Humanities and Social Sciences Letters
2025 Vol. 13, No. 4, pp. 1466-1477
ISSN(e): 2312-4318
ISSN(p): 2312-5659
DOI: 10.18488/73.v13i4.4518

Forensic accounting services and ethical financial practice in Nepalese organizations

Arjun Kumar Niroula[1]
Oyyappan Duraipandi[2]
Sateesh Kumar Ojha[3]
Padam Bahadur Lama[4+]
Ganesh Datt Pant[5]

[1,3,5]*Lincoln University College, Malaysia.*
[1]*Email: arjun.niroula@smc.tu.edu.np*
[3]*Email: drsateesh@lincoln.edu.my*
[5]*Email: ganesh.pant@smc.tu.edu.np*
[1,4,5]*Saraswati Multiple Campus, Tribhuvan University, Nepal.*
[4]*Email: padam.lama@smc.tu.edu.np*
[2]*Faculty of Business and Accountancy, Lincoln University College, Malaysia.*
[2]*Email: oyyappan@lincoln.edu.my*


(+ Corresponding author)

Article History
Received: 24 April 2025
Revised: 26 September 2025
Accepted: 20 October 2025
Published: 11 November 2025

Keywords
Ethical awareness
Ethical financial practice
Forensic accounting
Forensic data analysis
Litigation support.

ABSTRACT

The purpose of this study is to investigate the impact of forensic accounting on the ethical financial practices of Nepalese organizations. The predictor variables are litigation support services, forensic data analysis, and ethical awareness, while the outcome variable of the study is ethical financial practices. This research employed a descriptive and causal relational research design to test the hypotheses. The population of the study consisted of respondents from the financial sector in Kathmandu. A total of 434 structured questionnaires were distributed as the primary data source, and 276 (63.59 percent) useful responses were received. The research adopted a purposive sampling technique for cross-sectional data collection. The study utilized descriptive statistics, correlation, and regression analysis, including Cronbach's alpha, for data analysis. The findings revealed a positive association between litigation support services and ethical financial practices ($r = 0.501$, $p < 0.05$). Similarly, a strong positive and significant relationship was found between forensic data analysis and ethical financial practices ($r = 0.704$, $p < 0.05$). Additionally, a strong positive association was identified between ethical awareness and ethical financial practices ($r = 0.611$, $p < 0.05$). The results of this study can contribute to existing literature and serve as evidence for organizations, professionals, policymakers, practitioners, and other stakeholders.

Contribution/Originality: The recent study enhances the existing literature by examining forensic accounting for adopting ethical financial practices, deriving evidence from Nepal that serves as a framework and baseline for identifying sources of unethical and non-transparent financial practices.

1. INTRODUCTION

Ethical financial practice is a vital aspect of corporate business practices that promote a positive reputation in the trade sector. A crucial basis for the ongoing viability of a corporation is the adoption of acceptable and ethical financial procedures. Therefore, the organization, as a responsible citizen of the state, needs to offer transparent services following the standard norms of forensic accounting practices. In recent times, tax evasion, window-dressing accounting statements, and avoiding litigation support services have been revealed as pressing issues in the corporate sector. Consequently, exploring ethical financial procedures through forensic accounting investigation is inevitable and has become essential due to the rise of dishonest financial activities, especially in organizational settings, and the widespread detection of financial scandals (Nobanee et al., 2023). Several commercial business entities face hindrances

that can be explored and mitigated through the adoption of forensic accounting (Subedi & Neupane, 2024). As unethical financial practices grow globally, the discovery of evidence from different firms is essential. Additionally, unethical financial practices by companies depict dishonesty and involve unethical conduct within corporate entities (Kaur, Sood, & Grima, 2023). A heterogeneous perception exists regarding the practices of forensic accounting among accounting auditors and ethical auditors when presenting reports. Additionally, litigation support in forensic practice functions as a mechanism that provides expert interpretation and testimony to assist in legal disputes, ensuring financial transparency and accountability. These factors enhance ethical financial practices within organizations by investigating fraudulent activities and ensuring regulatory compliance, ultimately promoting ethical financial conduct (Singleton & Singleton, 2010).

In addition, forensic information interpretation is an essential procedure for evaluating and interpreting digital data to uncover facts and evidence for regulatory proceedings, thereby ensuring authenticity and promoting ethical financial practices. Consequently, the presence of a forensic data analysis system helps alleviate unethical financial practices within the organization (Casey, 2011). Moreover, forensic data analysis significantly aids in upholding ethical financial practices within the organization by identifying fraudulent activities and ensuring compliance with the legal framework (Javaria & Masood, 2025). Similarly, when analyzing financial irregularities or scams, forensic personnel must possess a high level of ethical awareness. Therefore, ethical financial practices promote transparency and accountability (Sikka & Lehman, 2015).

