

CORPORATE ACCOUNTING SCANDALS AND THEIR INFLUENCE ON GOVERNANCE AND ORGANIZATIONAL PERFORMANCE

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Abstract

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This study investigates the influence of corporate accounting scandals on the organizational performance of parastatals, with a specific focus on Zimbabwean entities. Previous literature indicates that such scandals erode public trust and confidence, leading to detrimental effects on financial performance (Namfukwe, 2024). The research employed a quantitative approach to analyze the extent of financial damage caused by these scandals. Findings revealed that accounting scandals significantly decreased the financial performance of parastatals in Zimbabwe, primarily due to factors such as weak corporate governance, inadequate internal controls, a lack of public awareness, poor financial management practices, and a lax regulatory environment. The study concludes that addressing these issues is critical for restoring trust and enhancing financial stability. To mitigate the effects of accounting scandals, the paper recommends improved corporate governance, strengthened internal controls, increased public awareness, sound financial management practices, and a more robust regulatory framework. This research is relevant as it provides actionable insights for policymakers and organizational leaders to enhance the integrity and performance of parastatals, thus contributing to the broader discourse on corporate governance (Shamsher & Zulkarnain, 2021).

Keywords: Corporate Accounting Scandals, Organizational Performance, Financial Management, Parastatals, Corporate Governance

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1. INTRODUCTION

Corporate accounting scandals represent a significant concern in the corporate world, particularly as they unravel the trust built between organizations and their stakeholders. Kanyongo and Wadesango (2025) define these scandals as occurrences resulting from the morally questionable use of financial resources, leading to substantial repercussions for third parties. These scandals encompass various forms of financial misconduct, including accounting manipulation, fraud, and an increased risk of bankruptcy. Paradzal et al. (2023) further describe corporate accounting scandals as political and commercial crises stemming from wrongdoing by high-ranking executives of prominent publicly traded companies. Such transgressions often entail intricate schemes to misuse or redirect funds, inflate revenues, misstate expenses, overestimate corporate assets, or underreport liabilities, sometimes with collusion from officials in other firms. It is essential to note that not all accounting discrepancies arise directly from top executives; managers and employees may engage in similar misconduct, driven by personal gain or external pressure. Notably, several companies have collapsed under the weight of these scandals, underscoring that poor corporate governance, particularly the lack of board oversight over the chief executive officer (CEO) and executive directors, remains a primary catalyst for corporate failure.

Despite the extensive examination of corporate accounting scandals in previous literature, there remains a notable gap regarding their specific influence on the organizational performance of parastatals, particularly within the context of Zimbabwe. This study aims to fill this gap by investigating how corporate accounting scandals affect the financial stability and operational effectiveness of parastatals in Zimbabwe. The research seeks to address the following questions:

RQ1: How do corporate accounting scandals impact the financial performance of parastatals?

RQ2: What specific factors contribute to the vulnerabilities of these organizations in the wake of accounting scandals?

By employing a quantitative research methodology, this study examines the extent of financial damage inflicted by scandals on the targeted entities in Zimbabwe.

The theoretical framework guiding this study is grounded in agency theory, which emphasizes the conflicts of interest that can arise between stakeholders and corporate executives. By applying this framework, the study elucidates the mechanisms through which corporate accounting scandals compromise organizational performance. The significance of this research lies in its capacity to provide actionable insights for policymakers and organizational leaders, enabling them to enhance corporate governance, strengthen internal controls, and foster financial stability in parastatals.

This comprehensive approach allows for a thorough exploration of the influence of corporate accounting scandals on organizational performance, paving the way for improved governance and financial integrity in the public sector.

The structure of this paper is as follows. Section 1 is the introduction, providing an overview of corporate accounting scandals and their implications. Section 2 reviews the relevant literature, examining previous studies and highlighting

the existing gaps. Section 3 analyzes the research methodology employed in this investigation, describing the quantitative approach taken to gather and analyze data. Section 4 presents the results of the research. Section 5 discusses the findings in light of the existing literature. Finally, Section 6 offers conclusions and recommendations aimed at mitigating the effects of accounting scandals on organizational performance, particularly within Zimbabwean parastatals.

2. LITERATURE REVIEW

2.1. Theoretical background of the research

The study has its underpinnings rooted in the internationally recognized frameworks on fraud, which are the fraud triangle theory (FTT) and agency theory. The agency theory was developed by Jensen and Meckling (1976). It provides a good rationale and foundation for the role forensic accounting can play in complementing the corporate governance mechanism. Thereby enhancing audit quality and restoring investors' confidence in the combined financial reporting process and corporate governance process. Bearing in mind that whenever accounting scandals come to light, the first person the business community points an accusing finger at is the auditor of that company's financial statement.

2.1.1. Agency theory

According to Jensen and Meckling (1976), the agency theory is defined as a contract under which one or more persons (the principal/s) engage another person (the agent) to perform some service on their behalf, which includes delegating some decision-making to the agent. According to Moloi and Marwala (2020), agency theory is a principle that is used to explain and resolve issues in the relationship between business principals and their agents. The theory presupposes that a corporation has agreements between managers (the agents) who are tasked with using and regulating those resources and the owners of economic resources (the principals) (Zogning, 2017). According to the theory, senior executives function as "agents" whose personal interests do not naturally match with those of the shareholders and have a principal-agent relationship with management (Albrecht et al., 2023). Since the agent makes many financial decisions that influence the principal, disagreements of opinion and even conflicts of priorities and interests might occur. This is commonly referred to as the principal-agent issue. It is said that an agency problem can result from any incentive that encourages the agent to act in a way that does not benefit the principal. One of the incentives is financial gain, though agency problems can occur because of other factors, for instance, the agent might use their superior expertise to take advantage of the principal.

