



**EXAMINING THE DETERMINANTS OF EMPLOYEE FRAUD AND THE  
EFFECTIVENESS IN MANAGING EMPLOYEE FRAUD IN THE BANKING  
SECTOR OF GHANA:**

**THE CASE OF SOME SELECTED UNIVERSAL BANKS IN GHANA**

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FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A  
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.....

**JUNE, 2019**

## DECLARATION

I declare hereby that this work resulted from my own research and that no part of it has been presented by anyone for any academic award in this or any other university.

All references used in the work have been fully acknowledged.

.....

.....

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## CERTIFICATION

I hereby certify that this dissertation was supervised in accordance with the guidelines laid down by the University of Ghana.

.....  
PROF. K. A. OSEI  
(SUPERVISOR)



.....  
DATE

## DEDICATION

I dedicate this work to my late brother Francis Thomas Anderson whom through his faith and believe has brought me this far, not forgetting my lovely parents Mr. & Mrs. Anderson, and my grandmother, Janet Oduro, for all their support as well as my darling niece Hailey- Frances Anderson.

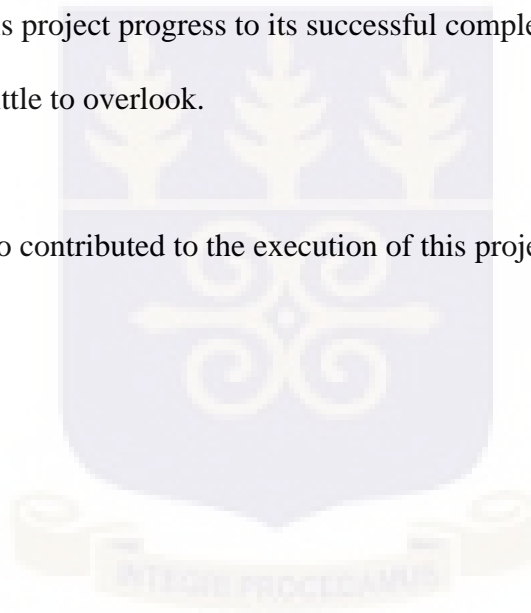


## ACKNOWLEDGEMENT

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To my Supervisor, Professor K.A Osei, the efficiency, speed and key attention to details have made this project progress to its successful completion. He has taught me that no detail is too little to overlook.

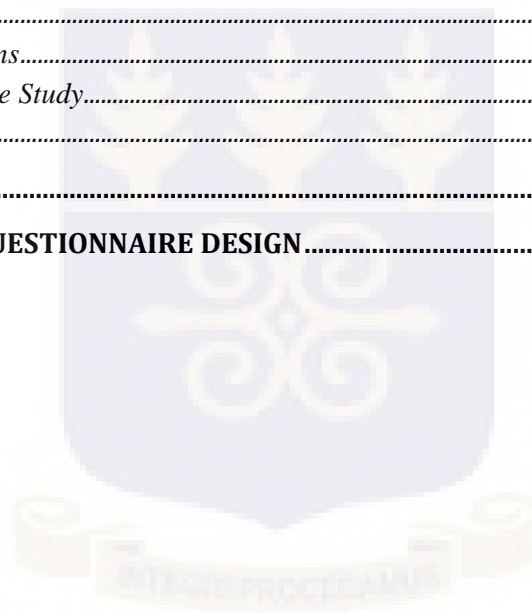
To everyone else who contributed to the execution of this project, I say God richly bless you.