Moreover, global companies faced bankruptcy in some cases due to a lack of proper accounting systems and failure to adopt ethical financial practices. The modern business house and sound financial services rely on the execution of forensic accounting to prevent unethical behavior and decrease unethical activities (Ellili, Nobanee, Haddad, Alodat, & AlShalloudi, 2024). However, adequate investigation could not be initiated in developing countries like Nepal to establish ethical financial performance. Thus, the purpose of this research is to examine how forensic accounting affects moral financial performance in Nepalese businesses. Additionally, this research contributes to theoretical foundations and demonstrates the practical implications of its use and application in the corporate sector to promote fair, transparent, and ethical financial practices.

2. LITERATURE REVIEW

2.1. Theoretical Review

Unethical financial practices of Diamond Theory are an amended version of the Unethical Financial Practice Triangle Theory of Wolfe and Hermanson (2004), and it further introduces the fourth component of the Unethical Financial Practice, which consists of the Triangle Theory. This includes Incentive (Pressure), Opportunity, Rationalization, and Capability. It emphasizes that unethical financial practices are unlikely to occur unless there is also a component of capability. This means that even if the identified pressure exists alongside the opportunity to commit unethical financial practices and the rationale to do so, the potential betrayer of trust must possess both the expertise and the ability to commit unethical practices. From this perspective, unethical practice cannot be committed solely by pressure, opportunity, or justification unless the employee perceives the situation as an opportunity and seizes it. Abdulsalam, Abubakar, Modibbo, and Abdulhadi (2017) stated that capability is the presence of relevant characteristics and the ability to transform such an opportunity into reality. Therefore, addressing existing issues can support the achievement of ethical financial performance; one must understand the internal control system and its weaknesses.

2.2. Litigation Supports Service and Ethical Financial Practice

Litigation support services are essential for providing corporations, individuals, and legal professionals with assistance throughout court cases. Singleton and Singleton (2010) mentioned that an attorney providing litigation support does so in response to a criminal or civil action. However, forensic accountants assisting lawyers in

prosecuting or defending a case in court are known as litigation support. This assistance can take many forms, but the ultimate goal in forensic accounting is to testify as experts in court regarding whether unethical financial practices occurred. The litigation service involves financial assessment to gather real scenarios, and the support of experts becomes vital for collecting effective findings in the court process. Therefore, litigation support is a crucial mechanism to mitigate unethical financial practices and provides a foundation for addressing issues in forensic accounting (Ejoh, 2017). Similarly, this review explores the link between litigation support and ethical financial performance, advocating the benefits of these services and revealing the evidence embraced in the legal sector. It also examines the tendency to detect and control financial practices.

The detection, prevention, and diagnosis of unethical financial activities during legal proceedings can be significantly supported by litigation services. Examples of these services include expert testimony, data analytics, e-discovery, and forensic accounting. By observing and assessing conflicting interests, detecting irregularities in financial accounting systems, and analyzing illegal transactions, forensic accountants play a crucial role in uncovering unethical financial activities (Zhou & Li, 2020). Thus, the ability to investigate files and documents of financial transactions and identify anomalies can prevent unethical actions and avoid creating an unfavorable atmosphere, providing significant evidence in the investigation of unethical activities, their identification, and control.

Tang and Ziv (2019) stated that the utilization of data analytics to enhance assistance in litigation corrects spot tendencies and their direction, which could indicate practices of unethical activity. The data-led mechanism, consisting of transaction tracking and anomaly recognition algorithms, can be used to prevent illegal financial activities accessible to clients and judiciary groups. These mechanisms can reflect novel actions that require better control of unethical accounting practices. Moreover, support in litigation depends on expert witnesses, especially in complex unethical accounting practices. Unethical claims can be refuted with the opinions of experts, as these are indisputable and effectively supported. Additionally, the assessment of unethical accounting practices by experts provides conclusions that help the judiciary understand conditions involving unethical financial dimensions. Such a scenario makes it easier for judges to gain a fundamental understanding of complex accounting and financial themes and determine whether unethical financial practices exist (Kendall, 2018). Experts are primarily relied upon to determine legitimate financial files, uncover undeclared assets, and estimate the financial damages caused by unethical activities. Their insights help reduce unethical financial actions by presenting facts and realities that aid legal decision-making (Zhou & Li, 2020).

The earlier evidence indicated that by investigating the performance of listed companies in Nigeria, Nwaiwu and Aaron (2018) assessed how accounting and forensic practices influence financial performance. They depicted that litigation facilities are favorably inclined towards opportunities for unethical accounting practices and are inversely associated with justifications for such practices. This evidence suggests that litigation facilities are more supportive of opportunities for unethical financial practices, and that unethical practices decline as support for litigation increases. Furthermore, as the assistance provided by litigation rises, the justification for unethical financial activities decreases. Additionally, the increasing use of digital evidence in jurisdictional debates has made e-discovery an important aspect of litigation facilities. The assessment of electronic files, including their discovery and collection such as emails, transaction logs, and digital interactions is considered part of e-discovery. This process is significant in uncovering unethical financial activities, as it can provide concrete evidence of misconduct or fraudulent interactions (Bennett & Carpenter, 2019). This can be utilized to assess the correctness of financial records, uncover hidden aspects, or estimate the damage caused by unethical financial evidence. Therefore, with the presentation of facts supporting legal decision-making, their insights contribute to mitigating unethical financial activities (Zhou & Li, 2020).

