IOSR Journal Of Economics and Finance (IOSR-JEF)
e-ISSN: 2321-5933, p-ISSN: 2321-5925.Volume 17, Issue 1 Ser. 3 (Jan. – Feb. 2026), PP 64-68
www.Iosrjournals.Org

Guardians Of Trust: An Investigation Into The Major Causes And Mitigation Strategies Of Fraudulent Conduct In Professional Accountancy

Mildred Mulenga
(School Of Business Studies, University Of Zambia, Zambia)

Abstract:
Background: *Fraudulent conduct within the professional accountancy sector poses a significant threat to organizational integrity, financial transparency, and stakeholder confidence globally. This study aimed to investigate the major causes of such conduct and evaluate the effectiveness of existing mitigation strategies among accounting professionals in Chipata District, Eastern Province, Zambia.*
Materials and Methods: *A descriptive cross-sectional research design was employed. Primary data were collected from a sample of 75 accountants, auditors, and finance officers using structured questionnaires. Quantitative data were analyzed using SPSS version 29, employing descriptive statistics (frequencies, percentages, means) and inferential statistics, including Pearson's correlation and Chi-Square tests, to identify significant associations and trends.*
Results: *The findings identified weak internal control systems, personal and organizational financial pressure, inadequate ethical training, poor remuneration, and lax enforcement of professional standards as the predominant drivers of fraudulent conduct. A weak positive correlation ($r=0.183$, $p=0.161$) was found between fraud frequency and mitigation efforts, suggesting a reactive rather than proactive organizational response.*
Conclusion: *The study concludes that mitigating fraudulent conduct requires a multi-faceted approach. Critical interventions include strengthening internal control frameworks, fostering a robust ethical organizational culture, instituting continuous professional ethics training, and enhancing regulatory oversight and enforcement. These measures are essential for safeguarding the integrity of the accountancy profession.*
Key Words: *Fraudulent Conduct, Professional Accountancy, Internal Controls, Ethical Training, Mitigation Strategies, Zambia.*

Date of Submission: 25-01-2026 Date of Acceptance: 05-02-2026

I. Introduction

Fraud has emerged as a persistent global challenge affecting both public and private sector organizations, undermining financial performance, governance, and public confidence. High-profile corporate scandals and financial crises have demonstrated how weak controls, ethical failures, and financial pressures create environments conducive to fraud (Wells, 2017). In developing countries, these challenges are often magnified by institutional weaknesses, limited regulatory capacity, and socio-economic pressures.

In Zambia, cases of financial mismanagement and fraud have been reported in both government institutions and private organizations, with district-level institutions increasingly exposed to fraudulent practices. Despite the existence of regulatory frameworks and professional accounting standards, fraudulent conduct remains prevalent, particularly in semi-urban settings such as Chipata District. However, most empirical studies on fraud in Zambia have concentrated on major urban centers, leaving a gap in understanding fraud dynamics at district level.

This study was therefore undertaken to investigate the major causes of fraudulent conduct in professional accountancy and to assess the effectiveness of mitigation strategies in Chipata District. By providing localized empirical evidence, the study contributes to improved policy formulation, professional practice, and academic discourse on fraud prevention in resource-constrained settings.

II. Material And Methods

The target population comprised professional accountants, accounting officers, auditors, and finance personnel employed in selected public and private sector organisations within Chipata District. These individuals were considered appropriate for the study due to their direct involvement in financial management, accounting processes, and internal control systems.

Study design: This study employed a mixed-methods research design, integrating descriptive and exploratory approaches to provide a comprehensive analysis of fraudulent conduct in professional accountancy. The design facilitated both quantitative measurement of trends and qualitative exploration of underlying causes and contextual factors.

Study location: The study was conducted in Chipata District, Eastern Province, Zambia. This location was selected as a representative semi-urban commercial hub containing diverse public and private sector institutions, including government departments, financial institutions, non-governmental organisations, and private companies, all employing professional accounting personnel.

Sample size: A total of seventy-five (75) participants were included in the study, comprising professional accountants, auditors, financial managers, and regulatory officials from selected organisations within the study location.

Sample size calculation: The sample was determined through a dual-strategy approach to address both quantitative and qualitative research objectives. For the quantitative component, a sample of 60 respondents was established to enable meaningful statistical analysis and ensure representation across different organisational sectors and professional roles. For the qualitative component, 15 key informants with specialised expertise in fraud detection, prevention, and governance were selected to provide in-depth, expert insights. The quantitative respondents were selected using stratified random sampling, while the qualitative participants were identified through purposive sampling based on their professional experience and direct involvement with fraud-related matters.

