



**MITIGATING CREATIVE ACCOUNTING: THE EFFICACY OF FORENSIC
ACCOUNTING INTERVENTIONS IN THE NIGERIAN PRIVATE SECTOR
ORGANIZATIONS**

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Abstract

The need for the mitigation of creative accounting practice in Nigeria's public sector induces the need for this study owing to the attended consequences of lapse in creative accounting mitigation. As a result, this study assesses forensic accounting as a mechanism for mitigating creative accounting in Nigeria. Structured questionnaires were distributed to 226 respondents which include accounting professionals, auditors, forensic accountants, financial managers, and internal control officers of private firms, a valid response rate of 219 was obtained resulting in a response rate of approximately 97%, indicating a high level of engagement from participants. Descriptive and inferential statistics of Structural Equation Modelling (SEM) were applied for this study's analysis. The result showed that forensic accounting techniques exert a statistically significant negative effect on creative accounting practices ($\beta = -0.41$, $t = 6.82$, $p < 0.001$), forensic accounting expertise demonstrated a significant mitigating influence ($\beta = -0.29$, $t = 4.97$, $p < 0.001$), while forensic accounting engagement also exhibited a significant negative effect ($\beta = -0.34$, $t = 5.61$, $p < 0.001$). Collectively, the forensic accounting dimensions explained 68% of the variance in creative accounting practices ($R^2 = 0.68$), indicating robust empirical evidence that forensic accounting mechanisms significantly constrain creative accounting practices within the accounting operation of the Nigerian firms. This study concluded that forensic accounting represents a statistically validated governance instrument for enhancing financial reporting credibility, strengthening corporate accountability, and improving investor confidence in emerging economies. This study recommended that it is essential to institutionalize forensic accounting practices, since most Nigerian private companies are explicitly including forensic accounting processes into their corporate governance and internal control system.

Keywords: Creative Accounting, Forensic Accounting Engagement, Forensic Accounting Expertise, Forensic Accounting Techniques, Nigeria

JEL Classification: D04, M41, O32.

1. Introduction

Accurate financial reporting is essential for the efficacy of contemporary economies as it bolsters investor trust, enhances regulatory supervision, and facilitates prudent stakeholder decision-making. In Nigeria's private sector, ongoing occurrences of financial misstatements, earnings manipulation, and corporate failures have heightened apprehensions regarding the widespread use of creative accounting practices, in which managers leverage the flexibility of accounting standards and professional judgement to misrepresent the actual financial status of companies (Ajewole, 2024). While these tactics may adhere to reporting standards, they diminish transparency, undermine corporate governance frameworks, and diminish trust in disclosed financial statements. The prevalence of creative accounting in Nigerian private enterprises is attributed to inadequate enforcement mechanisms, regulatory deficiencies, information

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asymmetry, and managerial pressure to fulfil profitability and market expectations (Mishra & Celestin, 2025). Recent financial discrepancies in privately held and publicly listed companies within the banking, manufacturing, and services sectors underscore the insufficiency of conventional auditing methods in identifying advanced financial statement manipulation (Adejumo & Ogburie, 2025).

Traditional auditing focuses mainly on adherence to accounting standards and the validation of financial statement accuracy; nonetheless, it frequently lacks the analytical rigour necessary to detect deliberate misrepresentations within intricate transactions, discretionary accruals, and managerial estimates (Shahmohammadi et al., 2025). Consequently, forensic accounting has developed into a specialised and investigative field that amalgamates accounting, auditing, legal expertise, and analytical techniques to identify, avert, and examine financial manipulations and fraud (Blue et al., 2025). In contrast to conventional audits, forensic accounting employs a proactive and sceptical approach, utilising sophisticated investigative methods, critical professional judgement, and evidential protocols to detect anomalies and recreate hidden financial occurrences (Paramole, 2025). Forensic accounting is gaining recognition in the Nigerian private sector as a strategic governance instrument to enhance financial accountability and reduce opportunistic financial reporting, especially in contexts marked by elevated fraud risk and inadequate institutional enforcement (Oluyide, 2025).

