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**[Retraced] The Role of Forensic Accounting in Improving Governance Mechanisms through the Market Financial Indicators of Companies Listed on the Palestine Exchange**

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## **Retraction Notice**

The Arab Journal of Administrative Sciences announces the retraction of the following article from Volume 31, Issue 2:

**"The Role of Forensic Accounting in Improving Governance Mechanisms through the Market Financial Indicators of Companies Listed on the Palestine Exchange"** doi: <https://doi.org/10.34120/ajas.v31i2.1247>

This decision follows a post-publication review which revealed discrepancies in the reported results that hinder the ability to verify or replicate the findings. The authors demonstrated full cooperation throughout the process and responded professionally by providing additional data and analysis, reflecting a clear commitment to transparency and academic integrity.

Based on the editorial board's assessment, this retraction is not related to any suspicion of research misconduct. Rather, it stems from unresolved methodological concerns that prevent the paper from meeting the journal's standards for replicability and scientific rigor.

This action has been taken in alignment with the journal's commitment to maintaining the highest standards of academic quality and integrity.

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# [مسحوب] دور المحاسبة القضائية في تحسين آليات الحوكمة عن طريق المؤشرات المالية السوقية للشركات المدرجة في بورصة فلسطين

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## إعلان سحب ورقة علمية

تعلن المجلة العربية للعلوم الإدارية عن سحب الورقة العلمية التالية من العدد الثاني، المجلد 31:

"دور المحاسبة القضائية في تحسين آليات الحوكمة من خلال المؤشرات المالية السوقية للشركات المدرجة في بورصة فلسطين"

**"The Role of Forensic Accounting in Improving Governance Mechanisms through the Market Financial Indicators of Companies Listed on the Palestine Exchange"**

doi: <https://doi.org/10.34120/ajas.v31i2.124>

جاء هذا القرار بعد مراجعة لاحقة للنشر، كشفت عن وجود تباينات في النتائج المنشورة تعيق إمكانية التحقق منها أو تكرارها. وقد أبدى المؤلفان تعاوناً كاملاً واستجاباً لجميع طلبات التحرير بتقديم البيانات والتحليلات الإضافية، ما يعكس التزاماً واضحاً بقيم الشفافية والنزاهة العلمية.

وبناءً على تقييم هيئة التحرير، فإن قرار السحب لا يعود إلى شبهة سوء سلوك علمي، وإنما إلى صعوبات منهجية حالت دون التحقق من النتائج بشكل كافٍ. وقد اتخذ القرار حرصاً على معايير الجودة والمصداقية التي تلتزم بها المجلة.

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## [Retraced] The Role of Forensic Accounting in Improving Governance Mechanisms through the Market Financial Indicators of Companies Listed on the Palestine Exchange

### Abstract

**Purpose:** This research investigates the role of forensic accounting in enhancing governance mechanisms through market financial indicators for companies listed on the Palestine Exchange. It focuses on litigation support, judicial investigations, legal support services, corporate governance, and market value.

**Study design/methodology/approach:** The study utilized a quantitative analytical methodology. Hypotheses were tested using regression-based mediation analysis, employing a series of Ordinary Least Squares (OLS) regression models. Additionally, a fixed effect, and random effects analyses.

**Sample and data:** The research analyzes data from the financial statements of 35 companies listed on the Palestine Exchange from 2018-2021.

**Results:** The findings reveal that only Legal Support Services within forensic accounting demonstrate a significant positive role in enhancing corporate governance mechanisms through market financial indicators for companies listed on the Palestine Exchange. While litigation support and judicial investigations remain conceptually valuable for fostering transparency and accountability, their effects did not reach statistical significance in this study. Nevertheless, the importance of transparency, accountability, and regulatory compliance is underscored in improving investor confidence and corporate performance.

**Originality/value:** This study contributes to the literature by highlighting the application of forensic accounting in improving governance and market performance within a developing market context, specifically in Palestinian companies. It provides practical recommendations for fostering better governance practices through education and awareness initiatives.

**Research limitations/implications:** The research is limited to a cross-sectional design and focuses on companies listed on the Palestine Exchange, emphasizing the need for further studies in diverse contexts and longitudinal designs to validate and expand the findings.

**Keywords:** Forensic Accounting, Litigation Support, Judicial Investigations, Legal Support Services, Corporate Governance, Market Value.

**JEL classification:** M42, G30, G34, K22

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## الملخص

# [مسحوب] دور المحاسبة القضائية في تحسين آليات الحوكمة عن طريق المؤشرات المالية السوقية للشركات المدرجة في بورصة فلسطين

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هدف الدراسة: تهدف هذه الدراسة إلى تعرف دور المحاسبة القضائية في تحسين آليات الحوكمة؛ عن طريق المؤشرات المالية السوقية للشركات المدرجة في بورصة فلسطين. وتستعرض الدراسة مجالات المحاسبة القضائية؛ من دعم التقاضي، والتحقيقات القضائية، وخدمات الدعم القانوني، إلى حوكمة الشركات، والقيمة السوقية، والقطاع، والسنة.

تصميم/ منهجية/ طريقة الدراسة: اعتمدت الدراسة على منهجية تحليلية كمية. واختُبرت الفرضيات باستخدام نماذج انحدار المربعات الصغرى العادية (OLS). لاختبار الفرضيات. بالإضافة إلى التأثيرات الثابتة والتأثيرات العشوائية.

عينة الدراسة وبياناتها: تكون مجتمع الدراسة من ثلاث وخمسين شركة مدرجة في بورصة فلسطين، واختيرت عينة بحجم أربع وأربعين شركة، في حين أُسْتُثِّتت تسع شركات بسبب عدم توفر بياناتها المالية للفترة 2018-2021.

نتائج الدراسة: تُشير النتائج المحدثة إلى أنّ خدمات الدعم القانوني فقط (ضمن أبعاد المحاسبة القضائية) تُظهر دوراً إيجابياً ومهماً إحصائياً في تحسين آليات الحوكمة عن طريق المؤشرات المالية السوقية للشركات المدرجة في بورصة فلسطين. أمّا دعم التقاضي والتحقيقات القضائية، فبالرغم من أهميتهما النظرية في تعزيز الشفافية والمساءلة، لم يثبت تأثيرهما بشكل معنوي وفقاً لنتائج هذه الدراسة. ومع ذلك، تظل الشفافية والمساءلة والالتزام التنظيمي عوامل جوهرية في تعزيز ثقة المستثمرين وأداء الشركات.

أصالة الدراسة: تسهم الدراسة في إغناء المعرفة العلمية؛ عن طريق تسليط الضوء على تطبيقات المحاسبة القضائية؛ لتحسين الحوكمة وأداء السوق في السياق الفلسطيني. كما توفر توصيات عملية لتحسين الحوكمة؛ عن طريق برامج تعليمية ومبادرات توعوية.

