

Adoption and Diffusion of Valuation Standards in the Forensic Accounting Community and in Courts: Facilitating and Inhibiting Factors

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Abstract : Forensic accounting is a hot subject of research in accounting. Valuation remains one of the major topics for practitioners. Valuation standards are a powerful instrument that can contribute to a fair process: their use aims at reducing subjectivity and arbitrary decisions in courts. In most jurisdictions, valuation standards are not the law: forensic accountants are not obliged to use valuation standards when they perform valuation works for judges. To date, as far as we know, no literature work has investigated adoption and diffusion of valuation standards in the forensic accounting space. In this paper, we analyze the spread of valuation standards through the lenses of isomorphism and -as corollaries- of Agency Theory and Signaling Theory. Because of lack of research in the particular area of valuation standards adoption, the present work relies on qualitative, exploratory research, based on semi-structured interviews conducted (up to saturation) with expert forensic accountants. Our work digs into motivations behind adoption and diffusion, as well into perceptions of forensic accountants around benefits of valuation standards and into barriers to their diffusion: the result is that, while the vast majority of forensic accountants praise the great work of the standards setters in introducing valuation standards, it might be that less than 50% of forensic accountants actually use valuation standards, in courts. Our preliminary findings, to be supported or refuted by future research, lead us to address a “trilogy” of recommendations to the stakeholders involved in the process of adoption and diffusion of valuation standards in courts.

Keywords : forensic accounting, valuation standards, adoption of standards, motivations, benefits, barriers, Isomorphism

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