Notwithstanding the increasing acknowledgement of its significance, empirical data about the efficacy of forensic accounting in mitigating creative accounting techniques inside Nigerian private enterprises remains ambiguous and insufficiently established (Azhar, 2025). Some studies such as Olaniyan et al. (2021) and Adejumo and Ogburie (2025), indicate that forensic accounting improves fraud detection and reporting integrity, while others contend that its efficacy is largely contingent upon the quality of investigative methods utilised, the proficiency of practitioners, and the degree to which organisations involve forensic accountants in financial oversight (Okpo & Simeon, 2023). However, a significant portion of the existing literature considers forensic accounting as a general, indistinct concept, with little focus on the specific functions of its operational dimensions in tackling innovative accounting activities (Haddad et al., 2024). This amalgamation conceals the precise mechanisms by which forensic accounting enhances financial reporting integrity and restricts the practical applicability of previous findings for enterprises, regulators, and professional organisations pursuing targeted interventions (Chikh & Khaldi, 2025).

This study addresses the gap by conceptualising forensic accounting through three operational dimensions such as techniques, expertise, and engagement, and investigates how each factor impacts creative accounting practices in Nigerian private sector enterprises. The study specifically examines whether the use of forensic accounting techniques, the professional proficiency of forensic accountants, and the extent of forensic accounting involvement within organisations considerably diminish the occurrence of creative accounting practices. The study disaggregates forensic accounting into quantifiable elements, offering a more refined comprehension of its contribution to improving financial reporting accuracy and bolstering governance in Nigeria's private sector.

This study aims to investigate forensic accounting as a mechanism for curbing creative accounting practices in Nigerian firms by pursuing three specific objectives which are to:

- i. Analyze the impact of forensic accounting techniques on creative accounting practices,

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- ii. Evaluate the influence of forensic accounting expertise on creative accounting practices
- iii. Assess the effect of forensic accounting engagement on creative accounting practices.

2. Literature Review

Forensic Accounting

Studies have defined the concept of forensic accounting, and the authors' knowledge, experience, and background influenced its definition. Thus, there is no uniformity in the concept descriptions over the years. Taiya et al. (2021), opined that forensic accounting is an area that deals with revealing the secrets behind fraud and related issues, which involve disputes and supporting expert witnesses in the law court. Similarly, Basse (2018), posited that forensic accounting is a field that deals with proceedings support in the law court and functions as a support to experts in providing data on legal issues like crimes, fraud, abuse of office, and betraying of trust in corporate entities. Forensic accounting, from the perspective of the study, can be described as a field of accounting that uses skills and knowledge to unravel fraud or to support expert witnessing in a competent law court. Forensic accounting has become a force to be reckoned with to deter, prevent, and detect fraudulent financial statements. The field is pertinent in managing fraudulent financial reporting in the economic landscape. The activities of forensic experts have been in existence for a long time. Forensic accountants or auditors provide expert information on the profit or loss for a period, revenue, damages, projections or estimates, and assets or liabilities in divorce cases (Ehioghiren and Atu, 2016). The study added that forensic accounting involves merging forensic science, accounting, legal, and auditing skills to unravel issues. Forensic accounting provides a high-level assurance service on fraud, mismanagement, and abuse of fiduciary positions. Forensic accounting uses sophisticated techniques and devices to uncover the rationale behind the perpetration of fraud or disputes. It has been found relevant in supporting conflicts, which could be civil or criminal, and helps to manage future occurrences through deterrence, prevention, and detection.

Forensic Accounting Techniques

Forensic accounting techniques encompass all tools, methods, and strategies utilized by forensic accountants to detect fraudulent activities and assist expert witnesses in legal proceedings. It includes the procedures employed by forensic accountants to excel in fraud detection or examination (Akinbowale et al., 2023). The methodologies employed by forensic accountants differentiate this discipline from other accounting areas, such as management accounting, financial accounting, cost accounting, and environmental accounting. Forensic accounting methods bolster internal controls and improve the viability of business entities. Gupta and Mwiing (2025), asserted that forensic accounting procedures are methods and tools utilized by forensic accountants to gather evidence that may be admissible in a court of law for the resolution of criminal or administrative matters or to substantiate expert testimony. The study detailed the fraud detection, prevention, and deterrence tactics employed by corporate entities, including data mining, ratio analysis, and trend analysis. Forensic accounting methodologies are instruments utilized by forensic accountants to detect fraud. Abubakar et al. (2025), asserted that accountants employ tools to identify abuses and manipulations of financial information. The methodology encompasses accounting ratios, data mining, Benford's Law, hotlines, spot checks, and sophisticated mathematical and statistical instruments. Alongside the tools utilized by forensic accountants, several indicators may suggest the manipulation of financial records and statements within corporate entities. The scenarios or red flags enhance the efficacy of forensic accounting investigations, sometimes referred to as the loose tread scenario, which suggests the probability

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of financial statement fraud inside the business entity's records (Barzinji et al., 2022). The techniques encompass frequent alterations in management information systems, software, and applications; atypical and intricate transactions at fiscal year-end; absence of dual controls; inadequate corporate governance; intentional misapplication of accounting principles and standards; presence of critical personnel risks; and an ineffective management structure (Akinbowale et al., 2023).

