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Framework of Accounting and Auditing and its Subsequent Influence

Firas Ali

Al-Rafidain University College

Abstract. This study aims to illustrate the profound influence that the integration and interconnection of financial accounting and auditing principles have on financial reporting and demonstrate the potential benefits of integrating financial information systems to enhance the accuracy, clarity, and usefulness of financial data. This integration is expected to contribute to more informed economic decision-making processes. A survey instrument was created consisting of three dimensions, with each dimension matching one of the research variables. The instrument was distributed to a sample population of individuals who possess expertise and practical experience in accounting and auditing. A sample size of 287 questionnaires was administered in this study. To achieve the research objectives, the study hypotheses were evaluated by conducting statistical analyses of the collected data. Furthermore, the research investigated the relationship and incorporation of the elements within the theoretical framework for global financial reporting and the principles of auditing, along with their impact on the process of financial reporting. The objective above was accomplished using several statistical methodologies, including structural equation modelling, path analysis, confirmatory factor analysis, and path derivation. In addition, longitudinal data models were developed, and regression models were estimated, incorporating autocorrelation, multiple correlations, and variance. The conceptual framework employed in the study of accounting and auditing has played a significant role in mitigating information asymmetry and promoting a greater focus on objectivity and suitability in the measuring of accounting data. The fundamental basis of this paradigm is grounded in the concepts of mixed measurement and adoption. The utilisation of historical cost and current value measures, along with the integration between the conceptual framework of accounting and the conceptual framework of auditing, play a role in promoting effective and fair financial reporting regarding the economic entity's ability to maintain its operations in the future. Furthermore, these methods serve to guarantee an adequate level of disclosure of subsequent events, thereby reducing ambiguity.

Keywords. Framework of Accounting**,** Framework Auditing, Financial Reporting

1. Introduction

Financial reporting is a fundamental concept in the fields of accounting and finance. It encompasses a range of activities undertaken by economic entities to furnish valuable information regarding their operations to the stakeholders who derive benefits from such information. The primary objective of financial reporting is to assist these stakeholders in making informed economic decisions. The enhancement of financial reporting quality enables these businesses to mitigate the risks associated with decision-making in situations characterised by uncertainty. However, it is important to acknowledge that the financial reporting process in the contemporary era has encountered a series of obstacles as a result of the financial failures and crises experienced by major global corporations. The accounting and auditing professions have been the subject of the first allegations regarding their failure to furnish dependable and credible information that accurately represents the economic and financial state of insolvent and bankrupt entities included in their records. The lack of transparent and comprehensible financial reports, coupled with insufficient and inadequate reporting quality, has resulted in a diminished level of confidence and credibility among users of this information. This lack of confidence stems from the inability to rely on the usefulness of the reports and may be attributed to a failure to adhere to established quality standards. The quality of financial reporting significantly influences the decision-making process by facilitating the preparation, presentation, and communication of information in a clear and comprehensible manner. The use of information in many contexts experiences a notable surge when the quality of the information is of a superior standard. Al-Mazouri and Al-Shajiri (2010),

The administration is responsible for the preparation and presentation of both financial and non-financial information. The provided documentation serves as evidence and official records that can be utilised to establish accountability Grey and Mansoun (2011),

The accountability and trustworthiness of an entity can only be ensured by an autonomous professional organisation, which possesses the authority to assess its worth and utility. Therefore, it is imperative to ensure the consistency of accounting principles employed in the collection and presentation of this data. Moreover, the involvement of a professional and unbiased organisation in verifying the data enhances its reliability. Hence, the process of financial reporting inherently relies on the existence of interrelated logical principles and regulations established by accounting and auditing, as well as the use of appropriate conceptual and theoretical frameworks for evaluation. Tomaszewski (2018)

The study was motivated by the need to assess the reliability and credibility of the provided information. The objective of this study is to examine the level of integration between accounting and auditing concepts and their impact on the provision of accurate and reliable financial reports that cater to the diverse informational requirements of stakeholders. Incorporating accounting and auditing into financial reporting may appear to be an easy process in its practical implementation. However, a comprehensive understanding of its intellectual viewpoint necessitates a thorough examination and evaluation of the constituent components of the accounting system as well as the theoretical underpinnings of auditing.

2. Background

According to Sutton's study, the conceptual framework for financial reporting provides a rationale and intellectual structure for establishing and enhancing accounting standards that satisfy the requirements of diverse user groups seeking suitable financial reporting. Furthermore, it emphasises the importance of the conceptual framework as a robust and essential component in mitigating political impacts on accounting standards originating from many sources, such as management or other stakeholders. Additionally, it aids in ensuring that the standards exhibit a high level of quality, are easily understandable, and possess inherent value. Sutton et al. (2015), Georgi's research is grounded in adopting the international conceptual framework for supervision or accountability in management. This framework emphasises the importance of preparing and presenting financial statements to provide helpful information. However, the increasing use of fair value in financial reporting has resulted in a decrease in the relevance of information on accountability, a crucial requirement for investors. The significance of incorporating the concept of accountability as a central objective in the creation and presentation of financial statements was discussed. Pelger (2019). This approach is deemed crucial in mitigating information gaps, enhancing the economic efficiency of the entity, and improving the allocation of resources. Dannis also discussed this matter, highlighting that accountability is fundamentally an account. Dannis (2019).

Liu et al. conducted a study that examined the correlation between the level of dedication towards implementing international financial reporting standards and the overall accuracy and reliability of accounting profitability. The research findings indicate that implementing international accounting standards grounded in the international conceptual framework has a significant role in mitigating information asymmetry. As a result, this leads to an enhancement in the overall quality of financial reporting and accounting profitability. The study provided evidence supporting a negative correlation between compliance with financial reporting rules and the level of profit quality. Liu et al. (2019) This aligns with the conclusions drawn from the Newberry study, as both studies emphasise the significance of the international conceptual framework as a point of reference and guidance for international accounting standards. This framework plays a crucial role in determining the recognition of assets and liabilities, primarily when a specific standard does not provide clear guidance, resulting in a lack of consistency and comparability. Identify and acknowledge the presence of assets and liabilities. This assertion has particular validity when a singular standard is implemented in a manner that hinders the ability to make comparisons and maintain consistency in the context of financial statement information, Newberry, (2003).

The study conducted by Barker and Penman examined the ramifications of incorporating the idea of uncertainty into the international conceptual framework. Additionally, the study explored the potential consequences of abandoning the statement of financial position method in recognising and declaring assets and liabilities. The study suggests a combination of the statement of financial position approach and the income approach to enhance the accounting treatment of revenues and expenses. This approach aims to meet the information needs of current and prospective investors, considering the presence of uncertainty in investment decisions. According to Barker and Penman (2020).