حدود الدراسة وتطبيقاتها: تركز الدراسة على التصميم المقطعي وتعتمد على الشركات المدرجة في بورصة فلسطين؛ مما يدعو إلى الحاجة لدراسات مستقبلية تعتمد مناهج متنوعة وتصاميم طويلة الأجل؛ لاستكشاف نتائج أكثر شمولية.

الكلمات المفتاحية: المحاسبة القضائية، دعم التقاضي، التحقيقات القضائية، خدمات الدعم القانوني، حوكمة الشركات، القيمة السوقية.

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## Introduction

Concern among investors, shareholders, and skeptical lenders regarding fraud and misrepresentation in financial statements has risen significantly, leading to lawsuits and disputes (Selimoğlu & Altunel, 2020). This environment underscores the judiciary's reliance on accounting experts or consultants who utilize their specialized knowledge, investigative abilities, and detailed analyses to offer opinions on legal cases involving irregularities and fraud in financial statements (Hammad & Baldi, 2023). As a result, the demand for forensic accounting has grown, establishing it as a critical discipline that equips accountants with the academic and practical qualifications necessary to address issues across accounting, legal, and business domains (Zeytinoğlu & Anadolu, 2020). Forensic accountants serve as expert witnesses or consultants, aiding the judiciary by uncovering facts and ensuring justice. Their expertise spans accounting, auditing, investigation, and analysis, all conducted within a legal framework to provide robust evidence that helps detect fraud in financial statements (Al-Anzi & Al-Balawi, 2024).

Corporate governance also plays a pivotal role in mitigating administrative and financial challenges in companies (Prabowo, 2013). Adhering to governance principles and laws can substantially reduce corporate corruption, fostering confidence among shareholders and stakeholders. Forensic accounting has become indispensable in resolving issues using applicable regulations in disputes, such as dividend-related conflicts (Samara & Al-Baz, 2023). Additionally, market financial indicators are enhancing instrumental governance mechanisms through forensic accounting. These indicators provide critical insights into corporate financial performance and identify required improvement areas (Azzoz et al., 2016). Analyzing these indicators strengthens forensic accounting's contribution to governance enhancement by fostering transparency and compliance. It enables the detection of financial manipulations, boosts transparency, and builds trust among investors and stakeholders, promoting a fair and stable business environment (Oyedokun, 2022).

This study focuses on the role of forensic accounting in Palestine, presenting tailored recommendations that align with its unique economic and legal environment. Unlike prior research, which often emphasizes administrative or legal aspects, this study explores how market financial indicators, particularly market value, measure forensic accounting's impact on governance (Abdul Razzaq & Ameen, 2023). It specifically targets companies listed on the Palestine Exchange—a sector integral to the Palestinian economy. The research employs

advanced analytical and measurement tools, combining statistical and financial analysis to examine the relationship between forensic accounting, governance improvements and financial indicators. Ultimately, the study seeks to deliver actionable insights for enhancing the role of forensic accounting in governance, with a particular focus on transparency and disclosure practices among listed companies.

The introduction underscores the study's relevance and potential contributions by articulating and examining the research problem, significance, and objectives. It aims to captivate the interest of both reviewers and readers, setting the foundation for the subsequent discussion.

## **Literature Review and Hypotheses Development**

### **Theoretical Foundation**

This study is based on Agency Theory, proposed by Jensen and Meckling (1976), which explains the relationship between shareholders (principals) and management (agents). The theory suggests that conflicts of interest arise due to information asymmetry, where managers may prioritize their personal interests over those of shareholders. This leads to governance challenges, such as financial misreporting, misappropriation of assets, and ineffective oversight mechanisms.

Grounded in Agency Theory, this study examines the role of forensic accounting in strengthening governance mechanisms among companies listed on the Palestine Exchange. By supporting litigation, conducting financial investigations, providing legal advisory services, and reinforcing corporate governance, forensic accounting significantly impacts market financial indicators and firm value. The study emphasizes that forensic accounting is not merely a compliance tool but a strategic mechanism that mitigates agency risks and aligns the interests of shareholders and management.

### ***Forensic Accounting and Corporate Governance***

Corporate governance refers to the set of principles, policies, and mechanisms aimed at ensuring transparency, accountability, and fairness in the management of companies. It is crucial in fostering trust among stakeholders and enhancing organizational performance (Taha, 2019). Forensic accounting, on the other hand, focuses on the application of accounting and investigative skills to resolve financial disputes, detect fraud, and provide legal support in cases involving financial discrepancies (Gray, 2008).

Forensic accounting has gained prominence due to its critical role in improving corporate governance mechanisms by enhancing transparency, ensuring compliance with financial regulations, and detecting irregularities in financial reporting (Al Natour et al., 2023). For example, litigation support, forensic investigations, and legal support services have been identified as key components of forensic accounting that strengthen corporate governance practices (Alharasis et al., 2023).

*H1: Forensic accounting is positively related to corporate governance.*

### ***Litigation support and Corporate Governance***

Litigation support involves the provision of accounting expertise during legal disputes. It ensures the presentation of accurate financial evidence, aiding courts in resolving financial conflicts (Hassan et al., 2023). The inclusion of forensic accountants in litigation processes has been shown to significantly enhance governance by uncovering irregularities and ensuring compliance with legal standards (Abdul Ghaffar, 2024).

*H2: Litigation support through forensic accounting is positively related to improving corporate governance mechanisms.*

### ***Forensic Investigations and Corporate Governance***

Forensic investigations are critical in detecting and addressing financial fraud. By examining financial records, forensic accountants identify discrepancies and provide actionable insights to mitigate risks and enhance governance structures (Salin et al., 2019). This investigative approach has been instrumental in ensuring accountability and improving the transparency of financial operations.

*H3: Forensic investigations through forensic accounting are positively related to improving corporate governance mechanisms.*

### ***Legal Support Services and Corporate Governance***

Legal support services involve the provision of specialized accounting advice to assist legal teams in understanding complex financial issues. This includes preparing financial reports and expert testimony in court (Akkeren et al., 2013). These services strengthen governance by providing stakeholders with the tools to enforce accountability and transparency effectively.