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## ABSTRACT

The general objective of this research was to examine the determinants of employee fraud in the banking sector of Ghana, using some selected universal banks as the case study. These objectives included ascertaining factors that drive employee fraud among universal banks in Ghana, examining the effectiveness of managing employee fraud among the universal banks in Ghana and identifying the challenges confronting the universal banks in the management of employee fraud in Ghana. The study was limited to selected local and foreign banks in Ghana. They included the GCB Bank, the Consolidated Bank Ghana, Ecobank Ghana Limited, and Access Bank Ghana Limited. The study targeted bank staff within the Greater Accra region of Ghana, comprising of both management and non-management staff. The research analysed the previous related studies by focusing on the theoretical reflections of the problem under investigation, examining the conceptual framework, and reviewing the extant empirical literatures with regards to the determinants of employee fraud in the banking sector of Ghana. The literature review revealed four factors that drive employee fraud in the banking sector, the four factors include opportunity, rationalization, pressure and capitalization. The respondents indicated that, all the four factors were key determinants of employee fraud in the banking sector of Ghana ( $M=3.58$ ,  $SD=0.79$ ). They all agreed that opportunity, rationalization, pressure, and capability were the key factors driving employee fraud in the banking sector of Ghana. The overall significance level of 0.3% further indicated that majority of the respondents agreed to all the issues raised with regards to the factors that were likely to drive employee fraud within the banking sector of Ghana. The research recommends that, structures must be put in place in order to reduce staff involvement in the fraud practices in the banking sector of Ghana and these structures include

counseling sessions, strengthening its control measures, reviewing feedbacks from staff concerning operational issues and introduction of a quality control department in the banks.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

According to the Institute of Internal Auditors Research Foundation (IIARF) (2013), fraud can be defined as “Any illegal act characterized by deceit, concealment, or violation of trust. Fraud is perpetuated by parties to obtain money, property, or services, to avoid payment or loss of service, or to secure personal or business advantage”. The Institute (IIARF, 2013) further observed that, “employee fraud within various financial institutions all over the world has evolved from being committed by just casual fraudsters, to being committed by organized crimes and fraud rings use sophisticated methods to take over the control of the accounts of customers, and also perpetuate all forms of fraud”. The problem of employee fraud was additionally aggravated by the fact that, “most fraud committed were dominant in the banking sectors, where the compromises were much more sophisticated than in any other sector” (Rahman & Anwar, 2014). It was therefore indispensable and critical for universal banks to develop comprehensive systems and practices to effectively manage the prevalence of employee fraud in the sector (Fadipe-Joseph & Titiloye, 2014), hence the need for an examination into the determinants of employee fraud in the banking sector of Ghana.

Fraud may be divided into different categories, depending upon the perspective and the criteria used (Adams, 2015). Some researchers have classified fraud into management and employee’s fraud, while others have also classified fraud

depending on the characteristics of the fraud and the type of the perpetrator (Idowu, 2009).

Incidences of fraud according to the perpetrators as mentioned above was further placed into two categories; either the fraudster is a staff or an outsider involved in the fraud; and if a staff, whether the staff is in management position or non-management position. The former has recently been categorised into internal fraud, external fraud, and hybrid fraud, while the later according to Hakimi (2011), gave rise to fraud in management level and employee fraud. Rahman and Salim (2010) also classified fraud into two main categories. The first category was fraudulent financial reporting, termed as management fraud, and the other category was the misappropriation of assets, also termed as employee fraud. Both categories of fraud according to Rhaman and Salim (2010), were particularly harmful to both the actual and potential users, and may cause misleading financial statements.

Additionally, fraud imposed numerous costs to both financial and non-financial institutions. (Rahman & Salim, 2010). For the banking institutions, they might suffer loss in terms of finances, reputational risks, and human resources, as well as the exposure to the risks of bankruptcy (Idowu, 2009). In a broader scope, fraud does not only threaten a country's economic conditions, with the loss of investors and resources, but it could as a matter of fact, endanger the peaceful and political stability of nations (Hakami, 2011). Nevertheless, while banks are thriving in the quest to reduce costs, it is necessary to make sure that they do not deteriorate greatly in the effectiveness of current functioning key fraud controls (Dumbrava & Gavriletea, 2008). "In order to safeguard the banking sector, it is important to examine the level

of effectiveness of fraud prevention and detection techniques in the view of bankers who act as the backbone and greatest assets for the banks” (Rahman & Anwar, 2014).

“In developing effective preventive measures against fraud, identifying the methods through which fraud is or can be committed, establishing effective control measures and putting in place fraud resolution guidelines, will not only help the universal banks to curb the loss of revenue and assets, but also improve the quality of their business procedures and their overall reputation in the financial services environment” (Rahman & Anwar, 2014). By using some selected foreign and local universal banks in Ghana as the case study, the current study examined the determinants of employee fraud in the banking sector of Ghana.