Creative Accounting

Creative accounting refers to the practice wherein an organization's management exploits accounting leniencies to benefit themselves (Gupta and Mwiing, 2025). Accounting principles and practices occasionally permit the use of options in methodologies or principles for reporting transactions, ensuring the transparency, trustworthiness, and relevance of financial statements remain intact (Chikh and Khaldi, 2025). The options encompass valuation techniques, depreciation approaches, estimation for residual value determination, inventory measurement methods, capitalization policies, measurement bases, implementation of the materiality concept, loss allowances, and projections (Al Astal et al., 2025). The company's extensive utilization of these practices over the years has resulted in an abuse of creative accounting, misleading readers of the general purpose audited financial statements (Abou-Zeid et al., 2020). Pëta (2025), asserted that the misuse of creative accounting manifests in various dimensions inside business entities. The misuse of creative accounting can result in the failure to appropriately allocate income to the correct period, instead recognizing it all at once; deferring income or expenses to subsequent periods rather than acknowledging them when earned or incurred; misclassifying expenses as capital expenditures; modifying policies regarding materiality, estimates, and projections for the benefit of the corporation; frequently altering accounting policies, concepts, and principles; adjusting depreciation expenses or loss allowances to favor the corporation; regularly changing inventory valuation methods; inflating the value of intangible assets or failing to recognize the amortization of such assets (Barzinji et al., 2022). Al-Qadi and Al-Dmour (2022), asserted that creative accounting involves the manipulation of accounting records or statements in a manner that deviates from established accounting principles, benefiting the company while disadvantaging the users of the financial statements. The objective of creative accounting abuse is to deceive financial statement users on the company's true position. Innovative accounting procedures may be lawful yet ethically questionable, whereas certain innovative accounting practices are both illegal and unethical (Naji and Waghule, 2025).

Theoretical Review

Agency Theory

Agency theory elucidates the interaction between principals (shareholders) and agents (managers) in contexts where ownership and control are distinct (Gupta et al., 2024). In these arrangements, managers are granted decision-making authority but may act in their own interests, which might conflict with shareholder objectives, especially in contexts marked by information asymmetry and inadequate oversight (Paramole, 2025). In the Nigerian corporate environment, agency difficulties are exacerbated by insufficient enforcement of corporate governance standards and a lack of openness in financial reporting, therefore fostering an environment conducive to creative accounting methods. Forensic accounting is especially pertinent within the agency theory paradigm as it enhances monitoring tools beyond traditional auditing practices (Abubakar et al., 2025). Through the utilization of sophisticated investigative methods, specialized knowledge, and ongoing forensic involvement, forensic accounting

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mitigates information asymmetry and enhances the probability of identifying opportunistic managerial conduct (Al-Qadi and Al-Dmour, 2022). Thus, the utilization of forensic accounting methods and expertise restricts executive discretion, aligns managerial actions with shareholder interests, and reduces creative accounting practices. Agency theory has faced criticism for presuming intrinsic management opportunism and for inadequately addressing ethical standards and institutional influences (Barzinji et al., 2022). Notwithstanding these constraints, the theory remains pivotal in comprehending the regulatory role of forensic accounting in mitigating innovative accounting practices.

