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Impact of systemic, collaborative, and regulatory frameworks on adopting advanced audit methodologies amongst accounting practitioners: An empirical study

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Abstract
As India's financial sector continues to expand, the adoption of digitally driven forensic auditing has become essential to uphold integrity, transparency, and long-term economic stability. Leveraging technology allows Indian regulators and financial institutions to enhance their ability to prevent financial crises and foster investor trust. This study aimed to examine the influence of systemic, collaborative, and regulatory frameworks on the adoption of advanced auditing methodologies among accounting professionals. Using a multi-stage sampling technique, data was collected from 400 accounting practitioners in the Delhi NCR region. The findings indicated no significant relationship between modernization efforts and practitioner enablement. Consequently, the hypothesis suggesting that systemic, collaborative, and regulatory frameworks have no significant effect on the adoption of advanced audit methodologies was upheld. Despite this, the study emphasized that systemic structures—such as regulatory backing and collaborative networks—are vital in promoting modernization and should be strategically utilized to facilitate the successful integration of emerging technologies in the auditing field.

Keywords: Systemic, collaborative, and regulatory frameworks, advanced audit methodologies, accounting practitioners, modernization, enablement

Introduction
In recent years, the corporate landscape has seen a troubling surge in financial scandals involving major companies once regarded as industry benchmarks—such as Enron, Wirecard, Satyam, and Lehman Brothers. These incidents were characterized by extensive accounting fraud, governance lapses, misappropriation of assets, and failures in audit oversight. The fallout led to a significant loss of public trust, substantial economic damage, and the introduction of stricter regulatory measures.

Amid this backdrop, conventional audit practices—which depend on manual sampling, retrospective data analysis, and periodic evaluations—have fallen short in identifying sophisticated, real-time, and technology-enabled financial misconduct. This critical shortcoming has paved the way for the growing adoption of Business Forensics and Advanced Audit Technologies (AATs), which are now seen as essential for uncovering, investigating, and preventing financial fraud.

With India's financial sector on a strong growth trajectory, transitioning to digitally empowered forensic auditing is becoming increasingly vital for maintaining transparency, accountability, and the long-term resilience of the economy. By integrating advanced technologies, Indian regulatory bodies and financial institutions can better shield the system from potential crises and reinforce investor confidence.

Review of Literature
Ozili (2025) [12] did a comprehensive analysis of global forensic accounting research (FAR) was undertaken, identifying key thematic areas within the existing literature. Utilizing both thematic and systematic literature review approaches, the study evaluated the current

review approaches, the study evaluated the current landscape of FAR. The results revealed that forensic accounting research is most advanced in countries like the United States and Canada, while it remains comparatively underdeveloped in regions such as Europe, Oceania, and Asia. Notably, there is a rising interest in FAR across several African nations. These findings point to a significant imbalance in the development of forensic accounting research across various parts of the world. The study concludes by emphasizing the need to promote the global advancement of FAR, reduce regional disparities, and encourage new lines of inquiry to deepen the understanding and practical application of forensic accounting in fighting financial fraud and fostering greater transparency and accountability.

