

The Effect of Legal - Ethical And Psychological Factors In Reducing Accounting Manipulations: A Field Study

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Abstract. The study aimed to elucidate the extent of accountants' adherence to legal and ethical factors, understand the psychological state of the auditor, explore the impact of regulations governing the auditing profession, and delineate the effect of psychological and ethical factors on the auditor's behavior. The study also sought to gather opinions from auditors, academics, and educators at the University of Baghdad regarding legal, ethical, and psychological factors within the profession. The study found significant correlations between legal, ethical, and psychological factors, and accounting manipulations. There was a statistically significant relationship between legal factors and accounting manipulations, with a correlation coefficient of (0.383) at a significance level of less than (0.01). Similarly, a significant relationship was found between ethical factors and accounting manipulations, with a correlation coefficient of (0.416) at a significance level of less than (0.01). Moreover, a significant relationship was established between psychological factors and accounting manipulations, with a correlation coefficient of (0.659) at a significance level of less than (0.01). The study recommends providing objective solutions to contribute to identifying the reasons for committing manipulation within organizations. It emphasizes the need to implement financial statement analysis techniques as a means of detecting manipulation and underscores the importance of legal actions (civil and criminal) related to filing claims in court, and preserving and protecting evidence. Additionally, auditors should act impartially, separating personal interests from their supervisory role.

Keywords. Legal, Ethical, Psychological Factors, Accounting Manipulations

Introduction:

The profession of accounting and auditing, like other professions such as medicine and engineering, holds a significant role, status, and importance in advanced societies. Academic studies in universities are dedicated to teaching its principles and fundamentals. Professional local and international associations have been established to elevate the profession's performance and professional conduct among their members. They also aim to safeguard their independence, exercise professional oversight, and protect the profession's reputation and dignity. Through this study, the researcher attempts to shed light on the importance of having laws regulating the practice of accounting and auditing and the potential impact of these laws on the evolution of professional performance. It also clarifies the significance of having good professional conduct commensurate with the current environmental conditions and developments in Iraq (Al-Zurari, 2015). The study is composed of three chapters: the first

chapter outlines the study's methodology, the second chapter covers the theoretical aspect of the study, and the third chapter includes the practical and field aspects of the study.

First Chapter: The Theoretical Framework of the Study

Firstly: Legal, Ethical, and Psychological Factors

Legal Factors

Legal factors for auditing are recognized guidelines used to perform the financial statements auditing process. They consist of three consecutive steps, each requiring a different set of laws: 1. General Laws: General laws for auditing were issued by the Association of Accountants in 1954. These laws or standards contributed to achieving the following advantages for the auditing profession: a. Support confidence in auditing as a recognized profession. b. Help make the auditing profession independent, and without them, the practice of the profession becomes less useful. c. In the absence of standards, the auditing profession loses its appropriate position, which may lead governments to enact legislation and laws that transform auditing from a private profession into a government job. d. For the auditor to provide an impartial and independent opinion on the financial statements, the laws of the auditing process must be considered, taking into account the objectives of auditing. These laws were issued (13) (Al-Hawari et al., 2000). The International Auditing Standard issued by the International Federation of Accountants (IFAC) number 200 "Overall Objectives of the Independent Auditor and the Conduct of an Audit by International Standards on Auditing" added International Standard 300 "Planning an Audit of Financial Statements," which the auditor performs and supervises his assistants appropriately. 2. Field Work Laws: It stipulates that reliable evidence should be obtained through examination, observation, investigations, and evidence that can be a reasonable basis for expressing an opinion on the audited financial statements (14) (Abdullah, Khalid Amin, 2010). 3. Preparation of Reports Laws or Standards: a. The report should indicate whether the financial statements have been prepared by generally accepted accounting principles. b. The report should indicate the consistency in the application of accounting principles and their continuity. c. The report should indicate the adequacy of the disclosure of the financial position and the results of operations or the disclosure is considered sufficient unless stated otherwise. d. The auditor's report should include an impartial and independent opinion on the financial statements, and in case of not expressing an opinion, the reasons should be mentioned. (Anderson, 2002).

As a result of increasing pressure from stakeholders in the accounting and auditing profession, including contributors, investors, creditors, unions, international organizations, and government bodies, several organizations were formed to develop international accounting and auditing standards and create a suitable climate for the application of these standards (Hafez, 2016).