## **1.2 Statement of the Problem**

Fraud is still prevalent in our banking industry despite all efforts to curb the situation. “Regardless of the vast amount of resources, time and energy used by universal banks in Ghana to develop corporate governance policies, implement an effective internal control systems, risk management strategies and training of employees in order to adhere to best practices, some dishonest, intelligent people, commonly referred to as fraudsters, still manage to find ways to override systems within the banks, in order to gain access to organizational resources and assets” (Rahman & Salim, 2010). This results in operational risk in the form of employee fraud. Up until now, and to the best knowledge of the researcher, no exact study has been carried out to particularly investigate the determinants of employee fraud from the perception of bankers regarding fraud crimes perpetuated in the banking sector of Ghana. The current study intends to fill this gap in the extant literature.

Employee fraud within the banking sector of Ghana, in recent times, has assumed a different dimension and continues to have serious financial implications and huge operational costs to the banks. The impact of employee fraud on the operations of the universal banks in Ghana, and indeed the economy at large, is of paramount interest to the regulator, researchers, academicians, students of banking, and the banking industry. According to Samociuk, Iyer, and Doody (2010), “there is not a single financial institution that is immune to employee fraud, and that the typical financial institution loses about 5 to 7 percent of its annual revenues due to the activities of employee fraud”. Though some acts of employee fraud were recorded decades ago, the current trend within the Ghanaian banking industry in particular, is worrying, since employee fraud in any bank reduces the operating assets of that institution, and increases the operating liability. It generates reputational setbacks, which in most cases, end in the loss of current, existing, loyal, and other potential customers (Dadzie-Dennis, Caesar, & Korletey, 2018).

According to Dumbrava and Gavriletea (2008), “although banking institutions were normally known as one of the most strictly regulated sectors, the commercial banks continue to be definite targets for the activities of fraudsters”. The reasons are absolutely obvious; banks are the first place and the best option to come to, due to their role in capital raising and capital intermediation. The consequences of the actions of fraudsters may cause banking distress and failures and even worse, be one of the major causes of bankruptcy in the world, being exemplified by the Iceland crisis in 2008. Furthermore, previous studies conducted have been limited to bank fraud in the Republic of Uganda, India (Fadipe-Joseph & Titiloye, 2012), Qatar

(Rahman & Salim, 2010), Nigeria (Idowu, 2009) and Saudi Arabia (Hakami, 2011) but very little is known from the Ghanaian perspective.

The study therefore intends to fill the above knowledge gap in the extant literature, by specifically examining into details, the determinants of employee fraud within the banking sector of Ghana. The researcher having observed that, the silence among the universal banks in Ghana on fraudulent activities, makes it extremely difficult for the banks, to share vital and sensitive information that will help curb the menace in the sector. It is therefore difficult for the universal banks in Ghana, to develop systems and practices, not only to identify the factors leading to employee fraud within the banking industry, but also, to effectively manage employee fraud risk within the banking sector of Ghana.

### **1.3 Objectives of the Study**

#### **1.3.1 Main objective**

The general objective of this research is to examine the determinants of employee fraud in the banking sector of Ghana, using some selected universal banks as the case study.

#### **1.3.2 Specific Objectives**

In order to achieve the main objective of the study, the following specific objectives were set out.

- i. To ascertain the factors that drive employee fraud among universal banks in Ghana.

- ii. To examine the effectiveness of managing employee fraud among the universal banks in Ghana.
- iii. To identify the challenges confronting the universal banks in the management of employee fraud in Ghana.

### **1.5 Scope of the Study**

The study was limited to selected local and foreign banks in Ghana. They included the GCB Bank, the Consolidated Bank Ghana, Ecobank Ghana Limited, and Access Bank Ghana Limited. The study targeted basically the respondents within the Greater Accra region of Ghana, comprising of both management and non-management employees. The target respondents were sampled from the four (4) universal banks within the Greater Accra Region of Ghana. The study concerned itself with examining the determinants of employee fraud in the banking sector of Ghana.