In addition, previous evidence revealed that forensic personnel possess a variety of competencies, including the ability and strength to cognitively recognize and diagnose crisis issues, the ability to write clearly and analytically, the ability to understand specific judicial matters, and the ability to control oneself. This illustrates that a higher degree of competence is required to examine current complex financial challenges, and interestingly, forensic

accounting is seen as being at the forefront of combating fraudulent accounting operations (Gabrielle, 2009). In addition, the practice of forensic accounting should embrace big data analytics along with keen mitigating skills for addressing complications properly. The evidence derived from Thailand indicates that both the trade sector and the public sector are plagued by fraudulent financial activities, and personnel from the accounting unit further need to execute vital responsibilities. Moreover, their adequate accounting and analytics knowledge leads to their efforts to discover, observe, and control illegal practices, ensuring their integrity (Afriyie et al., 2022; Nikomborirak, Sritrakul, & Tansuchat, 2011; Nwaiwu & Aaron, 2018; Rosnidah, Siregar, Wibowo, & Riyadi, 2022; Shakeel et al., 2021). Based on the previous literature, the hypothesis has been formulated.

H_1: Litigation support services and ethical financial practices have a positive and significant relationship.

2.3. Forensic Data Analysis and Ethical Financial Practice

Forensic data analysis is the study and interpretation of financial data using sophisticated analytical techniques and methodologies to detect fraud, thereby facilitating legal scrutiny (Fwambaa, 2023). Consequently, the presence of an effective framework for forensic data analysis diminishes the prevalence of unethical enterprises involved in financial transactions. Forensic accounting and forensic data analysis services are essential for organizations to detect fraudulent activities, thereby fostering ethical financial practices (Johan, Sefcik, & Thornton, 2020). Similarly, forensic data analysis also improves openness and strengthens accountability in the reporting of financial aspects, which in turn raises trustworthiness, complies with the norms, and encourages ethical financial performance (Rezaee & Burton, 1997). Based on the findings of Paramole (2021), forensic data analysis plays a key role in enhancing ethical decision-making within a business, which in turn fosters ethical accounting practices. Based on previous studies, the following hypothesis has been formulated:

H_2: Forensic data analysis and ethical financial practices have a positive and significant relationship.

2.4. Ethical Awareness and Ethical Financial Practice

Ethical awareness represents the conscious adherence to the doctrine of moral aspects and standards in examining financial discrepancies that reflect transparency (Singleton & Singleton, 2010). In addition, evidence derived from Nigeria exploring unethical financial practice management and forensic accounting revealed that ethical awareness contributes to maintaining ethical financial practices (Ehioghiren & Atu, 2016). Moreover, incidents of immoral fiscal conduct have escalated in both public and private organizations, requiring all stakeholders to be vigilant and promote an understanding of financial practices that ultimately improve ethical standards (Rozmita & Ariandi, 2017). Similarly, the understanding of internal control and financial procedures influences the avoidance of unethical financial behaviors in international organizations, emphasizing forensic accounting and investigative audits. Consequently, a degree of ethical awareness promotes ethical financial actions (Tuanakotta, 2012). Similarly, Tuanakotta (2012) conducted a survey focused on investigative audit and forensic accounting. The research aimed to explore the impact of anti-unethical financial practice knowledge and internal control on preventing unethical financial practices in intergovernmental organizations. The results demonstrated favorable outcomes in mitigating fraud. Maurer (2013) aimed to determine the efficacy of using employee awareness to combat unethical financial practices. The research revealed that organizational personnel can identify unethical financial practices first and that a comprehensive policy for preventing and managing unethical financial practices must include individualized ethical awareness training for managers and organization staff. Additionally, it was shown that companies with ethical awareness training programs for their staff experience fewer unethical financial activities compared to others. Thus, mitigation of unethical financial practices can be accomplished by building ethical awareness within the organization (Albrecht, Albrecht, & Albrecht, 2008; Enofe, Ekpulu, & Ajala, 2015; Ozkul & Pamukçu, 2012). Based on a review of the literature, the following hypothesis has been formulated:

H_3: Ethical awareness and ethical financial practice have a positive and significant relationship.

2.5. Conceptual Framework

The conceptual framework of the research emphasizes the research procedure and develops the framework for the study. This study's structure demonstrates how independent and dependent variables are related to each other. This study paradigm identifies ethical financial practices as the dependent variable, with ethical awareness, forensic data analysis, and litigation support services serving as the independent factors. The dependent variable is presumed to be affected by the services provided by the independent variables. The organization's development and activities are influenced by both independent and dependent elements. The research framework is shown in Figure 1.

