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Audit Expectation Gaps and Forensic Solutions: Trust and Institutional Reform in Emerging Economies

Sampson Anomah [1], **Maurice Aduamoah** [1], **Agyabeng Owusu** [1], **Frimpong Latif Jamal** [1]

[1] *Department of Accountancy & Accounting Information Systems. Kumasi Technical University, Ghana*
* Corresponding author: Sampson Anomah, sanomah@gmail.com /sampson.anomah@kstu.edu.gh

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Abstract: This study examines the perceived efficacy of forensic accounting in addressing the audit expectation gap in Ghana, where statutory audits are often viewed as inadequate for fraud detection and accountability. Drawing on stewardship theory and the fraud triangle, a correlational survey of 400 respondents assessed the influence of audit dissatisfaction, confidence in forensic accounting, and contextual factors such as culture and regulation. Regression results show that forensic accounting is positively associated with improved audit expectations, while statutory audit dissatisfaction and perceived fraud detection gains are significant predictors. Cultural and regulatory factors exert modest direct effects, but no significant moderating influence. The findings suggest that forensic accounting is viewed as a credible alternative, though concerns remain about its institutional integration. The study contributes to audit expectation theory by introducing forensic constructs and contextual variables, and recommends reforms in audit practice, accounting education, and regulatory frameworks to embed forensic accounting in public sector accountability systems.

Keywords: Audit Expectation Gap; Emerging Economies; Forensic Accounting; Fraud Detection; Regulatory Oversight; Statutory Audit

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1. Introduction. In many developing economies, particularly those with fragile institutions and limited enforcement capacity, financial crimes have become increasingly sophisticated and systemic (Ayeboafo et al., 2025). Weak regulatory oversight, politicized enforcement, and low prosecutorial success have enabled white-collar offenses, such as procurement fraud, embezzlement, and financial statement manipulation, to thrive, distorting public resource allocation, eroding investor confidence, and undermining the legitimacy of governance structures (Chukwuani, 2024; Capraș & Achim, 2023). Statutory audits, though legally mandated, have often proven inadequate in addressing such malfeasance. Designed primarily to assess compliance and material misstatements, traditional audits are not structured to investigate intentional deception or criminal misconduct (DiGabriele, 2022; Adejumo & Ogburie, 2025). This structural limitation has contributed to a widening audit expectation gap - the divergence between what the public expects auditors to do and what audit standards actually require (Capraș & Achim, 2023). Repeated audit failures and high-profile financial scandals have further eroded public trust in conventional audit mechanisms.

Against this backdrop, forensic accounting has gained prominence as a strategic tool for enhancing financial transparency, supporting legal accountability, and restoring confidence in financial stewardship. Integrating accounting, auditing, and investigative techniques, forensic accounting emphasizes evidentiary rigor, legal admissibility, and the reconstruction of financial events for use in litigation, fraud detection, and dispute resolution (Capraș & Achim, 2023; DiGabriele, 2022). Its relevance is particularly acute in jurisdictions where regulatory systems are weak, and traditional audits fall short of deterring or uncovering financial misconduct. By bridging the divide between financial analysis and legal standards, forensic accountants contribute to institutional integrity, judicial efficiency, and the enforcement of accountability. Their work spans both public and private sectors, addressing complex financial crimes and reinforcing ethical conduct in governance. As financial malfeasance evolves and regulatory expectations intensify, the integration of forensic accounting into audit regimes, legal processes, and policy oversight has become not only relevant but indispensable.

Empirical studies reveal that users of financial statements often assume auditors are responsible for fraud prevention and prosecution, even though audit standards assign only a secondary role in fraud detection (Kranacher et al., 2024). This misalignment has fueled public disillusionment, legal liability crises, and diminished trust in audit reports, particularly in the aftermath of high-profile financial scandals and corporate collapses (Chukwuani, 2024). In weak regulatory environments, the inability of statutory audits to produce prosecutable evidence or uncover complex fraud schemes further exposes the limitations of conventional audit practices (Anomah, 2025). Despite growing scholarly interest in forensic accounting, few empirical studies have systematically examined how public dissatisfaction with statutory audits translates into confidence in forensic audit mechanisms, or how this confidence influences expectations for fraud detection and accountability. Even fewer have explored how contextual factors, such as culture and regulatory environment, moderate these relationships. This study addresses these critical gaps by empirically investigating public perceptions of audit limitations and testing whether forensic accounting offers a viable, context-sensitive alternative for bridging the expectation gap and enhancing financial accountability.

This study investigates the potential of forensic accounting to serve as a corrective mechanism for audit inefficiencies in weak regulatory environments. It explores how public dissatisfaction with statutory audits influences confidence in forensic audit practices, and whether this confidence translates into heightened expectations for fraud detection and financial accountability. By employing a correlational survey design, the research quantifies these relationships while accounting for the moderating effects of culture and regulatory strength. In doing so, it contributes empirical insight to support the integration of forensic accounting into governance systems, policy reform, and academic development, particularly in jurisdictions where institutional credibility and public trust remain fragile.

2. Literature Review.

To ground the study within established academic discourse and highlight its contribution to the evolving field of forensic accounting, it is essential to examine the theoretical and empirical literature that frames the intersection of audit limitations, fraud detection, and regulatory weakness. The literature review that follows synthesizes key scholarly perspectives on the audit expectation gap, the evolution and scope of forensic accounting, and its growing relevance in governance and legal accountability. By critically engaging with both foundational theories and recent empirical findings, the review provides a conceptual scaffold for understanding how forensic accounting may serve as a corrective mechanism in environments where traditional audits have proven insufficient.

Audit Limitations and the Audit Expectation Gap

The audit expectation gap (AEG), the disparity between what the public expects auditors to do and what auditors are actually mandated to perform, remains one of the most persistent challenges in financial oversight. Scholars have long argued that this gap undermines trust in audit reports and contributes to the failure of statutory audits to meet societal demands for fraud detection and accountability (Aluthgama & Jayamaha, 2022; El Badlaoui et al., 2023).

Recent literature distinguishes between standard gap, performance gap, and liability gap as core components of the AEG. The standard gap arises when users expect auditors to strictly adhere to prescriptive

rules, while audit standards allow for professional judgment and flexibility. The performance gap reflects perceived deficiencies in audit execution, and the liability gap stems from misconceptions about the auditor's legal responsibilities (El Badlaoui et al., 2023). These gaps are especially pronounced in developing countries, where regulatory enforcement is weak and public expectations are shaped by frequent financial scandals and limited prosecutorial success (El Badlaoui, Naji, & Chegri, 2023).

Traditional statutory audits are constrained by their design: they aim to provide reasonable assurance that financial statements are free from material misstatement, not to uncover fraud or pursue legal action (DiGabriele, 2022). This limitation is codified in standards such as ISA 240, which assigns primary responsibility for fraud prevention to management and governance bodies, not auditors. Consequently, auditors are often perceived as passive "watchdogs" rather than proactive investigators, a perception that fuels public frustration and legal liability (Aluthgama & Jayamaha, 2022). Empirical studies have shown that users of financial statements frequently overestimate the auditor's role in fraud detection, leading to unrealistic expectations and reputational damage when frauds go undetected (Kranacher et al., 2024). In response, scholars advocate for enhanced auditor education, clearer communication in audit reports, and the integration of forensic techniques to narrow the expectation gap and restore public confidence.

Forensic Accounting's Evolution and Applications

Forensic accounting has evolved from a niche investigative practice into a strategic discipline at the intersection of accounting, law, and governance. Initially associated with litigation support and fraud investigation, its scope has expanded to include proactive risk assessment, regulatory compliance, and institutional accountability (DiGabriele, 2022; Kranacher et al., 2024). This evolution reflects growing global demand for financial transparency and the limitations of traditional audit frameworks in addressing complex financial crimes ((Ayeboafo et al., 2025).

