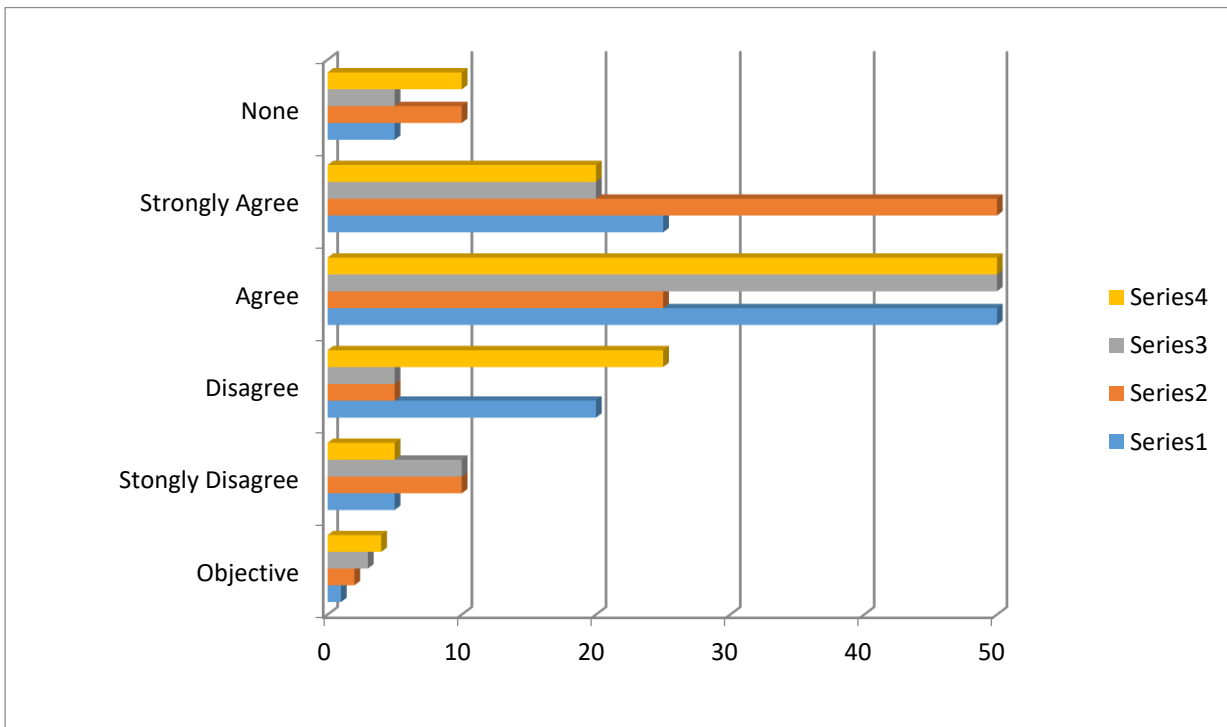
Dependent variable	Employee Morale
Independent variable	Forensic Accounting Implications

Null hypothesis	Forensic Accounting Implications do not have positive effect on Employee Morale	REJECT	ACCEPT
Alternative hypothesis	Forensic Accounting Implications have Positive Effect on Employee Morale	ACCEPT	REJECT

Alternative hypothesis Forensic Accounting Implications have Positive Effect on Employee Morale



OVERALL GRAPHICAL PRESENTS



VI) FINDINGS

- Employees are really offended if their work is examined in a suspicious angle.
- The employees who are indulged in the fraudulent activities will refused to co operate
- Cyber fraud is a thing where the employees who are technically strong can be involved and they are treated as culprits
- Since, there are some of the industries adopted advanced technology in the area of fraud examination, employees' role is totally nil as it will be in the hands of experts.

VII) SUGGESTIONS

- Forensic Accounting Implications can be made by the company irrespective of the designation assigned to the people.
- Employees must feel the loss happened to the company as his personal loss and act accordingly
- There should be a unification of forensic accounting and management control system to mitigate cyber fraud.

VIII) LIMITATIONS OF THE STUDY

As we already aware forensic accounting is a very sensitive topic and the fraud detection is some confidential matter, the responses were very diplomatic and also due to the time limitations we were not able to cover the more respondents in the different field, and we found difficulties in collection of data by our respondents it was due to the negligence attitudes of some of the respondents and some of them refused to answer despite of several visits. We also found difficulties in gathering the information by the managers and executives.

IX) CONCLUSION

As per our research study it can be concluded that the investigative techniques should be conducted in all kinds of the organisations. The reason for the origin of forensic accounting should serve the purpose since the society is filled with frauds and fraudulent activities. The employees are called as the assets of the company, if those assets are not following the rules and if they don't have sense of belongingness to the institution, then the organisation will not lead into the growth or development phase. Fraud investigative techniques must be a warning bell to all the frauds who will misappropriate the company's assets

X) BIBLIOGRAPHY

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