Several studies have shed light on the role of forensic accounting in governance. For instance, Kassem (2022) explored the relationship between forensic

accounting tools and governance mechanisms, particularly their impact on stock market value. Employing a descriptive analytical approach, this study emphasized forensic accounting's effectiveness in combating corruption, resolving corporate governance failures, and addressing issues, like dividend distribution conflicts and financial irregularities. Similarly, Abbas et al. (2022) examined the integration of forensic accounting and governance in mitigating creative accounting practices. Their findings demonstrated that forensic accounting and governance mechanisms significantly enhance transparency and reduce manipulation in financial reports, with a complementary relationship accounting for 47% of the variance in reducing creative accounting practices. Additionally, Omar et al. (2022) highlighted the role of governance mechanisms, such as audit committees and boards of directors, in improving accounting information quality and rationalizing financial decisions, ultimately enhancing investor trust and market stability. In the Palestinian context, Wahyuni et al. (2021) focused on governance disclosure and its positive impact on market value, emphasizing the importance of adopting governance principles to ensure credible financial reporting and informed decision-making. Alzoubi (2023) delved into forensic accounting's potential as a tool for improving governance and detecting fraud, underscoring the critical role of internal audits in fostering an ethical culture and strengthening organizational control systems.

On the international front, studies have offered broader perspectives on forensic accounting's applications. Daas and Zaid (2024) assessed its impact on the quality of accounting information, finding that while reactive auditing influenced all dimensions of information quality, proactive auditing had a limited effect, and governance mechanisms did not significantly moderate the relationship. Similarly, Dada et al. (2023) analyzed Nigerian banks, demonstrating the significant impact of forensic accounting and governance on financial performance, while highlighting transparency mechanisms as key to mitigating fraudulent activities. Alzoubi and Almomani (2021) emphasized forensic accounting's moderating role in enhancing accounting information quality through governance, improving transparency and the faithful representation of financial data. Rehman and Hashim (2020) explored forensic accounting's influence on sustainable corporate governance in Oman, advocating its inclusion in governance codes to combat fraud and ensure sustainability. Meanwhile, Arslan (2020) in Australia identified a skills gap in forensic accounting education and practices, recommending align-

ment between academic curricula and industry requirements to better prepare professionals. Özcan (2019) focused on detecting financial manipulation in Turkish companies, underscoring the importance of robust governance mechanisms and forensic accounting techniques for enhancing financial integrity. Lastly, Hamdan (2018) confirmed forensic accounting's efficacy in fraud detection, emphasizing the need for training competent professionals to effectively address financial irregularities.

*H4: Legal support services through forensic accounting are positively related to improving corporate governance mechanisms.*

## **Data**

### ***Research Methodology***

The study adopts a quantitative analytical methodology. Below is a detailed and independent explanation of the two components of this methodology:

#### *Quantitative Methodology*

The quantitative approach is a measurement method commonly employed in scientific research to test hypotheses and apply theories and concepts to practical contexts, particularly in studies with a scientific orientation. The primary objective of quantitative research is to establish the relationship between an independent variable (representing a phenomenon or concept) and a dependent variable within a specific population. Quantitative research designs can be either descriptive, where the sample is studied once, or experimental, where the sample is studied before and after applying the research intervention. This approach focuses on numbers, objectives, and logic, emphasizing fixed, unchanging data and convergent, detailed thinking over divergent thinking.

#### *Analytical Methodology*

The analytical approach provides an accurate numerical description that highlights the phenomenon, its scope, and the degrees of its correlation with other phenomena. This methodology examines variables and their relationships while quantifying the degree of these relationships using measurable scales. It involves collecting, categorizing, and processing data through quantitative analysis. By combining these methodologies, the study ensures a robust examination of the relationships between variables, offering both precise numerical insights and detailed analytical descriptions.

***Study Population***

The study population consists of all companies listed on the Palestine Exchange, totaling 53 in 2024. Financial information about these companies is available on the official Palestine Exchange website (Palestine Exchange, 2024).

***Study Sample***

The study sample includes 44 companies listed on the Palestine Exchange. The sample is based on the financial statements of these companies from 2010 to 2023. It is categorized as follows: (Service Companies 7, Industrial Companies 11, Investment Companies 10, and Financial Companies 16). These companies were selected because their financial statements were available during the study period; they represent active participants in the Palestine Exchange. The sample size is sufficient for conducting the study and generalizing the findings to the entire population. The study period, 2010–2023, was chosen for the following reasons: availability of sufficient and accurate financial data, minimal impact of the COVID-19 pandemic on the data, and significant growth in the adoption of corporate governance concepts among Palestinian companies during this period. Additionally, nine companies listed between 2018 and 2021 were excluded from the sample because their financial information for the entire study period was unavailable.

***Study Variables and Measurement Mechanisms***

To analyze the relationships central to the study, specific measures were identified for the various variables in the study model. Table 1 provides a detailed explanation of these variables and their measurement mechanisms.

**Table 1**  
**A Summary of Study Variables and Measurement Methods**

Variable	Measurement Method	Previous Studies Using the Same Measure
<b>Independent Variables</b>		
Litigation Support	Dummy variable: 1 if the accountant uses litigation support, 0 otherwise	(Abdul Hamid, 2022)
Forensic Investigations	Dummy variable: 1 if the accountant uses forensic investigations, 0 otherwise	(Saleh, 2022)

**Cont. Table 1**  
**A Summary of Study Variables and Measurement Methods**

Variable	Measurement Method	Previous Studies Using the Same Measure
Legal Support Services	Dummy variable: 1 if the accountant uses legal support services, 0 otherwise	(Abdul Hamid, 2022)
<b>Dependent Variable</b>		
Corporate Governance	Dummy variable: 1 if the company publishes its financial statements according to governance rules, 0 otherwise	(Ourahmane & Abdul Rahman, 2023)
<b>Control Variable</b>		
Market Financial Indicators	Market Value: Price/Book Value	(Shenk, 2018)
Industry	From 1 to 5	(Saleh, 2022)
Year	Years study - founding year.	(Shenk, 2018)

### **Clarification of the Dependent Variable: Corporate Governance**

The dependent variable in this study, corporate governance, is measured based on whether companies publish their financial statements in compliance with established governance rules. To enhance clarity, the term "governance rules" refers to the specific regulatory frameworks and best practices governing financial disclosures and corporate transparency.

In the context of companies listed on the Palestine Exchange (PEX), the governance rules considered include, but are not limited to:

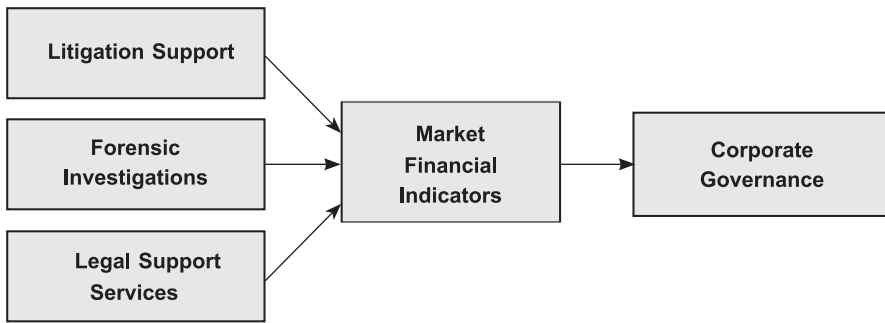
1. **The Palestinian Corporate Governance Code (PCGC)** – which sets standards for transparency, accountability, and financial reporting.
2. **International Financial Reporting Standards (IFRS)** – ensuring compliance with globally recognized accounting principles.
3. **Palestinian Capital Market Authority (PCMA) Guidelines** – which mandate disclosure requirements and reporting obligations for publicly listed companies.

