

Paradoxes of Collusion in Accounting and Auditing from the Financial Fraud Perspective; A Conceptual Paper for a Paradigm Shift in Forensic Accounting

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Abstract

Financial fraud has been a perennial issue since humans first established the primordial form of commerce. Since then, financial fraud has continued to evolve with civilisation itself, posing a significant threat to the financial stability of businesses and industries.

The forensic accounting framework has emerged as a solution to combat such financial fraud and its potentially severe effects on societal institutions. Empirical studies reveal that there is a gap covering this area. Hence, the purpose of this conceptual paper is twofold: firstly, to develop a concept indicator model that interrogates the psychological and behavioural paradoxes of fraud collusion through the lens of forensic accounting. Secondly, to determine its contemporary role in combating collusion before it burgeons, rather than engaging in post-event analysis. This paper, while integrating fraud theories, paradoxical theories, group behaviour, and psychology in a systematic manner, focuses on the modern role of forensic accounting by combining financial forensic skills with psychological and behavioural theories on group dynamics. Based on conceptual essay development approaches, this study theoretically synthesises fraud studies, group psycho-behaviour, paradoxes, and forensic investigation while critically examining group fraud by modifying existing theories. Furthermore, the study relates fraud theories to a wide range of psychological and behavioural perspectives,

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