2.1.2. Information asymmetry

Information asymmetry is the difference in information between the two parties. It is a condition where one party in a relationship has more or better information than the other. The leaders in charge of the company's management have quite frequent access to insider information on

the company's operations (Zogning, 2017). Also, shareholders do not always have the necessary competencies to know whether a transaction will serve their best interests or those of the managers. It is therefore possible for managers to adopt an opportunistic behavior by manipulating the information they manage.

2.2. The causes of accounting scandals

One of the challenges of accounting scandals is poor remuneration. According to Bonsu et al. (2018), poor compensation and poor states of administration can likewise cause and empower misrepresentation. Representatives who are inadequately paid are frequently enticed to deceitfully divert a portion of the managers' money to their own use to meet their own and social needs.

Another challenge is a reward system. Duraj et al. (2025) assert that certain people are more motivated by the possibility of reward and self-gain than others. Most major public limited companies base CEO compensation and director compensation on the firm's performance, such as how profitable the company is. Employees are under pressure to reach goals when bonuses are determined by financial metrics, which could lead them to engage in fraud.

2.3. Challenges faced by auditors in accounting scandals

2.3.1. Auditor independence-related challenges

According to Marques et al. (2019), the ability to make objective judgments and audit decisions free from outside pressures and effects is known as auditor independence. The credibility of the auditing profession is questioned by the independent auditor. Auditors are under pressure to guarantee that they deliver reliable reports to investors in the company.

2.3.2. Cooperation of the organization (managers or employees)

The audit manager is responsible for making sure that top management recognizes the value of auditing. Management must be informed of the cost of the audit findings as well as the bigger cost of doing (Kanyongo & Wadesango, 2025). Auditing is a precise, difficult task that necessitates paying great attention to every little detail. It gets challenging for you to properly and adequately finish the audit processes if the organization you audit does not comprehend the significance and scope of the audit and does not give you enough and accurate information. Sometimes, the auditor finds it difficult to make the proper conclusion or to create audit evidence because it is either lacking or too weak, or wrong.

2.4. The impact of accounting scandals on the performance of businesses

According to Chigudu (2020), a business being victim to fraudulent activity can make customers and clients lose trust in the integrity of the business.

Another effect of accounting scandals, according to Sane (2029), is that businesses engaging in fraud must pay more for capital because of

shifting business conditions. Revisions to existing contracts, including bank loans, a significant source of funding for the companies, may follow allegations of fraud.

2.5. Effects of accounting scandals on shareholders' investments

Accounting fraud can lead to insolvency, delisting from the stock market, asset sales, and senior management changes. The organization's long-term success is directly correlated with these modifications. As a result of the corporate changes brought on by the fraudulent actions, customers, lenders, and suppliers have less faith in the company, which hinders operations and growth. Working capital and cash flow challenges stem from declining market share and profitability levels. When financing requirements are not met, the company is at risk of going out of business.

2.5.1. Difficult raising capital

Future investors may be wary of making investments in the company, according to Alabdullah and Naseer (2023), because low stock valuations and a lack of effective corporate governance sometimes indicate a higher likelihood of risk and, eventually, loss.

2.5.2. Loss of shareholder trust and confidence

Corporate scandals erode stakeholders' confidence in a company and their faith in it. According to Bryant and Sigarjonsson (2023), this might leave stakeholders feeling duped and misled, leading them to search for a means to leave the business. Additional effects can result from shareholders and investors starting to sell company stock. If they believe that a company's near future will be filled with bad business judgments. This could set off a chain reaction that has disastrous repercussions for the business, causing stock prices to drop and its market value to gradually decline.

2.5.3. Opportunity cost

According to Mance et al. (2015), many companies are also impacted through lost economic opportunities because of fraud, examples include missed investments (e.g., interest income, new business opportunities), the need for cash infusions by company owners, additional expenses paid due to late payments incurred because of lack of funds.

2.6. Solutions to minimize scandals

Internal controls are a company's line of defence against misreporting financial results, whether those misstatements are brought on by willful fraud or unintentional error, according to Paradzal et al. (2023). The audit committee, board of directors, and senior management are reassured by internal controls that the company's financial reporting is accurate and follows applicable laws and regulations. It is crucial to implement various internal controls to raise the system's accountability and transparency. Employees are discouraged from falsifying financial data, engaging in fraud, and adopting dishonest accounting practices through several checks and balances. Additionally, fraud detection and prevention can be enhanced by

a system of internal controls and audit trails, along with stringent documentation requirements, verification, and sign-off. This lowers the risk of fraud and safeguards the business. A properly designed system of internal controls includes physical security of assets and records, timely accounting reconciliation, and segregation of duties.