4. **Regulations by the Palestine Exchange (PEX)** – including periodic financial reporting, audit committee requirements, and risk management disclosures.

For this study, a company is assigned a value of **1** if it publishes its financial statements in accordance with these governance rules and **0** otherwise. This operational definition ensures a clear and measurable approach to assessing corporate governance compliance.

### *Study Model*

To analyze the relationships on which the study is based, measurement methods for the different variables in the study model are determined. Table 1 outlines the details:



**Figure 1: Study Model**

Based on the above figure, researchers can formulate the following mathematical model:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5Z_1 + B_6Z_2 + B_7Z_3 + \varepsilon$$

Where:

*Y*: Represents the dependent variable, which is corporate governance.

$B_0$ : The constant term, representing the expected value of *Y* when all independent variables are equal to zero.

*X*: Represents the independent variables, which are aspects of forensic accounting.

$X_1$ : The first independent variable is litigation support.

$X_2$ : The second independent variable is forensic investigations.

$X_3$ : The third independent variable is legal support services.

$X_4$ : The independent variable is gender diversity in the board of directors.

Z: Represents the control variables:

$Z_1$ : The first control variable represents the market value.

$Z_2$ : The second control variable represents the industry.

$Z_3$ : The third control variable represents the year.

### ***Statistical Analysis***

For analysis purposes, this study utilized panel data, which reflects a set of observations on the phenomenon under study across multiple units over several years. To ensure the proper execution of the statistical aspect of the study, the following procedures were applied:

1. Descriptive Statistics: Calculating the means, medians, and standard deviations of the data.
2. Skewness and Kurtosis Indicators: Evaluating the data distribution for asymmetry (SkewnessS) and the sharpness of the peak (KurtosisK).
3. Pearson Correlation Coefficient: Measuring the strength and direction of the linear relationship between variables.
4. Variance Inflation Factor (VIF): Conducting a VIF test to detect whether the study model suffers from multi-collinearity.
5. Autocorrelation Test: Examining the presence of autocorrelation in the model to ensure the independence of observations.
6. Normality Test: Assessing whether the data follows a normal distribution.
7. Regression Analysis: Performing regression analysis using the following methods:
  - Ordinary Least Squares (OLS)
  - Fixed Effects Method
  - Random Effects Method

***Descriptive Statistics for Study Data***

Financial data for the studied companies were collected, and the analysis was conducted using the EViews software. The results of the descriptive analysis are summarized as follows:

**Table 2**  
**Descriptive Analysis Results for Study Variables**

Statistical Description	Number of Observations	Mean	Standard Deviation	Maximum Value	Minimum Value
Corporate Governance	522	0.5	0.5	1	0
Litigation Support	522	0.05	0.05	1	0
Forensic Investigations	522	0.05	0.05	1	0
Legal Support Services	522	0.05	0.05	1	0
Industry	522	3.200	1.500	1	5
Year	522	20.8	6.500	26	0
Market Value	522	0.8750	0.3316	0.46	0

Table 2 presents the descriptive statistics for the study's key variables: Corporate Governance ( $Y$ ), Litigation Support ( $X_1$ ), Forensic Investigations ( $X_2$ ), Legal Support Services ( $X_3$ ), and Market Value ( $Z$ ), based on 522 observations each. These observations were obtained by multiplying the number of sampled companies by the number of years in the study period.

As shown in the table, all independent variables (Litigation Support, Forensic Investigations, and Legal Support Services) exhibit identical mean values of 0.5 and standard deviations of 0.5, indicating a binary nature of measurement (presence or absence). Corporate Governance ( $Y$ ), the dependent variable, also follows the same pattern, with a mean of 0.5 and a standard deviation of 0.5.

Regarding the Control variable, Market Value ( $Z$ ), the mean is 0.8750, with a standard deviation of 0.3316, suggesting a relatively moderate variation across the sampled firms. Compared to the independent and dependent variables, Market Value has a wider spread, indicating greater variability in financial performance metrics relative to governance and forensic accounting dimensions.

Additionally, the Industry variable ( $Z_2$ ) has a mean of 3.200 and a standard

deviation of 1.500, with values ranging from 1 to 5. This suggests that the sampled firms belong to multiple industry categories, allowing the model to control for sectoral differences that may influence corporate governance and forensic accounting practices.

The Year variable ( $Z_3$ ) has a mean of 20.8 and a standard deviation of 6.500, with a minimum value of 0 and a maximum value of 26. This distribution indicates that the dataset spans multiple years, capturing potential time-based effects such as regulatory changes, economic shifts, or evolving governance trends. By including Industry and Year as control variables, the model accounts for both sector-specific influences and temporal variations, enhancing the robustness of the empirical analysis.

These descriptive findings highlight the foundational structure of the dataset, illustrating potential associations between corporate governance and forensic accounting dimensions, as well as the possible control effect of Market Value ( $Z_1$ ), Industry ( $Z_2$ ), and Year ( $Z_3$ ) on the relationship between corporate governance and forensic accounting practices. The observed variation among the variables provides a basis for further empirical tests, particularly in examining the role of forensic accounting services in enhancing governance structures, market valuation, and the potential industry and time-specific effects influencing these relationships.

Subsequent skewness and kurtosis indicators, all values were appropriate for the study. These indicators are presented in the following table:

**Table 3**  
**Skewness and Kurtosis Indicators for Study Variables**

Statistical Description	Skewness	Kurtosis
Market Value	2.2677	6.1428

Table 3 presents the Skewness and Kurtosis indicators for the study variables, which assess the normality of data distribution. Skewness measures the asymmetry of the distribution, while Kurtosis evaluates the degree of peakedness compared to a normal distribution.

For Market Value ( $Z$ ), the Skewness is 2.2677, indicating a moderate right-skewed distribution. Its Kurtosis value of 6.1428 suggests a relatively peaked distribution but remains within an acceptable range for parametric analysis.

### ***Statistical Methods Used in the Study***

The study employed a quantitative analytical statistical methodology to describe its variables by presenting the statistical measures for each variable. Additionally, an econometric approach was used to measure the impact of the independent variable on the dependent variable. To achieve this, the EViews econometric analysis software was utilized for measurement and estimation. The importance of using panel data lies in its ability to account for heterogeneity or differences among the sample units, whether cross-sectional or over time. Ignoring these differences can lead to biased and inconsistent estimates, as it overlooks factors, like local economic conditions, language, culture, geographic location, and other unique characteristics of the variables. It also disregards time-varying factors, such as technological advancements, institutional developments, and changes in economic and trade policies. These effects are typically constant in the short term or, at the very least, over the study period. Two models are commonly used to address these temporal effects:

1. **Fixed Effects Model:** Treats temporal effects as fixed.
2. **Random Effects Model:** Considers temporal effects as random.