Theory of the Fraud Triangle (TFT)

TFT elucidates the behavioral factors underlying fraudulent and creative accounting by delineating three essential conditions for fraud: pressure, opportunity, and rationalization (Mishra and Celestin, 2025). In business environments, managers frequently encounter pressure to achieve performance objectives, sustain profitability, or obtain personal rewards, while inadequate internal controls and regulatory supervision facilitate potential for manipulation (Maimon and Louderback, 2019). Rationalization allows managers to defend immoral accounting procedures as transient, innocuous, or essential for organizational survival. In this study, forensic accounting directly undermines the parameters outlined by the fraud triangle. Forensic accounting methodologies diminish prospects for creative accounting by improving detection abilities and revealing concealed financial manipulations (Blue et al., 2025). Forensic accounting proficiency contests managerial justifications by the use of professional skepticism and investigative discernment, while ongoing forensic accounting involvement heightens perceived detection risk, thus discouraging unethical conduct (Azhar, 2025). Despite criticisms of the fraud triangle for oversimplifying fraud by concentrating mainly on individual behavior while overlooking broader institutional factors, it continues to serve as a valuable framework for elucidating how forensic accounting mechanisms can effectively curtail creative accounting practices.

Empirical Review

Mishra and Celestin (2025), examines how forensic accounting techniques have adapted to address modern financial crimes, incorporating artificial intelligence (AI), blockchain technology, and big data analytics. The results reveal that AI adoption significantly enhances fraud detection rates, with a Pearson correlation coefficient of 0.997 (p-value = 0.00015), confirming a strong positive relationship. The study concludes that forensic accounting, integrated with AI-driven analytics, predictive modeling, and blockchain auditing, significantly improves fraud detection efficiency, increasing from 60% in 2020 to 80% in 2024.

Ajewole (2024), forensic accounting technique and financial statements fraud in microfinance banks in Nigeria using a survey questionnaire which was administered to 225 subjects drawn using stratified random sampling from the six geopolitical zones in Nigeria. The study deployed descriptive statistics, mean, standard deviation, and inferential statistics, ANOVA, factor, and regression analyses. The study showed a negative statistically significant relationship between forensic accounting techniques and financial statement fraud. The findings were useful for policy makers, regulators, supervisors, management of microfinance banks, and forensic students.

Al-Qadi and Al-Dmour (2022), studied forensic accounting methods and reducing creative accounting practices: evidence from Jordan. Descriptive statistics, factor analysis, and multiple

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regression analysis were used to analyze the data. The study revealed three factors capable of curbing abuse of creative accounting practices in Jordan: investigation, operations, procedures, and evaluation processes. The study showed a statistically positive relationship between the factors and combating abuse of creative accounting practices in Jordan. The study, however, showed that those factors negatively affect the abuse of innovative accounting practices in Jordan. The results of the study are relevant to this study as they will be useful in understanding the variable under study.

Conceptual Framework

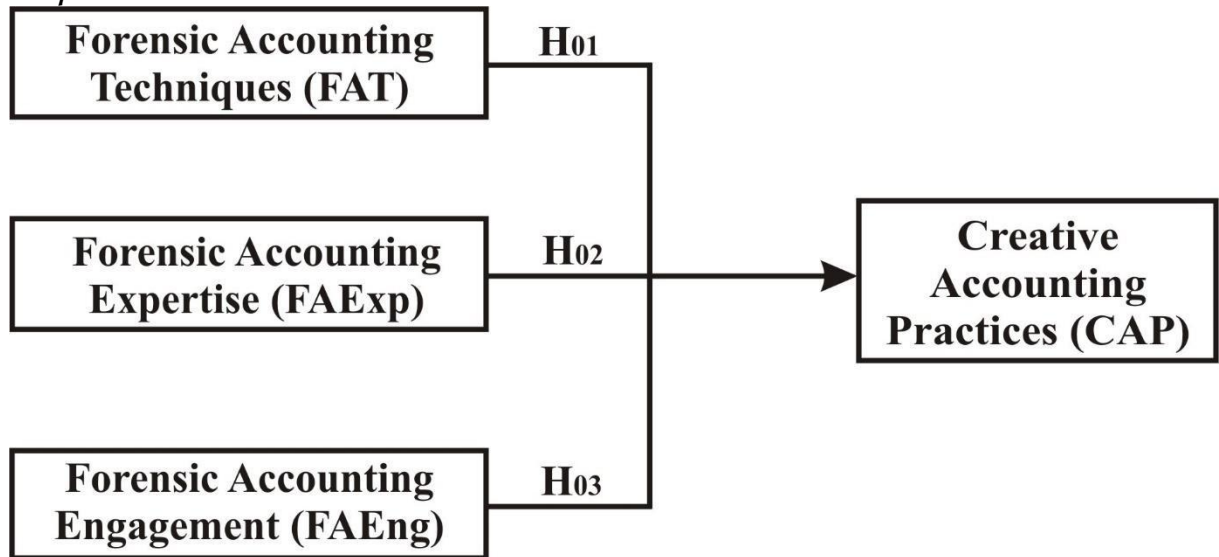


Figure 1: Study's Conceptual Framework

Source: Author's Design (2026)