3. RESEARCH METHODOLOGY

This study employs a quantitative research methodology to investigate the impact of corporate accounting scandals on organizational performance, specifically focusing on the finance division of the Admire Company. The target population consists of employees who were part of the finance department in 2015, as their experiences and observations regarding accounting irregularities during that period provide valuable insights into the entity's performance. For data collection, a structured questionnaire was administered to all 20 employees in the finance division, ensuring that the sample size was both comprehensive and representative. A quantitative approach was selected to facilitate statistical analysis, allowing for a clear examination of relationships and trends within the data. The structured nature of the questionnaire also aids in minimizing bias and ensuring the reliability and validity of the results.

Alternative methods, such as qualitative research, including interviews or focus groups, could have been employed to gain deeper insights into employee insights and perceptions regarding financial scandals. While qualitative methods could provide rich, detailed narratives, they may lack the broad generalizability that quantitative approaches offer. Additionally, mixed-method designs could integrate both qualitative and quantitative approaches, allowing for a more holistic understanding of the issue at hand. However, for this study, the quantitative methodology was deemed most appropriate due to its ability to

facilitate precise measurement and analysis of the impact of accounting scandals on organizational performance, yielding results that are statistically significant and easily interpretable.

In addition to the quantitative approach employed in this study, alternative methods such as semi-structured interviews and focus group discussions could also be considered to gather more nuanced insights into the attitudes and experiences of commuter omnibus operators regarding tax compliance. These qualitative approaches would enrich the findings by capturing the complexities and contextual factors influencing tax compliance that may not be fully captured through structured questionnaires.

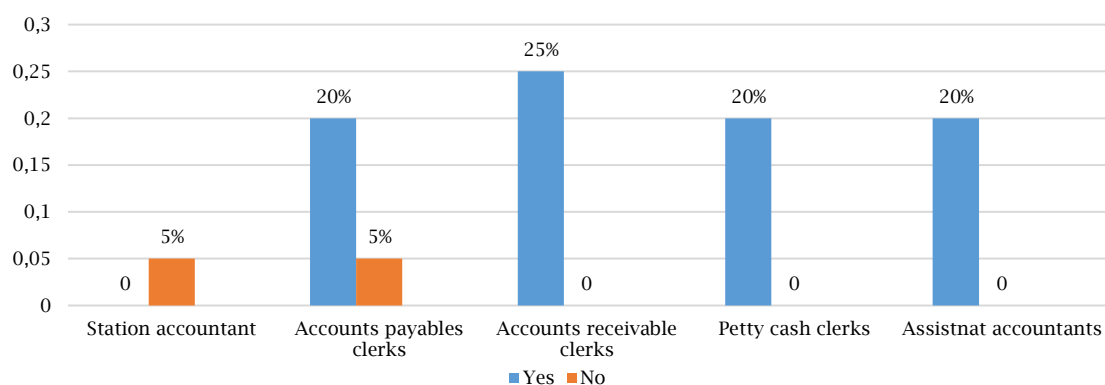
4. DATA ANALYSIS AND PRESENTATION

In examining the intricate relationship between corporate accounting scandals and organizational performance, this section delves into the empirical data collected from various case studies and financial reports. By analyzing key financial metrics and performance indicators before and after major scandals, we aim to uncover patterns that highlight the impact of unethical accounting practices on corporate health. The findings will provide valuable insights into the significance of transparency and integrity in fostering sustainable business growth.

4.1. Public awareness of recent corporate accounting scandals

Figure 1 assesses public awareness of recent corporate accounting scandals in Zimbabwe and identifies the primary channels through which individuals have received this information. By understanding how people learned about these incidents, we can gain insights into the effectiveness of media and communication strategies in disseminating important financial news.

Figure 1. Primary channels through which respondents have heard of the accounting corporate scandals that occurred in Zimbabwe in the past years



Source: Authors' elaboration.

Figure 1 shows that out of the total 20 participants in the study, 18 (90%) had heard of the accounting corporate scandals that occurred in Zimbabwe in the past years, while two (10%) participants had not heard of the scandals. Most of the participants, regardless of their job title, had heard of the accounting corporate scandals that occurred in Zimbabwe in the past years. This indicates that the scandals were widely known and

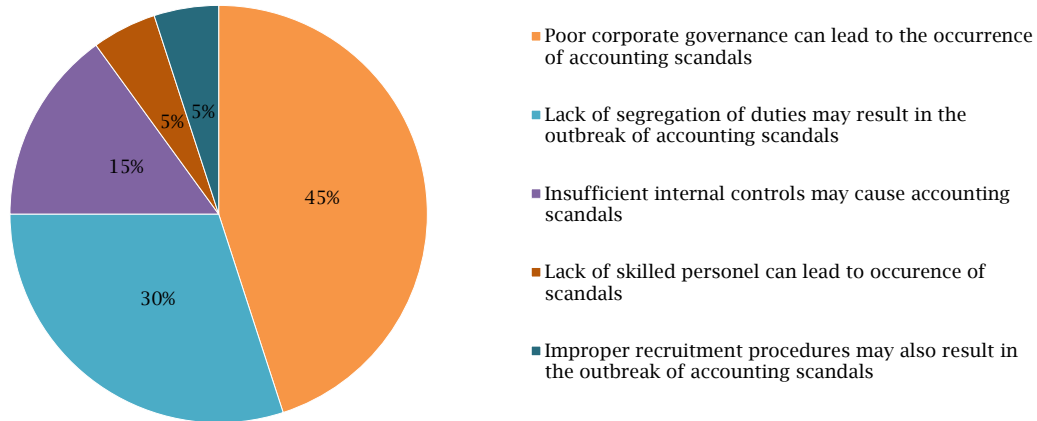
had a significant impact on the business community in Zimbabwe. It's worth noting that the station accountant was the only participant who did not answer "yes" to the question, which could suggest a lack of awareness or information about the scandals within that specific role. All the respondents stated that they heard about the scandals on social media platforms.