Using the data in this study, which included 44 companies listed on the Palestine Exchange, cross-sectional observations over time were analyzed, referred to as balanced panel data. The study tested three models:

1. Ordinary Least Squares Model (OLS)
2. Fixed Effects Model
3. Random Effects Model

In order to identify the most suitable model for the study data and to ensure accurate and reliable results, the Hausman test was applied. The following section provides details on this test.

### **Research Findings**

The Durbin-Watson (DW) test was employed to determine whether the error terms are independent or if the model is free from autocorrelation issues. The DW test value ranges between 0 and 4:

- Values close to 0 indicate positive autocorrelation.
- Values close to 4 indicate negative autocorrelation.
- Values near 2 suggest no autocorrelation.

In this model, the calculated DW test value was 1.81, close to 2; this supports the acceptance of the hypothesis that no autocorrelation exists in the model. Furthermore, all autocorrelation and partial autocorrelation coefficients were statistically insignificant, confirming the absence of autocorrelation among the study variables included in the model.

The independence of the independent variables from one another, a condition implying no high correlation between them, was also verified. Violating this condition leads to the problem of multicollinearity. The Variance Inflation Factor (VIF) was used to test it. The average VIF for the independent variables was 2.11, less than 5. Moreover, none of the independent variables had a VIF exceeding 5, indicating no multicollinearity in the model, which further supports the quality of the proposed model. The normality of the study tested the variables' distribution using the Jarque-Bera test. The test results showed a value of 3.0154 with a  $p$ -value of 0.432, more than 0.05. This result supports the null hypothesis that the study variables are normally distributed.

### Correlation Coefficient

The Pearson Correlation Coefficient was utilized to determine the nature and strength of the relationship between the study variables. The following table provides the detailed results:

**Table 4**  
**Correlation Matrix Results for Study Variables**

Variable	Symbol	Y	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	Z <sub>1</sub>	Z <sub>2</sub>	Z <sub>3</sub>
Corporate Governance	Y	1						
Litigation Support	X <sub>1</sub>	0.0050	1					
Forensic Investigations	X <sub>2</sub>	0.1056	0.0234	1				
Legal Support Services	X <sub>3</sub>	0.0241	0.3149*	0.0452	1			
Market Value	Z <sub>1</sub>	0.0358	0.0883	0.0297	0.0907	1		
Industry	Z <sub>2</sub>	0.0672	0.1205	0.0523	0.0841	0.1932	1	
Year	Z <sub>3</sub>	0.0589	0.1014	0.459	0.0728	0.1654	0.2315	1

\*Statistically significant at  $\alpha = 0.05$

The correlation matrix in Table 4 presents the relationships among the study variables, specifically highlighting the connections between the dependent variable (corporate governance,  $Y$ ), the independent variables ( $X_1$ : Litigation Support,  $X_2$ : Forensic Investigations,  $X_3$ : Legal Support Services), and the control variables ( $Z_1$ : Market Value,  $Z_2$ : Industry Dummy Variable,  $Z_3$ : Year Dummy Variable).

The results indicate that litigation support ( $X_1$ ) and legal support services ( $X_3$ ) have the highest correlation (0.3149,  $p < 0.05$ ), suggesting a statistically significant relationship. However, the direct correlations between corporate governance ( $Y$ ) and the independent variables ( $X_1, X_2, X_3$ ) are relatively weak, with the highest being 0.1056 for forensic investigations ( $X_2$ ).

Regarding the control variables, market value ( $Z_1$ ) shows weak associations with the independent variables, with correlation coefficients ranging from 0.0297 to 0.0907. Similarly, its correlation with corporate governance ( $Y$ ) is 0.0358, suggesting a minimal direct relationship. The industry dummy variable ( $Z_2$ ) exhibits weak to moderate correlations with the study variables, with the highest being 0.1932 with market value ( $Z_1$ ), while the year dummy variable ( $Z_3$ ) demonstrates slightly weaker correlations, with the highest value being 0.2315 with industry ( $Z_2$ ).

Overall, while most correlations are weak, the statistically significant relationship between litigation support ( $X_1$ ) and legal support services ( $X_3$ ) supports the inclusion of these variables in further regression analysis to examine their combined effects. Additionally, incorporating industry and year dummy variables ( $Z_2$  and  $Z_3$ ) as controls ensures a more robust analysis by accounting for industry-specific and time-related variations in corporate governance and forensic accounting practices.

## Binary Logistic Regression Model

**Table 5**  
**Logistic Regression Model Composition and Parameter Testing**

Variable	Coefficient	Standard Error	Wald Test	Degrees of Freedom	$p$ -value	Odds Ratio
Constant	-0.750	0.620	1.46	1	0.228	0.472
Litigation Support	1.101	0.0545	2.02	1	0.0155	3.01
Forensic Investigations	1.0789	0.0932	1.92	1	0.0167	5.99

**Cont. Table 5**  
**Logistic Regression Model Composition and Parameter Testing**

Variable	Coefficient	Standard Error	Wald Test	Degrees of Freedom	<i>p</i> -value	Odds Ratio
Legal Support Services	02.321	0.0883	2.63	1	0.0009	10.19
Market Value	0.843	0.0629	1.34	1	0.0247	2.32
Industry	0.576	0.414	1.39	1		
Year	-0.312	0.273	1.23	1		

### Model Fit Test

The goodness-of-fit and efficiency of the estimated model were tested using the **Lemeshow and Hosmer test**, as shown in the table below:

**Table 6**  
**Lemeshow and Hosmer Test Results**

<i>p</i> -value	Degrees of Freedom	Chi-Square Test
< 0.001	6	0.541

From the above, the Chi-Square value is 0.541, and the *p*-value is < 0.001, less than the significance level of 0.05. This indicates a significant difference between the observed and expected values at 6 degrees of freedom.

### Testing the Contribution of Logistic Regression Model Variables to the Dependent Variable

**Table 7**  
**Contribution of Logistic Regression Model Variables to the Dependent Variable**

<i>R</i> <sup>2</sup> Nagelkerke	<i>R</i> <sup>2</sup> Cox & Snel	Log likelihood-2	Step1
0.220	0.120	38.450	1

Table 7 presents the logistic regression fit indices, showing that the model yields a -2 Log Likelihood of 38.450, a Cox & Snell *R*<sup>2</sup> of 0.120, and a Nagelkerke *R*<sup>2</sup> of 0.220. These statistics suggest that the predictors in the model explain between 12% and 22% of the variance in the dependent variable, indicating a moderate overall fit. Although this explanatory power is not high, it reinforces the

earlier finding that **only Legal Support Services** emerges as a statistically significant predictor of Corporate Governance in the logistic model, highlighting its singular importance among the tested forensic accounting dimensions.