Regulation No. 3 of 2013, Practicing the Profession of Monitoring and Auditing Accounts, was introduced with amendments to Regulation No. 3 of 1999. This regulation set the conditions for practicing the auditing profession and the conditions for granting a license to practice the profession for the resident Iraqi, according to the following conditions (as per Article 7 of the above-mentioned regulation):

1. Holding a Higher Diploma in Account Monitoring from the University of Baghdad or its equivalent.
2. Having practiced auditing for not less than two years after obtaining the certificate at the Financial Control Department or under the supervision of an auditor with the knowledge and approval of the Board.
3. Passing the exams specified by the Board and taken with legal accounting students at the Higher Institute for Accounting and Financial Studies.
4. Having worked as an auditor in training at the Financial Control

Department or under the supervision of a person authorized to practice the profession for not less than two years from the date of obtaining the specified academic qualification. 5. Taking the following oath before the President of the Board: I swear by Almighty God to respect the rules of professional conduct and to adhere to its provisions text and spirit in performing my professional duties, either through my professional duties or through my relations with my colleagues in the profession, and God is my witness to what I say (Hafez, 2016).

Article 12 stipulated the conditions for the auditor to abide by, which are:

1. Adhering to the professional conduct rules and performance standards adopted by the Board in regulating the profession.
2. Adhering to the supervisory standards issued by the Board of Accounting and Auditing Standards in the Republic of Iraq.
3. Organizing the office in which he practices his work to ensure the preservation of work papers, information, and supporting documents for monitoring and auditing the accounts for not less than five years.
4. Fixing the names and signatures of the individuals affiliated with him who have monitored and audited the accounts on the office's work papers.
5. Holding the accounting records and documents of the office's work that provide a complete picture of its activities and results.
6. Not combining the functions of organizing the accounts and auditing those accounts by the auditor or his partners or assistants.
7. Informing the Board's secretariat of his address or any change therein within a period not exceeding 30 days from the date of opening the office or changing the address (Hammad, 2005).

Companies Law No. 21 of 1997, amended in 2004, imposed the accountability of the company's auditor for any act considered deficient, and he shall be asked about the accuracy of the data in his report as an agent for the company. These issues were stipulated in Article 11 of the Companies Law No. 21 of 1997, amended in 2004, as well as Article 13, which includes the matters to be asked about: (Matar and Al-Halabi, 2009)

1. The integrity of the company's accounts the accuracy of the data included in the final accounts, and the extent to which he is allowed to access the information requested about the company's activities, with a statement of it in the Board of Directors' report.
2. The extent of the company's application of accounting standards, especially those related to maintaining the accounting books and records and the process of inventorying assets and company liabilities.
3. The extent to which the final accounts reflect the true financial position of the company at the end of the year and the results of its operations.
4. The extent to which the accounts comply with the provisions of this law and the company's contract.
5. Any violations of the provisions of this law or the company's contract that have occurred that affect its activity or financial position, stating whether these violations existed when auditing the final accounts (Hafez, 2016).

Directive No. 8 of 2010, Disclosure for Companies Listed in the Stock Exchange, stipulated the annual financial statements of the company prepared according to the prevailing accounting standards and audited by an independent and legally authorized auditor in Iraq, including the current year's figures compared to the previous year, and including:

1. The general balance.
2. The profit and loss account (current operations account).
3. The cash flow statement.
4. International auditing explanations and standards issued by the Board of Directors attached to the financial statements (Hafez, 2016).

Ethical Factors

It is worth noting that there is no specific definition for the term "ethical dimensions," but they represent the fundamental principles of proper behavior. They can be defined through ethical behavior, which means everything individuals do outside the scope of commonly accepted values, customs, and traditions in a specific work, profession, or society. In auditing

financial data, which is closely related to a wide range of potential users (3), it is emphasized that the auditor's responsibility extends beyond meeting the needs and requirements of the client or employer alone. It extends to working towards the interest of society. Therefore, the auditor should consider several requirements or fundamental principles, including integrity, objectivity, professional competence, and due care, confidentiality, professional behavior, and technical standards. The auditor should strive to operate at a higher level than others, in addition to providing suggestions that can contribute to the development of these rules in a direction that supports the independence and neutrality of the auditor, aiming to enhance the confidence of the public, regulatory authorities, and supervision on the audited financial data (Ronen and Yaari 2008).