4.2. Causes of corporate accounting scandals

Figure 2 provides a clear and concise overview of the various factors that contribute to corporate accounting scandals, highlighting their interrelated

nature. By identifying these causes, the figure aims to enhance understanding and awareness of the risks involved in corporate financial reporting, ultimately promoting stronger oversight and ethical practices within organizations.

Figure 2. Causes of corporate accounting scandals



Source: Authors' elaboration.

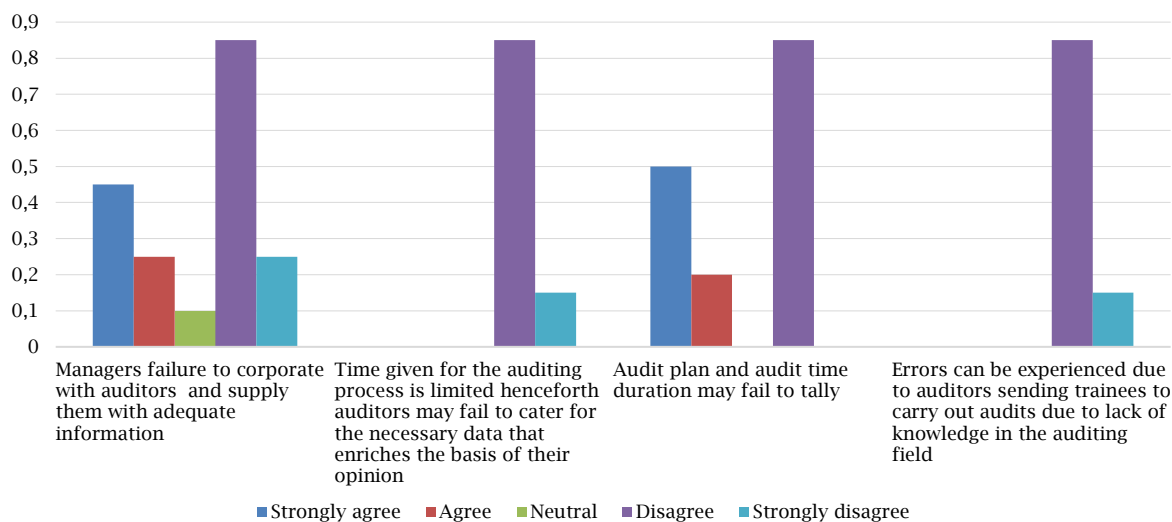
Figure 2 shows that the majority, nine out of 20 participants, agreed that poor corporate governance, six out of 20 strongly agreed that lack of segregation of duties, whilst three out of 20 insufficient internal controls can lead to the occurrence of accounting scandals. Additionally, one out of 20 stated that a lack of skilled personnel, and the other one out of 20 highlighted that improper recruitment procedures were also identified as potential causes of accounting scandals by some of the participants. From the data that was collected, we can conclude that most of the respondents, 30% agreed that lack of segregation of duties. Following this, the second largest number of respondents agreed that insufficient internal controls can lead to the occurrence of accounting

scandals. It can be concluded that these areas must be analyzed and reviewed so that improvements can be made to avoid future accounting scandals.

4.3. Challenges that are being faced by auditors in performing their duties in parastatals

Figure 3 outlines the key challenges that auditors encounter while conducting their audits in parastatals, highlighting the unique complexities of these government-owned entities. By identifying these obstacles, the table aims to facilitate a better understanding of the auditing environment in parastatals and inform stakeholders about potential areas for improvement in audit practices.

Figure 3. Challenges auditors face in performing their duties in parastatals



Source: Authors' elaboration.

Looking at the data provided in Figure 3, we can see that the responses are based on a Likert scale, where participants were asked to indicate their level of agreement or disagreement with certain

statements related to the audit process. For the statement "Managers failure to cooperate with auditors and supply them with adequate information", we can see that most respondents

agreed, whilst the others strongly agreed with this statement, with a combined total of 70%. This indicates that there may be an issue with managers not providing adequate information to auditors, which could potentially lead to issues during the audit process. For the statement “Time given for the auditing process is limited, henceforth auditors may fail to cater for the necessary data that enriches the basis of their opinion”, 85% of respondents disagreed with this statement, and the other 15% strongly disagreed. This suggests that participants did not believe that time constraints were a major issue during the audit process.