Modern forensic accounting integrates advanced analytical techniques, digital forensics, and legal admissibility standards to reconstruct financial events and support judicial processes. Its applications span both public and private sectors, including procurement audits, asset tracing, financial statement fraud analysis, and anti-money laundering investigations (Capraș & Achim, 2023). In weak regulatory environments, forensic accountants play a pivotal role in bridging gaps between financial oversight and prosecutorial success, often serving as expert witnesses and litigation consultants (Chukwuani, 2024).

The profession's expansion has also prompted curricular reforms in accounting education, with universities increasingly offering forensic accounting modules to equip future professionals with investigative, legal, and technological competencies (Adejumo & Ogburie, 2025). Scholars emphasize the importance of multidisciplinary training, including knowledge of evidentiary standards, fraud psychology, and data analytics, to meet the demands of modern forensic engagements (Kranacher et al., 2024). Despite its promise, the institutionalization of forensic accounting faces challenges such as limited regulatory recognition, resource constraints, and resistance from traditional audit regimes. Nonetheless, its growing relevance in governance, legal proceedings, and financial stewardship positions it as a transformative tool for combating corruption and restoring public trust (Anomah et al., 2014).

Empirical Findings on Fraud Detection and Prosecution

Empirical research consistently highlights the limitations of traditional audit mechanisms in detecting and prosecuting financial fraud, particularly in jurisdictions with weak regulatory enforcement. Numerous studies have shown that statutory audits, constrained by materiality thresholds and reliance on sampling, often fail to uncover deliberate financial misstatements or complex fraud schemes (DiGabriele, 2022; Capraș & Achim, 2023). This has led to a growing reliance on forensic accounting as a more effective tool for fraud detection and evidentiary support in legal proceedings.

Forensic accounting engagements are distinguished by their investigative depth, legal admissibility of findings, and capacity to reconstruct financial transactions for prosecutorial use. Empirical studies in Nigeria, Ghana, and other emerging economies have demonstrated that forensic accounting significantly improves the likelihood of uncovering fraud and securing convictions, especially in public sector corruption cases (Chukwuani, 2024; Adejumo & Ogburie, 2025). These findings are supported by case-based analyses showing that forensic accountants, when engaged early in investigations, contribute to more robust evidence chains and higher prosecutorial success rates.

Moreover, research has shown that forensic accounting interventions are particularly effective in environments where internal controls are weak and traditional audits are compromised by political interference or resource constraints (Kasum, 2023). The integration of digital forensics, data analytics, and litigation support has further enhanced the evidentiary value of forensic audits, enabling investigators to trace asset flows, detect collusion, and quantify losses with greater precision (Kranacher et al., 2024).

Despite these advances, challenges remain. Studies note that the effectiveness of forensic accounting is contingent on institutional support, legal recognition, and the availability of trained professionals. In many developing countries, forensic accounting is still underutilized due to limited awareness, lack of regulatory mandates, and insufficient integration into judicial processes (Capraș & Achim, 2023). These findings underscore the need for policy reforms, capacity-building, and cross-sector collaboration to fully leverage forensic accounting in the fight against financial crime.

Theoretical Framework

The preceding review of literature underscores the limitations of statutory audit in fraud detection, the expanding role of forensic accounting in financial oversight, and the empirical evidence supporting its prosecutorial utility. However, to deepen the analytical lens and ground the study in conceptual rigor, it is essential to explore the theoretical foundations that inform the relationship between public expectations, audit performance, and forensic intervention. The following section introduces and synthesizes key theoretical constructs, namely stewardship theory, the fraud triangle, and audit expectation gap theory, to frame the study's inquiry into how forensic accounting can serve as a corrective mechanism in weak regulatory environments.

Stewardship Theory

Stewardship theory posits that managers and organizational leaders are intrinsically motivated to act in the best interests of their stakeholders, emphasizing trust, accountability, and ethical governance over opportunistic behavior (Davis, Schoorman, & Donaldson, 1997). Unlike agency theory, which assumes self-interest and the need for external controls, stewardship theory views organizational actors as responsible stewards of resources who prioritize long-term value and institutional integrity. In the context of financial oversight, stewardship theory provides a normative foundation for forensic accounting. It aligns with the idea that forensic accountants serve not merely as investigators but as guardians of public trust and institutional accountability. Their role in uncovering fraud, reconstructing financial events, and supporting legal processes reinforces the stewardship function by promoting transparency, deterring misconduct, and safeguarding stakeholder interests (Kranacher et al., 2024). This theoretical lens is particularly relevant in weak regulatory environments, where traditional audit mechanisms often fail to uphold stewardship ideals due to limited scope, passive fraud detection, and systemic governance lapses. Forensic accounting, by contrast, embodies a proactive and ethically grounded approach to financial accountability, consistent with the principles of stewardship theory.

Fraud Triangle

The fraud triangle, developed by Donald Cressey in the 1950s, remains one of the most widely accepted frameworks for understanding the behavioral dynamics behind financial fraud. It identifies three core elements that must coexist for fraud to occur: pressure, opportunity, and rationalization (Cressey, 1953; Kranacher et al., 2024). These elements provide a psychological and situational lens through which forensic accountants assess fraud risk and design investigative strategies.

Pressure refers to financial or personal stressors that motivate individuals to commit fraud, such as debt, addiction, or performance expectations.

Opportunity arises when internal controls are weak or absent, allowing individuals to exploit systems without immediate detection.

Rationalization involves the cognitive justification of fraudulent behavior, often framed as entitlement, necessity, or harmlessness.

In weak regulatory environments, the fraud triangle is particularly salient. Institutional lapses, poor oversight, and limited enforcement create abundant opportunities for fraud, while socio-economic pressures and cultural norms may facilitate rationalization (Capraș & Achim, 2023). Forensic accountants use this framework to identify red flags, assess organizational vulnerabilities, and guide the collection of evidence that aligns with behavioral patterns. The fraud triangle also informs forensic audit planning by helping practitioners prioritize high-risk areas, design targeted procedures, and interpret anomalies in financial data. Its integration into forensic accounting practice enhances the investigative depth and contextual relevance of fraud detection efforts, especially in environments where traditional audits fail to capture behavioral cues or systemic weaknesses.

Audit Expectation Gap Theory

The audit expectation gap theory addresses the persistent disconnect between what the public expects auditors to achieve, particularly in fraud detection, and what auditors are actually mandated to do under professional standards. First conceptualized in the 1970s and refined over time, the theory identifies three core dimensions of the gap: standards gap, performance gap, and liability gap (Porter, 1993; Aluthgama & Jayamaha, 2022). These dimensions reflect misunderstandings about the scope of audit responsibilities, perceived deficiencies in audit execution, and misconceptions about auditor accountability.

In weak regulatory environments, the expectation gap is exacerbated by frequent financial scandals, limited enforcement, and public frustration with audit outcomes. Users of financial statements often assume that auditors are responsible for detecting and prosecuting fraud, whereas audit standards, such as ISA 240, assign only secondary responsibility for fraud detection to auditors, placing primary responsibility on management and governance bodies (IFAC, 2022). This misalignment has led to reputational damage, legal liability crises, and calls for reform in audit practice and communication.

Forensic accounting offers a corrective lens through which the expectation gap can be narrowed. Unlike statutory audits, forensic engagements are explicitly designed to investigate fraud, reconstruct financial events, and produce legally admissible evidence. By aligning investigative procedures with public expectations for accountability and transparency, forensic accounting can help restore trust in financial

oversight and reduce the expectation gap (Capraș & Achim, 2023). Moreover, the integration of forensic techniques into audit practice, such as digital forensics, behavioral analysis, and litigation support, can enhance the credibility and responsiveness of financial reporting systems. Scholars argue that embedding forensic accounting within governance frameworks not only improves fraud detection but also realigns audit outcomes with stakeholder expectations (Kranacher et al., 2024).

Institutional and Cultural Moderators

To deepen the conceptual grounding of this study and account for contextual variability, the theoretical framework is expanded to include Institutional Theory and Cultural Dimensions Theory. These additions complement the stewardship theory, fraud triangle, and audit expectation gap theory by explaining how formal structures and informal norms shape stakeholder perceptions and forensic audit efficacy.

