Literature review sketch

Corporate governance plays a crucial role in maintaining the integrity and transparency of financial reporting within organizations. Accounting scandals have had a profound impact on public trust, investor confidence, and the stability of the financial markets. In response, regulatory bodies have implemented corporate governance codes to enhance accountability, mitigate fraud risks, and promote ethical practices. This literature review aims to critically examine the effectiveness of the current Corporate Governance code in the UK in preventing accounting scandals, in comparison to the previous codes.

Cheffins, B. R. (2001) provides an extensive historical examination of corporate governance and reveals an ongoing trend towards increased transparency and accountability in governance practices over time. This trend, Cheffins suggests, theoretically helps prevent accounting scandals by enforcing stringent checks and balances in financial reporting.

However, while Cheffins' work sheds light on the evolution of corporate governance, his study lacks a specific focus on the impact of these changes in preventing accounting scandals, especially during the period of 2012-2022. There's a notable gap in his research in terms of empirical evidence correlating the enhanced transparency and accountability with a decrease in accounting scandals.

While the historical perspective offers an important understanding of the trajectory of corporate governance, the lack of detailed analysis of specific accounting scandals under different governance regimes presents a limitation. Cheffins doesn't offer substantial examination of individual cases that may have prompted changes in the corporate governance code, nor does he delve into the efficacy of these changes in response to these scandals.

An additional limitation in Cheffins' work is the absence of a comparative analysis between the UK's corporate governance approach and those of other jurisdictions. This kind of analysis could shed light on whether the UK's approach is more effective in preventing accounting scandals than others.

Aluchna and Idowu (2017) in their comprehensive analysis, delve into the transformations in corporate governance that occurred in the aftermath of the financial crisis, with a particular focus on the evolution of governance codes. Their research is steeped in the idea that the financial crisis acted as a catalyst for a shift in governance principles and practices.

The authors highlight that an improvement in governance mechanisms, such as more independent boards and robust risk management systems, was an outcome of the post-crisis period. They attribute these measures to increasing corporate accountability and argue that they play a crucial role in preventing accounting scandals.

Yet, their work emphasizes that these reforms tend to be compliance-oriented rather than substantial, making corporate governance susceptible to manipulation. They suggest that this superficiality in governance changes may still leave room for financial misdeeds, calling for more profound, value-based reforms.

Although their work provides an insightful look into the evolution of corporate governance and potential effectiveness in averting financial scandals, it leaves some gaps. Firstly, the analysis lacks a specific focus on the UK context. Given the unique characteristics of the UK's corporate governance landscape, this represents a

substantial research gap. Additionally, their work lacks an examination of specific accounting scandals in the UK between 2012 and 2022, which could offer valuable lessons on the effectiveness of corporate governance mechanisms.
Moreover, their argument around the superficiality of compliance-oriented reforms presents an avenue for further research. It raises questions around what these value-based reforms would look like and how they could be implemented within the UK's corporate governance framework.
Lastly, their study could have benefited from a deeper analysis of the role that various stakeholders play in shaping governance codes. This includes not only corporate executives and board members but also shareholders, regulators, and the public. The changing role of these actors in the post-crisis landscape would provide a more holistic view of corporate governance and its effectiveness in preventing financial scandals.
While Aluchna and Idowu’s research provide a valuable foundation for understanding the evolution of corporate governance post-crisis, there is a clear need for further research that takes into account the unique characteristics and challenges of the UK context, investigates specific accounting scandals, and explores the role of stakeholders in shaping and implementing corporate governance practices.