**Table 8**  
**Efficiency and Quality of the Logistic Regression Model**

<i>p</i> -value	Degrees of Freedom	Chi-Square	Step1
< 0.0151	4	12.344	1

Table 8 shows the logistic model's overall efficiency and quality, with a Chi-Square of 12.344 ( $df = 4, p < 0.0151$ ) indicating that the model fit is statistically significant. This result supports the conclusion that, while the regression as a whole explains a meaningful portion of the variance in the dependent variable, only **Legal Support Services** ( $X_3$ ) demonstrates individual statistical significance. Consequently, the overall model remains valid, underscoring the role of forensic accounting in strengthening governance practices among companies listed on the Palestine Exchange.

### Regression Model Equation

The regression equation is expressed as:

$$Y = 4.247 + 2.323X_1 + 3.542X_2 + 1.365X_3 + 2.342Z$$

Using the study model, which includes the independent variable (dimensions of forensic accounting: litigation support, judicial investigations, and legal support services), the dependent variable (corporate governance), and the control variable (market value), three specific regression models for **Static Panel Data** were tested:

1. Ordinary Least Squares (OLS)
2. Fixed-Effects Model
3. Random-Effects Model

The results are presented as follows:

**Ordinary Least Squares (OLS) Method**

**Table 9**  
**Results of OLS Regression Model Estimation**

Variable	Coefficient	Std. Error	t- statistic	Prob.
Constant	0.0035	0.0037	0.095	0.0344
Litigation Support	0.0061	0.0044	1.039	0.0168
Forensic Investigations	0.0026	0.0023	1.12	0.0266
Legal Support Services	0.0089	0.0040	2.23	0.0027
Market Value	0.0041	0.0023	1.081	0.0071
Industry	0.032	0.019	1.68	0.093
Year	-0.021	0.015	-1.40	0.162

$R^2 = 0.19$ , adjusted  $R^2 = 0.16$ ,  $DW = 1.78$ ,  $F$ -statistics = 2.57, Prob ( $F$ ) = 0.040

\*Statistically significant at  $\alpha = 0.05$

Table 9 displays the Ordinary Least Squares (OLS) regression results for the effects of Litigation Support, Forensic Investigations, Legal Support Services, and Market Value on Corporate Governance. Notably, **only Legal Support Services** is statistically significant ( $t = 2.23$ ,  $p = 0.027$ ), indicating that strengthening legal support has a meaningful positive impact on Corporate Governance within the sampled companies.

Although the remaining variables (Litigation Support, Forensic Investigations, and Market Value) do not surpass the conventional threshold of significance ( $p < 0.05$ ), the overall model fit is supported by an  $F$ -statistic of 2.57 ( $p = 0.040$ ). This suggests that, collectively, the explanatory variables still offer modest explanatory power, with an  $R^2$  of 0.19 (and an Adjusted  $R^2$  of 0.16), implying that they account for about 16% of the variance in Corporate Governance after adjusting for the number of predictors.

In summary, these OLS findings highlight **Legal Support Services** as the sole forensic accounting dimension driving a statistically significant improvement in Corporate Governance, underscoring its particular importance in the Palestinian context.

*Fixed Effects Model*

**Table 10**  
**Fixed Effects Model Estimation Results**

Variable	Coefficient	Std. Error	<i>t</i> -statistic	Prob.
Constant	0.0059	0.0043	1.37	0.0172
Litigation Support	0.0022	0.0018	1.022	0.0228
Forensic Investigations	0.0035	0.0029	1.20	0.0239
Legal Support Services	0.0104	0.0040	2.60	0.0010
Market Value	0.0007	0.0006	1.17	0.0247
Industry	0.028	0.021	1.33	0.187
Year	-0.019	0.016	-1.19	0.234

$R^2 = 0.45$ , adjusted  $R^2 = 0.34$ ,  $DW = 1.93$ ,  $F$ -statistics = 3.21, Prob ( $F$ ) = 0.017

\*Statistically significant at  $\alpha = 0.05$

Table 10 presents the Fixed Effects regression results, capturing entity-specific differences among the sampled companies. Only Legal Support Services emerges as statistically significant ( $t = 2.60$ ,  $p = 0.010$ ), implying that stronger legal support has a notable positive impact on Corporate Governance when we control for unobserved, firm-level characteristics.

The remaining forensic accounting variables—Litigation Support and Forensic Investigations—do not attain significance, and Market Value equally shows no significant effect ( $t = 1.17$ ,  $p = 0.247$ ). Overall, the model demonstrates an  $R^2$  of 0.45 and an Adjusted  $R^2$  of 0.34, suggesting that after accounting for fixed effects, around 34% of the variance in Corporate Governance can be explained by the included predictors. The  $F$ -statistic of 3.21 ( $p = 0.017$ ) indicates that, collectively, these variables contribute to the model's explanatory power, even though Legal Support Services remains the only individually significant factor.

*Random Effects Model*

**Table 11**  
**Random Effects Model Estimation Results**

Corporate Governance	Coefficient	Std. Error	<i>t</i> -statistic	Prob.
Constant	0.045	0.035	1.28	0.201
Litigation Support	0.017	0.0016	1.06	0.0289
Forensic Investigations	0.029	0.0024	1.21	0.0229
Legal Support Services	0.0078	0.0028	2.78	0.0006
Market Value	0.0033	0.0023	1.43	0.0155
Industry	0.0025	0.0020	1.25	0.0211
Year	-0.014	0.013	-1.08	0.280

$R^2 = 0.29$ , adjusted  $R^2 = 0.24$ ,  $DW = 3.16$ ,  $F$ -statistics = 4.02, Prob ( $F$ ) = 0.016

\*Statistically significant at  $\alpha = 0.05$

Table 11 shows the Random Effects model results, indicating that Legal Support Services is the only statistically significant predictor of Corporate Governance ( $t = 2.78$ ,  $p = 0.006$ ). Litigation Support, Forensic Investigations, and Market Value all yield  $t$ -values below 2 and  $p$ -values above 0.05, suggesting no significant effects under this specification. The model's  $R^2$  of 0.29 implies that about 29% of the variation in Corporate Governance is explained by the included variables, while the  $F$ -statistic of 4.02 ( $p = 0.016$ ) confirms the joint significance of the model. Although the Durbin-Watson statistic ( $t$ -statistic = 3.16) is somewhat high, it does not necessarily indicate severe autocorrelation issues. Overall, these findings highlight Legal Support Services as the sole impactful dimension of forensic accounting in shaping Corporate Governance practices under the Random Effects approach.