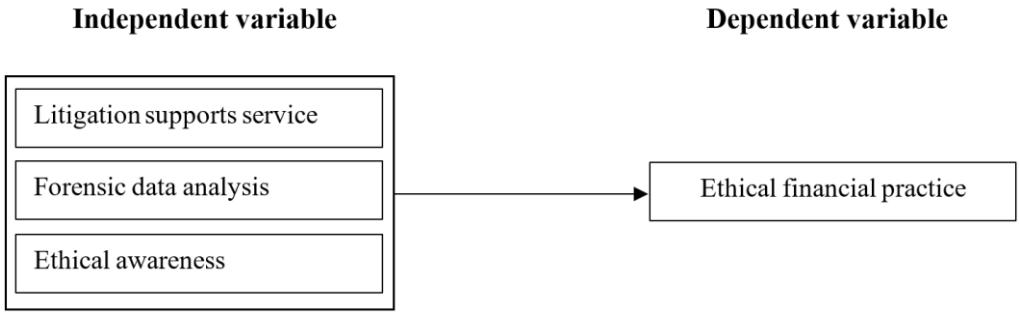

Figure 1. Conceptual framework.

3. METHODOLOGY

The research aimed to examine the impact of ethical awareness, forensic data analysis, and litigation support services on ethical financial practices in Nepalese firms. This study used a descriptive and causal research methodology (Kamau, 2015; Maurer, 2013). The population of the study represented the employees of audit companies and financial institutions located in Kathmandu city including the accountants, internal auditors, and managers as the respondent of the survey. The survey was conducted by distributing a structured questionnaire among target respondents. A total of 434 questionnaires were disseminated, and 280 responses were received. However, 4 responses were excluded due to incompleteness, resulting in 276 valid responses (63.59 percent) used for analysis. The data was collected through convenience sampling from October to December 2024. The questionnaires were divided into two sections: the first section collected general background information about the respondents, and the second section consisted of opinion-based five-point Likert scale questions related to research variables such as litigation support services, forensic data analysis, ethical awareness, and ethical financial practices. The Likert scale ranged from 1 = Strongly Disagree to 5 = Strongly Agree, as adopted from Islamia (2016). The statistical tools used included descriptive statistics, Cronbach's alpha, correlation, and regression analysis, all performed using SPSS. Descriptive statistics provided information on participant demographics, including frequency and percentage distributions. A correlation matrix was generated to assess relationships between independent and dependent variables. Linear regression analysis was employed to examine the impact of forensic accounting services on mitigating unethical financial practices. The study aimed to understand perspectives on litigation support services, ethical awareness, forensic data analysis, and their role in mitigating unethical financial practices, thereby exploring the influence of forensic accounting support on such practices.

Table 1. Cronbach's alpha test result for reliability.

S.N.	Variable	No. of items	Cronbach's alpha
1	Litigation support services	5	0.813
2	Ethical awareness	5	0.815
3	Forensic data analysis	5	0.798
4	Ethical financial performance	5	0.787

Table 1 of the study presents the results of Cronbach's alpha test, which measures the reliability of the frequency scale through its internal consistency (Kelleher, D'Aunno, & Miles, 1997). For each independent and dependent variable, the participants' responses to questionnaires with Cronbach's alpha higher than 0.7 are considered separately. This indicates that the research topic is sufficiently credible to be used for data collection in the primary study.

The participants were surveyed using standardized questionnaires to obtain primary data. A wealth of information on complex topics and issues can be gleaned from questionnaires due to their relative ease of use and cost-effective design and administration (Mugenda & Mugenda, 2009). Descriptive surveys may be either cross-sectional or longitudinal, according to survey researcher Creswell (2014). Wooldridge (2011) reflected a core concept of cross-sectional data as revealing the short-term characteristics of data that can be collected at a specific time. This data was analyzed using multiple linear regression. Multiple regression remains the gold standard for conducting empirical studies in economics and other social sciences (Wooldridge, 2011). Below is the multiple regression model.

$$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon \quad (1)$$

Where,

Y = Ethical Financial Practice.

a = Intercept / Constant

X1=Litigation Support Services

X2 = Forensic Data Analysis

X3 = Ethical Awareness

β1= Regression coefficient of Litigation support service, which measures the change in the dependent variable concerning holding other factors fixed.

β2=Regression coefficient (forensic data analysis), which measures the change in the dependent variable concerning X2, while holding other factors constant.

β3 = Regression coefficient (Ethical awareness), which measures the change in the dependent variable with respect to X3, holding other factors constant.

ε = Error term (Unobserved variables that affect).

4. RESULTS

4.1. Descriptive Statistics

The study of survey responses on forensic accounting services and the prevention of unethical financial activities was conducted using Microsoft Excel and processed with SPSS statistical software.