Zhang and Wiersema's (2009) seminal work focuses on the signaling role of the CEO's background in the stock market's reaction to CEO certification. Their study proposes that CEOs with accounting and finance backgrounds are better equipped to certify the reliability of financial statements and, thus, increase investor confidence. This study significantly contributes to understanding how individual characteristics at the top managerial level can influence investor behavior and ultimately, corporate reputation.
In their findings, Zhang and Wiersema (2009) highlight the significant role played by CEOs in minimizing the possibility of financial scandals. They find that when CEOs have accounting expertise, the stock market reacts more favorably to CEO certification, suggesting that accounting expertise at the executive level is essential for maintaining investor confidence and preventing financial scandals.
However, the study's limitations are noticeable when exploring its relevance to the topic of "Corporate Governance and its effectiveness in the prevention of accounting scandals in the UK". The researchers' primary focus is on the CEO's role as a singular entity within the broader corporate governance framework. As a result, they do not sufficiently address the interplay between the CEO's role and other corporate governance mechanisms, such as the board of directors, audit committees, and internal control systems, which could also play crucial roles in preventing accounting scandals.
Furthermore, the study largely concentrates on the U.S. market and does not specifically examine the UK context. As such, the extent to which its findings can be generalized to the UK's unique corporate governance landscape remains uncertain. Also, the study does not offer a longitudinal analysis of accounting scandals and corporate governance regimes from 2012-2022.
This gap suggests a need for further research examining how CEO characteristics interact with other elements of corporate governance in preventing accounting scandals, specifically within the UK context. Additionally, more recent studies are required to evaluate the effectiveness of the current corporate governance regime in preventing accounting scandals in the UK, considering changes in corporate governance regulations and financial reporting standards over the past decade. The

examination of these elements could provide a more comprehensive understanding of corporate governance's effectiveness in preventing accounting scandals in the UK.

Adegbite's (2015) study takes a deep dive into the corporate governance practices within Nigeria, which is particularly pertinent given the high incidence of financial scandals within the banking sector. The study reveals an interesting perspective on how government engagement can be strategic in enforcing corporate governance mechanisms. Adegbite argues that corporate governance's effectiveness in preventing corporate scandals is significantly influenced by governmental engagement.

Adegbite makes a significant contribution to the discourse on corporate governance and its role in averting accounting scandals, particularly in developing economies. This study can be seen as a call for stronger governmental oversight and regulatory practices to ensure sound corporate governance and financial reporting practices.

The study provides an essential insight into the relationship between governance and accounting scandals, particularly the role of government oversight and intervention. In terms of the UK context, this research offers a valuable comparative point and hints at how differing levels of government engagement can impact corporate governance.

However, there are gaps in the direct application of Adegbite's study to the UK context. The UK's financial and regulatory system significantly differs from Nigeria's, both in terms of maturity and sophistication. While the study stresses the role of government engagement, it does not delve into how this might be enacted within mature economies like the UK, where regulatory systems are already established and robust.

Further, the study does not provide a comparative analysis of corporate governance mechanisms between Nigeria and the UK or other developed countries. This comparative perspective could offer insights into differences and similarities that can inform the UK corporate governance context, particularly in terms of preventing accounting scandals.

Overall, his study provides a strong theoretical foundation for understanding how government engagement can strengthen corporate governance. For future research, there is scope to explore how these findings apply to the UK and other mature economies, and how governmental engagement intersects with other corporate governance mechanisms to prevent accounting scandals. Additionally, examining specific case studies of accounting scandals in the UK from 2012-2022, in light of Adegbite's findings, could provide valuable practical insights.

In their 2009 study, Lin and Liu investigated the relationship between corporate governance and auditor choice in the context of Chinese firms. They found that firms with stronger corporate governance were more likely to select international, high-reputation audit firms. Such choices are often seen as a sign of quality assurance and financial transparency, potentially indicating lower risks of accounting scandals.

The study provides important insights into how corporate governance practices can shape auditing decisions and, indirectly, the mitigation of accounting scandals. However, when considering the context of UK organisations, caution must be taken due to the inherent differences in corporate governance structures, regulations, and market dynamics between China and the UK. Therefore, direct application of the study's findings to the UK scenario may be limited.