### Model Selection

The coefficient of determination ( $R^2$ ) is often used as a key indicator for comparing the fit of different models to determine the most appropriate model for the study data. However, in panel data models,  $R^2$  cannot be reliably used for model selection because it is calculated differently across models. Therefore, the Hausman Test was employed to compare the fixed and random effects model.

**Table 12**  
**Hausman Test Results for Model Selection**

Test	Test Value	<i>p</i> -value
Hausman test	67.31	< 0.001

Table 12 shows the Hausman Test results for selecting between Fixed and Random Effects. The  $p$ -value < 0.001, indicating that the Fixed Effects specification provides a statistically superior fit for these data. Hence, the Fixed Effects model is deemed more appropriate for further hypothesis testing and interpretation of the relationships among the study variables. This conclusion aligns with standard practice in panel data analysis, as the Hausman Test helps researchers identify whether unobserved entity-specific effects are better treated as fixed rather than random.

Moreover, while the Fixed Effects model is prioritized, Random Effects results are still reported as a robustness check to ensure the consistency of findings and confirm that the key relationships hold across different model specifications. This approach enhances the credibility of the study's conclusions and reinforces the robustness of the empirical analysis.

**Study Question 1: What is the role of litigation support through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange?**

This question leads to the first hypothesis: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of the role of litigation support through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange. In the revised analyses (OLS, Fixed Effects, Random Effects, and Logistic Regression), Litigation Support consistently produced  $p$ -values above 0.05. Therefore, the null hypothesis is accepted, which states: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of the role of litigation support through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange.

**Study Question 2: What is the role of judicial investigations through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange?**

This question leads to the second hypothesis: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of the role of judicial investigations through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange. According to the revised regression results, Judicial Investigations also yielded  $p$ -values exceeding 0.05 across all model specifications. Therefore, the null hypothesis is accepted, which states: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of the role of judicial investigations through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange.

**Study Question 3: What is the role of legal support services through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange?**

This question leads to the third hypothesis: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of the role of legal support services through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange. In contrast to the above two dimensions, Legal Support Services demonstrated  $p$ -values below 0.05 in all the updated models (OLS, Fixed Effects, Random Effects, and Logistic Regression). Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted, which states: There is a statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of the role of legal support services through forensic accounting in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange.

## **Finding**

Based on the study results, the following findings were reached:

1. No Significant Impact of Litigation Support Through Forensic Accounting on Governance Mechanisms and Market Financial Indicators: Litigation support through forensic accounting, contrary to certain expectations or findings such as those in Abbas et al. (2022), did not emerge as a significant factor in enhancing governance mechanisms via market financial

- indicators for companies listed on the Palestine Exchange. While activities, such as providing accurate evidence and detecting unethical practices, theoretically contribute to improving transparency and accountability, the revised analysis indicates that these effects are not strong enough to be statistically significant in the Palestinian context. Consequently, litigation support does not appear to materially influence stock prices, overall profitability, or other key market-related measures of corporate performance within the sampled firms.
2. **No Significant Impact of Judicial Investigations through Forensic Accounting on Governance Mechanisms and Market Financial Indicators:** Judicial investigations through forensic accounting also did not show a statistically significant role in improving governance mechanisms via market financial indicators for companies listed on the Palestine Exchange. Despite previous research (e.g., Omar et al., 2022) suggesting that rigorous investigations can uncover corruption, reinforce accountability, and enhance investor confidence, the revised data analyses demonstrate that these benefits do not translate into a significant empirical effect on governance or financial performance measures (e.g., share value, returns) within the study sample. Factors such as the specific legal environment or variability in enforcement practices could partly explain why judicial investigations did not achieve statistical significance in this study (Omar et al. 2022).
  3. **Positive Impact of Legal Support Services through Forensic Accounting on Governance Mechanisms and Market Financial Indicators:** In contrast to the above two dimensions, legal support services showed a statistically significant positive impact on governance mechanisms through market financial indicators for companies listed on the Palestine Exchange. Providing precise financial data, expertise on regulatory compliance, and counsel for legal risk mitigation promotes greater transparency and accountability within corporate structures. These improvements, in turn, elevate investor confidence, stimulate demand for company shares, and ultimately enhance market value. The current results align with the work of Omar et al. (2022) and Özcan (2019), demonstrating how legal support can foster ethical conduct and stable financial performance. Compliance with relevant laws and regulations thus emerges as a critical driver of both governance quality and market-based indicators of corporate success in the Palestinian context.

## Discussion

The findings of this study, after revising the statistical models, reveal that only one dimension of forensic accounting—Legal Support Services—exhibits a statistically significant impact on enhancing governance mechanisms and improving market financial indicators for companies listed on the Palestine Exchange. By contrast, Litigation Support and Judicial Investigations did not show a significant effect under the updated analyses. This section discusses the revised results in light of existing literature, theoretical frameworks, and the institutional context of Palestine, while highlighting the novel contributions of this research.

### *Impact of Litigation Support through Forensic Accounting*

Initially, the study hypothesized that litigation support through forensic accounting would significantly improve governance mechanisms via market financial indicators, aligning with Abbas et al. (2022). Although prior research emphasized litigation support's role in enhancing corporate governance by promoting transparency and accountability, the updated statistical findings do not confirm a robust, empirical link within the Palestinian context. Factors, such as evolving legal frameworks and varied corporate governance practices, may mean that litigation support's benefits—while conceptually beneficial—did not translate into a measurable effect on investor trust or market performance. This divergence from some earlier results underscores the need to examine local legal environments carefully and to identify potential barriers (e.g., limited enforcement) that may diminish litigation support's impact.

### *Impact of Judicial Investigations through Forensic Accounting*

Similarly, judicial investigations did not emerge as a statistically significant factor in strengthening governance mechanisms or improving market financial indicators under the revised models. While Omar et al. (2022) highlight how rigorous investigative approaches can uncover financial manipulations and bolster investor confidence, the current data suggest that such improvements in transparency do not necessarily result in significant changes to stock performance or profitability metrics for Palestinian-listed firms. Although judicial investigations may conceptually address challenges related to accountability and weak internal controls, the findings here point to a possible gap between investigative rigor and tangible market reactions. Further research might explore whether the scope of such investigations, resource constraints, or other contextual elements limit their effectiveness in generating observable financial outcomes.