Nursansiwi (2024) [11] explored the critical function of forensic accounting in identifying and preventing financial fraud, especially in light of the evolving business landscape. Using a systematic literature review approach, it examined how forensic accounting contributes through in-depth analysis of financial records, detection of unusual activity patterns, cooperation with law enforcement and legal bodies, and the development of internal financial controls aimed at fraud prevention. The research findings highlight that forensic accounting is not only effective in retrospectively uncovering fraudulent activities but also plays a proactive role in reducing the risk of such incidents occurring in the future. Badiyani & Rohit (2023) [3] examined emerging developments in forensic accounting, particularly in the context of fraud investigation and prevention, with a special focus on the roles of data analytics, cyber forensic accounting, and cryptocurrencies. Each trend was thoroughly analyzed, assessing its real-world applications, benefits, limitations, and ethical considerations. Firstly, the research highlighted the increasing importance of data analytics in forensic accounting, emphasizing its ability to process vast amounts of financial data to identify irregularities and detect fraud-related patterns. It then investigated cyber forensic accounting, which deals with uncovering financial crimes committed through digital platforms. Additionally, the study explored the impact of cryptocurrencies on forensic accounting, focusing on their potential use in illegal financial transactions and money laundering activities. Dada *et al*. (2023) [4] examined how forensic accounting and corporate governance affect the financial performance of listed deposit money banks in Nigeria. Grounded in Agency Theory, the research explored company governance frameworks and the conflicts of interest that often emerge among shareholders, management, and key creditors—thereby reinforcing the relevance of both forensic accounting and strong corporate governance practices. Employing an ex-post facto and panel data research design, the study analyzed data from the audited annual reports of fifteen deposit money banks listed on the Nigerian Exchange Group (NGX). Using purposive sampling, ten banks with complete datasets were selected for the period spanning 2012 to 2022. The data was analyzed using descriptive statistics and panel regression methods. The results indicated that both forensic accounting and corporate governance have a significant positive impact on the financial performance of the selected banks, demonstrating their crucial role in shaping financial outcomes. The study concluded by recommending that improving transparency and financial reporting practices can help banks reduce the negative impact of fraud on performance and enhance investor trust. Desai & Jangid (2023) [5] emphasized the need to understand the common types of fraudulent activities and the forensic accounting methods used to combat them within India's accounting environment. In India, various forms of accounting fraud are prevalent, including financial statement manipulation, asset misappropriation, bribery and corruption, insider trading, and money laundering. Based on existing literature, several effective forensic accounting techniques have been identified to tackle these issues. These include data analysis, digital forensics, document verification, interviews and interrogations, and financial modeling. Furthermore, the adoption of advanced technologies such as artificial intelligence and machine learning is increasingly enhancing the effectiveness of forensic accounting by improving fraud detection capabilities. The findings underscore the critical role of early detection and prevention in tackling financial fraud, emphasizing the need to address its underlying causes. Eulerich *et al*. (2022) [6] explored how internal auditors are using technology-based audit techniques (TBATs) and the impact these tools have on audit efficiency and effectiveness. Data was gathered through surveys and interviews with both individual auditors and chief audit executives (CAEs) to gauge their perceptions of TBATs. The results revealed that auditors generally view TBATs positively, linking their increased use to a higher number of completed audits, better identification of risk factors, more audit recommendations, and shorter audit durations. However, despite these perceived benefits, auditors face challenges in clearly measuring the overall cost-benefit value of implementing TBATs. The study also highlights the need for further research to deepen understanding of how TBATs are transforming the auditing profession—offering valuable insights for regulators, practitioners, and scholars. Fedykl *et al*. (2022) [7] investigated the influence of Artificial Intelligence (AI) on audit quality and efficiency, utilizing a distinctive dataset composed of detailed resumes from professionals at the 36 largest audit firms. It offered a comprehensive look into the profile of AI specialists within the auditing industry, noting that they are mostly male, relatively young, and typically possess technical academic backgrounds. The research also found that AI operations tend to be centralized, with AI professionals grouped into specialized teams and located in specific regions. The study's findings revealed that investments in AI lead to improved audit quality, lower audit fees, and, over time, a gradual reduction in the need for human auditors. However, the impact on employment levels unfolds over several years. In conclusion, the study provided important insights into how AI is transforming the auditing field—enhancing both quality and efficiency, while also reshaping the structure and composition of the audit workforce. Jain (2022) [9] leveraged a distinctive dataset of publicly listed Indian companies that faced regulatory action due to instances of economic misconduct, defaults, or non-compliance with legal or regulatory standards. It specifically examined enforcement measures taken by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI). The research found that such regulatory actions act as a strong deterrent against corporate wrongdoing and lead to a significant decline in the affected firms' stock prices. Additionally, it was observed that

younger and less profitable companies exhibit a more pronounced negative stock price reaction to these regulatory announcements. This suggests that such firms, due to their weaker financial standing and limited market reputation, are more susceptible to the adverse effects of regulatory enforcement. Overall, the study offers important insights into how regulatory interventions influence market perceptions and stock performance in response to corporate irregularities within the Indian business environment. Thottoli *et al*. (2022) [20] investigated the impact of emerging technologies on the auditing practices of accounting professionals, focusing on factors like technology adoption, perceived advantages, technological challenges, and ease of use. Data was gathered via a questionnaire distributed to newly practicing chartered accountants who are partners in sole proprietorship or partnership firms in India. The data was analyzed using partial least squares structural equation modeling (PLS-SEM). The results showed a positive and significant relationship between the attributes of emerging technologies—such as adoption rates, technological difficulties, and ease of use—and auditing practices. The developed model offers a valuable framework for future research on technology-driven audit methods, providing insights into the key factors influencing the adoption of new information technologies in auditing.

Objective of the Study

To study the impact of Systemic, Collaborative, and Regulatory Frameworks on adopting Advanced Audit Methodologies amongst Accounting Practitioners

Hypothesis of the Study

H_{01}: There would be no significant impact of Systemic, Collaborative, and Regulatory Frameworks on adopting Advanced Audit Methodologies amongst Accounting Practitioners

H_{11}: There would be no significant impact of Systemic, Collaborative, and Regulatory Frameworks on adopting Advanced Audit Methodologies amongst Accounting Practitioners

Research Methodology

Research Design

The study adopted exploratory research design.

Data Source & Data Collection Instrument

The study is based on two types of data sources that are primary and secondary. Structured questionnaires would be used in the study for the data collection. Google forms were created for the collection of primary and circulated among accounting practioners and professionals.

Target Population

Accounting Practioners and Professionals.

Sample Design

The study employed Multi Stage Sampling. Accounting Practioners and Professionals in Delhi NCR were identified.

Sample Size

This sample size can be justified by following two arguments.