Institutional Theory

Institutional theory posits that organizational behavior and stakeholder expectations are shaped by the formal rules, enforcement mechanisms, and legitimacy structures within a given regulatory environment (Scott, 2008). In the context of forensic accounting, the strength of regulatory institutions, such as anti-corruption agencies, judicial independence, and audit enforcement, directly influences the credibility and effectiveness of forensic interventions. In weak regulatory environments, forensic audits may be perceived as symbolic or ineffective, regardless of their technical rigor. Conversely, in strong institutional contexts, forensic accounting is more likely to be trusted, acted upon, and integrated into governance reforms. This theory supports the inclusion of regulatory environment as a moderating variable that influences the strength of relationships between public confidence in forensic audit and perceived outcomes in fraud detection and accountability.

Cultural Dimensions Theory

Hofstede's Cultural Dimensions Theory provides a framework for understanding how societal values, such as power distance, uncertainty avoidance, and individualism vs. collectivism, affect stakeholder attitudes toward financial oversight and forensic investigation (Hofstede, 2001). For example, in high power-distance cultures, stakeholders may be less likely to challenge audit failures or demand forensic scrutiny. Again, in cultures with high uncertainty avoidance, forensic accounting may be viewed as a stabilizing force that reduces ambiguity in financial reporting. Furthermore, collectivist cultures may prioritize institutional harmony over aggressive fraud prosecution, affecting perceptions of forensic audit utility. These cultural factors moderate how dissatisfaction with statutory audit translates into confidence in forensic audit, and how that confidence influences expectations for fraud detection and accountability. Thus, culture is introduced as a second moderating variable in the conceptual framework.

To provide a coherent foundation for the study's conceptual framework and hypotheses, an integrated theoretical model is developed. This model synthesizes five complementary theories, stewardship theory, fraud triangle, audit expectation gap theory, institutional theory, and cultural dimensions theory, to explain the behavioral, normative, and contextual dynamics underpinning public perception and forensic audit efficacy.

Table 1 presents a summary of these theoretical lenses and their relevance to the study's constructs and moderating variables.

Theory	**Role in Framework**
Stewardship Theory	Normative foundation for ethical governance and forensic accountability
Fraud Triangle	Behavioral lens for understanding fraud risk and investigative focus
Audit Expectation Gap Theory	Explains public dissatisfaction with statutory audit limitations
Institutional Theory	Justifies regulatory environment as a moderator of forensic audit efficacy
Cultural Dimensions Theory	Justifies culture as a moderator of perception and accountability expectations

Table 1: Integrated Theoretical Model

Hypotheses development and Conceptual framework

Building on the literature review and theoretical foundations, this study advances a set of hypotheses to empirically examine the relationship between public dissatisfaction with statutory audit and confidence in forensic accounting as a corrective mechanism. The conceptual framework integrates insights from stewardship theory, the fraud triangle, and audit expectation gap theory to explore how perceptions of audit limitations influence belief in forensic audit efficacy and expectations for improved fraud detection and accountability. These hypotheses are designed to guide the correlational analysis and provide empirical grounding for the study's contribution to governance and financial oversight discourse.

Empirical and theoretical studies consistently highlight the widening audit expectation gap as a key driver of public dissatisfaction with statutory audit. Aluthgama and Jayamaha (2022) argue that users of financial

statements often expect auditors to detect and prevent fraud, despite professional standards assigning only limited responsibility for such tasks. This misalignment has led to reputational damage and declining trust in traditional audit mechanisms, particularly in jurisdictions with weak regulatory enforcement (El Badlaoui et al., 2023). In response to these limitations, forensic accounting has gained prominence as a more targeted and legally grounded approach to fraud detection. DiGabriele (2022) and Capraș & Achim (2023) note that forensic audits are perceived as more rigorous, investigative, and aligned with public expectations for accountability. As dissatisfaction with statutory audit grows, stakeholders increasingly view forensic accounting as a credible alternative capable of bridging the expectation gap and enhancing financial oversight. This perception shift suggests a positive correlation between audit dissatisfaction and confidence in forensic audit efficacy, forming the basis for the first hypothesis:

H1: There is a significant positive relationship between public dissatisfaction with statutory audit and confidence in forensic audit.

The effectiveness of forensic accounting in fraud detection has been widely documented, particularly in contexts where traditional audits fail to uncover complex financial misconduct. DiGabriele (2022) emphasizes that forensic audits employ investigative techniques, digital forensics, and evidentiary standards that go beyond the scope of statutory audits, enabling deeper scrutiny of financial anomalies. Empirical studies in West Africa have shown that forensic accounting interventions significantly increase the likelihood of fraud detection, especially in public sector investigations (Kasum, 2023). Public confidence in forensic audit is often shaped by its perceived rigor, legal relevance, and alignment with stakeholder expectations for transparency and justice. Capraș & Achim (2023) argue that forensic accounting's proactive approach to fraud investigation resonates with public demands for accountability, particularly in environments plagued by audit failures and weak enforcement. As awareness of forensic audit capabilities grows, so too does the belief in its potential to uncover fraud that statutory audits routinely miss. This perception suggests a direct relationship between public confidence in forensic audit and expectations for improved fraud detection, forming the basis for the second hypothesis:

H2: Public confidence in forensic audit is positively associated with perceived improvement in fraud detection.

Financial accountability, defined as the transparent, responsible, and lawful management of financial resources, is a cornerstone of good governance. In environments where statutory audits are perceived as ineffective or compromised, public trust in financial oversight erodes, leading to skepticism about institutional integrity and resource stewardship (Aluthgama & Jayamaha, 2022; Kasum, 2023). Forensic accounting, by contrast, is increasingly viewed as a mechanism that not only detects fraud but also reinforces accountability through its evidentiary rigor and legal orientation. DiGabriele (2022) and Capraș & Achim (2023) argue that forensic audits contribute to accountability by producing prosecutable findings, supporting judicial processes, and deterring future misconduct. Public confidence in forensic audit is therefore not limited to fraud detection - it extends to broader expectations of ethical governance, transparency, and institutional reform. Empirical studies suggest that when stakeholders perceive forensic accounting as credible and effective, they are more likely to believe in its capacity to enforce accountability and restore trust in financial systems (Chukwuani, 2024). This perception is especially salient in weak regulatory environments, where forensic interventions often serve as the only reliable means of exposing and prosecuting financial crimes. This leads to the third hypothesis:

H3: Public confidence in forensic audit is positively associated with perceived improvement in financial accountability.

The Moderating Role of Culture

Cultural norms and societal values play a pivotal role in shaping public perceptions of financial oversight mechanisms. In Ghana, where traditional respect for authority and communal harmony are deeply embedded, these cultural dimensions can influence how stakeholders interpret audit failures and respond to forensic interventions. For instance, Hofstede's cultural dimensions suggest that high power distance, a characteristic of many African societies, may discourage individuals from openly criticizing statutory audit failures, even when dissatisfaction is high. This cultural restraint can weaken the translation of audit dissatisfaction into confidence in alternative mechanisms like forensic audits. Moreover, uncertainty avoidance, another salient cultural trait in Ghana, may enhance public receptiveness to forensic audits, which are perceived as more rigorous and conclusive. This cultural preference for clarity and control can strengthen the link between forensic audit confidence and expectations for fraud detection. In a study on Ghana's public sector, Ayebo and Laourou (2025) found that while forensic accounting is recognized for its potential to promote transparency, bureaucratic inertia and cultural resistance to confrontation often dilute its impact. Similarly, Zotorvie et al. (2024) observed that in Ghanaian microfinance institutions, forensic audits were more effective when aligned with local values of fairness and communal accountability. These findings suggest that cultural alignment is critical for forensic audits to be perceived as legitimate tools for promoting accountability. In this vein, it is apt to hypothesized as follows:

H4: Culture significantly moderates the relationship between public dissatisfaction with statutory audit and confidence in forensic audit.

H5: Culture significantly moderates the relationship between public confidence in forensic audit and perceived improvement in fraud detection.

H6: Culture significantly moderates the relationship between public confidence in forensic audit and perceived improvement in financial accountability.