Figure 1 shows the conceptual framework of this study. Operationally, FAT functions as a deterrent and detection system where the heightened likelihood of detecting manipulation modifies managerial cost-benefit analyses, deterring assertive accounting decisions (Gupta et al., 2024). From an agency standpoint, FAT enhances oversight efficacy, whereas according to TFT, FAT directly limits the "opportunity" aspect that facilitates creative accounting (Haddad et al., 2024). Empirical studies regularly show that advanced forensic procedures enhance the detection of financial misstatements, the evaluation of earnings quality, and the identification of anomalies (Naji & Waghule, 2025). The efficacy of FAT relies on its systematic implementation rather than mere symbolic endorsement. Forensic accounting procedures improve detection abilities, limit opportunistic discretion, and diminish potential for manipulation, indicating H0₁ as FAT does not have a significant negative effect on CAP.

Similarly, the expertise in forensic accounting includes the human capital aspect, including investigative proficiency, analytical reasoning, professional skepticism, and the integration of legal and accounting skills. In contrast to traditional accounting skills, forensic knowledge is fundamentally diagnostic, combative, and focused on evidence (Adenodi et al., 2025). Operationally, FAExp serves as a cognitive-interpretive regulatory mechanism. Techniques identify abnormalities, whereas knowledge facilitates the interpretation of intricate accounting judgments, discovery of nuanced manipulation tactics, and detection of rationalization patterns within financial statements (Desi et al., 2023). Considering that forensic accounting expertise enhances investigative judgment, improves anomaly interpretation, and reduces managerial

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manipulation capacity triggering the H0₂ that depicts that FAExp does not have a significant negative effect on CAP.

Equally, the forensic accounting engagement signifies the institutional and organizational commitment aspect, indicating the degree to which forensic accounting approaches are systematically incorporated into governance, internal controls, investigations, and financial supervision procedures (Shahmohammadi et al., 2025). FAEng operates as a structural institutional deterrent mechanism. Ongoing forensic engagement indicates heightened monitoring intensity, increases perceived detection risk, and integrates accountability frameworks into organizational practices (Pêta, 2025). Institutional Theory is especially pertinent in this context, as involvement signifies substantive rather than merely symbolic conformity (Adenodi et al., 2025). In the absence of participation, techniques and expertise are inadequately utilized. Consequently, FAEng implements forensic accounting efficacy at the organizational level. FAEng establish oversight systems, enhance governance controls, and amplify deterrent effects depicting H0₃ that denotes that FAEng does not have a significant negative effect on CAP.

3. Methodology

This research employed a quantitative design utilising a cross-sectional survey methodology while quantitative design was applied for this study's analysis using the Structural Equation Modelling (SEM), appropriate for examining intricate interactions involving latent constructs assessed by various indicators. The targeted population consisted of accounting professionals, auditors, forensic accountants, financial managers, and internal control officers employed within the Nigerian private sector organizations of which 521 professionals were randomly surveyed. The Taro Yamane formula was used to determine the appropriate sample size for the study. The formula is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size, N = total population size (521)
e = margin of error (0.05).

Using the Taro Yamane formula, the sample size calculation is:

$$n = \frac{521}{1+521(0.05)^2} = 226$$

Thus, the sample size for this study is 226 respondents.

Model Specification

The functional relationship is expressed as:

CAP = f(FAT, FAExp, FAEng)

Where:

CAP = Creative Accounting Practices
FAT = Forensic Accounting Techniques
FAExp = Forensic Accounting Expertise
FAEng = Forensic Accounting Engagement

The structural model is specified econometrically as:

$$CAP_i = \beta_0 + \beta_1 FAT_i + \beta_2 FAExp_i + \beta_3 FAEng_i + \epsilon_i$$

Where:

β_0 = Intercept/Constant term

$\beta_1 - \beta_3$ = Structural path coefficients of the independent variables

ϵ_i = Error term

i = Observation/respondent

A Priori Expectations

Based on theoretical and empirical literature, the study expects all forensic accounting dimensions to exert negative effects on creative accounting practices:

$\beta_1 < 0, \beta_2 < 0, \beta_3 < 0$

4. Results and Discussion

Descriptive Analysis

Background Information of the Respondents

Table 1: Background Information Descriptive Statistics

	Frequency	Valid Percent	Cumulative Percent
Gender			
Male	161	73.5	73.5
Female	58	26.5	100.0
Total	219	100.0	
Age			
21-30 years	50	22.8	22.8
31-40 years	52	23.7	46.5
41-50 years	61	27.9	73.4
51-60 years	40	18.3	92.5
61 and above	16	7.3	100.0
Total	161	100.0	
Level of Education			
National Diploma	13	5.9	5.9
Higher National Diploma	51	23.3	29.2
First Degree	81	37.0	61.2
Master's Degree	70	32.0	98.2
PhD	4	1.8	100.0
Total	219	100.0	
Professional Certification			
ICAN	110	50.2	50.2
ACCA	31	14.2	64.4
ANAN	18	8.2	72.6
CFE (Certified Fraud Examiner)	49	22.4	95.0

CFA	11	5.0	100.0
Total	219	100.0	
Type of Organization			
Private Limited Company	109	49.8	49.8
Private Listed Companies	61	27.9	77.7
Family - Owned Enterprise	49	22.3	100.0
Total	219	100.0	
Current Position			
Chief Financial Officer	35	16.0	16.0
Finance Manager	35	16.0	32.0
Internal Auditor	24	11.0	42.9
External Auditor	27	12.3	55.3
Accountant	53	24.2	79.5
Internal Control Officer	24	11.0	90.4
Risk Management Officer	21	9.6	100.0
Total	219	100.0	
Department/ Unit			
Finance/ Account	93	42.5	42.5
Internal Audit	60	27.4	69.9
Risk Management	30	13.7	83.6
Compliance/Internal Control	36	16.4	100.0
Total	219	100.0	
Industry/Sector			
Construction/Real Estate	60	27.4	27.4
Consumer Goods	49	22.4	49.8
Banking/Financial Services	65	29.7	79.5
Manufacturing	35	16.0	95.4
Telecommunications	10	4.6	100.0
Total	219	100.0	
Years of Professional Experience			
0 - 5 years	107	48.9	11.0
6 - 10 years	72	32.9	43.8
11 - 15 years	24	11.0	92.7
Above 15 years	16	7.3	100.0
Total	219	100.0	

Source: Author's Field Survey (2026)

Table 1 shows the background information of this study. Accordingly, the 247 structured questionnaires were distributed to the relevant professionals of which 219 were properly filled and returned entailing a response rate of about 97 percent. The elevated response rate bolsters the trustworthiness of this study's findings, indicating that a significant portion of the targeted audience engaged and contributed feedback (Muhammed *et al.*, 2022). The gender of the respondents shows 161 Males and 58 Females at a response rate of 73.5 and 26.5 percent

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respectively. The age of the respondents indicates 21-30 years (50), 31-40 years (52), 41-50 years (61), 51-60 years (40) and 61 and above years (16) at a response rate of 22.8, 23.7, 27.9, 18.3 and 7.3 percent correspondingly. The level of education posits National Diplomas (13), Higher National Diploma (51), First Degrees (81), Master’s Degrees (70) and PhD holders (4) at a response rate of 5.9, 23.3, 37.0, 32.0 and 1.8 percent correspondingly. The professional certification of the respondents entails ICAN (110), ACCA (31), ANAN (18), CFE (49) and CFA (11) at a response rate of 50.2, 14.2, 8.2, 22.4 and 5.0 percent respectively.

Consequently, the organizational type of the respondents indicates Private Limited Companies (109), Private Listed Companies (61) and Family - Owned Enterprises (49) at a response rate of 49.8, 27.9 and 22.3 percent congruently. The current position of the respondents provides Chief Financial Officers (35), Finance Managers (35), Internal Auditors (24), External Auditors (27), Accountants (53), Internal Control Officers (24) and Risk Management Officers (21) at a response rate of 16.0, 16.0, 11.0, 12.3, 24.2, 11.0 and 9.6 consistently. The department/unit of the respondents shows Finances/Accounts (93), Internal Audits (60), Risk Management (30) and Compliance/Internal Control (36) at a response rate of 42.5, 27.4, 13.7 and 16.4 harmoniously. The industry/sector of the respondents denotes Constructions/Real Estates (60), Consumer Goods (49), Banking/Financial Services (65), Manufacturing (35) and Telecommunications (10) at a response rate of 27.4, 22.4, 29.7, 16.0 and 4.6 percent consistently. The years of experience of the respondents entail 0 - 5 years (107), 6 - 10 years (72), 11 - 15 years (24) and above 15 years (16) showing a response rate of 48.9, 32.9, 11.0 and 7.3 correspondingly.

