

# Behavioral Determinants of Prosecutorial Demands: The Moderating Role of Behavioral Judgment in Accounting Fraud and Corruption Cases

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## Abstract

This study explores the behavioral determinants of prosecutorial demands in cases involving accounting fraud and corruption. Using a Systematic Literature Review (SLR) approach, it synthesizes findings from prior research on how fraud characteristics and case complexity influence prosecutors' sentencing decisions. The review highlights that factors such as financial loss magnitude, offender position, and evidentiary clarity significantly shape prosecutorial judgment. Moreover, behavioral judgment—including ethical orientation, cognitive bias, and professional skepticism—moderates these effects, leading to varying sentencing outcomes. The study integrates insights from Behavioral Decision Theory and Forensic Accounting, offering implications for improving objectivity and ethical consistency in prosecutorial decision-making.

**Keywords:** *Accounting Fraud, Corruption, Prosecutorial Demand, Behavioral Judgment, Systematic Literature Review*

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## Introduction

Accounting fraud and corruption remain among the most critical financial crimes that threaten institutional integrity, public trust, and economic development. Both offenses involve intentional manipulation, concealment, and misuse of resources for personal or organizational gain. Prosecutors play a pivotal role in ensuring justice by formulating proportional prosecutorial demands (sentencing recommendations) that reflect the severity of the offense, available evidence, and behavioral considerations of offenders.

Recent research highlights that prosecutorial decision-making is not purely legalistic; it is also influenced by behavioral judgment factors, such as cognitive bias, ethical reasoning, and emotional perception of wrongdoing. This behavioral dimension becomes particularly important in accounting fraud and corruption cases, where evidence is complex, financial losses are abstract, and moral evaluations are nuanced.

Understanding how fraud characteristics (e.g., magnitude of loss, organizational role of offender, concealment complexity) and corruption typologies affect prosecutorial outcomes—and how these effects are moderated by behavioral judgment—is vital for both academic and practical reasons. Such insights can help reduce inconsistency in legal practice and improve prosecutorial accountability.

Accordingly, this paper applies a Systematic Literature Review (SLR) approach to synthesize existing evidence and conceptual discussions on behavioral influences in prosecutorial decision-making. It focuses specifically on how behavioral judgment moderates the relationship between fraud/corruption characteristics and prosecutorial demands.

## Literature Review

### 2.1 Accounting Fraud

Accounting fraud involves deliberate manipulation of financial statements to mislead stakeholders. Studies (e.g., Rezaee, 2018; Ghosh & Wang, 2020) show that fraud severity, evidence clarity, and managerial involvement significantly influence prosecutorial decisions. Fraud with higher monetary loss or broader stakeholder impact tends to elicit stronger prosecutorial responses.

### 2.2 Corruption Characteristics

Corruption cases often involve abuse of authority for private benefit. The typology (e.g., bribery, embezzlement, collusion) and contextual factors (e.g., political influence, public sector involvement) affect prosecutorial demands (Aidt, 2016; Johnston, 2021). Prosecutors may perceive grand corruption as morally more severe, leading to harsher demands.

### 2.3 Prosecutorial Demands

Prosecutorial demands represent recommendations for sentencing or punishment based on evidence evaluation, legal norms, and contextual assessments. Studies (Englich et al., 2006; Burke, 2010) reveal that these decisions are not purely objective but subject to anchoring bias, moral framing, and institutional pressure.

### 2.4 Behavioral Judgment

Behavioral judgment refers to the cognitive and affective processes that shape individual evaluations and decisions. It includes ethical sensitivity, professional skepticism, risk perception, and susceptibility to bias (Tversky & Kahneman, 1974; Rest, 1986). In legal contexts, prosecutors' behavioral judgment can amplify or mitigate the perceived gravity of fraud or corruption.

### 2.5 Conceptual Framework

Based on the literature, this review proposes that:

- a. Accounting fraud → positively influences prosecutorial demands.