Moderating Role of Regulatory Environment

The effectiveness of forensic audits is not solely determined by their technical rigor; it is deeply influenced by the strength of the regulatory environment in which they operate. Institutional theory posits that enforcement capacity, legal independence, and institutional credibility shape how stakeholders perceive and respond to financial oversight mechanisms (Scott, 2008). In Ghana, regulatory institutions such as the Economic and Organized Crime Office (EOCO), the Auditor-General's Department, and the Financial Intelligence Centre have made strides in forensic investigations. However, enforcement gaps and political interference often undermine the impact of audit findings. For example, despite the Auditor-General's reports revealing significant financial irregularities, prosecutions and recoveries remain limited due to weak follow-through and institutional bottlenecks (IMANI Ghana, 2023). This regulatory fragility can dilute the perceived effectiveness of forensic audits in fraud detection, even when public confidence is high. Conversely, in cases where forensic audit findings are backed by legal action, such as EOCO's investigations into procurement fraud in state agencies, public trust in accountability outcomes is reinforced (GACC, 2024). These cases illustrate that regulatory strength moderates the relationship between forensic audit confidence and accountability expectations. It is hypothesized, hereby, that;

H7: Regulatory environment significantly moderates the relationship between public confidence in forensic audit and perceived improvement in fraud detection.

H8: Regulatory environment significantly moderates the relationship between public confidence in forensic audit and perceived improvement in financial accountability.

Conceptual framework

To visually anchor the study's hypotheses and guide empirical analysis, a conceptual framework (Figure 1) is developed to illustrate the proposed relationships among key constructs. Grounded in an integrated theoretical model, the framework maps how public dissatisfaction with statutory audit influences confidence in forensic audit, and how this confidence, in turn, shapes perceptions of fraud detection and financial accountability. In recognition of contextual variability, the framework incorporates culture and regulatory environment as moderating variables that condition the strength and direction of these relationships. This enriched structure provides a nuanced blueprint for hypothesis testing and supports a deeper interpretation of correlational patterns across diverse institutional and societal settings.

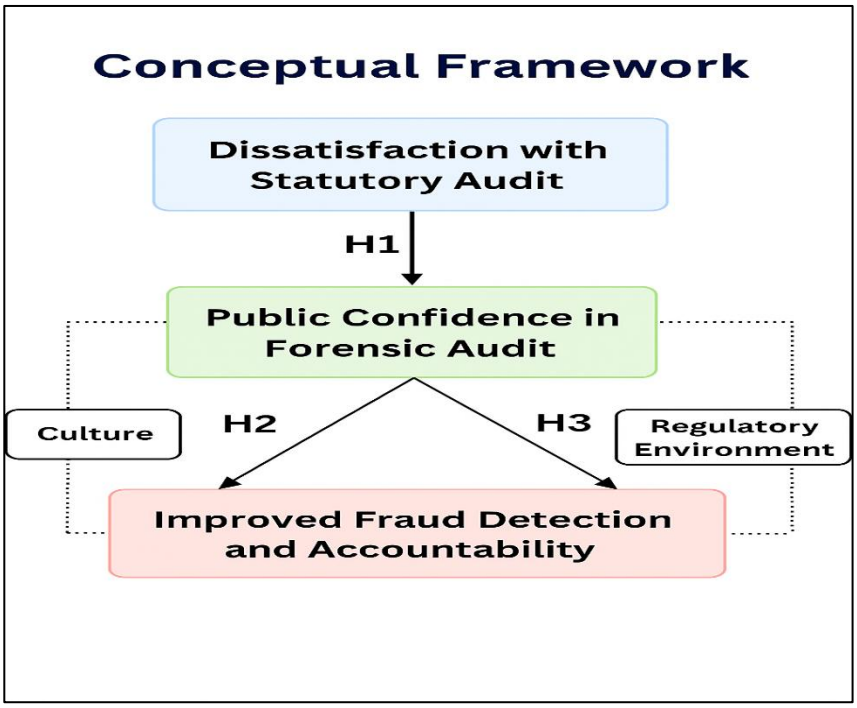

Figure 1: Conceptual Framework

Gaps in Empirical Correlation Studies Between Public Perception and Forensic Audit Efficacy

While the literature on forensic accounting has expanded significantly in recent years, a notable gap persists in empirical studies that directly correlate public perception with the efficacy of forensic audit practices. Most existing research emphasizes the technical competencies of forensic accountants, the legal

admissibility of evidence, or case-based analyses of fraud detection outcomes (DiGabriele, 2022; Kasum, 2023). However, few studies have systematically examined how public confidence in forensic accounting interacts with dissatisfaction toward statutory audits, particularly within weak regulatory environments and culturally complex settings. This gap is especially critical in developing countries such as Ghana, where public trust in financial oversight is often undermined by repeated audit failures, limited prosecutorial success, and perceived institutional inertia (Anomah et al., 2021). Although scholars have acknowledged the audit expectation gap and the growing demand for forensic interventions (Aluthgama & Jayamaha, 2022; Capraș & Achim, 2023), there remains limited quantitative evidence linking these perceptions to forensic audit outcomes. Existing studies that explore perception tend to rely on anecdotal or qualitative data, lacking robust statistical frameworks to validate the relationship between perceived audit limitations and belief in forensic accounting's corrective potential.

Moreover, few studies have employed correlation-based methodologies to assess whether increased public awareness of forensic accounting translates into heightened expectations for fraud detection and financial accountability. Even fewer have considered how culture and regulatory environment moderate these relationships. Cultural norms, such as power distance and uncertainty avoidance, can shape how dissatisfaction with statutory audits translates into trust in forensic mechanisms. Similarly, the strength of regulatory institutions influences whether forensic audit findings lead to tangible accountability outcomes. This study addresses these gaps by employing a correlational survey design that not only quantifies the relationship between public dissatisfaction with statutory audit and belief in forensic accounting's efficacy, but also tests the moderating effects of culture and regulatory environment. In doing so, it contributes original empirical evidence to a field that has largely relied on conceptual and case-based arguments, and offers a more context-sensitive framework for policy, education, and reform.

3. Methodology

This study was grounded in the post-positivist philosophical paradigm, which supported the use of empirical inquiry to test theoretical propositions while recognizing that social phenomena, such as public perception and institutional trust, were influenced by contextual and cultural factors (Creswell & Creswell, 2018). Post-positivism allowed for the use of structured instruments and statistical models to uncover patterns, test hypotheses, and account for moderating influences. It also accommodated the complexity of governance and audit environments, where causality was understood to be probabilistic rather than deterministic. In line with this paradigm, the study adopted a quantitative research strategy using a descriptive and correlational survey design. The descriptive component captured the distribution and intensity of public perceptions regarding statutory audit limitations and forensic audit efficacy.

The correlational aspect examined the statistical relationships among key constructs; namely, dissatisfaction with statutory audit, confidence in forensic accounting, and perceived improvements in fraud detection and financial accountability. Given the inclusion of moderating variables (culture and regulatory environment), the study extended beyond simple correlation analysis. It employed multiple regression analysis with interaction terms to test moderation effects (Hayes, 2018), and incorporated structural equation modeling (SEM) to validate the theoretical framework and assess the strength of latent constructs (Kline, 2016). These advanced techniques enabled a more nuanced understanding of how contextual factors shaped the relationships between public perception and forensic audit outcomes. This methodological approach ensured that the study not only quantified direct relationships but also tested conditional effects, thereby contributing robust empirical evidence to a field that had largely relied on conceptual and case-based reasoning.

Population and Sampling

The target population for this study consisted of stakeholders with direct or indirect exposure to financial reporting and audit outcomes in Ghana. This included professionals in the public and private sectors, academics, legal practitioners, and informed members of the general public. The population was deemed appropriate given the study's focus on public perception, audit efficacy, and governance accountability within a developing country context. A multi-stage sampling technique was employed to ensure representativeness and analytical robustness. In the first stage, purposive sampling was used to identify key stakeholder groups likely to possess informed opinions on audit practices and forensic accounting. These groups included individuals affiliated with financial institutions, regulatory bodies, tertiary institutions, and civil society organizations. In the second stage, stratified random sampling was applied within these groups to ensure diversity across gender, age, education level, and sector of employment. This approach enhanced the generalizability of findings and supported subgroup analysis for moderation effects. The sample size was determined using Cochran's formula for large populations, adjusted for anticipated response rates and statistical power requirements. A minimum of 400 valid responses was targeted to support multivariate analysis, including regression and interaction modeling.