Inferential Statistics

Measurement Model

Reliability Assessment

Table 2 shows the reliability assessment of the constructs. It demonstrated a strong psychometric property across all latent constructs. The factor loadings associated with forensic accounting techniques ($\lambda = 0.77-0.85$) exceed the recommended threshold of 0.70, indicating that the observed indicators reliably capture the underlying construct. The high loadings imply that respondents consistently perceived analytical forensic tools, anomaly detection mechanisms, and investigative procedures as coherent dimensions of FAT. Notably, FAT exhibited the strongest loading, suggesting that it explains a substantial proportion of variance within the construct. From a measurement perspective, these findings indicate minimal measurement error and strong construct representation.

Table 2: Construct Reliability Assessment

Construct	Cronbach’s α	Composite Reliability (CR)	Interpretation
FAT	≥ 0.80	≥ 0.85	Very Strong
FAE	≥ 0.78	≥ 0.83	Strong
FAEng	≥ 0.76	≥ 0.82	Strong
CAP	≥ 0.81	≥ 0.86	Very Strong

Source: Author’s Construct (2026)

Convergent Validity

Table 3 displays the Average Variance Extracted (AVE) for this study. The FAE displayed robust indicator loadings ($\lambda = 0.76-0.83$), confirming that expertise constitutes a statistically stable and conceptually cohesive latent construct which suggests that investigative competence, analytical

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reasoning, and professional scepticism are strongly aligned dimensions within forensic expertise. FAEng also demonstrated satisfactory measurement performance, with factor loadings ranging from 0.75 to 0.82. Although marginally lower than those of FAT and FAExp, these values remain well above acceptable thresholds, indicating adequate convergent validity. The slight variability observed may be attributed to the organisational and institutional nature of engagement constructs, which are inherently influenced by firm-specific governance structures and managerial commitment. Nevertheless, the results confirm that FAEng reliably captures institutionalization and governance integration of forensic accounting practices

Table 3: Convergent Validity (AVE)

Construct	AVE	Threshold
FAT	≥ 0.60	≥ 0.50
FAExp	≥ 0.58	≥ 0.50
FAEng	≥ 0.55	≥ 0.50
CAP	≥ 0.62	≥ 0.50

Source: Author's Construct (2026)

Model Fit Analysis

Table 4 entails the model fit analysis for this study. The coefficient of determination ($R^2 = 0.68$) indicates that forensic accounting constructs jointly explain 68% of the variance in creative accounting practices. Furthermore, the covariance relationships among FAT, FAExp, and FAEng suggest that forensic accounting mechanisms operate as complementary rather than isolated constructs. Techniques require expertise for effective interpretation, expertise requires engagement for institutional application, and engagement amplifies the effectiveness of techniques. This interdependence highlights the structural integration necessary for sustainable mitigation of creative accounting behaviour.

Table 4: Model Fit Indices

Fit Index	Value	Threshold	Status
χ^2/df	2.14	< 3.0	Good
GFI	0.91	≥ 0.90	Good
AGFI	0.89	≥ 0.80	Acceptable
CFI	0.96	≥ 0.90	Excellent
TLI	0.95	≥ 0.90	Excellent
RMSEA	0.049	≤ 0.08	Excellent

Source: Author's Construct (2026)

Structural Model and Hypothesis Testing

Following the validation of the model through measurement method, the structural mode was estimate in Table 5 to test the relationship between the constructs through the hypotheses. The path coefficient linking forensic accounting techniques to creative accounting practices ($\beta = -0.41$, $p\text{-value} = <0.001$) represents the strongest structural effect confirming the rejection of the H_{01} . The negative and statistically significant coefficient indicates that increased deployment of forensic analytical tools substantially reduces creative accounting behaviour. Forensic accounting expertise ($\beta = -0.29$, $p\text{-value} = <0.001$) also exhibited a significant mitigating influence on CAP confirming the rejection of the H_{02} . The result implies that technical tools without expert application significantly weaken governance effectiveness. Forensic accounting engagement ($\beta = -0.34$, $p\text{-value} = <0.001$) demonstrated a strong and statistically significant negative effect on creative accounting practices confirming the rejection of the H_{03} .