First, following formula can be used to determine sample size (Nargundakar, 2003).

$$N=(z)^2 p (1 - p) / d^2$$

Where,

n = Sample Size

Z = Z value from the standard normal distribution for the confidence level desired by the researcher. (for a level of confidence of 95%, z = 1.96, for a level of confidence of 99%, z = 2.575)

For this study, we assumed 95 percent confidence level.

Then, from the standard distribution table, the Z value is 1.96.

p = estimated proportion of the population that presents the characteristic (when unknown we use p = 0.5).

e = Tolerable error. (This can be decided by the researcher. For this study we assumed tolerable error 0.05.

Using above formula, whatever be the value of p, the sample size comes to be 385. This implies that the sample size of 400 was more than enough to estimate the population proportions with 95 percent confidence level and allowing tolerable limit of 0.05.

Results and Discussion

Categorization of Items under Dimensions of Modernization and Enablement

Table 1: Categorization of Items under Dimensions of Modernization and Enablement

Dimension	Items
Modernization	Continuous auditing will replace traditional periodic audits.
	Advanced audit technologies can create new opportunities for fraud detection.
	The integration of business forensics and advanced technologies will become standard practice in the near future.
	Businesses need to update their policies to integrate new auditing technologies effectively.
	The initial cost of implementing advanced audit technologies is a barrier for many companies.
Enablement	Regulatory changes are necessary to keep up with advancements in audit technologies.
	The use of forensic tools in audits enhances the accuracy of financial investigations.
	The integration of these fields helps in building stronger internal controls.
	Forensic investigations can recover lost assets due to financial irregularities.
	Collaboration between forensic experts and technology specialists is essential.

Relationship between Modernization & Enablement

Table 2: Correlation Matrix for Relationship between Modernization & Enablement

Dimensions		Modernization	Enablement
Modernization	Correlation value	1.000	-0.018
	p-value		0.691
	p-value	0.913	0.527
Enablement	Correlation value	-0.018	1.000
	p-value	0.691	

***Source*:** Researcher's Calculations

When Modernization correlated with enablement, non-significant correlation found for Enablement (r=-0.03, p>0.05) at 0.05 level of significance. When enablement correlated with modernization, non-significant correlation found for modernization (r=-0.018, p>0.05) at 0.05 level of significance.

Impact of Enablement on Modernization

H_{01}: There would be no significant impact of Systemic, Collaborative, and Regulatory Frameworks on adopting Advanced Audit Methodologies amongst Accounting Practitioners

Independent Variable (IV): Systemic, collaborative, and regulatory frameworks

Dimension: Enablement - External support structures that allow progress in auditing.

Dependent Variable (DV): Adoption of advanced audit methodologies

Dimension: Modernization - Integration of new auditing techniques, tools, and methodologies.

Table 3: Model summary

R	R^2	Adjusted R^2	Std. Error of the Estimate
0.018	0.001	-0.002	0.742

***Source*:** Researcher's Calculations

Dependent Variable: Modernization, Independent variable: Enablement

Table 3 represent the model summary of Modernization as dependent variable and predictor as enablement dimensions. The R-value is of 0.018 and the R^2 value of 0.001 indicates that only 0.1% of the variation in modernization is explained by enablement score, whereas the standard error of the estimate was 0.742.

Table 4: Significance of Modernization and Enablement

	Sum of Squares	Df	Mean Square	F-value	p-value
Regression	0.087	1	0.087	0.158	0.691
Residual	274.23	497	0.552		
Total	274.32	498			

***Source*:** Researcher's Calculations

Dependent Variable: Modernization, Independent variable =Enablement

Table 4 shows the significance of modernization and enablement. The F-value is 0.158 (p=0.691,>0.05), which is non-significant at 0.05 level of significance. This shows that there is no insignificant difference between modernization and enablement among accounting practitioners.

Table 5: Regression Analysis of Enablement on Modernization

	Unstandardized Coefficients	SE	F-value	p-value
Constant	3.125	0.183	17.056	0.000
Enablement	-0.023	0.057	-0.398	0.691

***Source*:** Researcher's Calculations

Dependent Variable: Modernization, Ind variable: Enablement

Table 5 shows the prediction of change in modernization according to the change in enablement. The beta value is -0.023, this predicts that with each unit in increase in enablement, there is decreased by 0.023 units in modernization, whereas the coefficient effect found to be non-significant at 0.05 level of significance. Thus, the hypothesis that there would be no significant impact of Systemic, Collaborative, and Regulatory Frameworks on adopting Advanced Audit Methodologies amongst Accounting Practitioners is accepted.

Conclusion

The study concluded that there is insignificant relationship between modernization and enablement. The hypothesis that there would be no significant impact of Systemic, Collaborative, and Regulatory Frameworks on adopting Advanced Audit Methodologies amongst Accounting Practitioners is accepted. The study recommended that systemic frameworks (such as regulatory support and collaborative networks) play a crucial role in driving Modernization and should be leveraged to ensure successful integration of new technologies in auditing.

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