Table 2 provides descriptive information about the 276 participants in the investigation, which includes men. The majority of participants were 177 (64.10 percent), while 99 (35.9 percent) were female. Regarding academic credentials, respondents who completed the 10+2 level numbered 48 (17.40 percent), those with a bachelor's degree totaled 139 (50.40 percent), and those with a master's degree or higher numbered 83 (30.10 percent). The master and above status among survey participants was 6 (2.20 percent). The survey participants with a bachelor's degree were the majority, totaling 139 (50.40 percent), while those with a master's degree or above were the least represented, numbering 6 (2.20 percent). Most participants were aged between 36 to 45 years (121, 43.80 percent), followed by those aged 46 to 55 years 105 (38 percent), 26 to 35 years 31 (11.20 percent), and the fewest participants were aged 15 to 25 years 19 (6.90 percent). The majority of participants had work experience ranging from 6 to 10 years, with 109 individuals (39.50 percent). Those with 11 to 15 years of experience numbered 78 (28.30 percent), while 38 participants (13.80 percent) had 16 to 20 years. Participants with 1 to 5 years of experience accounted for 33 individuals (12 percent), and the fewest participants, 18 (6 percent), had over 20 years of experience. This study suggests that the organization's workers engaged in minimal labor if they had any advantage or opportunity to transition to another position.

Table 2. Demographic information of the participants.

Variable	Classification	Frequency	Percentage
Gender of participants	Male	177	64.1
	Female	99	35.9
Total		276	100
Qualification of participants	+2 Level	48	17.4
	Bachelor	139	50.4
	Master	83	30.1
	Master and above	06	02.2
Total		276	100
Age of the participants	15 - 25 years	19	06.9
	26 - 35 years	31	11.2
	36 - 45 years	121	43.8
	46 - 55 years	105	38.0
Total		276	100
Work experience of participants	1-5 years	33	12.0
	6-10 years	109	39.5
	11-15 years	78	28.3
	16-20 years	38	13.8
	Over 20 years	18	06.5
Total		276	100

4.2. Inferential Analysis, Interpretation, and Discussion

This section outlines the results of inferential analysis on variable correlation and multiple regression analysis. This study aims to determine the relationship between several factors characterizing forensic accounting services and ethical financial practices in private enterprises in Nepal. Furthermore, the analysis enables the evaluation of the influence of forensic accounting services on ethical financial practices.

Table 3. Correlation matrix.

Variable	Mean	Std. deviation	LSS	FDA	EA	EFP
LSS	3.9148	0.570	1.000	-	-	-
FDA	3.9145	0.543	0.675**	1.000	-	-
EA	3.833	0.545	0.673**	0.467**	1.000	-
EFP	3.9142	0.514	0.501**	0.704**	0.611**	1.000

Note: **Correlation is significant at the 0.01 level (2-tailed).
LSS = Litigation support service, FDA = Forensic data analysis, EA = Ethical awareness, and EFP = Ethical financial practices

The results of the correlation analysis, shown in Table 3, illustrate the relationship between the independent and dependent variables. The research demonstrated a favorable and statistically significant correlation between litigation support services and ethical financial practices at the 0.01 level of significance ($r = 0.501$; $p < 0.01$). Improving the aforementioned services significantly increased the likelihood of firms in Nepal better mitigating average risk. The link between forensic data analysis and ethical financial practice was found to be substantial, positive, and statistically significant ($r = 0.704$; $p < 0.01$). The increase in forensic data analysis was associated with improvements in ethical financial practices within corporations. A favorable, substantial, and statistically significant link between ethical awareness and ethical financial practice was identified ($r = 0.611$; $p < 0.01$). The findings suggested that ethical awareness enhances ethical financial practices among workers and is likely to lead to a lasting improvement in these practices. All outcomes of forensic accounting services (litigation support services, forensic data analysis, and ethical awareness) were shown to be substantially connected with ethical financial practices at a 0.01 level of significance. Consequently, a significant correlation exists between forensic accounting services, particularly ethical knowledge, which could greatly improve the mitigation of unethical financial practices among firms in Kathmandu, Nepal.

4.2.1. Regression Analysis

The study aimed to examine the effect of forensic accounting services on mitigating unethical financial practices in Nepalese organizations. The outcomes of the regression analysis were conducted using a linear regression model. The estimated regression model for the research study is $Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$. where the dependent variable is y (ethical financial practice). Similarly, the independent variables are litigation support services (X1), forensic data analysis (X2), and ethical awareness (X3).

4.2.2. Multicollinearity Test

The researchers Walakumbura and Dharmarathna (2022) tested multicollinearity by examining VIF (Variance Inflation Factor) results. They found that there is no multicollinearity if the VIF value is less than 5.

Table 4. Multicollinearity Test

Variables	Tolerance	VIF
LSS	0.496	2.017
FDA	0.709	1.410
EA	0.527	1.897

Table 4 presents the results of the multicollinearity test. Multicollinearity indicates a high degree of correlation among independent variables. The recommended threshold for the variance inflation factor (VIF) is below 5. In this study, all variables had VIF scores below 5, indicating no presence of multicollinearity.

4.2.3. Regression Result

The researcher has used the model summary to report the strength of the relationship between the independent and dependent variables.

Table 5. Model summary.

Mode	R	R square	Adjusted R-square	Std. error of the estimate	Sig.
1	0.774	0.599	0.594	0.328	0.000

Table 5 depicts the model summary that measures the explanatory power through the value of the R-squared. Therefore, the variation of the dependent variable, ethical financial practice, can be explained by up to 60 percent of the variation in the independent variables, which include litigation support services, ethical financial practice data analysis, and unethical financial practice awareness.