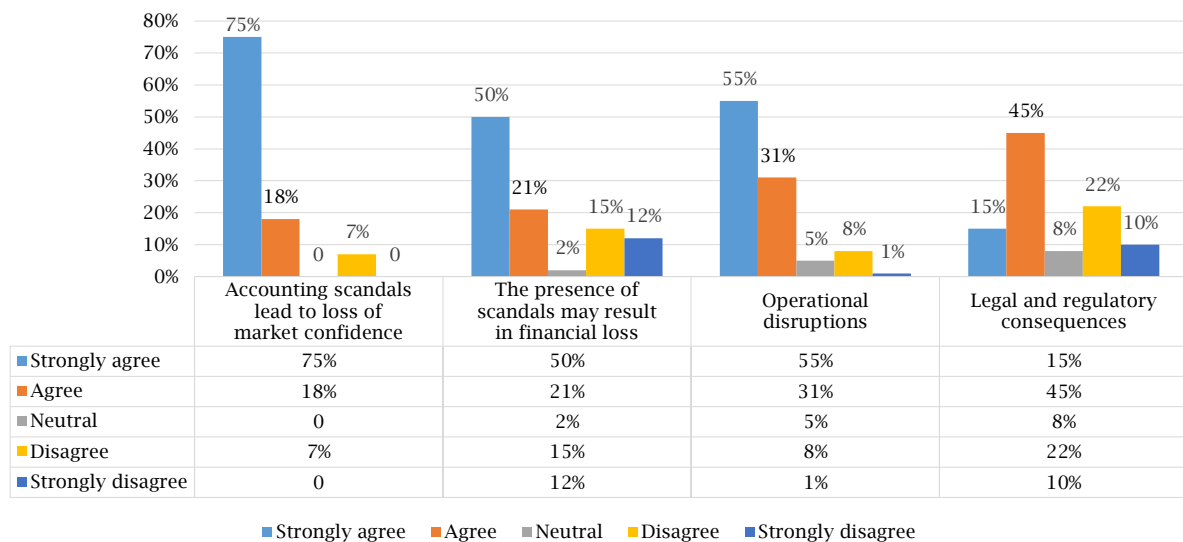
For the statement “Audit plan and audit time duration may fail to tally”, we can see that most respondents either agreed or strongly agreed with this statement, with a combined total of 70%. This indicates that there may be issues with planning and time management during the audit process. Finally, for the statement “Errors can be experienced due to auditors sending trainees to carry out audits due to lack of knowledge in the auditing field”, the majority of respondents disagreed with this statement, were

85% disagreeing with the statement, whilst 15% strongly disagreed. This suggests that participants did not believe that sending trainees to carry out audits was a major issue. These responses suggest that there may be some issues related to manager cooperation, audit planning, and time management during the audit process. However, participants did not believe that time constraints or sending trainees to carry out audits were major issues.

4.4. Effects of corporate accounting scandals on the performance of the Admire Company

Figure 4 illustrates the correlation between corporate accounting scandals and the subsequent performance metrics of the Admire Company, highlighting key financial indicators before and after these incidents. By analyzing these trends, we aim to provide insights into how such scandals impact investor confidence, market reputation, and overall corporate sustainability.

Figure 4. Corporate accounting scandals affecting the performance of the Admire Company



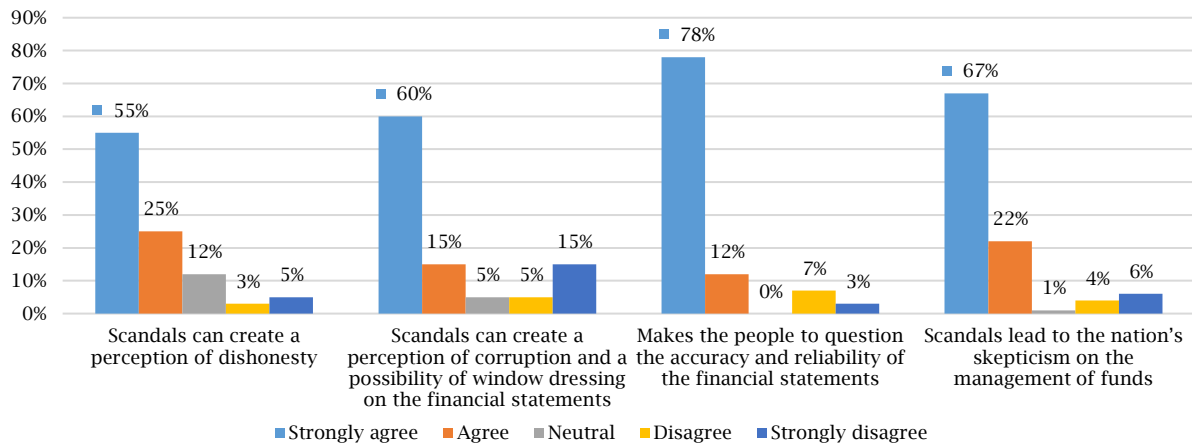
Source: Authors' elaboration.