The profession of auditing, in general, is about accomplishing tasks and professional services to the fullest extent according to the behavior and ethics of the profession, and meeting the interest of society as previously mentioned. To achieve these objectives, it is necessary to achieve the essentials in the following approved reports:

(A) Credibility and trust: This refers to the trust in the information provided. (B) Professional conduct: This means that clients, employers, and beneficiaries of professional services believe in the necessity of a clear distinction for those practicing this profession. (C) Service quality: This means the necessity to ensure that all services provided by those practicing this profession have been performed to the fullest extent. (D) Trust: Refers to the necessity for the beneficiaries to feel confident in those practicing this profession (Hafez, 2016).

Psychological Factors

Motivations for Engaging in Manipulation

The drive can be defined as the latent energetic force or the physiological or psychological readiness that continuously stimulates an individual's behavior, which does not end until reaching their specific goals, whether that behavior is visible and observable or invisible and unobservable (Al-Azabawi, 2003).

Motivations express the unsatisfied needs of the individual. Therefore, they can be described as a set of internal motivating forces that affect the individual's perception of things and people, stimulate their behavior, and direct them towards specific goals aimed at satisfying the needs that have not been met from another aspect. This means that unsatisfied human needs are considered the driving force behind the appearance of individuals' motives, which in turn stimulate human behavior and direct it towards those needs' satisfaction (Baquer & Hamza, 1984).

It is incumbent upon the auditor to identify the underlying causes and motivations behind manipulation because the better the auditor understands the causes and motivations of manipulation, the better they can deal with cases of manipulation and detect them. Many studies have been conducted to investigate the reasons for employees engaging in manipulation, and it can be attributed to the poor economic situation of employees, their lack of competence, and their attempts to appear in a better light. Despite the competence of some employees in the organization, they may exaggerate their achievements to gain better benefits and incentives (Lester, 1980). It can be said that manipulation is the result of the interaction of multiple variables that include both the personal characteristics of employees and the specifications of their surrounding environment. We believe that a combination of the following elements can lead to completing the manipulation (Al-Sahn & Others, 1986):

(1) Increased pressures on employees (psychological, social, and economic). (2) Opportunities for manipulation completion. (3) Weakness of some employees' personalities.

The presence of individuals characterized by integrated personalities, with no opportunities for manipulation and reduced pressure on them, will lead them to act securely. In other words, the likelihood of manipulation increases in the presence of individuals with unstable personalities in places characterized by work pressure and increased opportunities for manipulation (Al-Sahn & Others, 1984).

There are several motivations for engaging in manipulation that can be summarized as follows:

(1) Economic motivations:

The economic motivations for engaging in manipulation primarily exist due to significant pressures on individuals. The large personal debts of the employee and unacceptable social behaviors (such as gambling, drug use, or alcohol consumption), extravagant or excessive lifestyles, and high inflation rates without sufficient compensatory benefits from their work can all contribute to the employee resorting to embezzlement. (Rohel & Barelge, 2001).

(2) Social motivations:

The social motivations for an employee to engage in manipulation can be identified in the following paragraphs:

(A) Desire to show off and love for appearance, especially appearing as wealthy, owning a new house, a modern car, and luxurious clothing. (B) The desire to embezzle for gambling, hoping to make significant profits and returns to fulfill their desires and pay back the embezzled amount, or due to the thrill and the resulting debts that are difficult to repay. Therefore, the employee may resort to embezzlement. (C) Negligence regarding the living situation as well as personal behaviors. (Eskandar, 2012).

(3) Psychological motivations:

Talking about needs and motivations is intertwined, considering that motivations are the true expression of the individual's needs. Needs can be classified into two fundamental types:

(A) Primary physiological needs. (B) Social needs.

In conclusion, motivations are complex, influenced by various factors, and understanding them is crucial for addressing unethical behavior like manipulation in the workplace.

Second: Accounting Manipulations Introduction It is commonly accepted in the field of accounting that companies and financial institutions present their business results at the end of the financial period by preparing their fundamental financial statements (income statement, balance sheet, and cash flow statement). These statements serve as a photographic representation illustrating the company's financial position. These entities are expected to prepare these statements by generally accepted accounting principles to provide users with a true and fair view of the company's financial position, avoiding fraudulent practices and accounting manipulations, often referred to as creative accounting techniques (Dargham, 2011).