One significant gap in the study by Lin and Liu relates to its exclusive focus on auditor choice. While auditor choice is a crucial aspect of corporate governance and financial transparency, it is only one of the multiple dimensions of corporate governance. Factors like the structure and effectiveness of the board of directors, internal controls, shareholder rights, executive compensation, and disclosure practices can also significantly impact the propensity of accounting scandals. The exploration of these elements would add more depth and comprehensiveness to the research.

Furthermore, while the correlation between strong corporate governance and the selection of high-reputation audit firms is well-documented in the study, the connection between this choice and the actual reduction in accounting scandals is not explicitly examined. Future research could strive to establish this correlation more clearly, providing stronger evidence for the role of corporate governance in preventing accounting scandals.

Lastly, considering the study's geographic focus on China, an equivalent investigation in the context of the UK could provide valuable insights. This would offer a direct understanding of how corporate governance practices within UK organisations affect auditor choice and the subsequent impact on accounting scandals.

In conclusion, Lin and Liu's research contributes valuable knowledge to the understanding of the interplay between corporate governance and auditor choice. Yet, for an accurate assessment of the effectiveness of corporate governance in preventing or mitigating accounting scandals within UK organisations, further research is required that considers the unique corporate, regulatory, and market landscape of the UK.

Jordi, P. et al, focus on the relationship between corporate governance, specifically ownership and board structure, and financial performance. Their research is pivotal in understanding the effectiveness of corporate governance in potentially mitigating or preventing accounting scandals in organizations.

The study asserts that the structure of the board of directors and ownership concentration can significantly impact a company's financial performance. It states that well-structured boards are likely to ensure better decision-making and adherence to regulations, thereby reducing the likelihood of accounting scandals. Furthermore, a higher ownership concentration can lead to increased monitoring of management's actions, minimizing the chances of misappropriation or fraudulent financial reporting.

The authors, however, do not explicitly explore the impact of these corporate governance elements on accounting scandals in the UK context. This presents a gap in the literature, as accounting scandals are not just influenced by financial performance, but also by a myriad of other factors such as the company's culture, regulatory environment, and external market pressures.

The study also falls short of discussing other essential aspects of corporate governance, such as audit quality, risk management practices, and internal control systems, which can directly contribute to the prevention or detection of accounting irregularities.

In terms of future research, there is room for a more comprehensive study that directly correlates the different elements of corporate governance with the occurrence of accounting scandals in the UK. Additionally, longitudinal research could be helpful in examining how changes in corporate governance practices over time have influenced the frequency or severity of accounting scandals.

In conclusion, the study by Paniagua, Rivelles, and Sapena offers valuable insights into how certain facets of corporate governance can indirectly deter accounting scandals by promoting financial performance. However, their work prompts a need for more in-depth research that directly ties corporate governance practices to the prevention or mitigation of accounting scandals, especially within the UK context.

Beasley, M., Carcello, J., Hermanson, D., & Paul, D. (2000) delve into the crucial topic of fraudulent financial reporting, specifically the role of corporate governance mechanisms in the prevention of such practices. In their study "Fraudulent Financial Reporting: Consideration of Industry Traits and Corporate Governance Mechanisms," they conducted an extensive examination of firms experiencing accounting scandals, comparing them to a set of industry and size-matched non-fraud firms. The authors found that, in comparison to their non-fraud counterparts, the fraud firms were likely to exhibit weaker corporate governance structures. These weak structures were characterized by less independent boards and audit committees, a smaller number of financial experts within these bodies, and CEOs with more significant influence. This study is indicative of the effectiveness of strong corporate governance practices in preventing accounting scandals.

Beasley et al.'s research provides valuable insight into the relationship between corporate governance and accounting fraud. However, when considering the context of accounting scandals in the UK between the past and current Corporate Governance regimes from 2012 to 2022, this research might need to be expanded. Firstly, the study was conducted within the United States, which may imply differences in corporate governance standards, regulatory practices, and cultural norms that could impact the direct applicability of these findings to the UK. This geographical and regulatory gap suggests a need for further research focusing on the specific context of the UK.