Based on the data in Figure 4, it appears that most respondents, 75% strongly agree and 18% agree that accounting scandals lead to a loss of market confidence and may result in financial loss. Additionally, a majority, 75% of respondents, agree and 18% strongly agree that accounting scandals can cause operational disruptions. However, only a minority, 15% of respondents, strongly agree, whilst 45% agree that there may be legal and regulatory consequences resulting from accounting scandals. A total of 32% respondents disagreed that legal consequences could affect the performance of parastatals. Generally, the data suggests that accounting scandals can have a significant impact on the performance of Zimbabwean parastatals, such as the Admire Company. The loss of market confidence and financial loss resulting from scandals can make it more challenging for parastatals to attract new investors and secure financing for future projects. Additionally, operational disruptions can distract employees from critical tasks and create uncertainty among stakeholders. While the data suggests that

legal and regulatory consequences may not be seen as significant, it is important to note that these consequences can be significant and costly. Therefore, parastatals must prioritize strong governance and internal controls to prevent accounting scandals from occurring in the first place. This will help to ensure that parastatals are able to maintain investor confidence, avoid financial loss, and operate efficiently and effectively.

4.5. Effects of corporate accounting scandals on the credibility of financial statements in parastatals

Figure 5 illustrates the impact of accounting corporate scandals on the perceived credibility of financial statements in parastatals, highlighting key incidents and their repercussions. By analyzing these cases, the table aims to underscore the erosion of trust among stakeholders and the subsequent implications for transparency and accountability in public financial reporting.

Figure 5. Effects of corporate accounting scandals on the credibility of financial statements in parastatals

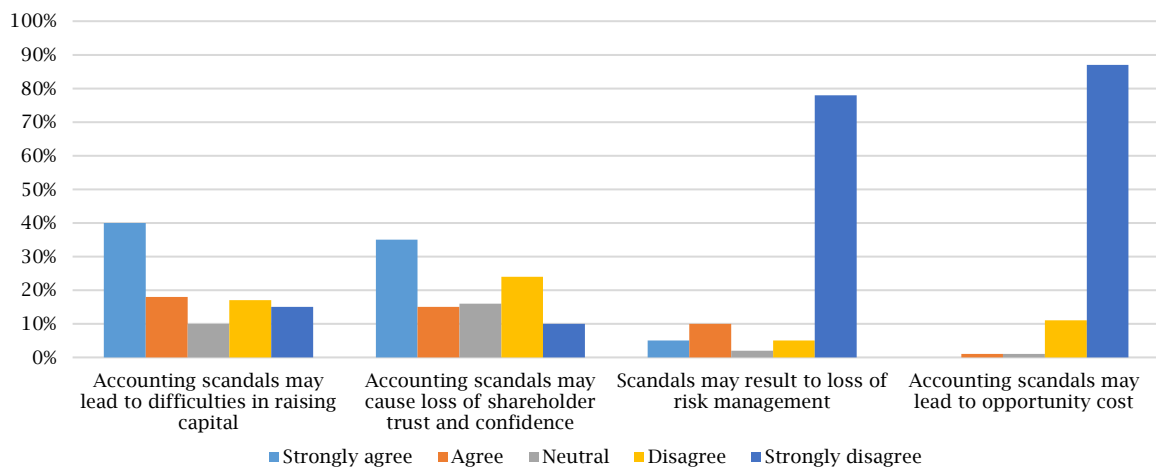
Source: Authors' elaboration.

Based on the data in Figure 5, it appears that most respondents agree that accounting scandals can create a perception of dishonesty giving combined total of 80%, corruption and window dressing on financial statements giving a combined total of 75% who agree, and that they make people question the accuracy and reliability of financial statements 90%. Additionally, most respondents agree or strongly agree that scandals can lead to skepticism from the nation regarding the management of funds 89%. The data suggests that accounting scandals can have a significant impact on the reputation and trustworthiness of Zimbabwean parastatals, such as the Admire Company. Scandals can create a perception of dishonesty and corruption, leading stakeholders to question the accuracy and reliability of financial statements and to be skeptical about the management of funds. These perceptions can damage the reputation and credibility of the company and make it more challenging to attract new investors and secure financing for future projects. Therefore, parastatals must prioritize strong governance and internal controls to prevent accounting scandals

from occurring in the first place. This will help to ensure that parastatals are able to maintain their reputation and credibility, avoid financial loss, and operate efficiently and effectively. Additionally, parastatals should consider implementing measures to rebuild trust with stakeholders, such as increased transparency and disclosure, and enhanced communication with stakeholders regarding steps taken to address any past accounting scandals.

4.6. Effects of corporate accounting scandals on the investment decisions of stakeholders in the Admire Company

Figure 6 analyzes the impact of corporate accounting scandals on the investment decisions of stakeholders in the Admire Company, highlighting the strategic shifts in behavior and perceptions related to trust and transparency. By examining these effects, we aim to provide insights on how such scandals may lead to increased scrutiny, altered risk assessments, and changes in stakeholder confidence in the company's financial reporting.

Figure 6. The effects of corporate accounting scandals on the investment decisions of stakeholders in the Admire Company

Source: Authors' elaboration.