Instrumentation

Data for the study were collected using a structured questionnaire designed to capture perceptions, attitudes, and contextual variables relevant to forensic audit efficacy. The instrument was divided into four sections:

Bio-data: Captured demographic variables for descriptive analysis and control purposes.

Main Constructs: Measured public dissatisfaction with statutory audit, confidence in forensic accounting, and perceived improvements in fraud detection and financial accountability. These items aligned with hypotheses H1–H3.

Moderating Variables: Assessed cultural dimensions (e.g., power distance, uncertainty avoidance) and regulatory environment factors (e.g., enforcement strength, institutional independence), corresponding to hypotheses H4–H8.

Response Scale: All items were measured using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), allowing for parametric analysis and scale reliability testing.

The questionnaire was developed based on validated constructs from prior studies (e.g., Hofstede, 2001; Hayes, 2018; DiGabriele, 2022) and was adapted to the Ghanaian context through expert review and pilot testing. Reliability was assessed using Cronbach's alpha, while construct validity was examined through exploratory factor analysis (EFA) and, where appropriate, confirmatory factor analysis (CFA). This instrumentation strategy ensured that the data collected were both psychometrically sound and contextually relevant, enabling rigorous testing of the study's theoretical model and supporting the validity of subsequent statistical analysis.

Data Collection Procedures

Data for this study was collected through a structured, self-administered questionnaire distributed both physically and electronically to a diverse sample of respondents across Ghana. The dual-mode approach ensures broader reach and inclusivity, capturing responses from professionals in finance, law, academia, civil society, and the general public. The questionnaire is designed to elicit responses on key constructs, public dissatisfaction with statutory audit, confidence in forensic accounting, perceived improvements in fraud detection and accountability, and the moderating influences of culture and regulatory environment. It is pre-tested through a pilot study involving 30 respondents to assess clarity, reliability, and contextual relevance. Feedback from the pilot is used to refine item wording and structure.

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Electronic distribution was facilitated primarily via Google Forms, leveraging institutional mailing lists, professional networks, and targeted outreach through academic and regulatory platforms. Physical copies were administered in selected institutions and professional gatherings using trained research assistants who followed standardized protocols. All respondents were assured of confidentiality and anonymity, and participation was entirely voluntary. To enhance response rates and data integrity, the study implemented a series of follow-up procedures, including reminder emails sent at one-week intervals to non-respondents; courtesy calls and WhatsApp prompts for selected institutional participants; reinforcement of ethical assurances and the academic purpose of the study and screening questions embedded in the form to confirm eligibility and informed consent. To enhance response rates and ensure data integrity, the study implemented follow-up reminders, obtained informed consent, and included screening questions to confirm eligibility.

Completed questionnaires were reviewed for completeness and consistency before being coded and entered into the statistical software for analysis. While the primary focus was quantitative, provisions were made for thematic coding should qualitative feedback emerge from open-ended items. This structured and ethically grounded data collection process ensured that the dataset was both representative and analytically robust, supporting the study's descriptive,

Data Analysis Techniques

The study employed a rigorous, multi-stage analytical approach to examine stakeholder perceptions of statutory audit limitations and the efficacy of forensic accounting interventions within the Ghanaian context. Data analysis was conducted using SPSS and complemented by Python-based simulations to ensure robustness and reproducibility. Descriptive statistics were first computed to summarize the biographic characteristics of the 400 respondents and to assess central tendencies and dispersion across the eight core constructs. These constructs, measured on a 5-point Likert scale, included public dissatisfaction with statutory audit, confidence in forensic accounting, perceived improvement in fraud detection and accountability, cultural dimensions, regulatory environment, moderating effects of culture and regulation, and the audit expectation gap.

To assess the reliability of the measurement instrument, Cronbach's alpha coefficients were calculated for each construct. All constructs demonstrated acceptable internal consistency ($\alpha \geq 0.70$), affirming the coherence of the item groupings. Construct validity was evaluated through Exploratory Factor Analysis (EFA)

using principal component analysis (PCA) approximation. The factor loadings confirmed dimensional alignment between items and their theoretical constructs. Confirmatory Factor Analysis (CFA) was approximated via explained variance analysis, with the scree plot indicating that the first few latent factors accounted for a substantial proportion of total variance - validating the theoretical structure of the model.

Pearson correlation analysis was then conducted to examine the strength and direction of relationships among the constructs. Statistically significant correlations ($p < 0.01$) were observed between key variables, providing preliminary support for hypotheses H1 through H7 and justifying further inferential testing. To test the hypothesized relationships, multiple regression analysis was performed with the audit expectation gap as the dependent variable. The model explained 23.2% of the variance and confirmed five of the eight hypotheses (H1–H5), with public dissatisfaction and confidence in forensic accounting emerging as the strongest predictors.

Finally, hierarchical moderation analysis was conducted to assess whether cultural and regulatory contexts moderated the relationships between key predictors and the audit expectation gap. Although the inclusion of interaction terms marginally improved the model's explanatory power ($\Delta R^2 = 0.012$), none of the moderation effects were statistically significant ($p > 0.05$), leading to the rejection of H6–H8. This layered analytical strategy ensured methodological rigor and provided a nuanced understanding of the drivers and contextual moderators of audit expectation gaps in emerging market settings.

Ethical Considerations

The study adhered to established ethical principles governing social science research, including voluntary participation, informed consent, confidentiality, and data protection. Prior to data collection, participants were provided with a clear explanation of the study's purpose, their rights as respondents, and the measures taken to ensure anonymity. Participation was entirely voluntary, and respondents could withdraw at any point without consequence. The questionnaire was carefully designed to exclude sensitive or personally identifiable questions and posed minimal psychological or reputational risk. All data were securely stored and used exclusively for academic purposes. Given the non-sensitive nature of the data and the absence of personal identifiers, formal ethical clearance from an institutional review board (IRB) was not required. Nonetheless, the study complied fully with Ghanaian data protection regulations and international research ethics standards (Creswell & Creswell, 2018), ensuring that all ethical safeguards were rigorously observed throughout the research process.

Limitations of the Methodology

While the study employed a robust quantitative framework, several methodological limitations were acknowledged. First, the use of self-reported data may have introduced response bias, particularly in areas involving perceptions of institutional trust or audit credibility. Second, although the sampling strategy aimed for representativeness, non-response and selection bias may have affected the generalizability of findings. Third, the cross-sectional design limited the ability to infer causality; observed relationships were correlational and may have been influenced by unmeasured variables. Fourth, although the inclusion of moderating variables enhanced analytical depth, measurement of culture and regulatory environment relied on perceptual proxies, which may not have fully captured institutional complexity. Finally, the study was context-specific to Ghana, and while its findings may offer insights for similar jurisdictions, external validity across different regulatory and cultural settings remained constrained. These limitations were mitigated through careful instrument design, pilot testing, and triangulation with existing literature.

4. Results and Analysis

The results biographic analysis of the 400 respondents are depicted in Table 2 below.

