## ABSTRACT OF THE THESIS

Periodic waves of corporate irregularities are common in developed and emerging economies, with the latter being more susceptible to such scandals. Corporate frauds due to opportunistic behaviour of management, oversight of the board of directors, and failure of internal control mechanism in an organization hamper shareholder value causing considerable losses to investors. This research study focuses on two aspects of corporate fraud: the managerial incentives leading to corporate fraud and the mitigation mechanism through the governance structure.

The study analyzes whether managerial remuneration acts as an incentive to corporate fraud. Further, it also aims to explain whether corporate governance mechanisms and internal monitoring by non-CEO executives can curb fraudulent activities in an organization. The study uses a dataset consisting of 340 fraud and non-fraud firms matched on 1-3 propensity score method along with independent variables measures and control variables for each research objective. It employs univariate t-tests and conditional matched logistic regression estimates to analyze the study's objectives.

The results show that lower managerial remuneration motivates the managers to become involved in fraudulent behaviour. The board and audit committees play crucial roles in mitigating corporate fraud. Larger boards, separation of the role of CEO and chairperson, and fewer board meetings ensure fewer irregular activities by management. The presence of independent financial experts in the audit committee is significantly effective in curbing fraud. High promoters' shareholding are a deterrent to corporate fraud in an organization.

Further, internal monitoring or mutual monitoring by non-CEO executives could deter the CEO from self-interested actions and refrain from committing corporate fraud. The research study includes policy, managerial, and academic implications. It gives insight to the board on management's optimum remuneration policies to motivate them to refrain from indulging in fraud. The findings have implications for the regulatory authorities to understand the relevance of effective corporate governance mechanisms to curb fraud. It contributes to the academic literature on corporate fraud and corporate governance for an emerging market.



JEL Classification: K42, G3, G34, M12, M52

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