Table 6. Regression coefficient.

Model		Unstandardized coefficients		Sig.	F value	Sig.
		Beta coefficient	Std. error			
1	(Constant)	0.642	0.169	0.000	135.25	0.000b
	LSS	-0.032	0.049	0.511	-	-
	FDA	0.516	0.043	0.000	-	-
	FA	0.360	0.050	0.000	-	-

Note: a. Dependent variable: Unethical financial practice Mitigation
b. Independent variable: Litigation support services (LSS) (X1), forensic data analysis (FDA) (X2), and ethical awareness (EA) (X3).

Table 6 shows the coefficient estimates for the regression model used to determine the effect on forensic accounting services as a dependent variable. The independent variables were litigation support services, forensic data analysis, and ethical awareness. Ethical financial practice is the dependent variable. Multiple regression analysis was

utilized. The results of the regression analysis revealed that litigation support services have a negative beta coefficient and are negligible, suggesting a negative effect on ethical financial behavior in Nepalese organizations (β= -0.032, p=0.511, p>0.05). Additionally, the regression analysis of forensic data analysis indicated a favorable influence on ethical financial practices. The beta coefficient remained (β= 0.516, p =0.511, p>0.05). In addition, the regression analysis of forensic data analysis indicated a favorable influence on ethical financial practices. The beta coefficient remained (β= 0.516, p =.000, p <0.05), which was determined to be a significant outcome that boosted ethical financial practices. Finally, financial knowledge was shown to have a considerable beneficial impact on ethical financial performance (β= 0.360, p =.000, p <0.05). It demonstrates that when financial knowledge develops, the ethical financial performance of organizations in Nepal also improves.

$$Y = 1.597 + 0.516\,X2 + 0.36\,X3 + \varepsilon \quad (2)$$

Where, Y = Ethical Financial Practice, a = Intercept / Constant, X1 = Litigation Support Services, X2 = Forensic Data Analysis, X3 = Ethical Awareness, and β1, β2= Regression coefficient.

Table 7. Summary of hypothesis test.

Hypothesis	Outcomes
H1. Litigation support services and ethical financial practices have a positive and significant relationship.	Rejected
H2. Forensic data analysis and ethical financial practices have a positive and significant relationship.	Accepted
H3. Ethical awareness and ethical financial practices have a positive and significant relationship.	Accepted

Table 7 presents a summary of the hypothesis tests. The first hypothesis, regarding litigation support services, indicates a negative and insignificant impact on ethical financial practices, and therefore, it is rejected. The second hypothesis, concerning forensic data analysis, shows a positive and significant impact on ethical financial practices and is accepted. The third hypothesis, related to ethical awareness, demonstrates a positive and significant impact on ethical financial practices and is supported by the research theory.

5. DISCUSSION

The objective of the study was to examine the impact of forensic accounting on ethical financial conduct. This study used litigation support services, forensic data analysis, and ethical awareness as predictors, with ethical financial performance as the dependent variable. The study's results indicated that litigation support services adversely affected ethical financial practices. It indicates that enhancements to the litigation support system in Nepal do not foster ethical financial conduct. This discovery is in agreement with other findings that suggest (Guellim et al., 2024; Hitchcock, 2018). Next, the results demonstrated that forensic data analysis had a significant and substantial effect on ethical financial practices. It shows that an increase in forensic data analysis improves ethical financial practices in organizations in Nepal. This discovery is consistent with the results of earlier studies Dukic, Simic, and Nikolic (2023). In the same way, ethical awareness has a significant and considerable impact on ethical financial activities. This study shows that an increase in ethical knowledge is an important component in improving ethical financial practices in organizations in Nepal. This outcome is consistent with the results of a prior study (Okougbo, Okike, & Alao, 2021).

6. CONCLUSION

The research aimed to investigate the influence of forensic data analysis, ethical awareness, and litigation support services on ethical financial practices. Forensic data analysis is essential for improving risk mitigation strategies across various industries. By addressing problems and utilizing technological advancements, businesses can significantly enhance their capacity to predict, recognize, and respond to hazards efficiently within Nepalese enterprises. The study's results reveal that litigation support services do not influence ethical financial practices in Nepalese enterprises. The findings indicate that forensic data analysis influences ethical financial practices among

workers and lower-level management in Nepal. The results also show that litigation support services do not impact ethical financial practices, as their effect is both negligible and negative. Additionally, the study found that ethical awareness positively and significantly influences ethical financial practices among employees in Nepalese organizations.