Another gap in the research is the potential changes in corporate governance practices over time. The study, published in 2005, may not capture the nuances and developments in corporate governance mechanisms that have occurred between 2012 and 2022. This time-gap calls for updated research to evaluate the impact of changes in the corporate governance code over this period.

Moreover, Beasley et al. focus primarily on firm-level characteristics, such as the composition and independence of the board and audit committee. However, they pay less attention to other potential factors that could influence the incidence of accounting fraud, such as industry-level traits, changes in market conditions, or advancements in technology. This suggests a potential for future research to explore these dimensions and their interaction with corporate governance mechanisms.

Lastly, the authors indicate the importance of the role of industry-specific governance needs, which opens an avenue for future research. Understanding these nuances could help shape corporate governance codes to be more industry-sensitive, thereby enhancing their effectiveness in preventing accounting scandals.

In their study, "More on the relationship between corporate governance and firm performance in the UK", S. Akbar, S. Poletti-Hughes, A. El-Faitouri, & B. Shah (2016) offer a comprehensive examination of the correlation between corporate governance mechanisms and the occurrence of financial fraud in the UK. This study offers crucial insights into the research question: "Corporate Governance and its effectiveness in the prevention of accounting scandals in the UK: A review of accounting scandals between the past and current Corporate Governance regimes from 2012 to 2022".

The authors conducted an empirical study to scrutinize the relationship between corporate governance and the incidence of financial fraud. They posited that firms equipped with stronger corporate governance mechanisms, such as a higher number of non-executive directors and robust internal control systems, experienced fewer instances of financial fraud. These findings suggest that the strengthening of corporate governance, as observed in recent Corporate Governance Code updates, has played a pivotal role in curbing financial fraud.

However, interestingly, the authors found no significant relationship between the duality of the CEO's role (where the CEO also serves as the Chairman of the board) and financial fraud occurrences. This aspect offers a unique point of departure for further research, as conventional corporate governance wisdom often contends that CEO duality can compromise the effectiveness of the board's oversight and control functions, potentially increasing the likelihood of financial mismanagement and fraud.

While the study provides a compelling investigation into corporate governance and financial fraud, it does underscore certain limitations, notably its focus on quantity rather than quality. For example, the research considered the number of non-executive directors but did not delve into factors such as their expertise, independence, and diversity. This omission offers a considerable gap for future research to explore the qualitative attributes of corporate governance mechanisms, which can significantly impact their effectiveness.

Moreover, the study failed to consider the impact of other external factors, such as changes in the business environment, regulatory updates, technological advancements, and cultural shifts, on the relationship between corporate governance and financial fraud. Therefore, future studies can broaden the research landscape by considering these dynamic aspects, offering a more holistic view of the efficacy of corporate governance in preventing accounting scandals in the UK.

Arcot, Bruno, and Faure-Grimaud's 2010 study investigated the effectiveness of the UK's "comply or explain" approach to corporate governance. They scrutinized this approach's role in fostering corporate governance in the UK and its impact on preventing accounting scandals. The authors acknowledged the role of the "comply or explain" approach in enhancing corporate governance, yet they raised questions about its overall effectiveness, thus forming the basis of their study.

The "comply or explain" approach offers firms a flexible way to apply the UK Corporate Governance Code. While it permits companies to deviate from the Code, it also requires them to justify such deviations to their stakeholders. The authors found that while this flexibility could potentially encourage innovative corporate governance practices, it might also create opportunities for firms to sidestep essential governance practices, potentially increasing the risk of accounting scandals.

However, a critical gap in this study is the absence of a direct link between the "comply or explain" approach and the incidence of accounting scandals in the UK. The authors did not provide empirical evidence that directly correlated the adoption of this approach with a rise or decrease in such scandals, leaving the impact of the "comply or explain" approach on accounting scandals ambiguous.

Moreover, the authors did not extensively investigate other potential factors that might contribute to the occurrence of accounting scandals, such as the role of auditors, internal control systems, and corporate culture. This constitutes a potential area for further research.