### **1.6 Chapter Disposition**

The study is made up of five chapters. Chapter 1 is an introduction to the study explaining the motivation behind the study. Chapter 2 is the literature review giving us the extant literature the study is based on and upon these literature, our objectives of the study are met and researched upon. Chapter 3 talks about the methodology adopted for the study. The study is more qualitative because it sought to understand the underlying determinant of employee fraud in the banking sector. The research sought to uncover trends in thoughts and opinion and to dive deeper into the problem. Structured questionnaire were used in data collection under the Likert scale of 1 to 5 indicating the level of agreement from each sample. Chapter 4 focused on the results

and its discussion on how the research was carried. It gives a clear analysis or interpretation of the results of the research. Chapter 5 gives a summary of the entire work, concludes the research as well as give recommendations pertaining to the work.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

In the contemporary years, corporate financial accounting scandals have become the unexpected news of the day. These costly scandals have increased global concerns about fraud, wiped out billions of dollars of shareholder's wealth and value, and led to the depletion of investors and public confidence in the financial markets (e.g., Peterson and Buckhoff, 2004; Rezaee, Crumbley and Elmore 2004 in Bierstaker, Brody and Pacini 2006).

This chapter seeks to provide an analysis of previous related studies. It does this by focusing on the theoretical reflections of the problem under investigation, examining the conceptual framework, and reviewing the extant empirical literatures with regards to the determinants of employee fraud in the banking sector of Ghana.

#### 2.2 Fraud trend

For every period or decade, there are different forms of fraud emanating. Sir. Edward Coke, (1609) said 'fraud and deceit abound in these days more than in the former times.' If the trend is studied, it is proven that from 1990 to 1999, advancing loans without adequate due diligence, fake currency, cheque forgery, ponzi schemes, siphoning of investors money through fictitious companies, and use of fictitious government securities were prevalent fraud experienced in the banking industry. Within the periods of 2000 to 2015 also, debit/ credit card fraud, identity theft, use of forged instruments such as stamp papers, money laundering, cybercrime, tax evasion,

collusive fraud emanating from kick backs to employee of financial institutions, and shares and the violation of 'know your customer' (KYC) norms were the new trends in fraud and its still prevalent in our systems. It is simply impossible to get rid of economic crime. Fraud remains intractable because of its very nature and the new age of fraud and their correspondingly broad range of fraudsters who commit them.

### **2.3 Theoretical Literature**

Many studies have discussed fraud-related issues and the general view is that fraud prevention should be the main focal point. It is less expensive and very effective to prevent fraud from occurring than to detect it after occurrence. Usually, by the time the fraud is identified, the money is unrecoverable or the chance to recover the full amount lost is very slim. Furthermore, it is costly and time consuming to investigate fraud involving large-scale multinational operations. However, if the focus is on fraud prevention, all the time, monetary loss and effort to reconstruct fraudulent transactions, track down the perpetrator, and reclaim missing funds can be saved. Thanasak (2013:1) states that "before making any efforts to reduce fraud and manage the risks proactively, it is important for the business organization to identify the factors leading to fraudulent behaviour by understanding who are the fraudsters, when and why fraud is committed."

A lot of theories and concepts have been identified in the literature, which can be used to explain the effectiveness of managing employee fraud in the banking sector of Ghana. Academics, scholars, and other researchers continue to produce comprehensive theories and concepts on employee fraud and its management in the banking sector. Their aim is to provide a framework for understanding, not just the

determinants of employee fraud in the banking sector, but also to examine the degree of exposure of fraud risks within the banking sector. Various theories have tried to explain the causes of fraud and the two most cited theories are the Fraud Triangle Theory (FTT) of Cressey (1950) and Fraud Diamond Theory (FDT) of Wolfe and Hermanson (2004). Both of them identify the elements that lead perpetrators to commit fraud.