The research results indicated that litigation support services within the company adversely affect the ethical financial practices of forensic accounting, depending on the setting and situation. The organization's forensic data analysis is positively conceptualized by its team based on research theory and hypotheses. Likewise, ethical awareness within the company must be embraced based on the context and examination of ethical financial practices to replicate and improve ethical financial conduct. Nonetheless, the study has limitations. The research was conducted with a small organization, utilizing cross-sectional data derived from a limited number of variables and small sample sizes based on a questionnaire, employing non-probability sampling methods, specifically purposive sampling, and featuring limited inferential analysis of primary quantitative data collection. The research was also limited before conducting studies in the Nepalese context. Future research should incorporate additional variables related to the prevailing issues of corruption and unethical financial practices in the country, which will aid in regulating and addressing the primary influencing factors of organizational financial activities to mitigate unethical practices. Furthermore, comprehensive investigations might be conducted using additional suitable statistical methods, thereby increasing the participant sample size. Consequently, future research should investigate the influence of forensic accounting techniques on reducing unethical financial behaviors within firms and their respective contexts.

Funding: This study received no specific financial support.
Institutional Review Board Statement: The Ethical Committee of the Research Management Cell, Saraswati Multiple Campus, Tribhuvan University, Nepal has granted approval for this study on 21 May 2025 (Ref. No. 1390/081/082).
Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.
Competing Interests: The authors declare that they have no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

REFERENCES

Abdulsalam, N., Abubakar, S., Modibbo, A., & Abdulhadi, N. (2017). *Forensic accounting and fraud mitigation in the Nigerian banking industry. International Accounting and Taxation Research Group, Faculty of Management Sciences*. Benin City, Nigeria: University of Benin.

Afriyie, S. O., Akomeah, M. O., Amoakohene, G., Ampimah, B. C., Ocloo, C. E., & Kyei, M. O. (2022). Forensic accounting: A novel paradigm and relevant knowledge in fraud detection and prevention. *International Journal of Public Administration*, *46*(9), 615-624. https://doi.org/10.1080/01900692.2021.2009855

Albrecht, W. S., Albrecht, C., & Albrecht, C. C. (2008). Current trends in fraud and its detection. *Information Security Journal: A Global Perspective*, *17*(1), 2-12. https://doi.org/10.1080/19393550801934331

Bennett, S. C., & Carpenter, B. (2019). *E-Discovery for the legal professional*. Boston, MA: Cengage Learning.

Casey, E. (2011). *Digital evidence and computer crime: Forensic science, computers, and the internet* (3rd ed.). San Diego, CA: Academic Press.

Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Thousand Oaks, CA: Sage Publications.

Dukic, G., Simic, M., & Nikolic, J. (2023). The impact of ethical awareness on organizational financial practices. *Journal of Business Ethics and Practice*, *12*(1), 45–58.

Ehioghiren, E. E., & Atu, O. O. K. (2016). Forensic accounting and fraud management: Evidence from Nigeria. *Igbinedion University Journal of Accounting*, *2*(8), 245–301.

Ejoh, N. O. (2017). Forensic accountants' expert testimony in litigation support: A case of investigative objectivity. *IOSR Journal of Business and Management*, *19*(9), 85–90.

Ellili, N., Nobanee, H., Haddad, A., Alodat, A. Y., & AlShalloudi, M. (2024). Emerging trends in forensic accounting research: Bridging research gaps and prioritizing new frontiers. *Journal of Economic Criminology*, *4*, 100065. https://doi.org/10.1016/j.jeconc.2024.100065

Enofe, A. O., Ekpulu, G. A., & Ajala, T. O. (2015). Forensic accounting and corporate crime mitigation. *European Scientific Journal*, *11*(7), 167–185.

Fwambaa, M. S. (2023). Influence of forensic accounting services on financial performance of county Governments In Kenya. Doctoral Dissertation, KCA University.

Gabrielle, D. (2009). *Forensic accounting and fraud investigation for non-experts*. Hoboken, NJ: John Wiley & Sons.

Guellim, N., Yami, N., Freihat, A. F., Alshurafat, H., Alkababji, M. W., Alzahrane, M., . . . Mostafa, R. M. A. (2024). Evaluating the perceived value of forensic accounting: A systematic review method. *Discover Sustainability*, *5*(1), 351. https://doi.org/10.1007/s43621-024-00431-y

Hitchcock, M. (2018). The importance and implications of forensic accounting in the financial world. Undergraduate Honors Thesis, Long Island University. Long Island University, Brookville, NY.

Islamia, J. M. (2016). *Research design. Research in social science: Interdisciplinary perspectives*. New Delhi: Department of Political Science, Faculty of Social Sciences.

Javaria, K., & Masood, O. (2025). *Sustainability and the need of international financial markets*. Newcastle upon Tyne, UK: Cambridge Scholars Publishing.

Johan, S., Sefcik, S. E., & Thornton, D. B. (2020). Forensic accounting and fraud: A review of literature and policy implications. *Journal of Forensic and Investigative Accounting*, *12*(1), 1–23.

Kamau, J. N. (2015). The effect of forensic accounting services on unethical financial practice prevention in the insurance companies of Kenya. Master's Thesis, University of Nairobi.