Boumediene et al. focused on the obstacles encountered by auditors with the examination and verification procedures for estimates of things assessed using fair value accounting in situations characterised by uncertainty. In a similar vein, it explored the challenges faced by auditors in examining and verifying estimates of items evaluated according to fair value accounting in uncertain conditions. The research findings indicate that the auditor's dedication to adhering to the provisions of ISA 540 is crucial when evaluating the reliability of accounting estimating methods in situations involving uncertain accounting estimates to mitigate risks. Boumediene et al. (2017)

Bahlouli's research examined the interdependent association between worldwide accounting and auditing standards. The research discovered that the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) exhibit formal and functional integration with the International Standards on Auditing (ISAs). The official symbiotic association between International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and International Standards on Auditing (ISAs) enhances the overall calibre of financial statement data and instils a sense of dependability. The functional complementary relationship can be established by the functional interconnection between

International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and International Standards on Auditing (ISAs), together with the interrelated relationship between the conceptual framework for financial reporting. Per the International Financial Reporting Standards (IFRS) and the prescribed guidelines for implementing international auditing standards, Bahlouli (2020).

Halimi and Karmiyeh conducted a study examining the effects of integrating the accounting and auditing professions through the incorporation of International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), and International Standards on Auditing (ISA) on the attainment of high-quality financial information. The research findings indicate that the interdependence of accounting and auditing standards plays a significant role in improving the accuracy and transparency of accounting information. This is achieved through direct and indirect synergies between International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and International Standards on Auditing (ISA). As a result, financial statements are produced with high-quality and reliable information, meeting stakeholders' requirements. According to Halimi and Karmiyeh (2020), as indicated by the research conducted by Amroush and Dawah, the implementation of the ISA 700 standard has a substantial role in enhancing communication efficacy and elevating the quality of the auditor's accountability in reporting. Including pertinent components within the report enhances users' trust in the reliability of the financial statements, as it enables the expression of informed judgements regarding their trustworthiness. According to the study conducted by Amroush and Dawah (2020), Based on Abdul Aziz's research findings, it can be inferred that auditing standards play a significant role in bolstering the reliability of financial information of the audited entity. These standards accomplish this by delineating the specific obligations and responsibilities of auditors during audit procedures, thereby facilitating accurate financial reporting. Abdul Aziz (2021) and Al-Omari et al. assert in their research that a correlation exists between adherence to international auditing standards and the quality of accounting information. Specifically, applying these standards has a more pronounced effect on the qualitative characteristics of accounting information than its influence on the enhancing characteristics. Al-Omari et al. (2021).

3. Literature Review

3.1 Conceptual Framework of Financial Accounting.

The implementation of accounting regulation necessitates the existence of accounting standards generated from theoretical assumptions. Suppose there is a lack of clarity regarding the stipulations of said assumptions. In such circumstances, it becomes imperative to embrace an alternate approach that manifests as a structured framework or conceptual basis, serving as a compass and point of reference for governing their issuance. The utilisation of accounting standards ensures that the process of generating and presenting financial accounts is conducted in a manner that is objective and reliable, as it involves the incorporation of personal judgements and estimations by the responsible parties to align with their interests. According to Foster and Johnson (2001), Storey was the first scholar to discuss the conceptual framework within the accounting discipline. He argued that the principles derived from practical experience can guide and drive accounting practises, but their applicability is limited to that specific context and does not extend beyond it. Establishing such guidelines loses their significance unless a conceptual framework is created to imbue the methods meaningfully. Storey (1964). The conceptual framework is crucial in developing robust and applicable standards that align with the demands of accounting practice and regulation. Tan (2015).

The word "conceptual framework" is a widely used concept across multiple disciplines that pertains to the fundamental structure that organises the thoughts of a collective group. It serves to guide the planning and execution of a project or undertaking. Obradovic and colleagues (2012) This framework may be described as a comprehensive set of interconnected concepts that are derived from specific objectives and serve as a point of reference or guidance in the establishment and enhancement of accounting standards that govern accounting practises in the real world. According to Strojek and Filus (2013), the conceptual framework has a dual role in accounting, helping both the setters of accounting standards and the preparers of financial statements. The aforementioned framework plays a fundamental role in the establishment and interpretation of accounting standards. Additionally, it provides financial statement preparers with the necessary intellectual basis to devise resolutions for matters that existing accounting standards have not yet addressed. In a straightforward manner, Thornton (2015).

The utilisation of a conceptual framework serves as a valuable tool in mitigating the potential for divergent individual perspectives to influence the formulation of standards. Establishing a common foundation facilitates the development of accounting solutions by minimising the challenges of reconciling various viewpoints. Boyle (2010). The existence of this factor additionally constrains the political pressures and effects that drafters may encounter. Accounting standards are justified by referencing widely accepted concepts and norms. Al-Sawy (2020), the function of developing comprehensible and implementable standards is significant. Sutton et al. (2015) highlighted the importance of improving communication among international standards-preparing groups. According to Kvatashidze (2019), using a conceptual framework assists financial statement preparers in addressing events, situations, and financial transactions that lack specific standards. This framework mitigates the risk of inconsistent and divergent practices and treatments, which can harm accounting applications. Consequently, preparers must exercise their judgment and make estimates in such circumstances. Nobes and Stadler (2014) make a valuable contribution to addressing the challenges associated with the implementation and practical application of accounting policies and estimates. They achieve this by leveraging established and consensus-based conceptual frameworks to resolve issues arising from the swift adoption of new or revised standards. Stice et al. (2014),

A conceptual framework is a valuable tool for financial statement users, facilitating their comprehension, interpretation, and analysis of the provided information. Mirza et al. (2018) are regarded as a valuable resource for auditors in articulating their professional judgement regarding the integrity and equity of the preparation and disclosure of financial statements. Saleh (2015).

3.2 Conceptual Framework for Auditing.

Developing a conceptual framework for auditing has been a subject of historical interest since the early 1960s. Researchers have conducted studies to formulate hypotheses that aim to establish a cohesive relationship between theoretical knowledge and practical application. This endeavour seeks to advance the auditing profession by establishing a solid foundation, rules, and logical concepts that justify auditing procedures. Additionally, developing a conceptual framework serves as a point of reference for auditing practices. Alternatively, an intellectual approach is often employed to address challenges encountered in real-world scenarios. Notably, Mautz and Sharaf's seminal research conducted in 1961 represents the initial exploration of auditing theory when they put forth a series of hypotheses on auditing Dumn,(1996). The study conducted by Mautz and Sharaf (1961) presents the hypothesis as depicted below.

Table 1: Scholarly Investigations and Theoretical Propositions for Examination.

Financial statements undergo a process of review and verification.
The presence of a conflict of interest between the auditor and the management being audited is not a requisite condition.
The financial statements and accompanying material presented for verification are devoid of any atypical collaboration or fraudulent activities.
The implementation of a robust internal control system within the audited unit effectively mitigates the occurrence of errors.
The use of acknowledged and generally accepted accounting standards (GAAP) facilitates the attainment of a comprehensive and unbiased depiction of the financial condition and the outcomes of business operations.
In the absence of compelling contradictory evidence, it is reasonable to infer that historical patterns of unity will persist in future occurrences.
When the auditor examines financial statements to provide his professional judgment, his scope of activity must remain confined solely to the audit procedure.
The independent auditor is subject to many professional requirements due to their professional status.