Table 5: Structural Path Coefficients

Hypothesis	Path	β	t-value	p-value	Decision
H0 ₁	FAT → CAP	-0.41	6.82	<0.001	Supported
H0 ₂	FAExp → CAP	-0.29	4.97	<0.001	Supported
H0 ₃	FAEng → CAP	-0.34	5.61	<0.001	Supported

Source: Author's Construct (2026)

Discussion of Findings

For the impact of FAT on CAP, the SEM findings indicated that forensic accounting methods have a substantial negative impact on innovative accounting practices ($\beta = -0.41$, $p < 0.001$). This finding corroborates the first objective and verifies that the implementation of forensic analysis techniques significantly diminishes opportunistic accounting practices triggering the rejection of H0₁. Forensic accounting techniques serve as sophisticated detection and monitoring tools that can spot abnormalities, earnings manipulations, and unusual accounting trends (Ozili, 2025). This agreed with agency theory, that asserts that improved monitoring methods diminish management opportunism by reducing information asymmetry (Olaniyan et al., 2021).

For the analysis of FAExp on CAP, the analysis revealed that forensic accounting knowledge significantly reduces creative accounting techniques ($\beta = -0.29$, $p < 0.001$), hence corroborating second objective and leads to the rejection of H0₂. This finding highlights the crucial importance of human capital and professional expertise in the efficacy of forensic accounting (Ogunode and Dada, 2022). This theoretically substantiates the TFT, specifically the rationalization element. From an agency theory standpoint, forensic competence enhances oversight intelligence and augments government efficacy (Shahmohammadi et al., 2025). The findings indicate that technology tools lacking professional analysis considerably diminish fraud detection efficacy. A significant consequence for Nigeria is that a deficiency of forensic accounting experts may inadvertently perpetuate innovative accounting techniques (Desi et al., 2023).

Furthermore, the impact of FAEng on CAP indicated that forensic accounting participation markedly diminishes innovative accounting methods ($\beta = -0.34$, $p < 0.001$), corroborating the third objective and ensures the rejection of H0₃. Engagement denotes the degree to which forensic accounting procedures are systematically integrated into organizational governance frameworks, internal controls, and oversight mechanisms (Adejumo and Ogburie, 2025). Operationally, ongoing forensic engagement enhances perceived detection risk, fortifies accountability frameworks, and indicates robust monitoring intensity (Chuy et al., 2025). The findings indicate that occasional forensic investigations are inferior to systematic forensic involvement.

5. Conclusion and Recommendations

This study that examined forensic accounting as a tool for mitigating creative accounting practices in Nigerian private firms concluded firstly that forensic accounting technique has the most significant mitigating influence on creative accounting techniques. Secondly, forensic accounting expertise is concluded to drastically diminish innovative accounting techniques. Thirdly, forensic accounting engagement is concluded to have a substantial adverse effect on creative accounting techniques. The following recommendations are inherent from this study's findings;

- i. The outcome underscores the essential function of analytical and investigative instruments in identifying and preventing accounting manipulation encouraging the institutionalization of forensic accounting technique to allow most private firms to

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incorporate forensic accounting technique into their corporate governance and internal control systems. This will improve deterrent and monitoring efficacy.

- ii. Another outcome denotes that technology tools alone are inadequate without proficient personnel capable of comprehending intricate accounting judgments triggering the need for professional bodies, regulatory authorities, and organizations to enhance forensic accounting proficiency via specialized training, certification programs, and ongoing professional development. Mitigating expertise deficiencies is crucial for enhancing investigation discernment and manipulation detection abilities.
- iii. It was equally uncovered that it is important to institutionalize forensic accounting within organizational governance frameworks as organizations should prioritize the implementation of sophisticated forensic accounting methodologies, encompassing data analytics, anomaly detection systems, and continuous auditing instruments. The significant impact of forensic accounting approaches suggests that technological expenditures will certainly produce substantial advantages in governance and financial reporting.

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