

Chapter 5

Fraud and Corporate Governance: A Bibliometric Review

Helena Inácio

 <https://orcid.org/0000-0003-1281-2156>

ISCA-UA and GOVCOPP, University of Aveiro, Portugal

Carlos Santos

 <https://orcid.org/0000-0001-9728-8538>

ISCA-UA, University of Aveiro, Portugal & Research Centre on Accounting and Taxation (CICF), Polytechnic Institute of Cávado and Ave, Portugal

ABSTRACT

This bibliometric review analyzes the current literature on fraud and corporate governance, seeking to identify significant patterns and trends in the field besides relevant articles, authors, and journals. The study uses articles and conference papers from the Scopus database and provides insights into the importance of corporate governance in preventing fraudulent activity. The findings indicate a growing interest on the subject after 2002, the USA being a significant contributor to research in this field, and the (old) fraud triangle theory being widely used, because a lack of success in developing (new) fraud detection theories. China and India are worth some attention for the future and forensic accounting remains a trend, but the use of blockchain is emerging. The study highlights the need to investigate other databases beyond SCOPUS and refine analyses to compare results with the current study. Limitations include the use of only one database and the need to associate similar keywords. The study's justification lies in its contribution to existing knowledge in the subject field.

DOI: 10.4018/978-1-6684-7885-1.ch005

1. INTRODUCTION

In recent years, the importance of corporate governance and its relationship with fraudulent activities within organizations has come to the forefront. The significance of corporate governance has witnessed a global rise, particularly in response to major corporate scandals involving Enron and WorldCom. These incidents resulted in considerable financial losses for both investors and stakeholders. These scandals also questioned the effectiveness of corporate governance mechanisms in preventing such fraudulent activity (Halbouni et al., 2016; Pascual Pedreño et al., 2021).

The direction and control of a company are managed through a system of processes, practices, and rules known as corporate governance. To effectively run a company, it is crucial to consider the interests of all parties involved. This includes shareholders, management, directors, customers, suppliers, financiers, government, employees, and the community (Najm et al., 2022). It provides a framework for attaining a company's objectives and encompasses practically every management sphere, from action plans and internal controls to performance measurement and corporate disclosure (Jensen & Meckling, 1976). Good corporate governance promotes accountability and transparency while avoiding massive wealth disparities and chronic corporate underperformance (Adams et al., 2019).

Fraud is wrongful or criminal deception intended to result in financial or personal gain. Obtaining unauthorized benefits often requires intentionally using deceit, misrepresentation, or manipulating information (Dong et al., 2018; Jensen, 2005; Zahra et al., 2005). Fraud is of many types, such as accounting irregularities, insider trading, embezzlement, and bribery. Regarding corporate governance, fraud typically involves unethical actions by management or employees. These actions can cause significant damage to an organization's financial stability and reputation (Dyck et al., 2010; Hail et al., 2018; Moberg, 1997; Montesdeoca et al., 2019).

Preventing fraud is significantly impacted by proper corporate governance. Good corporate governance can minimize the influence of factors contributing to fraud, such as opportunity and rationalization (Rohmatin et al., 2021). It also strengthens the impact of competence on fraud (Zairis, 2021). Additionally, corporate governance efforts can lead to increased vigilance and fraud detection as investors learn from their experiences and modify their investment behavior to avoid suspicious firms (Nguyen, 2022). Fraud-experienced investors are likelier to intensify their corporate governance activities and vote against management at other firms in their portfolios (Maravelaki et al., 2021). Furthermore, firms held by more fraud-experienced investors are less likely to receive accounting fraud sanctions in subsequent years (Mengshuang Du, 2021). Corporate governance is vital to prevent fraud, promote transparency, and protect the interests of stakeholders and the public by stopping the spread of misunderstanding.

14 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/fraud-and-corporate-governance/331501

Related Content

How the Family Business Hotels of Europe Are Rebuilt After COVID-19: Leveraging CSR Practices for Post-Pandemic Resilience

Maryum Bibi, Maria Ahmed Ajaz, Ali Said Akaak, Sadia Noureen and Bilawal Ali Shah (2024). *Strategies and Approaches of Corporate Social Responsibility Toward Multinational Enterprises* (pp. 96-115).

www.irma-international.org/chapter/how-the-family-business-hotels-of-europe-are-rebuilt-after-covid-19/336322

Fundamental Concepts of Corporate Social Responsibility and Sustainability

Alexandros Antonaras (2019). *Cases on Corporate Social Responsibility and Contemporary Issues in Organizations* (pp. 1-14).

www.irma-international.org/chapter/fundamental-concepts-of-corporate-social-responsibility-and-sustainability/221819

Study of Relation Between CSR and Employee Engagement in Hotel Industry

Jagdeep Singh (2019). *Corporate Social Responsibility: Concepts, Methodologies, Tools, and Applications* (pp. 1243-1249).

www.irma-international.org/chapter/study-of-relation-between-csr-and-employee-engagement-in-hotel-industry/207013

AI-Driven 3D Design on Learning

P. Selvakumar (2025). *Sustainable Practices in the Fashion and Retail Industry* (pp. 61-82).

www.irma-international.org/chapter/ai-driven-3d-design-on-learning/372011

Sustainable Development Goals: The Case of Safaricom Limited

Annex Nafula Wamalwa (2019). *Cases on Corporate Social Responsibility and Contemporary Issues in Organizations* (pp. 166-182).

www.irma-international.org/chapter/sustainable-development-goals/221828