Based on the data, it appears that a significant proportion of respondents 58% agree that accounting scandals may lead to difficulties in

raising capital, and 50% agree that scandals cause a loss of shareholder trust and confidence. Additionally, a minority of respondents 16%, agree

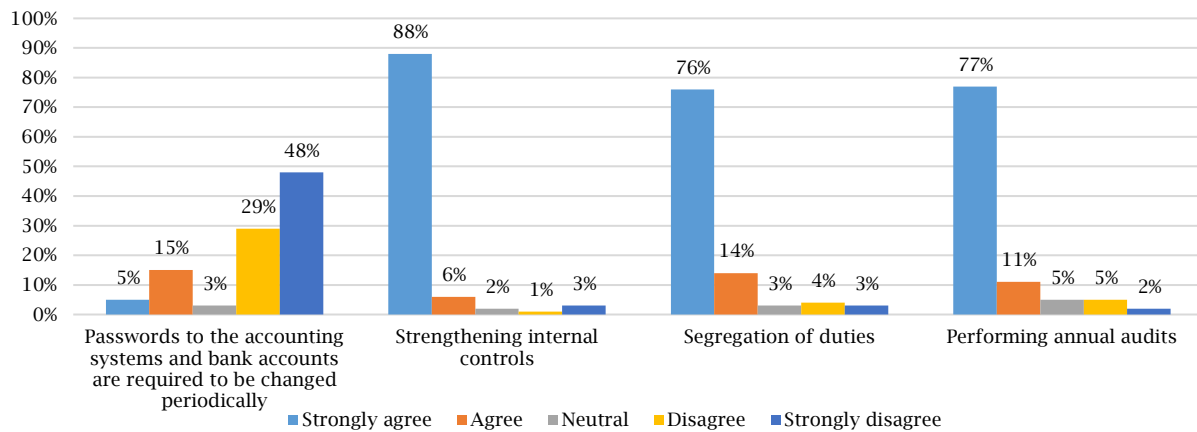
that scandals may result in a loss of risk management or lead to opportunity cost. This question had a large number disagreeing with the fact that scandals may result in a loss of risk management or lead to opportunity cost. The data suggests that accounting scandals can have a negative impact on the financial performance of Zimbabwean parastatals, such as the Admire Company. The difficulties in raising capital resulting from accounting scandals can limit the ability of parastatals to finance new projects and invest in critical infrastructure. Additionally, the loss of shareholder trust and confidence can lead to a decline in share prices and reduced investment in the company. While the data suggests that respondents do not see a significant impact on risk management or opportunity cost resulting from accounting scandals, it is essential to note that these impacts can be significant and costly. Therefore, parastatals must prioritize strong governance and internal controls to prevent accounting scandals from occurring in the first place. This will help to

ensure that parastatals are able to maintain investor confidence, avoid financial loss, and operate efficiently and effectively. Additionally, parastatals should consider implementing measures to rebuild trust with stakeholders, such as increased transparency and disclosure, and enhanced communication with stakeholders regarding steps taken to address any past accounting scandals.

4.7. Measures the Admire Company should take to prevent corporate accounting scandals from happening again

Figure 7 outlines key measures that the Admire Company can implement to proactively prevent future accounting corporate scandals, thereby enhancing financial integrity and accountability. By focusing on these preventive strategies, the Admire Company aims to foster a culture of transparency and ethical behavior within the organization.

Figure 7. Measures that the Admire Company should take to prevent corporate accounting scandals from happening again



Source: Authors' elaboration.

Figure 7 shows that the majority of respondents 94% agree that the Admire Company should strengthen internal controls, whilst 88% agree that performing annual audits, and 90% say segregating duties will help to solve the problem. Additionally, a small percentage of respondents suggested that passwords to the accounting systems and bank accounts should be changed periodically. These findings suggest that there is a need for the Admire Company to implement stricter control measures to prevent future scandals and to restore public trust in the organization. By implementing these measures, the Admire Company can ensure that its financial statements are accurate and reliable and prevent the occurrence of fraudulent

activities. Below is the regression analysis that was performed to measure the relationship between the impact of accounting scandals and the performance index of the Admire Company.

Performance index:

- High performance: 40% ($5 * 0.4 = 2$).
- Above average performance: 20% ($4 * 0.2 = 0.8$).
- Average performance: 20% ($3 * 0.2 = 0.6$).
- Below average performance: 15% ($2 * 0.15 = 0.3$).

Regression analysis results: The regression equation indicates the relationship between the impact of accounting corporate scandals (x) and the performance index (y).

Table 1. Regression analysis results

Variable	Average value
Impact of scandals (x)	
Question 1 – Passwords to the accounting systems and bank accounts are required to be changed periodically	2
Question 2 – Strengthening internal controls	4.75
Question 3 – Segregation of duties	4.56
Question 4 – Performing annual audits	4.56
Performance index (y)	
High performance	2
Above average performance	0.8
Average performance	0.6
Below average performance	0.3
Poor performance	0.05

$$y = a + b * x \quad (1)$$

where:

- y : This represents the dependent variable or the output variable you are trying to predict or analyse.
- a : This is the y-intercept or the constant term in the equation. It represents the value of y when x is equal to zero.
- b : This is the coefficient or the slope of the independent variable x . It represents the change in y for a unit change in x .
- x : This represents the independent variable or the input variable.
- Regression equation: $y = 2.1592 - 0.4869 * x$.
- Correlation coefficient (R): -0.966.
- Coefficient of determination (R^2): 0.933.

The correlation coefficient (R) measures the strength and direction of the relationship between x and y , and the coefficient of determination (R^2) indicates the proportion of the variability in y that can be explained by the variability in x . In this analysis, the negative correlation coefficient (-0.966) suggests a strong negative relationship between the impact of accounting corporate scandals and the performance index of the Admire Company. The coefficient of determination (0.933) indicates that approximately 93.3% of the variability in the performance index can be explained by the impact of accounting for corporate scandals.