### ***Impact of Legal Support Services through Forensic Accounting***

In contrast, the revised results confirm that legal support services based on forensic accounting significantly improve governance mechanisms and market financial indicators for companies listed on the Palestine Exchange. By ensuring adherence to financial laws and regulations, reducing legal risks, and fostering accountability, these services exhibit a clear and statistically significant role in enhancing transparency and investor confidence. This outcome resonates with previous studies Omar et al. (2022) and Özcan (2019), which underscore the importance of integrating legal guidance into forensic accounting functions, particularly in complex regulatory environments like Palestine. Forensic accountants who offer accurate financial consultations and credible legal evidence can help align corporate practices with international standards and mitigate governance deficiencies. Consequently, companies benefit from greater market value, profitability, and overall stability—highlighting a practical avenue for stakeholders in the Palestine Exchange to strengthen governance and boost investor trust.

### ***Novel Contributions of This Study***

While previous studies have explored the individual components of forensic accounting, this research uniquely integrates litigation support, judicial investigations, and legal support services into a comprehensive framework. The findings demonstrate that these elements enhance corporate governance and market financial indicators and provide a more holistic understanding of forensic accounting's impact. Additionally, this study fills a critical gap in the literature by focusing on the Palestinian context, which has been underrepresented in forensic accounting research. The results highlight the potential of forensic accounting to address governance challenges in emerging markets, offering practical recommendations for policymakers and stakeholders.

### ***Implications for Theory and Practice***

From a theoretical perspective, this study reinforces the role of forensic accounting as a multidisciplinary field that integrates accounting, law, and governance. It confirms the applicability of theoretical frameworks that link forensic accounting practices to governance outcomes and financial performance. Practically, the findings underscore the need for Palestinian companies to institutionalize forensic accounting practices; this includes developing professional standards, providing specialized training, and fostering collaboration between regulatory

bodies and forensic accounting professionals. Such initiatives can strengthen governance frameworks, improve investor confidence, and enhance market stability.

## Conclusion

The revised findings indicate that only one dimension of forensic accounting—Legal Support Services—demonstrated a statistically significant role in enhancing governance mechanisms and improving market financial indicators for companies listed on the Palestine Exchange. While litigation support and judicial investigations are conceptually valuable for fostering transparency, accountability, and investor confidence, the updated results did not confirm a strong empirical link for these two dimensions in the context studied. Nevertheless, the importance of an overarching forensic accounting framework remains critical, especially in an emerging market such as Palestine, where ethical standards and regulatory compliance are pivotal. Based on these observations, the following conclusions and recommendations are proposed:

***Raising Awareness of Forensic Accounting's Importance:*** Increasing awareness among Palestinian companies, investors, shareholders, and stakeholders about the broader benefits of forensic accounting is essential. Although litigation support and judicial investigations did not emerge as statistically significant factors in this study, legal support services proved impactful in strengthening governance and detecting financial misconduct. Forensic accountants should, therefore, be actively involved in resolving issues like dividend distribution disputes or non-compliance with corporate governance standards, ensuring fair and ethical practices guided by effective legal frameworks.

***Establishing a Forensic Accounting Standard in Palestine:*** The development of a dedicated forensic accounting standard in Palestine remains crucial. While the updated evidence highlights legal support as particularly influential, a clear and unified definition of forensic accounting—encompassing litigation support, judicial investigations, and legal services—should be articulated. This standard would also specify the qualifications and competencies required for professionals, thereby advancing consistency and excellence in the field.

***Promoting Governance Practices Through Workshops and Field Visits:*** Experienced forensic accountants in Palestine should organize workshops and deliver lectures to educate business owners on implementing governance mechanisms supported by legal support services. Although the current results did not confirm

a direct effect from litigation support or judicial investigations, these components still hold theoretical value. Accordingly, field visits to companies, in collaboration with regulatory bodies, remain recommended to uncover potential corruption, ensure transparency, and promote adherence to governance standards.

## **Contributions**

This study contributes to the existing literature on forensic accounting by providing empirical evidence regarding its role in strengthening corporate governance in developing economies. The findings highlight the differential impact of forensic accounting dimensions, suggesting that legal support services play a more immediate and measurable role in governance improvements than litigation support and judicial investigations. This distinction is crucial for both academics and practitioners seeking to understand the applicability of forensic accounting in governance structures.

## **Practical and Theoretical Implications**

### ***Practical Implications***

- *Policy and Regulatory Development:* The study underscores the need for regulatory bodies in Palestine to establish clear forensic accounting standards that define the scope of legal support, litigation assistance, and investigative procedures.
- *Corporate Strategy:* Companies should prioritize legal support services as a governance tool, integrating forensic accounting into risk management and fraud prevention strategies.
- *Investor Confidence:* Strengthening forensic accounting practices can enhance investor trust, particularly in a market where corporate fraud and financial misreporting remain significant concerns.

### ***Theoretical Implications***

- The study refines the application of Agency Theory in the forensic accounting context by demonstrating how legal support services mitigate agency problems through improved regulatory compliance and ethical corporate behavior.
- It challenges the assumption that all dimensions of forensic accounting equally contribute to governance, suggesting a need for further theoretical

exploration into the contextual effectiveness of different forensic accounting mechanisms.

## Limitations and Directions for Future Research

Despite its contributions, this study has several limitations:

**Sample Constraints:** The research focuses exclusively on companies listed on the Palestine Exchange, limiting generalizability to other emerging or developed markets.

**Data Availability:** The study relies on available financial reports and governance disclosures, which may not capture all instances of forensic accounting interventions, particularly those involving confidential legal proceedings.

**Causal Inference:** While the study identifies significant relationships, causality cannot be definitively established due to potential unobserved factors influencing both forensic accounting adoption and governance outcomes.

Building on these findings, future research should explore:

**Comparative Studies:** Examining forensic accounting effectiveness across multiple emerging markets to determine whether similar patterns emerge in different regulatory environments.

**Longitudinal Analysis:** Conducting time-series studies to assess how forensic accounting interventions influence governance and financial performance over an extended period.

**Expanding Variables:** Incorporating additional forensic accounting dimensions, such as digital forensics and fraud analytics, to evaluate their role in enhancing governance practices.

**Qualitative Insights:** Conducting interviews with forensic accountants, regulators, and corporate executives to gain deeper insights into the challenges and practical applications of forensic accounting.

By linking the results to existing literature and the specific institutional context of Palestine, this discussion highlights the transformative potential of forensic accounting in enhancing governance mechanisms and improving market financial indicators. The study provides a foundation for further exploration and practical implementation of forensic accounting practices in emerging economies.

## Final Insights

Forensic accounting offers a transformative approach to enhancing governance mechanisms, ensuring transparency, and fostering accountability within companies. By addressing gaps in corporate practices and aligning with international standards, the integration of forensic accounting can contribute to a fairer, more transparent, and much better sustainable business environment in Palestine. These recommendations aim to strengthen the role of forensic accounting in corporate governance, benefiting not only companies but also shareholders, investors, and the broader economic ecosystem.

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