Furthermore, any action taken by management that affects reported income and does not provide any real economic benefit to the organization is considered damaging, whether in the short or long term (Merchant and Rockness, 1994). This includes the repeated selection of accounting rules or report preparation rules in a certain pattern, affecting income reporting with less deviation than would have occurred otherwise (Copeland, 1968).

A broader definition of creative accounting is that it involves "a set of methods and procedures adopted by the accountant to serve the interest of some stakeholders in the company. Creative accounting has two aspects: one legal, approved by external auditors, resulting from exploiting gaps in the laws and available options in the adopted accounting standards; and the

other illegal, approved by external auditors, resulting from collusion that leads to manipulation and distortion of accounting figures to present them as preferred rather than what they should be" (Matar and Al-Halabi, 2009).& (Youssef, 2016).

The Third Chapter: Methodology & Data of the Study

First: Research Problem: -

The ethical, legal, and psychological aspects of the auditing profession are of particular importance to employees, as they form the basis and driving force for employees' motivations, whether negatively or positively, regarding the manipulative practices that occur in institutions, auditing firms, and other workplaces. Additionally, the required competence of an auditor to mitigate manipulative practices makes these aspects crucial. Therefore, companies, government agencies, or auditing firms need to activate the legal role and focus on the ethical and psychological aspects to reduce manipulative operations.

Second: Research Significance:-

The significance of the study lies in the researcher's attempt to clarify the components of legal, ethical, and psychological factors for employees, and the role of the auditor in reducing or detecting accounting manipulations affecting the society in which employees work. The study aims to continuously encourage auditors to demonstrate dedication in providing the best professional performance to maintain the community's trust in the profession.

Third: Research Objectives:-

The research aims to achieve the following objectives:

(1) To determine the extent of employees' compliance with legal, ethical, and psychological factors and to understand the auditor's psychological state. (2) To understand the impact of laws regulating the auditing profession. (3) To determine the effect of ethical and psychological factors on employee behavior. (4) To gather the opinions of auditors, academics, and educators at the University of Baghdad regarding the legal, ethical, and psychological factors within the profession and their impact on employees.

Fourth: Research Hypotheses: -

Primary Hypothesis: There is no statistically significant relationship between legal, ethical, and psychological factors and the reduction of manipulative operations.

Hypothesis Two: There is no significant effect of legal, ethical, and psychological factors on limiting fraudulent activities. This main hypothesis branches into the following sub-hypotheses:

1. There is no significant effect of legal factors on limiting fraudulent accounting practices.
2. There is no significant effect of ethical factors on limiting fraudulent accounting practices.
3. There is no significant effect of psychological factors on limiting fraudulent accounting practices.

Fifth: Study Population and Sample:-

The study population consisted of auditors, academics, and lecturers at the University of Baghdad. The study sample was randomly selected from the study population. The researcher distributed 130 survey questionnaires to the target group, of which 113 individuals responded, returning the questionnaires with all the required information, accounting for approximately 86.9% of the target group.

Sixth: Previous Studies:-

1. Cressey (1973) focused on formulating hypotheses to study the psychological nature of many financial fraudsters by exploiting their positions and betraying trust. The study developed the fraud triangle, which consists of pressure, opportunity, and rationalization, to explain the psychological nature of many fraudsters. 2. Rezaee et al. (1996) aimed to discuss the reasons leading to changes in accounting education and emphasized the necessity of integrating forensic accounting into accounting curricula. 3. Renick (2007) aimed to present an investigative approach, the sequential contracting approach, which involves managing time, fees, returns, and results based on predefined criteria by both the client and forensic accountant. 4. Albert (2014) sought to clarify the role of auditing in preserving a society's economic resources and shed light on the ethical challenges accountants and auditors face when practicing their profession. 5. Greenfield (2005) aimed to understand the importance of ethical aspects in the United States in decision-making processes and the provision of financial data to stakeholders following Generally Accepted Accounting Principles (GAAP). 6. Kropla (2005) explained the duties and responsibilities assigned to accountants in terms of responsibilities and commitments, highlighting the role of accountants in maintaining trust and credibility in presenting financial information to stakeholders. 7. Ali (2012) aimed to determine the extent of compliance by accountants in Islamic financial institutions with the ethical rules and standards of the profession. 8. Al-Mutairi (2012) aimed to identify the impact of the code of conduct and professional ethics on the quality of the auditing process in Kuwaiti industrial companies listed on the Kuwait Stock Exchange.