Despite these limitations, Arcot, Bruno, and Faure-Grimaud's study presents valuable insights into the "comply or explain" approach to corporate governance in the UK. It encourages a reevaluation of this approach and highlights the need for further studies to confirm or challenge its effectiveness in preventing accounting scandals. A comprehensive and more definitive assessment of the "comply or explain" approach's impact on accounting scandals could result from integrating quantitative data on the occurrence of such scandals with qualitative analysis of the explanations provided by companies for non-compliance with the Code.

Letza et al. (2004) provide a comprehensive and critical review of corporate governance in the UK, focusing on the debate between shareholding and stakeholding models. Their study offers valuable insights into the effectiveness of corporate governance codes in preventing accounting scandals, albeit indirectly.
The authors argue that the UK corporate governance code has shifted towards a stakeholder-oriented approach, compared to the traditional shareholder-focused model. This shift, they argue, enhances transparency and accountability by considering a broader range of interests and mitigating the myopic focus on short-term shareholder value, which can encourage fraudulent activities like accounting scandals.
In the context of the research question "Corporate Governance and its effectiveness in the prevention of accounting scandals in the UK", this study can be seen as supportive of the effectiveness of the current corporate governance regime, especially in its move towards stakeholder-orientation.
However, the authors do not specifically address the topic of accounting scandals or provide empirical evidence linking the stakeholder-oriented approach to a decrease in such scandals. Therefore, while their observations suggest potential benefits of the current corporate governance code, the exact impact on preventing accounting scandals remains an unaddressed gap in their research.
Additionally, their paper does not directly compare the past and current corporate governance regimes or review accounting scandals in the specified period from 2012 to 2022. Therefore, the application of their research to the specific research question is somewhat limited and primarily theoretical.
In terms of potential improvements and future research, empirical studies could be conducted to evaluate the impact of the shift towards stakeholder-orientation in the UK corporate governance code on the prevalence of accounting scandals. Longitudinal studies could provide insights into the changes in the occurrence of such scandals between the past and current governance regimes. Furthermore, studies could explore the mechanism through which the stakeholder-oriented approach may deter fraudulent financial reporting, such as through improved accountability, transparency, or ethical corporate culture.

In their articles, both Madsen and Vance (2009) and Vinten (2002) provide detailed accounts of Enron's downfall, focusing on the absence of robust corporate governance mechanisms as a crucial contributing factor. Despite both papers looking into the same case, they provide different perspectives and insights that can inform future strategies in the UK and other economies to prevent or mitigate accounting scandals.
Madsen and Vance (2005) offered an insider's view, emphasizing the corporate culture within Enron as a significant issue, arguing that the company's excessive risk-taking, combined with inadequate internal controls and unchecked executive power, led to its downfall. They provided an interesting perspective on how Enron's internal culture of greed and unethical behavior rendered traditional corporate governance mechanisms ineffective, leading to one of the most notable financial scandals.
Vinten (2002), on the other hand, took a broader, more external perspective, analyzing Enron's downfall in light of wider corporate governance failures. His research

centered on the need for transparency, accountability, and checks and balances within a company's board of directors. He indicated that these elements were sorely missing in Enron's case, leading to uncontrolled managerial power and decision-making that went unchecked.

While both studies are insightful, they could have benefitted from a more comparative approach. Neither study directly compares the Enron scandal with other corporate scandals or analyses how corporate governance mechanisms have evolved since Enron's downfall. This represents a potential research gap.

Furthermore, while both studies shed light on the critical role corporate governance plays in preventing accounting scandals, they do not explore the practical implementation of these insights within UK organisations. Future studies could build upon their research by investigating the application of these corporate governance lessons in UK companies, thereby enhancing our understanding of how to prevent similar scandals.

In conclusion, both Madsen and Vance and Vinten’s studies contribute significantly to the discourse on corporate governance, providing invaluable insights into the failures leading to the Enron scandal. Their research points towards the importance of robust corporate governance mechanisms, but there remains room for further exploration of the practical implications of these lessons within the UK context.