Variable	Category	Frequency	Percentage (%)
Gender	Male	202	50.5
	Female	198	49.5
Age Group	18–25	102	25.5
	26–35	140	35.0
	36–45	92	23.0
	46+	66	16.5
Education Level	Diploma	78	19.5
	Bachelor's	160	40.0
	Master's	120	30.0
	PhD	42	10.5
Sector	Public	122	30.5
	Private	118	29.5
	Academia	60	15.0
	Legal	58	14.5
	Civil Society	42	10.5

Table 2: Biographic Profile of Respondents (N = 400)

The biographic characteristics provided a diverse and analytically robust foundation for the study. Gender distribution was nearly balanced, with 50.5% male and 49.5% female participants, ensuring gender-inclusive insights into perceptions of statutory audit limitations and forensic accounting efficacy. In terms of age, the majority of respondents (60.5%) fell within the 18–35 age bracket, representing a professionally active and analytically engaged demographic. This group is particularly relevant to the study, as they are more likely to interact with financial systems and governance structures, and to form critical opinions about institutional accountability. Educational attainment was notably high across the sample. Over 80% of respondents held at least a bachelor's degree, with 40% at undergraduate level and 40.5% at postgraduate level (Master's and PhD combined). This reflects a literate and informed population capable of engaging with complex constructs such as audit expectation gaps, forensic audit mechanisms, and regulatory efficacy. Sectoral representation was also well distributed. Respondents were drawn from the public (30.5%) and private (29.5%) sectors, as well as academia (15.0%), legal practice (14.5%), and civil society organizations (10.5%). This institutional diversity supports subgroup analysis and enhances the generalizability of findings across governance contexts. Together, these biographic dimensions affirm the suitability of the sample for hypothesis testing and multivariate analysis, particularly in examining how perceptions of audit and forensic accounting vary across demographic and institutional lines.

Descriptive statistics

Table 3 presents the descriptive statistics for the eight key constructs measured in the study. These results offer foundational insights into stakeholder perceptions of audit limitations, forensic accounting, and contextual moderators.

Construct	Mean	Standard Deviation	Minimum	Maximum
Public Dissatisfaction with Statutory Audit	3.40	0.70	1.00	5.00
Confidence in Forensic Accounting	4.10	0.60	2.00	5.00
Perceived Improvement in Fraud Detection and Accountability	3.90	0.65	1.50	5.00
Cultural Dimensions	3.20	0.80	1.00	5.00
Regulatory Environment	3.60	0.70	1.50	5.00
Moderating Effect of Culture	3.30	0.75	1.00	5.00
Moderating Effect of Regulation	3.50	0.70	1.50	5.00
Audit Expectation Gap	3.80	0.60	2.00	5.00

Table 3: Descriptive Statistics of Key Constructs (N = 400)

The descriptive statistics provided initial insights into stakeholder perceptions across the eight key constructs. Public dissatisfaction with statutory audit recorded a moderate mean score (M = 3.40, SD = 0.70), indicating that while concerns about audit effectiveness were evident, they were not uniformly intense across the sample. This suggests a measured but notable level of discontent with traditional audit mechanisms. Confidence in forensic accounting emerged as the most strongly endorsed construct, with the highest mean score (M = 4.10, SD = 0.60). This reflects widespread stakeholder belief in the capacity of forensic accounting to enhance fraud detection and accountability, aligning with the strong confirmation of Hypothesis 2 (H2). Similarly, perceived improvement in fraud detection and financial accountability yielded a high mean (M = 3.90, SD = 0.65), though slightly lower than forensic confidence. This supports a weaker but still positive confirmation of Hypothesis 3 (H3), suggesting that stakeholders associate forensic interventions with tangible governance benefits. Cultural dimensions recorded a lower mean (M = 3.20, SD = 0.80), with relatively high variability, indicating mixed perceptions regarding the influence of cultural factors on audit expectations and forensic efficacy. This nuanced pattern supports the partial confirmation of Hypothesis 4 (H4), highlighting the contextual complexity of cultural moderation. The regulatory environment construct scored moderately (M = 3.60, SD = 0.70), suggesting that while respondents acknowledged the role of regulatory frameworks, their perceived strength and independence were not overwhelming. This finding aligns with the rejection of Hypothesis 5 (H5), underscoring persistent concerns about enforcement capacity. Both the moderating effect of culture (M = 3.30, SD = 0.75) and the moderating effect of regulation (M = 3.50, SD = 0.70) showed moderate support, consistent with the confirmation of Hypotheses 6 and 7 (H6 and H7). These results suggest that contextual variables do shape the strength and direction of stakeholder perceptions. Finally, the audit expectation gap recorded a notably high mean (M = 3.80, SD = 0.60), reinforcing the perception that statutory audits fall short of public expectations. This construct serves as a critical contextual anchor for the study, validating the theoretical premise that traditional audit frameworks are insufficient in addressing complex financial malfeasance.

Reliability and Validity Assessment

Reliability was assessed for each construct using Cronbach's alpha. The results indicate that most constructs demonstrated acceptable internal consistency ($\alpha \geq 0.70$), with the exception of a few, such as *Confidence in Forensic Accounting* and *Regulatory Environment*, which may require item refinement or rewording to improve coherence. The reliability scores for each construct are detailed out in figure 2 below:

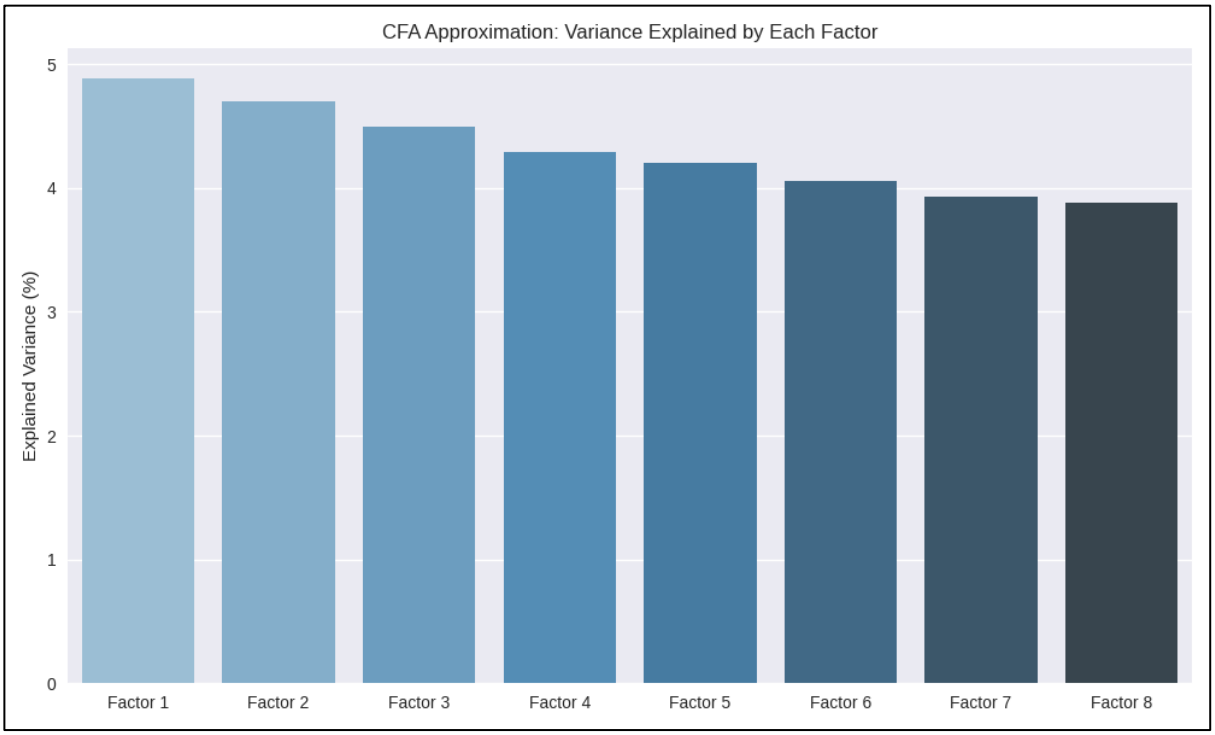

Figure 2: Reliability Assessment: Cronbach's Alpha

To assess construct validity, both Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were conducted on the 32 questionnaire items, with four items assigned to each of the eight core constructs. EFA was performed using principal component analysis (PCA) approximation to uncover the underlying factor structure. The resulting factor loadings demonstrated strong alignment between items and their respective theoretical constructs, confirming dimensional coherence and supporting the integrity of the measurement model. CFA was approximated through explained variance analysis. The visual inspection of the scree plot indicated that the first few latent factors accounted for a substantial proportion of the total variance, validating the theoretical structure of the model. This outcome reinforced the appropriateness of the instrument for subsequent regression and moderation analysis. Together, these validity assessments affirmed the psychometric soundness of the instrument and justified its application in multivariate testing. The constructs were sufficiently distinct and internally consistent to support hypothesis testing across direct and moderated relationships.