First: Study population and sample:-

The study population consisted of several auditors, academics, and teachers at the University of Baghdad. As the study sample, was randomly selected from the study population, where the researcher distributed (130) survey forms to the targeted, and (113) individuals responded to them, they returned the questionnaire after filling it with all the required information, i.e., approximately (86.9) of the targeted.

Second: Study Tool:-

A questionnaire was designed and developed to measure the impact of legal, ethical, and psychological factors in reducing accounting manipulations: a field study through the study of the theoretical framework and previous studies in this field, the questionnaire was arbitrated by sending it to several specialized professors, and appropriate adjustments were made to the scale based on their observations. The study tool consisted of a part as follows:-

Of two variables, the first variable is the legal, moral, and psychological factors are from (3) after, and the second variable is accounting manipulations are from (1) after, where the members of the study sample were asked to determine their response to what each statement describes according to the five-tiered Likert scale. which consists of five levels (strongly agree, agree, neutral, disagree, strongly disagree).

Third: Honesty and stability of the tool:-

The study tool is characterized by honesty and stability. as it was used in some studies, which tested the extent of its truthfulness and stability, and the stability of this tool was verified in the current study by testing the stability coefficient of the entire tool using the (Cronbach alpha) coefficient for internal consistency, which amounted to 0.93, which is a high stability coefficient.

Fourth: Statistical methods used:-

Several statistical methods were used as follows:

1. Descriptive statistics such as frequency distribution of answers, percentages, and averages 2. Inferential analysis such as Pearson's correlation coefficient, and Spearman-Brown equation to calculate the stability coefficient, and median. 3. T-test per sample

Fifth: Research Hypotheses

First Hypothesis: There is no statistically significant relationship between legal, ethical, and psychological factors in limiting manipulation operations. The following sub-hypotheses branch from the main hypothesis:

(1) There is no statistically significant relationship between legal factors and limiting accounting manipulations. (2) There is no statistically significant relationship between ethical factors and limiting accounting manipulations. (3) There is no statistically significant relationship between psychological factors and limiting accounting manipulations.

Second Hypothesis: Legal, ethical, and psychological factors do not significantly influence in limiting manipulation operations. The following sub-hypotheses branch from the main hypothesis:

(1) There is no significant influence of legal factors in limiting accounting manipulations. (2) There is no significant influence of ethical factors in limiting accounting manipulations. (3) There is no significant influence of psychological factors in limiting accounting manipulations.

Sixth: Descriptive Data

Table No. (1)

Frequencies and percentages of the study sample for the gender variable

gender	Number	Ratio
male	86	75.1
female	28	24.9
Total	114	100

Table 1 illustrates the distribution of the study sample by gender. The percentage of males was 75.1%, which is higher than the percentage of females at 24.9%.

Table No. (2)

Frequencies and percentages of the study sample for the age variable

lifetime	Number	Ratio
30 years and under	41	37.1
From 31 years to 45	48	43.5
46 years and above	24	19.6
Total	113	100

Table 2 shows the distribution by age, where the age group of 31 to 45 years had the highest percentage at 43.5%, followed by the age group of 30 years and below at 37.1%. Lastly, the age group of 46 years and above constituted 19.6%.

Table No. (3)

Frequencies and percentages of the study sample for the academic qualification variable

Qualification	Number	Ratio
Postgraduate (Master, PhD)	21	17.6
University degree	71	63.8

Upper Intermediate Qualification	15	12.4
Intermediate qualification	6	6.2
Total	113	100

Table 3 show the distribution of the study sample by educational qualification. The highest percentage was for individuals with a university degree at 63.8%, followed by postgraduate studies (master's and doctorate) at 17.6%. The next was above-average qualifications at 14.4%, and finally, those with average qualifications at 6.2%.

Table No. (4)

Frequencies and percentages of the study sample for the variable of years of experience

Years of Experience	Number	Ratio
5 Years & Under	4	2.6
From 6 years to 10 years	71	63.8
From 11 years to 15 years	17	15.8
16 years and above	21	17.8
Total	113	100

Table 5 shows the distribution of the study sample by years of experience. The highest percentage was for those with 6 to 10 years of experience at 63.8%, followed by 16 years and above at 17.8%. The next was 11 to 15 years of experience at 15.8%, and finally, those with 5 years or less at 2.6%.