Table 2: Assumptions made by Flint 1988

The fundamental prerequisite for the presence of an audit is the presence of an accountability relationship or a position of social accountability.
The subject under audit possesses a magnitude, intricacy, or significance that lends itself to being substantiated through implementing audit processes.
The fundamental attributes of auditing are independence, impartiality, and the absence of constraints on the communication process.
The subject being examined can be substantiated through empirical evidence.
The practice of auditing serves as a foundation for ensuring management's responsibility, as it is conducted by entities possessing the necessary expertise and capacity to exercise discernment and render informed decisions.
The fundamental prerequisite for the presence of an audit is the presence of an accountability relationship or a position of social accountability.
The subject under audit possesses a magnitude, intricacy, or significance that lends itself to being substantiated through implementing audit processes.

Table 3: Assumptions made by Lee 1993

Justification Assumptions: The use of auditing procedures enhances the reliability of financial statement information.
The profession of auditing serves as a foundation for ensuring that management is held responsible to shareholders and other relevant stakeholders.
The implementation of mandatory auditing serves as a contributing factor in enhancing the quality of financial statement information.
Auditing serves as a method for validating the dependability of both financial and non-financial statements.
The ability of entities to assess the quality of financial statements is limited.

Behavioural assumptions in auditing include the absence of any conflict of interest between the auditor and the management of the economic unit that may impede the auditor's ability to carry out their duties effectively.
Laws and legislation do not impose any impediments or limitations that would impede the auditor's ability to carry out their duties.
The auditor possesses both internal and external independence.
The auditor possesses the requisite professional expertise and proficiency to effectively carry out their professional obligations.
The auditor assumes full responsibility for all aspects pertaining to the execution and documentation of the audit procedure, ensuring that no services are rendered that could compromise their objectivity and autonomy.
The audit process is predicated upon a collection of professional standards.
The provision of suitable and enough evidence plays a crucial role in facilitating the timely and cost-effective completion of the audit process.
The financial statements demonstrate an absence of atypical collaboration or fraudulent activities.
Including an audit report enhances the pertinence and impartiality of the financial statement data.
Justification Assumptions: The use of auditing procedures enhances the reliability of financial statement information.

Based on the analysis, the researcher asserts that while these studies and research endeavours hold significance in establishing a conceptual foundation for auditing, they exhibit inconsistencies in their proposed hypotheses. Furthermore, they fail to address the contemporary challenges that the auditing landscape currently faces, rendering them outdated and inadequate in addressing crucial aspects such as the broadening scope of auditing and its horizontal expansion. These aspects encompass audit risks, behavioural considerations, auditor obligations, social and environmental responsibilities of economic entities, and other pertinent factors.

1. The researchers believe that the determination of audit assumptions can be achieved by considering the prevailing auditing environment in a contemporary context in the following manner:
2. The field of auditing is closely associated with the attainment of legal and social accountability.
3. The auditor offers a level of assurance that is considered reasonable regarding the accuracy and reliability of financial and non-financial reports. This assurance is provided to interested parties who require assistance in checking the information included within these reports.
4. The audit process is underpinned by three fundamental pillars: independence, impartiality, and professional competence.
5. Auditing is a practice that serves both economic and social objectives.
6. The auditor demonstrates a dedication to fulfilling their professional duties by established norms and regulations. Individuals have legally established rights and

obligations, and in the event of non-compliance or violation, they are susceptible to legal and professional consequences.

7. The investigated topic can be validated, analysed, and documented, and suitable and ample evidential support can be presented to articulate a viewpoint.
8. The acquisition of knowledge and comprehension about internal control procedures plays a significant role in the identification and assessment of audit risks.

3.3 Introduction to Auditing Concepts

The literature on audit hypotheses has examined a range of ideas based on the hypotheses put forth. The following table presents the concepts that have been developed from the audit hypotheses identified in the investigations conducted by Mautz & Sharaf (1961), Flint (1988), and Lee (1988).

(Mautz & Sharaf,1961)	(Flint,1988)	(Lee,1988)
Evidence of proof, independence, professional conduct, professional care, and fair presentation	Qualification, independence, professional conduct, professional care, evidentiary evidence, report preparation, relative importance, auditing standards, and quality control.	Independence, professional care, Checking the quality of financial statements and Audit evidence.

Table 3: Auditing concepts

Mautz & Sharaf	Flint	Lee
Audit Evidence	Qualification	Auditor Independence.
Professional Care	Independence	Professional Care.
Fair Offer	Professional Ethical	Testing the Quality of Financial Statements.
Independence	Audit Evidence	Audit Evidence
Professional Ethical	Preparing the Report	Auditor Independence.
	Relative Importance	
	Professional Care	
	Auditing Standards and Quality Control.	

Based on the table, it is evident that the studies in question reached a consensus on specific concepts, namely independence, professional care, evidentiary evidence, and professional behaviour. However, these studies did not delve into newer concepts that emerged in subsequent years, such as audit risks, operational efficiency, governance, the expectations gap, etc. The following topics will be examined and analysed.

3.4 The Relationship of the Conceptual Framework of Accounting with Financial Reporting

The conceptual framework posits that financial statements serve as a singular component among other sources of information that users want. Given that their primary purpose is not to quantify the worth of the economic entity but rather to provide insights that facilitate the estimation of its value, it would be advisable for individuals to consider acquiring information from alternative sources of fluctuations in political and economic circumstances, industry projections, and related factors. Additionally, the financial statements of the organisation are prepared using the accrual method of accounting. This technique provides a comprehensive view of the organisation's financial performance and is a more suitable foundation for Al-Sawy's (2022) research. Furthermore, the worldwide conceptual framework establishes principles that facilitate the provision of precise financial reporting by aligning the objectives of the financial statements with the interests of relevant stakeholders through the implementation of standards that guarantee a desirable standard of accounting quality. Tang et al. (2008) conducted a study. The quality of financial reporting is directly influenced by the extent of disclosure and clarity present in the financial statements, as well as the depiction they provide of the company's financial position and performance. Transparent financial reporting is beneficial as it facilitates informed decision-making among individuals. Ibrahim (2008).

Including media content in financial statements enhances the overall quality of financial reporting by providing consumers with pertinent and valuable information that aids in decision-making. Verdi (2006). The impact of financial statement information on the decisions made by individuals who allocate economic resources to the entity is a crucial factor to consider, Ferdy et al (2009). Consequently, two distinct functions can be discerned in this context. The international conceptual framework does not prioritise the assessment of the supervisory role or management accountability as a primary objective in the preparation and presentation of financial statements. Instead, it delegates the responsibility of issuing and evaluating financial statements to the understanding of the information contained within them, particularly to the evaluation of cash flows. This consideration is addressed in the conceptual framework. The framework aims to provide a valuable contribution towards mitigating the issue of information asymmetry. It achieves this by focusing on accountability, which minimises information asymmetry. By doing so, the framework effectively tackles agency difficulties and the associated deficiencies in financial reporting. Pelger (2019),

The analysis highlights that the conceptual framework significantly influences the financial reporting process regarding its objectives. This influence is primarily realised through the effectiveness of the communication process between the financial reporting entity and the key stakeholders identified by the international framework. These primary stakeholders are individuals or entities that provide economic resources to the reporting entity and require information regarding the entity's capacity to generate cash flows. The present and future scope of the administration's efficacy and proficiency in overseeing the allocation of economic resources within its trust. Hence, the adequacy of available informative resources, as outlined in the conceptual framework, has a direct impact on the financial reporting process.