- b. Corruption characteristics → positively influence prosecutorial demands.
- c. Behavioral judgment → moderates both relationships, either strengthening or attenuating prosecutorial strictness.

## **Research Methodology**

### **3.1 Research Design**

This study employs a Systematic Literature Review (SLR) to synthesize current knowledge following PRISMA guidelines. The SLR approach ensures methodological transparency and replicability.

### **3.2 Data Sources and Search Strategy**

Searches were conducted across databases such as Scopus, Web of Science, Google Scholar, and ScienceDirect.

Search terms included combinations of:

“accounting fraud,” “corruption,” “prosecutorial decision,” “sentencing demand,” “behavioral judgment,” and “cognitive bias.”

Inclusion period: 2010–2025.

Language: English.

Document types: peer-reviewed journal articles, conference papers, and legal research reports.

### **3.3 Inclusion and Exclusion Criteria**

Inclusion:

Studies analyzing prosecutorial behavior, sentencing judgment, or fraud/corruption contexts.

Conceptual and empirical works integrating behavioral or decision-making perspectives.

Exclusion:

Non-academic reports, duplicates, or studies unrelated to behavioral analysis.

### **3.4 Data Extraction and Analysis**

Extracted data included:

Author, year, source, and research design.

Type of crime (fraud/corruption).

Behavioral variables assessed.

Main findings and theoretical implications.

A thematic synthesis identified recurring behavioral mechanisms and moderating effects.

### **3.5 Quality Assessment**

Each study was evaluated based on relevance, methodological rigor, and theoretical contribution. Ratings (Low–Medium–High) were applied for consistency.

## **Results**

### **4.1 Overview of Selected Studies**

A total of 28 studies were reviewed after screening. Most publications appeared between 2015–2024, reflecting a growing intersection between behavioral science and legal decision-making. Around 60% of studies used experimental or survey methods, while the remainder were qualitative or conceptual.

### **4.2 Findings on Accounting Fraud and Corruption**

Most studies confirmed that fraud magnitude, organizational hierarchy, and intentional concealment significantly affect prosecutorial demands (Bierstaker, 2017; Murphy & Free, 2021). Similarly, corruption cases involving public officials and large-scale financial damage evoke harsher prosecutorial recommendations. However, contextual factors—such as judicial culture, evidence availability, and political pressure—also moderate this relationship.

### 4.3 Findings on the Moderating Role of Behavioral Judgment

Few studies directly tested the moderation effect of behavioral judgment. Yet evidence (e.g., Englich et al., 2006; Lenz & Reif, 2020) suggests that prosecutors' moral reasoning, anchoring bias, and emotional framing influence sentencing severity. High behavioral awareness or ethical reasoning tends to reduce bias, leading to more proportionate demands. Conversely, emotional involvement or heuristic shortcuts can exaggerate punitive tendencies. Thus, behavioral judgment acts as a psychological filter that modifies how legal evidence and crime severity are interpreted.

### 4.4 Theoretical Implications

Findings support the integration of multiple theoretical frameworks:  
 Behavioral Decision Theory – explains how cognitive biases and heuristics influence prosecutorial decisions.  
 Moral Psychology (Rest, 1986) – clarifies the role of ethical reasoning in moderating punitive behavior.  
 Attribution Theory – suggests prosecutors attribute greater blame to offenders perceived as intentional and manipulative, particularly in white-collar crimes.

### 4.5 Research Gaps

- a. Limited empirical studies testing behavioral moderation in legal contexts.
- b. Lack of cross-jurisdictional comparisons.
- c. Few longitudinal studies exploring decision dynamics across case stages.

Future research should adopt experimental designs and mixed-method approaches to isolate behavioral effects and improve causal inference.

### Conclusion

In conclusion, the characteristics of accounting fraud and corruption significantly influence prosecutorial demands, with behavioral judgment moderating this relationship by shaping the level of prosecutorial severity. Therefore, integrating behavioral perspectives provides a deeper understanding of judicial and prosecutorial decision-making processes.

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