Inclusion criteria
1. Professional accountants, accounting officers, auditors, and finance personnel employed in public and private sector organisations within Chipata District.
2. Individuals actively involved in financial management, accounting, auditing
3. Participants with a minimum of one year of professional experience in accounting or finance-related duties.

Exclusion criteria
1. Accounting or finance personnel operating outside Chipata District.
2. Individuals with less than one year of experience in accounting or finance-related roles.
3. Employees whose duties were not directly related to accounting, auditing, or financial management.

Procedure methodology

This study employed a mixed-methods approach to investigate the causes and mitigation of fraudulent conduct within the professional accountancy sector in Chipata District, Zambia. Following ethical approvals and obtaining of informed consent, data were collected from a purposively selected cohort of 75 professionals. A structured questionnaire was administered to 60 accountants, auditors, and financial managers to gather quantitative data on socio-demographic factors, perceived causes of fraud (such as financial pressure and weak controls), and the effectiveness of existing mitigation strategies. Concurrently, in-depth, semi-structured interviews were conducted with 15 senior experts, including forensic accountants and regulators, to obtain qualitative insights into the contextual drivers and systemic vulnerabilities enabling fraud. Quantitative data were analyzed using SPSS version 29, employing descriptive and inferential statistics, including correlation and Chi-Square tests. Qualitative data underwent thematic analysis to identify prevalent patterns and themes. The study design ensured methodological rigor through instrument pre-testing, triangulation of data sources, and strict adherence to confidentiality protocols to safeguard participant anonymity throughout the research process.

Statistical analysis

Data were analyzed using SPSS version 29 software. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondent demographics and key variables. The relationships between categorical variables, specifically employer type, organizational position, and major causes of fraudulent conduct, were examined using cross-tabulation. A Pearson correlation coefficient was calculated to assess the association between the frequency of fraudulent conduct and mitigation efforts. The Chi-Square test of independence was employed to analyze the relationship between the major causes of fraudulent conduct, with Fisher's Exact Test used where applicable. The significance level was set at $P < 0.05$ for all inferential tests.

III. Result

The descriptive analysis of 60 respondents revealed a predominantly male (56.7%, n=34), married (58.3%, n=35), and Christian (88.3%, n=53) sample, all with university-level education. The majority were employed by the Government of the Republic of Zambia (GRZ) (68.3%, n=41), possessed significant experience (48.3% with >16 years, n=29), and held middle-management positions (68.3%, n=41).

Table no 1: Shows Descriptive Statistics of Respondent Demographics (n=60)

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Marital status	60	1.00	3.00	1.7833	.61318
Religion	60	1.00	2.00	1.1167	.32373
Level of Education	60	3.00	3.00	3.0000	.00000
Level of profession	60	1.00	2.00	1.4500	.50169
Employment	60	1.00	3.00	1.5333	.83294
Experience	60	2.00	4.00	3.2833	.78312
Position	60	1.00	3.00	2.0500	.56524
Valid N (listwise)	60				

A cross-tabulation analysis between employer, position, and major causes of fraudulent conduct revealed distinct patterns. For top management, the primary cause was *pressure to meet financial targets* (n=8). For middle management (predominantly GRZ), the dominant cause was *personal financial difficulties* (30 out of 41 cases). For lower management, *pressure to meet financial targets* was the principal cause (n=11).

Table no 2: Shows Cross-tabulation of Employer, Position, and Major Causes of Fraudulent Conduct

Position	Employer	Personal financial difficulties	Pressure to meet financial target	Weak internal control	Total
Top Management	Private company	0	4	0	4
	NGOS	0	4	0	4
	Total	0	8	0	8
Middle Management	GRZ	30	0	11	41
	Total	30	0	11	41
Lower Management	Private company	0	2	0	2
	NGOS	0	9	0	9
	Total	0	11	0	11
Total	GRZ	30	0	11	41
	Private company	0	6	0	6
	NGOS	0	13	0	13
	Grand Total	**30**	**19**	**11**	**60**

Correlation analysis indicated a weak, non-significant positive relationship between the frequency of fraudulent conduct and mitigation efforts (Pearson r = 0.183, p= 0.161). Chi-Square analysis of the major causes of fraudulent conduct revealed a significant overall association (Pearson Chi-Square = 62.188, p< 0.001), although the test for individual causes like *pressure to meet financial targets* was not significant (Pearson Chi-Square = 0.693, p = 0.405). The assumption of the Chi-Square test was violated as 73.3% of cells had an expected count less than 5.