4. Methodology

4.1 Applied Study Methodology and Tools.

The present study aims to examine the problem and its potential answers. Specifically, it focuses on the objective testing of hypotheses, the attainment of goals, the presentation and identification of goals, the issue's significance, the proposed solution to the problem, and the technique of its application.

4.1.1 The Importance of Studying

The significance of this study lies in establishing a correlation between the conceptual framework of financial accounting and the intellectual framework of auditing. This correlation is sought to enhance the quality of financial reporting on the Iraqi Stock Exchange and subsequently improve the credibility of information for Iraqi companies within the present-day business environment.

4.1.2 The Study's Objective.

The study aims to accomplish the following objectives:

1. Examining the philosophical discourse around the evolution of the conceptual framework in the accounting field.
2. This discussion is about the various endeavours made to propose conceptual frameworks for auditing.
3. we want to provide a framework for integrated financial reporting, leveraging the interplay between accounting and auditing concepts.
4. This endeavour seeks to enhance the reliability of financial information for both Iraqi enterprises within our research sample and other entities listed on the Iraqi Stock Exchange. Given the rapid pace of global transformation, such an approach holds significant relevance.

The availability of comprehensive financial reporting on the Iraqi Stock Exchange.

4.1.3. The Study Problem.

1. Is there a significant relationship between the conceptual framework of financial accounting and auditing?
2. Is there a significant integration relationship between the conceptual framework of financial accounting, auditing, and financial reporting?
3. Is there an impact of integration between the conceptual framework of accounting and auditing on the financial reporting process?

4.1.4. Study Hypotheses

The present investigation is grounded on the hypotheses derived from the inquiries raised in the research problems.

The first hypothesis: There is no statistically significant correlation between the conceptual framework of financial accounting and the conceptual framework of auditing.

The second hypothesis: There is no significant effect of the conceptual framework of financial accounting on financial reporting.

The third hypothesis: There is no significant effect of the conceptual framework of auditing on financial reporting.

The fourth hypothesis: There is no statistically significant effect of the relationship between the conceptual framework of financial accounting and the conceptual framework of auditing in financial reporting.

5. Results

5.1 An Analysis of the Responses Provided by the Sample Members with the Conceptual Framework of Accounting.

The findings at a granular level of this dimension indicated that all the items had arithmetic means significantly higher than the default mean of the scale. The eighteenth question, which pertained to collecting and classifying information based on the accounting framework ideas that enhance the quality of financial statement information, obtained the lowest coefficient. The observed discrepancy in this aspect was found to be 0.071, indicating a substantial level of consensus among the participants' responses. Furthermore, the average value for this dimension was calculated to be 4.059, accompanied by a standard deviation of 0.290. The respondents of the survey hold the belief that the utilisation of the accounting framework's principles for the collection, organisation, and presentation of information is conducive to enhancing the quality of financial statement data.

5.2 An Analysis of the Responses Provided by the Sample Members with the Conceptual Framework of Auditing.

The findings about this dimension revealed that the calculated arithmetic means for all items were significantly higher than the default mean of the scale. The final question pertains to the paragraph, which states that the contribution of audit ideas and hypotheses towards lowering the expectations gap and information asymmetry between management and the entities benefiting from the financial statements is limited. The dimension under consideration demonstrated the lowest coefficient of variation, measuring 0.082. This value indicates a significant level of consensus among the respondents in the sample. The arithmetic mean of the data set was calculated to be 4.122, accompanied by a standard deviation of 0.338. This suggests that the respondents in the survey sample believe that the concepts and assumptions of auditing have a limited impact on mitigating the expectation gap and information asymmetry between management and the recipients of the financial statements.

The paragraph in the eleventh question, which states, “enhances auditing standards in verifying the suitability of financial statement information provided for conducting financial comparisons," exhibited the highest level of variance in this dimension, as shown by its coefficient of variation of 0.105. The calculated arithmetic mean of the dataset was found to be 4.174, with a corresponding standard deviation of 0.440. This indicates that respondents of the questionnaire saw auditing standards as enhancing the scrutiny of financial statement information to facilitate financial comparisons. However, their level of agreement for this paragraph was lower than that observed for the other paragraphs within this axis.

5.3 Analysis of the Response of the Questionnaire Sample Members to the Paragraphs of the Financial Reporting Axis.

The results exhibited the lowest coefficient of variation within this dimension, measuring 0.079. This value indicates the extent of variability present. The degree of agreement among the sample members was found to be 4.111, with a standard deviation of 0.326. This finding suggests that the survey respondents believe that the notion of conciseness in the creation of financial reports should consider the significance and comprehensibility of the information presented.

The paragraph corresponding to the seventeenth question, which states that "Financial reports adequately meet users' needs for information necessary for forecasting and evaluation," obtained the highest coefficient of variation of 0.110 in this dimension. Its arithmetic mean was 4.220, with a standard deviation of 0.462. This finding suggests that although the participants in the survey sample expressed the belief that the existing financial reports sufficiently fulfil the information requirements for forecasting and evaluation purposes, their agreement on this specific paragraph was comparatively lower than the other paragraphs within this dimension.

The themes can be organised in the table below based on the relative priority assigned to them by the sample participants, as indicated in the preceding presentation.

Table 4: Arrangement of questionnaire axes according to degree of importance.

The Axises	Arithmetic Mean	Standard Deviation	Coefficient of variation	Arrangement of Axes
The first axis	4.139	0.110	0.027	1

The second axis	4.139	0.125	0.030	3
The third axis	4.154	0.114	0.028	2

The table above shows that the first axis was ranked first in terms of the similarity of the responses of the sample members, the third axis achieved second place, and the third axis came in second place.

5.3 Test the Study Hypotheses.

<u>The first hypothesis:</u> There is no statistically significant correlation between the conceptual framework of financial accounting and the conceptual framework of auditing.

To test this hypothesis, to test this hypothesis, Pearson-correlation analysis will be used, which is carried out according to the following equation: -

$$R = \frac{N\sum CFOFA * CFOA - (\sum CFOFA)(\sum CFOA)}{\sqrt{[N\sum CFOFA^2 - (\sum CFOFA)^2][N\sum CFOA^2 - (\sum CFOA)^2]}}$$

where: -

R = the value of the correlation coefficient between the two variables

N = sample size, represented by the number of questionnaires distributed

CFOFA is the first independent variable (the conceptual framework of financial accounting).

CFOA is the second independent variable (the conceptual framework for auditing).

Table 5: Summary of the First Hypothesis Testing Model

Correlations			
		CFOFA	CFOA
CFOFA	Pearson Correlation	1	.365**
	Sig. (2-tailed)		.000
	N	287	287
CFOA	Pearson Correlation	.365**	1
	Sig. (2-tailed)	.000	
	N	287	287
**. Correlation is significant at the 0.01 level (2-tailed).			