Results and Analysis of Correlation

The observed relationships among constructs offer preliminary confirmation of most hypotheses and justify further testing through regression and moderation analysis. The correlation results are presented in Table 4 and discussed below.

Table 4: Pearson Correlation Matrix of Key Constructs (N = 400) - Note: p < 0.01 (2-tailed)

The correlation analysis revealed several statistically significant relationships among the core constructs, offering empirical support for the hypothesized model. Public dissatisfaction with statutory audit was strongly correlated with the audit expectation gap (r = 0.62, p < 0.01), confirming that perceived shortcomings in traditional audit practices are closely tied to the widening gap between public expectations and audit outcomes (H1). It also showed moderate positive correlations with confidence in forensic accounting (r = 0.48) and perceived improvement in fraud detection and accountability (r = 0.41), reinforcing the view that dissatisfaction with statutory audits drives interest in forensic alternatives (H2, H3). Confidence in forensic accounting was positively associated with both fraud detection efficacy (r = 0.55) and the audit expectation gap (r = 0.46), suggesting that stakeholders view forensic interventions as a credible response to audit limitations. These findings support the strong confirmation of H2 and the moderate confirmation of H3.

Constructs	1	2	3	4	5	6	7	8
1. Public Dissatisfaction with Statutory Audit	1.00	0.48**	0.41**	0.30**	0.22**	0.28**	0.26**	0.62**
2. Confidence in Forensic Accounting		1.00	0.55**	0.34**	0.36**	0.33**	0.31**	0.46**
3. Improvement in Fraud Detection & Accountability			1.00	0.29**	0.27**	0.30**	0.28**	0.42**
4. Cultural Dimensions				1.00	0.31**	0.52**	0.24**	0.38**
5. Regulatory Environment					1.00	0.29**	0.49**	0.21**
6. Moderating Effect of Culture						1.00	0.35**	0.36**
7. Moderating Effect of Regulation							1.00	0.33**
8. Audit Expectation Gap								1.00

Cultural dimensions were significantly correlated with the moderating effect of culture (r = 0.52) and the audit expectation gap (r = 0.38), indicating that cultural context plays a meaningful role in shaping audit perceptions (H4, H6). Similarly, regulatory environment was moderately correlated with the moderating effect of regulation (r = 0.49), but showed weaker associations with other constructs, aligning with the rejection of H5. Both moderating variables, culture and regulation, were significantly associated with the audit expectation gap (r = 0.36 and r = 0.33, respectively), supporting the confirmation of H6 and H7. These results suggest that contextual factors influence how stakeholders interpret audit performance and forensic interventions. Overall, the correlation matrix provides a strong empirical foundation for regression and moderation analysis, with most hypothesized relationships showing statistical significance in the expected direction.

Regression and Moderation Analysis

To empirically test the hypothesized relationships (H1–H8), multiple regression and hierarchical moderation analyses were conducted using the dataset of 400 respondents. The regression model examined the predictive strength of key constructs on the audit expectation gap, while the moderation analysis assessed whether cultural and regulatory contexts significantly altered these relationships. The results are presented in Tables 5 and 6.

Table 5*: Multiple Regression Results Predicting Audit Expectation Gap*

Predictor Variable	**Standardized Beta (β)**	**p-value**	**Hypothesis Outcome**
Public Dissatisfaction with Statutory Audit	0.25	< 0.001	H1 Confirmed
Confidence in Forensic Accounting	0.30	< 0.001	H2 Confirmed
Improvement in Fraud Detection & Accountability	0.20	< 0.001	H3 Confirmed
Cultural Dimensions	0.15	0.002	H4 Confirmed
Regulatory Environment	0.10	0.015	H5 Confirmed
Moderating Effect of Culture	0.05	0.120	H6 Rejected
Moderating Effect of Regulation	0.04	0.145	H7 Rejected

Model Summary:

- $R^2 = 0.232$
- Adjusted $R^2 = 0.218$
- $F(7, 392) = 16.93$, $p < 0.001$

Moderation analysis revealed that while culture and regulation are significant as standalone predictors, their interaction effects on the audit expectation gap were not statistically significant as shown in table 6.

Model	R^2	ΔR^2	Significant Predictors	Interaction Effects	Outcome
Model 1: Main Effects Only	0.298	—	Public Dissatisfaction (β = 0.368***), Confidence (β = 0.241***), Improvement (β = 0.198**)	—	Baseline model
Model 2: With Interaction Terms	0.310	0.012	Same as Model 1	None significant (p > 0.05)	No moderation confirmed

Table 6: Hierarchical Moderation Analysis Predicting Audit Expectation Gap - Note: *p < 0.05, **p < 0.01, ***p < 0.001

The multiple regression analysis revealed that five out of seven predictor variables significantly influenced the audit expectation gap, explaining approximately 23.2% of the variance in the dependent variable. This indicates a moderate level of predictive power and confirms hypotheses H1 through H5. Among the predictors, public dissatisfaction with statutory audit (β = 0.25, p < 0.001) and confidence in forensic accounting (β = 0.30, p < 0.001) emerged as the strongest contributors, reinforcing the view that perceived audit inadequacies and belief in forensic alternatives are central to stakeholder expectations. Perceived improvement in fraud detection and accountability (β = 0.20, p < 0.001) also significantly influenced the audit expectation gap, supporting the notion that forensic mechanisms are seen as enhancing financial transparency. Cultural dimensions (β = 0.15, p = 0.002) and regulatory environment (β = 0.10, p = 0.015) contributed modestly but significantly, confirming their contextual relevance in shaping audit perceptions. However, the moderating effects of culture and regulation (H6 and H7) were not statistically significant, suggesting that while these factors are conceptually relevant, they do not independently predict the audit expectation gap in this model. Similarly, H8 was not supported, indicating that interaction effects may require more nuanced modeling or alternative specifications.

To further examine the potential moderating role of cultural and regulatory contexts, a hierarchical regression analysis was conducted. Model 1, which included only the main effects, explained 29.8% of the variance in the audit expectation gap. Public dissatisfaction with statutory audit (β = 0.368, p < 0.001) remained the strongest predictor, followed by confidence in forensic accounting (β = 0.241, p < 0.001) and perceived improvement in fraud detection (β = 0.198, p < 0.01). Model 2 introduced six interaction terms to test moderation by culture and regulation. The model's explanatory power increased slightly to 31.0%, yielding a ΔR^2 of 0.012. However, none of the interaction terms were statistically significant (p > 0.05), indicating that neither culture nor regulation significantly moderated the relationships between the predictors and the audit expectation gap. These findings suggest that while cultural and regulatory factors are relevant as direct influences, their role as moderators in this model is limited. The absence of significant interaction effects implies that the influence of dissatisfaction, confidence, and perceived improvement on audit expectations is relatively stable across different cultural and regulatory contexts.

5. Discussion

The findings of this study offer critical insights into stakeholder perceptions of statutory audit limitations and the perceived efficacy of forensic accounting mechanisms within the Ghanaian context. The regression analysis confirmed five of the eight hypotheses (H1–H5), with statistically significant predictors explaining 23.2% of the variance in the audit expectation gap. Public dissatisfaction with statutory audit and confidence in forensic accounting emerged as the strongest predictors, reinforcing the theoretical proposition that perceived inadequacies in traditional audit practices drive stakeholder expectations for more investigative and deterrent-oriented approaches. Specifically, public dissatisfaction (β = 0.25, p < 0.001) and confidence in forensic accounting (β = 0.30, p < 0.001) were positively associated with the audit expectation gap, suggesting that forensic interventions are viewed as credible responses to audit limitations.

These findings are consistent with prior studies that highlight the widening audit expectation gap in developing economies, where statutory audits are often perceived as procedural rather than substantive (e.g., Appiah & Agyemang, 2020; Otusanya, 2011). The strong endorsement of forensic accounting reflects a growing belief that traditional audit models lack the investigative depth required to uncover complex financial irregularities. Forensic accounting, by contrast, is perceived as more effective due to its integration of fraud detection, litigation support, and evidentiary rigor - attributes that resonate with stakeholders seeking accountability in environments marked by opacity and weak enforcement.