Table No. (5)

Relative importance and arithmetic averages for dimension measurement
 (Legal Factors)

M	Ferry	Average	Standard deviation	Coefficient of variation	Order of importance
1-	Apply the financial laws and regulations issued by competent authorities such as the Central Bank, the Ministry of Finance, the Audit Bureau and other bodies and any amendments thereto	3.85	1.12	29.56	1
2-	Study the rules and laws governing the work of the organization under review and design and implement appropriate steps and procedures to ensure the organization's compliance with these laws and regulatory rules	3.58	1.41	39.74	4
3-	Carrying out legal procedures (civil and criminal) related to the summons to the court and the preservation and protection of evidence	3.76	1.29	34.31	2
4-	Application of theories of crime causes and personal characteristics of perpetrators of fraud and financial crimes	3.65	1.35	37.00	3
	Total legal factors	3.62	1.375		-

Table No. (5) illustrates that the overall mean of the "legal factors" dimension was (3.62), with a standard deviation of (1.375). This means that the sample's attitudes towards the "legal factors" dimension are positive. The most influential element in the legal factors dimension is the "application of financial laws and regulatory rules issued by relevant authorities such as the Central Bank, Ministry of Finance, the Audit Bureau, and other relevant bodies, and any amendments thereto", with an average of (3.85).

The least influential element in the legal factors dimension was "studying the rules and laws regulating the organization's work at the audit location and designing and implementing appropriate steps and procedures to ensure the organization's compliance with these laws and regulatory rules", with an average of (3.58) according to the study sample's responses.

Table No. (6)
 Relative importance and arithmetic averages to measure dimension
 (Ethical factors)

M	Ferry	Average	Standard deviation	Coefficient of variation	Order of importance
1-	Employees work with honesty and integrity	3.91	1.30	33.37	1
2-	The personal qualities of account staff directly affect professional ethics.	3.55	1.32	37.09	3
3-	The auditor is deprived of personal interests when performing his audit work	3.71	1.24	33.55	2
4-	Avoid relationships that lose objectivity and independence	3.39	1.44	42.98	4
5-	Total ethical factors	3.65	1.338	-	-

Table No. (6) shows that the overall mean of the "ethical factors" dimension was (3.65), with a standard deviation of (1.338). This indicates that the sample's attitudes towards the "ethical factors" dimension are positive. The most influential element in the ethical factors dimension is "the auditor works with integrity and honesty", with an average of (3.91).

The least influential element in the ethical factors dimension was "avoiding relationships that compromise objectivity and independence", with an average of (3.39) according to the study sample's responses.

Table No. (7)
 Relative importance and arithmetic averages for measuring dimension (psychological factors)

M	Ferry	Average	Standard deviation	Coefficient of variation	Order of importance
1-	Auditor's understanding of the causes of psychological motivations manipulation	2.87	1.33	48.03	3
2-	The weakness of the personalities of some workers	3.19	1.07	33.72	1
3-	Organizations are motivated to discover the psychological causes of manipulation	3.08	1.13	36.60	2

4-	Total psychological factors	3.007	1.133		
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Table No. (7) illustrates that the overall mean of the "psychological factors" dimension was (2.87), with a standard deviation of (1.133). This indicates that the sample's attitudes towards the "psychological factors" dimension are good. The most influential element in the psychological factors dimension is "weakness in the personalities of some employees", with an average of (3.19).

The least influential element in the psychological factors dimension was "the auditor's understanding of the motives for psychological manipulation", with an average of (2.87) according to the study sample's responses.

Table No. (8)
 Relative importance and arithmetic averages for dimension measurement (Accounting Manipulations)

M	Ferry	Average	Standard deviation	Coefficient of variation	Order of importance
1-	The possibility of clearly identifying and classifying acts of manipulation	2.85	1.10	38.73	2
2-	Contribute to identifying the reasons for committing manipulation within organizations	2.79	1.18	42.19	4
3-	Identify indicators of the presence of manipulation within organizations	2.84	1.14	40.07	3
4-	Using financial statement analysis techniques as a means of detecting manipulation	2.86	1.23	42.84	1
5-	Identify the different manipulation schemes used by perpetrators of manipulation to commit their crimes	2.51	1.02	40.68	5
6-	Total accounting manipulations	2.68	1.128		

Table No. (8) shows that the overall mean of the "accounting manipulations" dimension was (2.68), with a standard deviation of (1.128). This indicates that the sample's attitudes towards the "accounting manipulations" dimension are good. The most influential element in the accounting manipulations dimension is "using financial statement analysis techniques as a means to detect manipulation", with an average of (2.86).