The table provided indicates a Pearson correlation coefficient of 0.365, suggesting a positive correlation between the two variables with a magnitude of 36.5%. Additionally, it should be acknowledged that the observed significance level of the test, denoted as Sig. (2-tailed), was determined to be 0.000. This value is considerably lower than the established threshold for error in the field of social sciences, which is often set at 0.05. The analysis of the sample data provided compelling evidence to reject the null hypothesis of the research and accept the alternative hypothesis. This indicates a significant association between the conceptual framework of financial accounting and conceptual auditing.

The graphical representation depicted in the image, generated using the Eviews software, indicates a discernible pattern in the dispersion of data points, suggesting a potential association between the two variables under consideration. The positive slope of the curve indicates a clear correlation between the conceptual framework of financial accounting and the conceptual framework of auditing.

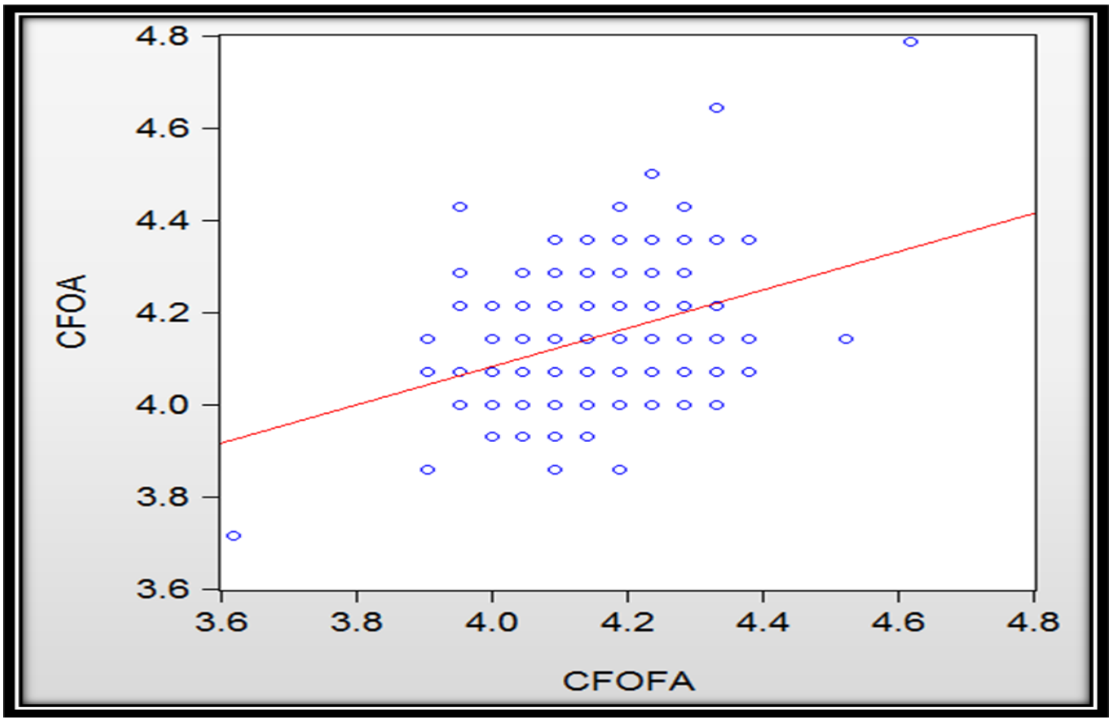

Figure 1: The conceptual framework of financial accounting and the conceptual framework of auditing

<u>The second hypothesis:</u> There is no significant effect of the conceptual framework of financial accounting on financial reporting.

To evaluate this hypothesis, a fundamental linear regression analysis will be conducted utilising the least squares method. The regression model employed will be as follows: -

$$FR = B_0 + B_1\ CFOFA + \varepsilon$$

where: -

FR = dependent variable (financial reporting).

ε = estimation errors, or so-called statistical residuals.

B_0 = the constant of the regression equation, which represents the value of the dependent variable when the value of the independent variable is equal to zero.

B_1 == the slope of the regression function, which measures the effect of the independent variable on the dependent variable.

Table 6: Summary of the Second Hypothesis Testing Model

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson

1	.376[a]	.141	.138	.106	1.960
a. Predictors: (Constant), CFOFA					
b. Dependent Variable: FR					

In the model summary table above, the correlation between the variables was 0.376, which is a moderately strong value. The coefficient of determination, or R squared, was 0.141, which shows how well the model explained things. That is, the independent variable (the conceptual framework for financial accounting) explains why its value is 14.1% of the variance occurring in the dependent variable (financial reporting) and the standard deviation of the estimated error (the standard error of the estimate) was 106.0, which is a deficient number. The lower this type of error, the better it is statistically. It is noted from the table above that the Durbin-Watson value is 1.96, which is very close to 2. It should be noted that the closer the Durbin-Watson value is to zero, the more this indicates the presence of positive autocorrelation, while the closer this value is to 4, the more this indicates the presence of autocorrelation. Negative. Finally, the closer this value is to 2, this indicates a lack of autocorrelation between the random error values in the linear model.

Table 7: Variation test of the second hypothesis

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.528	1	.528	46.896	.000
	Residual	3.212	285	.011		
	Total	3.740	286			
a. Dependent Variable: FR						
b. Predictors: (Constant), CFOFA						

At a significance level of 5%, the above shows that the calculated F value reached 46.896, higher than the calculated value based on the degrees of freedom (df = 285, 1). That value is 3.84. The significance level of the Sig test reached 0.000, which is less than the 0.05 error level accepted in the social sciences. This shows that the statistical model used to test the hypothesis was good.

Table 8: The coefficients of regression for the second hypothesis

Coefficients[a]						
		Unstandardised Coefficients		Standardised Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.539	.236		10.764	.000
	CFOFA	.390	.057	.376	6.848	.000
a. Dependent Variable: FR						

The regression function coefficient table indicates that the constant term in the regression equation has a value of 2.539. The coefficient B in the regression equation yielded a slope value of 0.390, indicating the impact of the independent variable on the dependent variable. A positive

coefficient indicates a direct association between the independent and dependent variables. This implies that a one-unit increase in the independent variable, namely the conceptual framework of financial accounting, results in a 39% increase in the dependent variable, financial reporting while holding all other independent factors constant. The table above indicates that the T-statistic for the independent variable achieved a significance level of 0.00, significantly lower than the predetermined error threshold often accepted in social sciences, set at 0.05. The supplied sample data presents compelling evidence to reject the null hypothesis and support the alternative hypothesis, establishing the statistical significance of the impact of the conceptual framework of financial accounting on financial reporting.
The depicted graph provides empirical evidence supporting the positive correlation between the two variables, namely the conceptual framework of financial accounting and financial reporting. The upward trajectory of the curve demonstrates this.