Table no 3: shows Chi-Square Tests for Major Causes of Fraudulent Conduct

Major causes of fraudulent conduct	Value	Df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)
lack of ethical training	. b			
N of Valid Cases	30			
pressure to meet financial target				
Pearson Chi-Square	0.693	1	0.405	
Continuity Correction	0.114	1	0.735	
Likelihood Ratio	0.704	1	0.401	
Fisher's Exact Test				0.628
N of Valid Cases	19			
weak internal control	. e			
N of Valid Cases	11			
Total				
Pearson Chi-Square	62.188	8	**<0.001**	
Likelihood Ratio	75.624	8	**<0.001**	
N of Valid Cases	60			

Thematic analysis of qualitative data identified low remuneration and lack of professional growth as primary drivers of job dissatisfaction. Respondents reported that weak enforcement of anti-fraud policies and insufficient training leave organizations vulnerable. Financial statement manipulation and fund misappropriation were the most cited fraud types. The major effects of fraud included reputational damage, financial loss, and lowered morale. Persistence of fraud was attributed to weak internal controls and fear of retaliation against whistleblowers. Suggested improvements focused on strengthening controls, ensuring policy enforcement, providing ethics training, and fostering a transparent culture with whistleblower protection. Respondents also reported facing ethical pressure from management to overlook irregularities.

IV. Discussion

Fraudulent conduct within professional accountancy poses a significant threat to organizational integrity and financial stability, necessitating a deep understanding of its drivers and effective countermeasures. This study investigated the major causes and mitigation strategies of such conduct, integrating quantitative and qualitative data from accounting professionals.

The quantitative analysis revealed a complex relationship between key variables. The Chi-Square test indicated a significant overall association between the combined major causes of fraud ($p < 0.001$), aligning with the multi-faceted nature of fraud described in the literature. Scholars such as KPMG (2019) emphasize that fraud is rarely attributable to a single cause but rather emerges from a confluence of factors including opportunity, pressure, and rationalization, as encapsulated in Cressey's (1953) Fraud Triangle. However, the individual analysis for specific causes like *pressure to meet financial targets* did not yield statistical significance ($p = 0.405$), a finding that may be attributed to data distribution limitations, as noted by Brennan and McGrath (2007). This does not diminish the factor's practical importance, as qualitative responses strongly identified financial pressures as a key motivator, a point corroborated by Albrecht et al. (2012).

Similarly, the correlation between the frequency of fraudulent conduct and mitigation efforts was found to be weak and non-significant ($r = 0.183$, $p = 0.161$). This suggests that organizations may not proportionally escalate their anti-fraud measures in direct response to fraud incidents, often relying instead on reactive rather than proactive systems. This observation resonates with the findings of Zahra et al. (2005), who argue that organizational learning from fraud events is often fragmented. The Association of Certified Fraud Examiners (ACFE, 2022) posits that a proactive, ingrained culture of control and ethics is more determinative of effective mitigation than the mere frequency of past frauds.

A central theme emerging from the qualitative data was the role of *job dissatisfaction* particularly stemming from low remuneration and stunted career progression in the civil service as a potent driver of unethical behaviour. As one respondent noted, such dissatisfaction can tempt employees to seek unethical means to compensate. This finding is supported by the work of Akerlof and Yellen (1994), which links economic dissatisfaction to increased propensity for misconduct. This environment is often compounded by *inadequate policy enforcement.* Despite the reported existence of anti-fraud policies, weak implementation and insufficient training render them ineffective, a vulnerability consistently highlighted in reports by the ACFE (2020).

The types of fraud identified, primarily *financial statement manipulation and misappropriation of funds*, point to critical weaknesses in financial oversight and internal controls. These findings echo research by Smith and Robinson (2016), which identifies weak controls as a primary enabler of such misconduct. The consequences are severe, leading to *reputational damage, financial loss, and diminished employee morale*, effects well-documented by McGee and Box (2015) as crippling to long-term organizational health. The persistence of fraud was attributed to these systemic weaknesses, coupled with a culture of fear that deters whistleblowing, a challenge also identified by the Ethics and Compliance Initiative (ECI, 2019).