The least influential element in the accounting manipulations dimension was "identifying the different manipulation schemes used by manipulators to commit their crimes", with an average of (2.51) according to the study sample's responses.

Hypothesis 1: There is no statistically significant relationship between legal, ethical, and psychological factors in limiting manipulation processes.

The following assumptions branch from the main hypothesis:

(1) There is no statistically significant relationship between legal factors and limiting accounting manipulations.

- (2) There is no statistically significant relationship between ethical factors and limiting accounting manipulations.
 (3) There is no statistically significant relationship between psychological factors and limiting accounting manipulations.

Table No. (9)

Matrix of correlation between the dimensions of legal, ethical, and psychological factors and accounting manipulations

Knowledge Management Dimensions	Correlation coefficient (r)	Morale level	Result (significance)
Legal factors	0.383	0.01**	function
Ethical factors	0.416	0.01**	function
Psychological factors	0.659	0.01**	function
Total legal, moral and psychological factors	0.577	0.01**	function

**A function at a significant level less than (0.1).

* A function at a significant level less than (0.05).

Examining the previous correlation matrix, it becomes evident that there is a statistically significant relationship between the "Total Dimensions of Legal, Ethical, and Psychological Factors." The correlation coefficient is 0.577, with a significance level less than 0.01. This is further elucidated below:

1. There is a statistically significant relationship between the "Legal Factors" dimension and "Accounting Manipulations," with a correlation coefficient of 0.383 at a significance level less than 0.01 .
2. There is a statistically significant relationship between the "Ethical Factors" dimension and "Accounting Manipulations," with a correlation coefficient of 0.416 at a significance level less than 0.01 .
3. There is a statistically significant relationship between the "Psychological Factors" dimension and "Accounting Manipulations," with a correlation coefficient of 0.659 at a significance level less than 0.01. This indicates that as knowledge management processes increase, it positively impacts the environmental management system.

Hypothesis 2: There is no statistically significant effect of legal, ethical, and psychological factors in limiting manipulation processes.

The following assumptions branch from the main hypothesis:

- (1) There is no statistically significant effect of legal factors on limiting accounting manipulations. (2) There is no statistically significant effect of ethical factors on limiting accounting manipulations. (3) There is no statistically significant effect of psychological factors on limiting accounting manipulations.

Statistical Method Used: Simple Regression Analysis.

Table No. (10)

Simple linear regression model to determine the significance of the impact of legal, ethical, and psychological factors on accounting manipulations

Independent variable	Parameters Estimated β_i	T. test		F. test		R2
		Value	Morale level	Value	Morale level	
Stator	82.380	10.211	0.01**	55.525	0.001**	33.3%
Total legal, moral and psychological factors	0.571	7.451	0.01**			

**A function at a significant level less than (0.01).

* A function at a significant level less than (0.05).

From the previous table, we derive several results:

1. Coefficient of Determination (R2): The independent variable "Total Legal, Ethical, and Psychological Factors" explains 33.3% of the total variance in the dependent variable "Accounting Manipulations." The remaining variance is attributed to random error or potentially to other unincorporated independent variables.
2. Significance Test of the Independent Variable: Using a t-test, it is found that the independent variable "Knowledge Management Dimensions" has a significant effect on "Accounting Manipulations," with a t-value of 7.451 at a significance level less than 0.01.
3. Significance Test of the Regression Model's Fit: To test the overall fit of the regression model, an F-test is used, resulting in an F-value of 55.525, indicating a significant fit at a significance level less than 0.01. This demonstrates the quality of the regression model's effect on accounting manipulations.
4. Model Equation: The model equation is provided, showcasing the relationship between the independent variable and accounting manipulations.

Accounting manipulations = 82.380 - 0.571 legal, ethical, and psychppological factors

Table No. (11)

Simple linear regression model to determine the significance of the impact of legal factors on accounting manipulations

Independent variable	Parameters Estimated β_i	T. test		F. test		R2
		Value	Morale level	Value	Morale level	
Stator	111.492	15.854	0.01**	19.125	0.001**	13.9%
Legal factors	0.892	4.373	0.01**			

** A function at a significant level less than (0.01).

* A function at a significant level less than (0.05).