Kaur, B., Sood, K., & Grima, S. (2023). A systematic review on forensic accounting and its contribution towards fraud detection and prevention. *Journal of Financial Regulation and Compliance*, *31*(1), 60–95. https://doi.org/10.1108/JFRC-02-2022-0015

Kelleher, C., D'Aunno, T., & Miles, T. P. (1997). The measurement of organizational effectiveness: A review of empirical research. *Public Administration Review*, *57*(4), 367–375.

Kendall, D. (2018). Expert testimony in unethical financial practice cases: The Impact on legal outcomes. *Journal of Forensic Accounting*, *12*(2), 178–192.

Maurer, R. (2013). *Risk management: Fighting unethical financial practice with employee awareness. An online survey of certified fraud examiners*. Austin, TX: Association of Certified Fraud Examiners.

Mugenda, O. M., & Mugenda, A. G. (2009). *Research methods: Quantitative and qualitative approaches*. Nairobi, Kenya: Acts Press.

Nikomborirak, D., Sritrakul, B., & Tansuchat, R. (2011). *Corruption in Thailand: Perceptions and experiences of households, companies, and public officials*. Bangkok, Thailand: Thailand Development Research Institute (TDRI).

Nobanee, H., Alodat, A., Bajodah, R., Al-Ali, M., & Al Darmaki, A. (2023). Bibliometric analysis of cybercrime and cybersecurity risks literature. *Journal of Financial Crime*, *30*(6), 1736-1754. https://doi.org/10.1108/JFC-11-2022-0287

Nwaiwu, J. N., & Aaron, F. C. (2018). Forensic accounting relevance and fraud detection process and financial performance in Nigeria. *International Journal of Advanced Academic Research: Accounting & Economic Development*, *4*(2), 17–35.

Okougbo, P. O., Okike, E. N., & Alao, A. (2021). Accounting ethics education and the ethical awareness of undergraduates: An experimental study. *Accounting Education*, *30*(3), 258-276. https://doi.org/10.1080/09639284.2021.1888135

Ozkul, F., & Pamukçu, A. (2012). Fraud detection and forensic accounting. In S. Gökgöz (Ed.), Emerging fraud: Fraud cases from emerging economies. In (pp. 19–41). Berlin, Germany: Springer-Verlag.

Paramole, O. T. (2021). Forensic accounting and ethical practices: Evidence from Nigerian corporate organizations. *Journal of Accounting and Taxation*, *13*(2), 101–110.

Rezaee, Z., & Burton, E. J. (1997). Forensic accounting education: Insights from academicians and certified fraud examiner practitioners. *Managerial Auditing Journal*, *12*(9), 479-489. https://doi.org/10.1108/02686909710185206

Rosnidah, I., Siregar, H. S., Wibowo, M. G., & Riyadi, S. (2022). Big data analytics in forensic accounting for fraud detection: An Indonesian perspective. *International Journal of Data and Network Science*, *6*(3), 647–656.

Rozmita, D. Y., & Ariandi, I. (2017). The effect of internal control and anti-fraud awareness on fraud prevention: A survey of inter-governmental organizations. *Journal of Economics, Business, and Accountancy Ventura*, *20*(1), 113–124.

Shakeel, P. M., Baskar, S., Fouad, H., Manogaran, G., Saravanan, V., & Montenegro-Marin, C. E. (2021). Internet of things forensic data analysis using machine learning to identify roots of data scavenging. *Future Generation Computer Systems*, *115*, 756-768. https://doi.org/10.1016/j.future.2020.10.001

Sikka, P., & Lehman, C. (2015). Forensic accounting and the pursuit of economic justice: Ethical challenges and opportunities. *Journal of Business Ethics*, *130*(3), 649–662.

Singleton, T. W., & Singleton, A. J. (2010). *Fraud auditing and forensic accounting* (4th ed.). Hoboken, NJ: John Wiley & Sons.

Subedi, P., & Neupane, S. (2024). Forensic accounting practices and fraud detection: Insights from the Nepali banking sector. *NPRC Journal of Multidisciplinary Research*, *1*(9), 135–146. https://doi.org/10.3126/nprcjmr.v1i9.74170

Tang, Q., & Ziv, M. (2019). Data analytics in litigation support: Enhancing fraud detection. *Journal of Forensic Sciences*, *64*(4), 1052–1065.

Tuanakotta, T. M. (2012). *Forensic accounting and investigative audit*. Jakarta, Indonesia: Salemba Empat.

Walakumbura, L., & Dharmarathna, D. G. (2022). Impact of forensic accounting knowledge on fraud detection: With special reference to the Sri Lankan context. *Journal of Accountancy and Finance*, *9*(1), 1–21. https://doi.org/10.57075/jaf912201

Wolfe, D. T., & Hermanson, D. R. (2004). The fraud diamond: Considering the four elements of fraud. *The CPA Journal*, *74*(12), 38–42.

Wooldridge, J. M. (2011). *Fractional response models with endogenous explanatory variables and heterogeneity*. Paper presented at the 11th Annual Stata Users Group Meeting, Chicago, IL. Stata Users Group.

Zhou, W., & Li, G. (2020). Forensic accounting education and fraud detection. *Open Journal of Accounting*, *9*(2), 19–30.