### **2.3.1 The Fraud Triangular Theory (FTT)**

Dorminey, Fleming, Kranacher, and Riley (2010), explained that, “the origin of the Fraud Triangular Theory dates to the works of Edwin Sutherland (1939) who coined the term white-collar crime, and Cressey was one of Sutherland's former students.” Donald Cressey, a criminologist in 1950, started the study of fraud by arguing that there must be a reason behind everything people do. Questions such as ‘why fraud is committed’ led him to focus his research on what drives people to violate trust? He found out that three factors must be present for a person to violate trust and was able to conclude that “Trust violators, when they conceive of themselves as having a financial problem which is non- shareable, and have knowledge or awareness that this problem can be secretly resolved by violation of the position of financial trust.

Cressey (1950) centered his research on the factors that led people to engage in fraudulent and unethical activity. His research later became known as the Fraud Triangular Theory. This theory consists of three elements that are necessary for fraud to occur: (i) perceived pressure, (ii) opportunity, and (iii) rationalization.

Figure 2.1: The fraud triangle

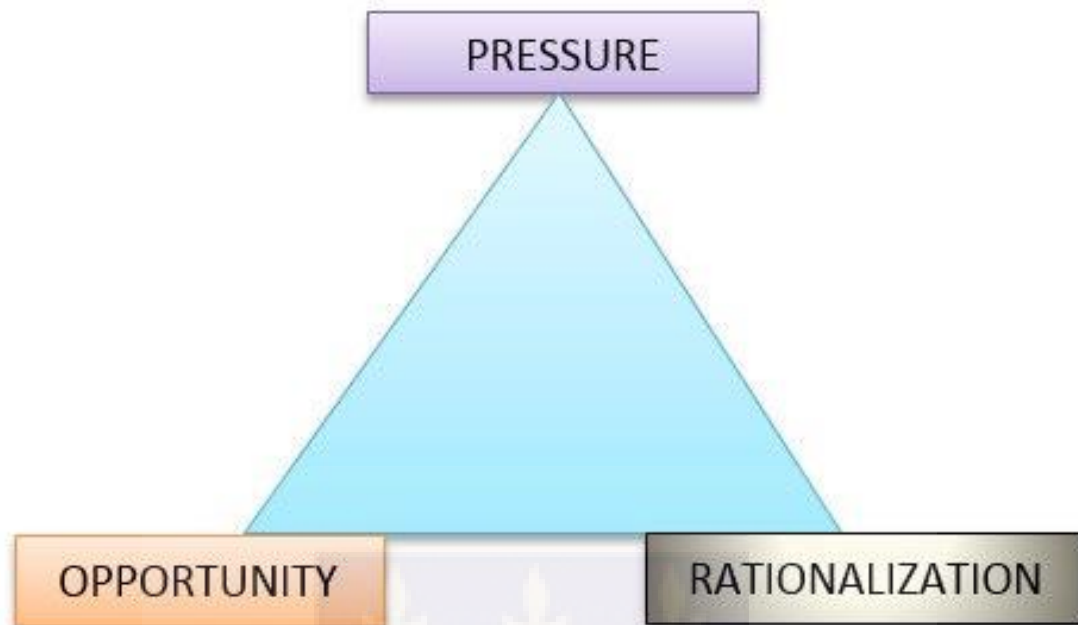


Figure 1: Fraud Triangle Source: Wells J. T. (2005)

### **Pressure**

Perceived pressure relates to the motivation that leads to unethical behaviours. Albrecht et al. (2006) pointed out that, “the word perceived is important because pressure does not have to be real and if the perpetrators think and believe that they are pressurized, this belief can lead to fraud.”

It can result from various circumstances, but more often than not, it involves a non-shareable financial need. According to Bhasin (2016), over 90 percent of all cases of employee fraud has been influenced by financial pressure at the work place. Financial pressure has a major effect on an employee’s motivation and it is considered the most common type of pressure. Specifically, about 95% of all cases of fraud have been influenced by financial pressure (Albrecht et al, 2006). Lister (2007) states that, pressure is a significant factor in committing fraud. He describes three types of

pressure which are personal, employment stress, and external pressure. Vona (2008) further examines personal and corporate pressures as motivations' proxies for fraud commitment. Examples of perceived pressure include inability to attain goals and targets set in the organization, living beyond one's means, societal pressure (maintaining status), large expenses or personal debt, family financial problem, health, drug addiction, gambling, greed, extensive debt, undue family, organizational, societal, community, and peer pressures, work related pressures such as unfair treatment and non-promotion at the work place among others.