The table above shows a set of results that have been obtained:

1. Coefficient of determination (R2): It is evident that the legal factors variable explains (13.9%) of the total variance in the dependent variable (accounting manipulation operations). The remaining percentage is attributed to random error in the equation or

perhaps to the non-inclusion of other independent variables that should have been included in the model. 2. Significance test of the independent variable: Using the t-test, we find that the legal factors, as an independent variable, have a significant effect on (accounting manipulation operations), with a "t" value of (4.373) at a significance level less than (0.01). 3. Significance test of the regression model fit: To test the significance of the overall model fit, an F-test was used. The F-test value is (19.125), which is significant at a level less than (0.01). This indicates the quality of the regression model's effect on accounting manipulation operations. 4. Model equation:

$$\text{Accounting manipulations} = 111.492 - 0.892 \text{ Legal factors}$$

Table No. (12)

Simple linear regression model to determine the significance of ethical factors in accounting manipulations

Independent variable	Parameters Estimated β_i	T. test		F. test		R2
		Value	Morale level	Value	Morale level	
Stator	107.148	14.690	0.01**	23.217	0.001**	17.3%
Ethical factors	1.841	4.818	0.01**			

** A function at a significant level less than (0.01).

* A function at a significant level less than (0.05).

It is evident from the above table a set of results that have been obtained:

1. Coefficient of determination (R2): We find that the ethical factors variable explains (17.3%) of the total variance in the dependent variable (accounting manipulation operations). The remaining percentage is attributed to random error in the equation or perhaps to the non-inclusion of other independent variables that should have been included in the model. 2. Significance test of the independent variable: Using the t-test, we find that the ethical factors, as an independent variable, have a significant effect on (accounting manipulation operations), with a "t" value of (4.818) at a significance level less than (0.01). 3. Significance test of the regression model fit: To test the significance of the overall model fit, an F-test was used. The F-test value is (23.217), which is significant at a level less than (0.01). This indicates the quality of the regression model's effect on accounting manipulation operations. 4. Model equation:

$$\text{Accounting manipulations} = 107.148 - 1.841 \text{ Ethical factors}$$

Table No. (13)

Simple linear regression model to determine the significance of the impact of psychological factors in the environmental management system

Independent variable	Parameters	T. test	F. test	R2
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	Estimated β_i	Value	Morale level	Value	Morale level	
Stator	80.656	11.945	0.01**	85.255	0.001**	43.4%
Psychological factors	2.298	9.233	0.01**			

** A function at a significant level less than (0.01).

* A function at a significant level less than (0.05).

The table above shows a set of results that have been obtained:

1. Coefficient of determination (R2): We find that the psychological factors variable explains (43.4%) of the total variance in the dependent variable (accounting manipulation operations). The remaining percentage is attributed to random error in the equation or perhaps to the non-inclusion of other independent variables that should have been included in the model.
2. Significance test of the independent variable: Using the t-test, we find that the psychological factors, as an independent variable, have a significant effect on (accounting manipulation operations), with a "t" value of (11.945) at a significance level less than (0.01).
3. Significance test of the regression model fit: To test the significance of the overall model fit, an F-test was used. The F-test value is (85.255), which is significant at a level less than (0.01). This indicates the quality of the regression model's effect on accounting manipulation operations.
4. Model equation:

Accounting manipulations = 80.656 - 2.298 psychological factors

Results and Recommendations

First: Results

- (1) There is a correlation between legal, ethical, and psychological factors, and accounting manipulations.
- (2) There is a statistically significant relationship between the "legal factors and accounting manipulations," with a correlation coefficient of (0.383) at a significance level less than (0.01).
- (3) There is a statistically significant relationship between the "ethical factors and accounting manipulations," with a correlation coefficient of (0.416) at a significance level less than (0.01).
- (4) There is a statistically significant relationship between the "psychological factors and accounting manipulations," with a correlation coefficient of (0.659) at a significance level less than (0.01).

Second: Recommendations

- (1) Providing objective solutions to contribute to identifying the reasons for committing manipulations within organizations.
- (2) The necessity of implementing financial statement analysis techniques as a means to detect manipulations.
- (3) The necessity of legal actions (civil and criminal) related to summoning to court and preserving and protecting evidence.
- (4) The auditor should remain impartial when conducting their supervisory duties.

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