To address these issues, respondents advocated for systemic reforms. Key recommendations include strengthening internal controls, ensuring rigorous enforcement of policies, providing continuous ethics training, and establishing robust whistleblower protection mechanisms. These measures align with global best practices emphasized in frameworks like the Global Anti-Fraud Barometer (2018). Furthermore, respondents highlighted the corrosive effect of *ethical pressure from management* to compromise standards, a phenomenon studied by Trevino and Brown (2005), underscoring the critical need for ethical leadership. Ultimately, fostering a *cultural shift* toward transparency and accountability, supported by enhanced collaboration with regulators as advocated by governance codes, is essential to building organizational resilience against fraud. The present study was conducted among professional accountants in Zambia, providing context-specific insights into the drivers and deterrents of fraudulent conduct within the profession.

V. Conclusion

The study concludes that mitigating fraudulent conduct requires a multi-faceted approach. Critical interventions include strengthening internal control frameworks, fostering a robust ethical organizational culture, instituting continuous professional ethics training, and enhancing regulatory oversight and enforcement. These measures are essential for safeguarding the integrity of the accountancy profession.

References

[1]. ACFE. (2022). Report To The Nations On Occupational Fraud And Abuse. Association Of Certified Fraud Examiners.
[2]. Aguilera, R. V., & Cuerno-Cazurra, A. (2004). Codes Of Good Governance Worldwide: What Is The Trigger? Organization Studies, 25(3), 415–443.
[3]. Ball, R. (2009). Market And Political/Regulatory Perspectives On The Recent Accounting Scandals. Journal Of Accounting Research, 47(2), 277–323.
[4]. Banda, T., & Kaluba, M. (2021). Fraud Risk Management In The Zambian Private Sector: Challenges And Strategies. Zambia Journal Of Finance And Audit.
[5]. Beasley, M. S., Carcello, J. V., Hermanson, D. R., & Neal, T. L. (2010). *Fraudulent Financial Reporting 1998-2007: An Analysis Of U.S. Public Companies
[6]. Bierstaker, J. L., Broody, R. G., & Pacini, C. (2006). Accountants' Perceptions Regarding Fraud Detection And Prevention Methods. Managerial Auditing Journal, 21(3), 520–535.
[7]. Chanda, J., & Phiri, D. (2018). Causes Of Fraudulent Behaviour In Zambian Government Institutions. University Of Zambia Journal Of Social Sciences.
[8]. Coffee, J. C. (2005). A Theory Of Corporate Scandals: Why The USA And Europe Differ. Oxford.
[9]. Combines. (2004). Fraud In Business Marketing. Washington DC.
[10]. Cressey, D. R. (1953). Other People's Money: A Study In The Social Psychology Of Embezzlement. Free Press.
[11]. Gramling, A. A., Maletta, M. J., Schneider, A., & Church, B. K. (2004). The Role Of The Internal Audit Function In Corporate Governance: A Synthesis Of The Extant Internal Auditing Literature And Directions For Future Research. Journal Of Accounting Literature, 23, 194–244.
[12]. Greenberg. (2003a). Bank Supervision And Corruption And Lending. Journal Of Monetary Economics, 53.
[13]. Greenberg. (2003b). An Empirical Analysis Of The Relation Between The Board Of Director Composition And Financial Statement Fraud. The Accounting Review, 71.
[14]. Jensen, M. C., & Meckling, W. H. (1976). Theory Of The Firm: Managerial Behaviour, Agency Costs, And Ownership Structure. Journal Of Financial Economics, 3(4), 305–360.
[15]. Mumba, A., Tembo, P., & Mwila, J. (2017). Corruption And Fraud In Zambia's Financial Institutions. African Journal Of Ethics And Accountability.
[16]. Neptune, T. (2001). Organizational Fraud And Control Mechanisms In Sub-Saharan Africa. Journal Of Internal Control.
[17]. Office Of The Auditor General. (2021). Annual Report On The Accounts Of The Republic. Government Of Zambia.
[18]. Wells, J. T. (2017). Corporate Fraud Handbook: Prevention And Detection. Wiley.
[19]. Zimba, B., & Mwanza, E. (2020). Ethical Practices And Fraud Mitigation In Zambia's Public Sector. Journal Of Governance And Development.