### **Opportunity**

Hooper et al. (2010) state that, "even when the pressure is extreme, financial fraud cannot occur unless an opportunity is present." Opportunity has two aspects i.e. the inherent susceptibility of the organization to manipulation, and the conditions within the organization that may allow a fraud to occur. Furthermore, Srivastava, Mock and Turner (2005) argue that "even if a person has a motive, he cannot commit fraud if no possibilities are created."

"Opportunity is created by ineffective control or governance system that allows an individual to commit organizational fraud. The concept of opportunity suggests that people will take advantage of circumstances available to them" (Kelly and Hartley, 2010).

The opportunity to perpetuate employee fraud could be attributed to gaps, deficiencies, weaknesses, and loopholes in the internal control systems of business organizations. The opportunity may also arise where the employee acquires absolute trust in an organization where the internal controls are very weak or non-existent. The employee will then perceive that an opportunity exists to commit the fraud, conceal

the fraud, and avoid detection. Some factors that can create an opportunity to perpetuate fraud includes complex organizational structures, less supervision, lack of reviews on the part of supervisors, frequent operation in an unfavourable climate, lack of executive disclosures, improper documentation, lack of human resource policies on employee fraud, acts of dishonesty by employees, inadequate training programs for employees, continuous problems with regulatory agencies, separation of duties, and absence of managerial approvals. The lesser the risk of being caught, the more likely it is that fraud will take place (Cressey 1953).

### **Rationalization**

The concept of rationalization suggests that, the employees who commit fraud must formulate some type of morally acceptable reasons before engaging in the unethical behaviour. Rationalization refers to the justification that the unethical behaviour is something other than criminal activity. If an individual cannot justify unethical actions, it is unlikely that he or she will engage in fraud. It is important to note that rationalization is difficult to observe, as it is impossible to read the perpetrator's mind (Cressey 1953 in Wells, 2005).

According to Hooper and Pornelli (2010), people who engage in fraud possess some kind of mind-set that allows them to justify or excuse their fraudulent behavioural action. It is worth noting that, the propensity to commit fraud depends on people's ethical values, as well as their personal circumstance. Instances under which employees may rationalize their actions in committing the fraud includes justification for being underpaid, justifying the fact that the bank owes them, justification for not being treated well, justification for a strong desire to outwit the internal control

systems, and justification for an employee's criminal or questionable historical background.

### 2.3.2 The Fraud Diamond Theory (FDT)

The Fraud Diamond Theory (FDT) first presented by Wolfe and Hermanson in the CPA Journal (December 2004) is generally viewed as an expanded version of the Fraud Triangle Theory (FTT). In this theory, an element termed capability has been added to the three initial fraud elements of the FTT. Wolfe and Hermanson (2004) argued that although pressure might coexist with an opportunity to commit fraud and rationalize for doing so, it is unlikely for fraud to take place unless the fourth element (i.e., capability) is also present. In other words, the potential perpetrator must have the skills and ability to commit fraud.