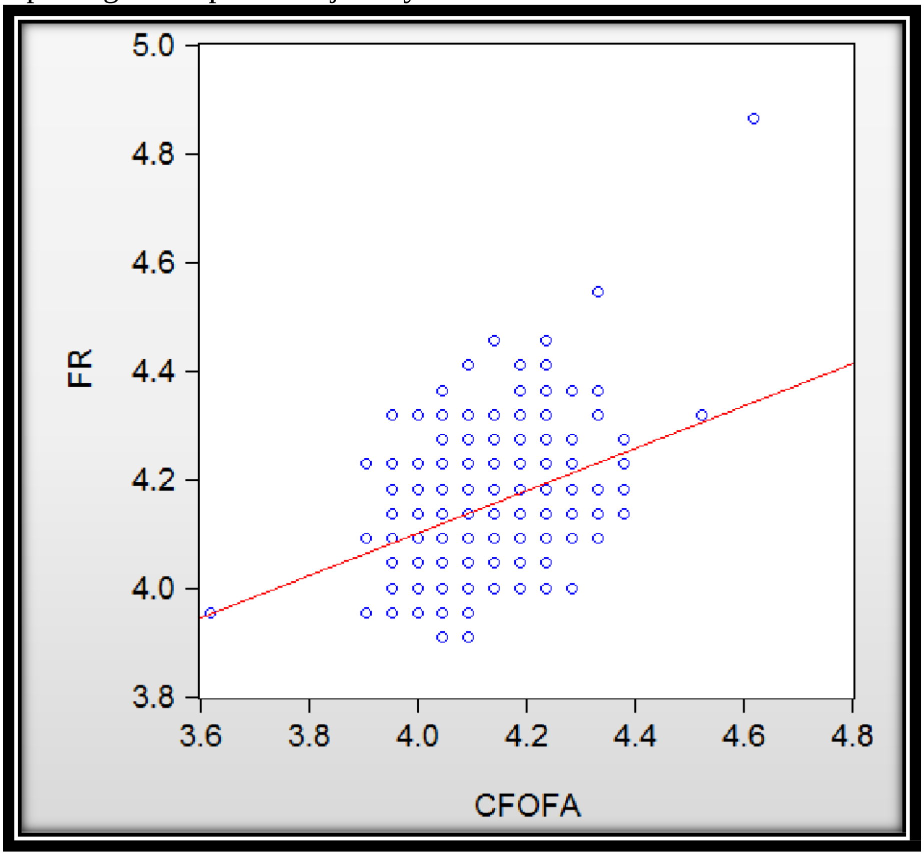

Figure 2: The Relationship Between the Conceptual Framework of Financiall Accounting and Financial Reporting

The regression equation that was adopted to test the hypothesis can be reformulated in light of the results reached, which can be used for prediction as follows:

$$FR = 2.539 + 0.39 * CFOFA$$

The frequency histogram in the image illustrates the normal distribution of the statistical residuals derived from the regression equation, indicating the accuracy of the preceding regression model.

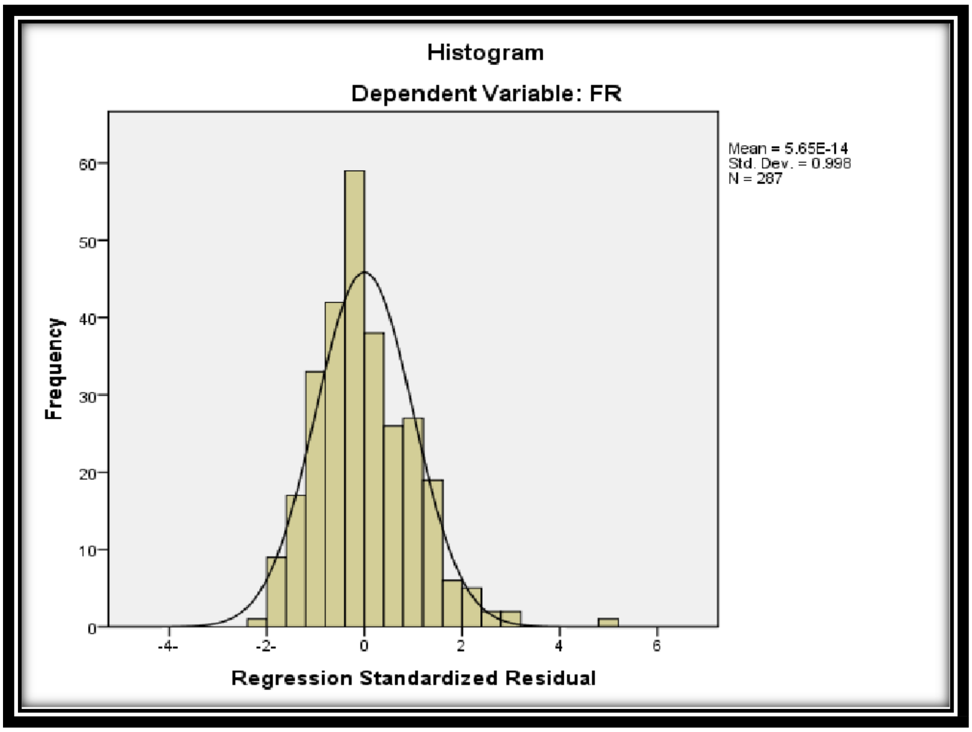

Figure 3: Histograms of the residuals of the second hypothesis

The image presented herein visually demonstrates the fulfilment of the prerequisites for conducting a regression analysis test. Specifically, it depicts the dispersion of data points concerning the linear regression line. This provides evidence for the normal distribution of the statistical residuals**.**

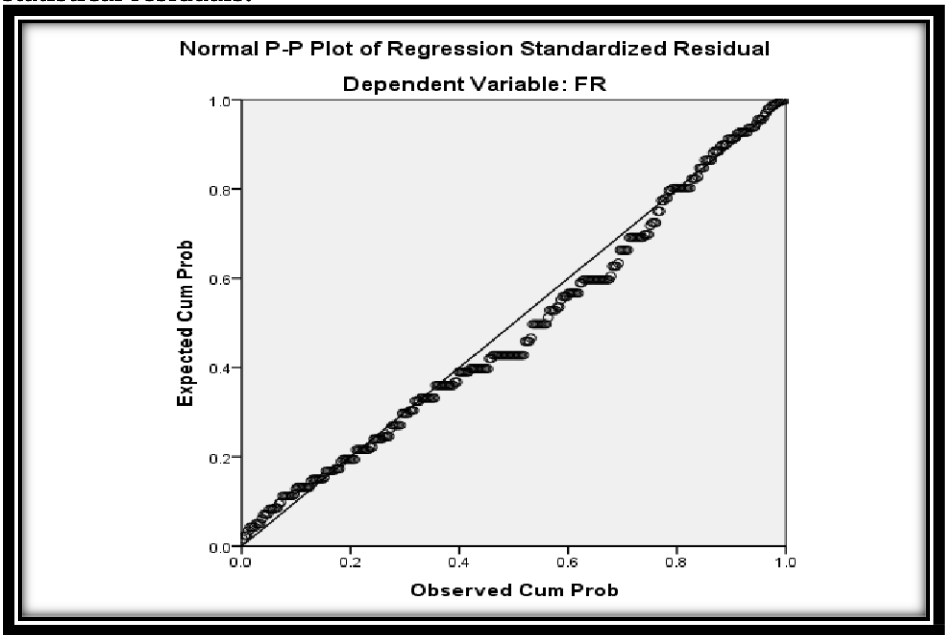

Figure 3: Normal distribution of the remainder of the second hypothesis

<u>The third hypothesis:</u> There is no significant effect of the conceptual framework of auditing on financial reporting To test this hypothesis, the following "linear regression" model was formulated:

$$FR = B_0 + B_1\ CFOA + \varepsilon$$

Table 9: Summary of the Third Hypothesis Testing Model

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.407[a]	.165	.163	.107	1.986
a. Predictors: (Constant), CFOA					
b. Dependent Variable: FR					