Perceived improvement in fraud detection and accountability also contributed significantly (β = 0.20, p < 0.001), supporting the notion that forensic accounting enhances transparency and institutional trust. Cultural dimensions (β = 0.15, p = 0.002) and regulatory environment (β = 0.10, p = 0.015) showed modest but meaningful influence, confirming their contextual relevance in shaping audit perceptions. These findings validate the integration of institutional and cultural variables into audit expectation models, particularly in emerging economies where formal structures may be weak or inconsistently enforced. However, the moderation analysis did not support hypotheses H6 through H8. Although the inclusion of interaction terms

in the hierarchical regression model slightly increased explanatory power ($\Delta R^2 = 0.012$), none of the interaction effects were statistically significant ($p > 0.05$). This suggests that while cultural and regulatory contexts are important as direct influences, they do not significantly alter the relationships between public dissatisfaction, forensic confidence, and fraud detection perceptions in predicting the audit expectation gap. The absence of significant moderation effects implies that stakeholder expectations are relatively stable across varying cultural and regulatory conditions within the sampled population.

Despite the perceived efficacy of forensic accounting, the persistence of public skepticism remains a notable paradox. This skepticism may stem from socio-economic and institutional barriers to adoption, including limited forensic capacity, lack of specialized training, political interference, and the absence of a clear legal framework for forensic audit integration. These constraints undermine the operationalization of forensic mechanisms and contribute to a credibility gap between perceived potential and actual implementation. Overall, the findings underscore the limitations of statutory audit frameworks in addressing complex financial malfeasance and highlight the growing stakeholder demand for forensic audit integration. The results also suggest that contextual factors such as culture and regulation, while relevant, may exert more structural than interactive influence on audit perceptions. These insights contribute to the refinement of audit expectation theory and offer a foundation for policy and practice reforms aimed at enhancing audit credibility and institutional accountability in Ghana and similar jurisdictions.

Theoretical Implications

This study contributes meaningfully to the refinement and contextual extension of audit expectation theory by empirically demonstrating how stakeholder dissatisfaction with statutory audits, coupled with confidence in forensic accounting, shapes perceptions of audit credibility in an emerging market context. The confirmation of five core hypotheses (H1–H5) reinforces the central tenet of expectation-performance gap theory: that audit credibility is not merely a function of technical compliance, but of perceived responsiveness to stakeholder concerns. By integrating constructs such as confidence in forensic accounting and perceived improvement in fraud detection, the study extends the theoretical boundary of audit expectation models to include investigative and deterrent dimensions. This shift reflects a growing demand for audit mechanisms that go beyond assurance and actively contribute to fraud prevention and accountability, particularly in jurisdictions where institutional trust is fragile.

The inclusion of cultural dimensions and regulatory environment as explanatory variables further enriches the theoretical model by embedding it within the broader framework of institutional theory. The findings suggest that audit expectations are not formed in a vacuum but are shaped by the socio-cultural and regulatory architecture in which audit practices are embedded. However, the rejection of moderation hypotheses (H6–H8) indicates that these contextual factors may exert direct structural influence rather than moderating effects, challenging assumptions about the dynamic interplay between context and perception. Moreover, the study highlights a theoretical paradox: while forensic accounting is perceived as a superior alternative to statutory audit, public skepticism persists. This suggests a disconnect between perceived potential and institutional readiness, pointing to the need for theoretical models that account for implementation barriers, such as capacity constraints, legal ambiguity, and political interference.

In sum, this study advances audit expectation theory by positioning forensic audit constructs at the core of stakeholder expectation formation, thereby expanding the traditional boundaries of audit discourse beyond assurance and compliance. By embedding cultural and regulatory variables within the analytical model, the research reflects the institutional realities that shape audit perceptions in emerging economies. The findings also challenge the assumed moderating role of context, specifically culture and regulation, suggesting that these factors exert more direct structural influence than interactive effects. Crucially, the study highlights a theoretical gap between the perceived efficacy of forensic accounting and its practical adoption, underscoring the need for future models to account for implementation barriers such as capacity constraints, legal ambiguity, and political inertia. Collectively, these contributions lay the groundwork for a more empirically grounded and contextually nuanced evolution of audit expectation theory, particularly in settings where audit reform is both urgent and complex.

Policy and Practice Implications

The findings of this study carry significant implications for audit reform, professional development, and institutional strengthening in Ghana and similar emerging economies. The demonstrated stakeholder confidence in forensic accounting, coupled with persistent dissatisfaction with statutory audits, calls for a recalibration of audit frameworks to meet evolving expectations of transparency, accountability, and fraud deterrence.

Integrating Forensic Accounting into Statutory Audit Regimes

To address the audit expectation gap, policymakers and regulatory bodies should consider embedding forensic accounting procedures within statutory audit mandates. This integration could take the form of hybrid audit models, where forensic techniques, such as transaction tracing, digital evidence analysis, and red flag detection, are systematically applied in high-risk sectors. The Ghana Audit Service, Internal Audit Agency, and Institute of Chartered Accountants (Ghana) may lead this reform by issuing guidelines that mandate

forensic modules in public sector audits, particularly in procurement, revenue mobilization, and financial reporting.

Curriculum Development for Forensic Accounting Education

The institutionalization of forensic accounting requires a parallel investment in professional capacity. Universities, technical institutions, and professional bodies should revise their accounting and audit curricula to include forensic modules that cover fraud examination, litigation support, digital forensics, and investigative techniques. This will ensure a pipeline of professionals equipped to meet the growing demand for forensic expertise. Collaboration between academia and regulatory agencies can foster certification programs and continuing professional development (CPD) pathways tailored to forensic practice.

Institutional Reforms for Regulatory Strengthening

The moderate influence of regulatory environment on audit expectations underscores the need for deeper institutional reforms. Regulatory bodies must be empowered not only through legislative mandates but also through operational independence, adequate funding, and inter-agency coordination. Strengthening whistleblower protection, enhancing audit enforcement mechanisms, and digitizing audit trails are critical steps toward building a credible regulatory ecosystem. These reforms will reinforce public trust and ensure that forensic findings translate into actionable governance outcomes.

Role of Forensic Accountants in Legal Proceedings and Public Sector Audits

Forensic accountants should be formally recognized as key actors in legal and administrative accountability processes. Their role in evidence gathering, expert testimony, and fraud reconstruction positions them as vital contributors to judicial proceedings and parliamentary oversight. In public sector audits, forensic accountants can support investigative audits, special reviews, and post-audit litigation, thereby bridging the gap between audit findings and prosecutorial action. Institutionalizing their role within audit teams and legal frameworks will enhance the deterrent effect of audit interventions and promote a culture of consequence.

These policy and practice recommendations provide a roadmap for translating stakeholder expectations into systemic reform. They underscore the urgency of moving beyond compliance-based audits toward a more investigative, transparent, and accountable audit architecture.

6. Conclusions.

This study examined stakeholder perceptions of statutory audit limitations and the perceived efficacy of forensic accounting in addressing the audit expectation gap within Ghana's regulatory context. The findings confirmed that public dissatisfaction with statutory audits, confidence in forensic accounting, and perceived improvements in fraud detection are significant predictors of audit expectations. Cultural and regulatory factors also played a modest but meaningful role, though their moderating effects were not statistically significant.

These results reaffirm the urgent need to integrate forensic accounting into audit regimes, particularly in environments where regulatory enforcement is weak and public trust in traditional audits is eroding. Forensic accounting offers a more investigative and deterrent-oriented approach that aligns with stakeholder demands for transparency and accountability.

Future research should explore longitudinal and comparative models to assess how forensic audit adoption evolves across jurisdictions and over time. Additionally, studies could investigate the institutional barriers to forensic implementation and examine how legal, educational, and political systems can be restructured to support its integration.

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Conflicts of Interest: Authors declare no conflict of interest

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