5. DISCUSSION

The study found that accounting scandals in Zimbabwean parastatals were primarily caused by weak corporate governance, inadequate internal controls, poor financial management practices, and a weak regulatory environment.

Weak corporate governance: The study found that weak corporate governance was a significant contributing factor to accounting scandals in Zimbabwean parastatals. Inadequate oversight by boards of directors and weak accountability mechanisms led to fraudulent practices, including misappropriation of funds, embezzlement, and other financial irregularities. Based on the responses from the participants of the research study, the majority (9/20) of the participants agreed that poor corporate governance, and 6/20 strongly agreed that lack of segregation of duties. Inadequate internal controls were another contributing factor to accounting scandals in Zimbabwean parastatals. Weak internal controls, including poor financial reporting, lack of proper documentation, and ineffective risk management systems, led to fraudulent practices and financial losses. This concurs with the (Wadesango et al., 2023; Paradzal et al., 2023) study, which found similar results. From the data that was collected, we can conclude that most of the respondents agreed that a lack of segregation of duties led to accounting scandals in parastatals.

Poor financial management practices were also a significant contributing factor to accounting scandals in Zimbabwean parastatals. Inadequate financial planning and forecasting, inadequate budgeting, and poor financial reporting systems led to poor financial performance, which in turn contributed to fraudulent practices. The respondents were given this open-ended question, and they provided their thoughts freely.

A weak regulatory environment was a significant contributing factor to accounting scandals in Zimbabwean parastatals. Inadequate regulatory oversight and weak enforcement mechanisms created an environment conducive to fraudulent practices (Kanyongo & Wadesango, 2025).

The researchers also made efforts to look at the challenges that are being faced by auditors in performing their duties in parastatals, and it was revealed that most respondents agreed, whilst the others strongly agreed. This indicates that there may be an issue with managers not providing adequate information to auditors, which could potentially lead to issues during the audit process. Also, the data suggests that accounting scandals can have a significant impact on the performance of parastatals. The loss of market confidence and financial loss resulting from scandals can make it more challenging for parastatals to attract new investors and secure financing for future projects (Afriyie et al., 2021).

The prevalence of accounting scandals in Zimbabwean parastatals has resulted in a profound erosion of public trust and confidence in these institutions. This loss of credibility has not only tarnished the image of the parastatals but has also created an environment of skepticism among stakeholders, including investors, employees, and customers. As public trust dwindles, the reliance on these entities diminishes, making it increasingly difficult for parastatals to operate effectively. The resultant atmosphere of distrust is detrimental to financial performance, as it hampers revenue generation, stifles growth opportunities, and leads to increased scrutiny that further complicates operations.

In addition to damaging public confidence, accounting scandals have engendered significant financial losses for parastatals (Kanyongo & Wadesango, 2025). These losses may arise from inflated financial statements, misallocation of resources, and potential legal consequences stemming from fraudulent activities. The repercussions of such scandals are far-reaching; they not only jeopardize the immediate financial health of these organizations but also impose long-term financial burdens. With decreased revenues and increased costs, parastatals are often forced to implement austerity measures, which can adversely affect their service delivery and operational capabilities, leading to a vicious cycle of decline.

6. CONCLUSION

The study on corporate accounting scandals and their influence on organizational performance in Zimbabwean parastatals has uncovered critical findings that highlight the detrimental impact of these scandals on both financial and operational efficacy. The evidence indicates that weak corporate governance, inadequate internal controls, poor financial management practices, and a weak regulatory environment serve as significant contributors to the prevalence of accounting scandals. These factors not only foster an environment conducive to malpractice but also lead to a profound erosion of public trust and confidence in these vital institutions. Consequently, the implications of these findings are far-reaching, suggesting that improvements in governance, transparency, and regulatory oversight are essential to mitigate the adverse effects of accounting scandals on organizational performance.

Moreover, the study underscores the interconnectedness between corporate accounting scandals and the broader economic landscape of Zimbabwean parastatals. The loss of market confidence and financial integrity, along with significant financial losses, hampers these organizations' ability to secure funding and attract new investments. This loss reverberates through their operational capabilities, leading to reduced service delivery and stifled growth opportunities. The reputational damage inflicted by accounting scandals not only complicates the current operational environment but also poses long-term challenges for recovery and development. This highlights the urgent need for the implementation of sound financial practices, robust internal controls, and a more stringent regulatory framework to protect the integrity of these entities and restore public trust.

Nonetheless, this research acknowledges certain limitations, such as the potential for response bias within the survey participants and the focus on Zimbabwean parastatals, which may limit the generalizability of the findings to other contexts. Future research could delve deeper into the causal relationships between the identified factors and organizational performance, as well as explore the role of technology in enhancing financial transparency and governance structures. By addressing these areas, subsequent studies may contribute to a more comprehensive understanding of corporate accounting scandals and how they affect not only Zimbabwean parastatals but potentially other sectors facing similar challenges. Ultimately, rebuilding public trust and ensuring long-term sustainability in these institutions will require continued commitment to improving governance, financial practices, and regulatory oversight.

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