The provided model summary table indicates that the correlation coefficient (R) between the variables was 0.407, representing a moderately significant association. Additionally, the coefficient of determination, denoted as R, was also reported. The coefficient of determination, denoted as R-squared, was calculated to be 0.165, indicating the extent to which the model employed can explain the observed variation in the data. The present study reveals that the auditing conceptual framework, serving as the independent variable, accounts for 16.5% of the observed variability in the dependent variable, namely financial reporting. Furthermore, the standard deviation of the estimated error, also known as the standard error of the estimate, was found to be 107.0, indicating a suboptimal value. A decrease in this mistake category corresponds to an improvement in statistical performance. The table provided indicates that the Durbin-Watson statistic has a value of 1.986, which is near 2. A value closer to 2 suggests the absence of autocorrelation between the random error terms in the linear model.

Table 10: Variation Test of the Third Hypothesis

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.619	1	.619	56.497	.000[b]
	Residual	3.121	285	.011		
	Total	3.740	286			
a. Dependent Variable: FR						
b. Predictors: (Constant), CFOA						

The table above displays the variance, wherein the computed F value was 56.497. This number surpasses the tabular value, which was determined based on the degrees of freedom (df = 285,1) and is equal to 3.84 at a significance level of 5%. The significance level of the Sig test was 0.000, indicating statistical significance at a level lower than the tolerable error value commonly used in social sciences. The preset significance level of 0.05 is utilised to assess the appropriateness of the statistical model employed for hypothesis testing.

Table 11: The coefficients of regression for the Third hypothesis

Coefficients[a]						
Model		Unstandardised Coefficients B	Unstandardised Coefficients Std. Error	Standardised Coefficients Beta	t	Sig.
1	(Constant)	2.616	.205		12.777	.000
	CFOFA	.372	.049	.407	7.516	.000
a. Dependent Variable: FR						

The present document provides a comprehensive overview of the regression function coefficients table. The coefficients indicate that the constant term in the regression equation attained a value of 2.616. The slope of the regression equation was determined to be 0.372, indicating the impact of the independent variable on the dependent variable through coefficient B. The presence of a positive coefficient indicates a positive correlation between the independent and dependent variables. Put simply, when the second independent variable, namely the auditing conceptual framework, increases by one unit, the dependent variable, financial reporting, exhibits a corresponding increase of 37.2%, if all other independent factors remain constant. The table above indicates that the T-statistic for the independent variable achieved a significance level of 0.00. The current error margin in the social sciences is significantly lower than the previously established threshold of 0.05. The statement suggests that the data sample has shown compelling evidence to reject the null hypothesis and support the alternative hypothesis, so establishing the statistical significance of the conceptual framework's impact on auditing financial reporting.

The depicted graph provides empirical evidence supporting the positive correlation between the two variables, namely the conceptual framework for auditing and financial reporting. This is evident from the upward trajectory of the curve.

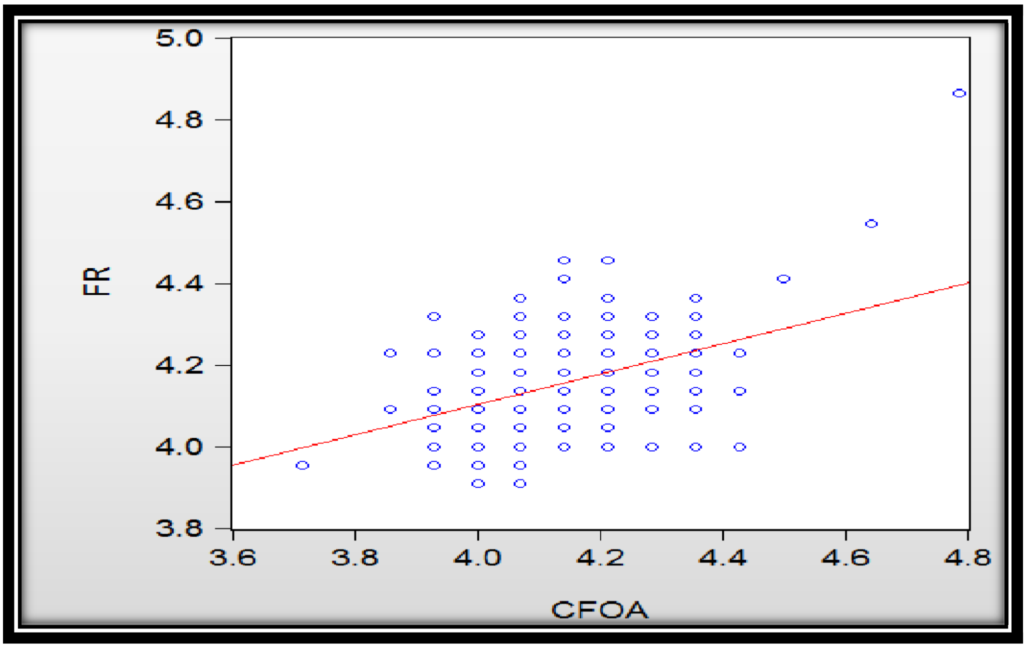

Figure 4: The relationship between the conceptual framework of auditing and financial reporting

The regression equation utilised for hypothesis testing might be redefined in consideration of the attained results, hence enabling its application for prediction purposes in the following manner:

$$FR = 2.616 + 0.372 * CFOA$$

The frequency histogram depicted in Figure 5 illustrates the normal distribution of the statistical residuals derived from the regression equation, providing insight into the accuracy of the preceding regression model.

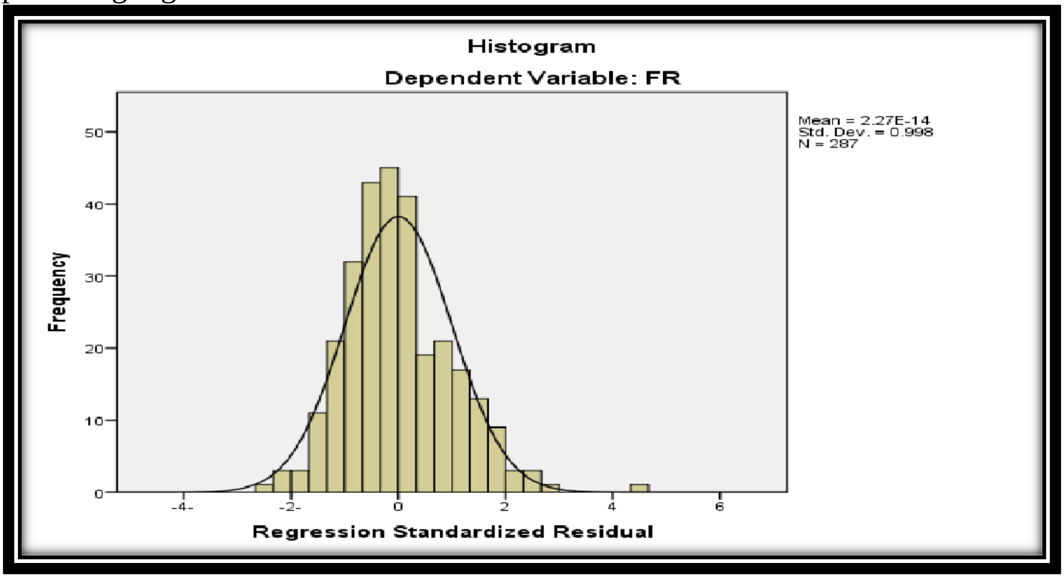

Figure 5: Histograms of the residuals of the Third hypothesis

The fourth hypothesis: There is no statistically significant effect of the relationship between the conceptual framework of financial accounting and the conceptual framework of auditing in financial reporting.

In order to examine the validity of this hypothesis, the methodology of path analysis will be employed. Path analysis is a statistical technique that considers the interrelationships among independent variables while assessing their impact on the dependent variable. The Amos statistical software was utilised to obtain the following results:

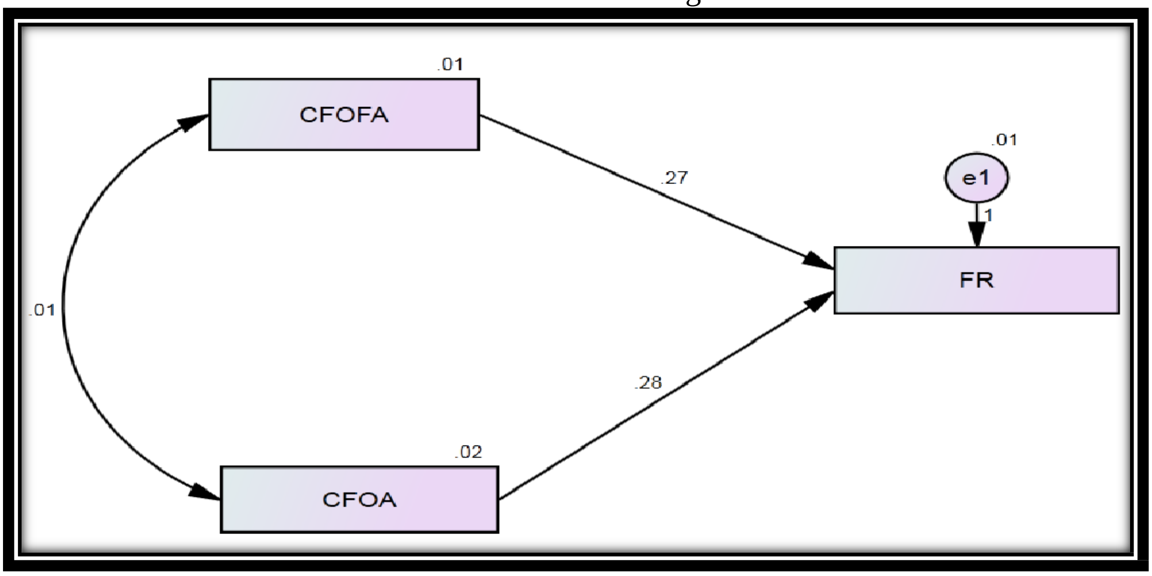

Figure 5: Path analysis results to test the fourth hypothesis

The table below shows the results of the hypothesis test

Covariances: (Group number 1 - Default model)						
Path			Estimate	S.E.	C.R.	P
CFOA	<-->	CFOFA	0.005	0.001	5.804	0.000
Regression Weights: (Group number 1 - Default model)						
Path			Estimate	S.E.	C.R.	P
FR	<---	CFOFA	0.272	0.058	4.69	0.000
FR	<---	CFOA	0.284	0.051	5.56	0.000

Table 12: Results of testing the fourth main hypothesis

The table indicates that the conceptual framework for financial accounting and the conceptual framework for auditing had a statistically significant impact on the dependent variable. The reason for this is that the p-value threshold is 0.00, which falls below the acceptable error level of 0.05 commonly adopted in social sciences. The integrated path delineates the respective magnitudes of influence for each of them. The conceptual framework of financial accounting had a significant influence of 27.2% on financial reporting.

The auditing conceptual framework had a significant influence of 28.4% on financial reporting. According to the route analysis conducted, the combined impact of these factors on financial reporting is 55.6%. The observed magnitude exceeds that of the individual impacts of the independent variables, as shown in the findings of the prior examinations of Hypotheses 2 and 3. The findings indicate that the alternative hypothesis is more probable to be valid in comparison to the null hypothesis. The aforementioned observation stems from the findings, which indicate that the interplay between the conceptual frameworks of financial accounting and auditing has a significant impact on financial reporting.

6. Conclusion

Accounting practices rely on interconnected and integrated principles that govern the measurement, presentation, and disclosure processes in general-purpose financial statements. These practices aim to provide valuable financial information to various user groups, focusing on investors and lenders. The formulation and development of the conceptual framework for international financial reporting entails the adoption of a decision-making methodology aimed at establishing objectives. The utilisation of lists facilitates the process of evaluation and accountability for individuals, which is crucial for decision-makers. This is particularly important in an accounting system, providing reliable and accurate data on economic events and occurrences. Precision is crucial when doing measurements in the field of accounting.

Accounting apps are founded around adhering to accounting and financial reporting rules. Without the ability to directly apply standards, the conceptual framework serves as a reference point for making accounting judgements and estimations. The conceptual framework serves to elucidate the constituent elements of the subject matter. Additionally, it promotes equity in terms of access to information and underscores the significance of objectivity and accuracy in the quantification of accounting phenomena through the utilisation of various measurement approaches, including historical cost and current value.

The interconnection and integration of accounting and auditing practises can be observed in establishing objective procedures and guidelines for auditing concepts and standards. These procedures and guidelines are designed to verify the extent to which fair presentation and disclosure procedures are adhered to in financial statements, as well as the degree to which compliance with accounting foundations and principles is considered. Accounting, by its conceptual framework and established principles, generates financial statements that encompass aggregated financial data. Trust in it can be strengthened by careful examination, hence maximising its utility in decision-making processes.

The integration of accounting principles and auditing ideas facilitates the promotion of accurate and equitable accounting disclosure of the economic entity's future viability, as well as the provision of sufficient information on the following events to mitigate ambiguity.

The integration and interrelation of accounting and auditing principles contribute to presenting accounting information that is relatively free from significant distortions, whether related to legal or arithmetic aspects of accounting. The study revealed a significant correlation and interconnection between the conceptual frameworks of financial accounting and auditing, resulting in a direct impact. The conceptual framework of financial accounting exerts an influence on the process of financial reporting, while auditing also exerts an influence on financial reporting. There exists a pressing necessity to establish a comprehensive framework for auditing that involves collaboration between auditing practitioners, academia, and professional groups.

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