Figure 2.2. The fraud diamond

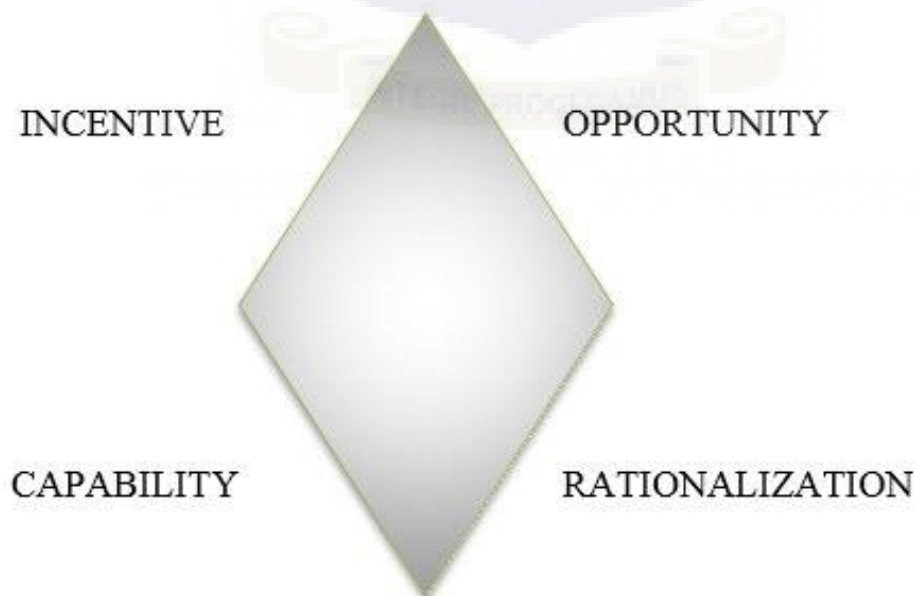


Figure 2. Fraud diamond; Source: Wolfe and Hermanson (2004)

According to Wolfe and Hermanson (2004:38) “Opportunity opens the doorway to fraud, and incentive (i.e. pressure) and rationalization can draw a person towards it. However, the person must have the capability to recognize the open doorway as an opportunity and to take advantage of it by walking through, not just once, but repeatedly”. With the additional element presented in the FDT affecting individuals’ decision to commit fraud, the organization and auditors need to understand employees’ individual traits and abilities in order to assess the risk of fraudulent behaviours in the public sector.

Based on the theories above, it is eminent that fraud behavior of employees are determined by pressures of the society and the environment, opportunities created by the organization and the environment and rationalizing the act of committing the crime to make the person feel not guilty and putting him at peace. This research aims to examine the factors involved in perpetrating fraud using the fraud theories found in the literature.

### **2.3.3 The Concept of Fraud**

Fraud has grown rapidly over the last few years and there is a growing trend for large organizations to consider hiring professionals such as forensic accountants to reduce the pressure and potential of occupational financial fraud. According to the Association of Certified Fraud Examiner (ACFE, 2010), occupational fraud is the use of one’s occupation for personal enrichment through the deliberate misuse of or misapplication of the employing organization’s resources or assets. Irrespective of the sector, a wide category of crimes, swindles and employee trust violations fall under the category of fraud (ACFE, 2010; Duffield and Grabosky, 2001 & Levi, 2008,

Kiragu, Wanjau, Gekara, and Kanali 2013).

Ernst and Young (2009) defines fraud as “an act of deliberate action or mistake made by person or group of persons who knows that the error can result in some benefits that are not either to individuals or entities or other parties.”

According to the Chartered Instituted of Management Accountants (CIMA, 2012), “fraud is defined as using deception to make a personal gain dishonestly for oneself and/or create a loss for another”. Any person is capable of committing fraud; defrauding an organization is not an accident but rather a calculated and deliberate act of deception. Fraud does not only involve theft of money but also confidential information and assets. Idowu (2009), stated that, “fraud can be seen as the deliberate falsification, camouflage, or exclusion of the truth for the purpose of dishonesty or stage management to the financial damage of an individual or an organization”. It is dishonesty or an act of cheating aimed at causing a person or business to give up possessions or some lawful right. To Rahmana and Anwar (2014), fraud can be defined as: “the use of one’s profession for personal enhancement through the conscious misuse, misapplication or employment of an organization’s possessions or property”. To Adams (2015), “fraud is any actions by which one person intends to gain a deceitful advantage over another.” In other words, fraud is an act of commission which is planned to cause unlawful gain to one person and criminal loss to the other, either by way of concealment of information or otherwise.

#### **2.3.4 Types of Fraud**

There are different ways of which authorities have classified fraud depending on their perspectives and the criteria used (Idowu, 2009). Some classified them into

management and employee fraud, others on the other hand, classified them on the nature and the perpetrator. Cases of fraud according to perpetrators as mentioned above is then divided into two categories; whether the fraudster is one of the entire staff or an outsider; and whether the staff fraudsters are in top management position or non-management position. The former is now divided into: internal fraud, External fraud, and mixed fraud. While the later according to Idowu (2009) gives rise to Management fraud and employee fraud

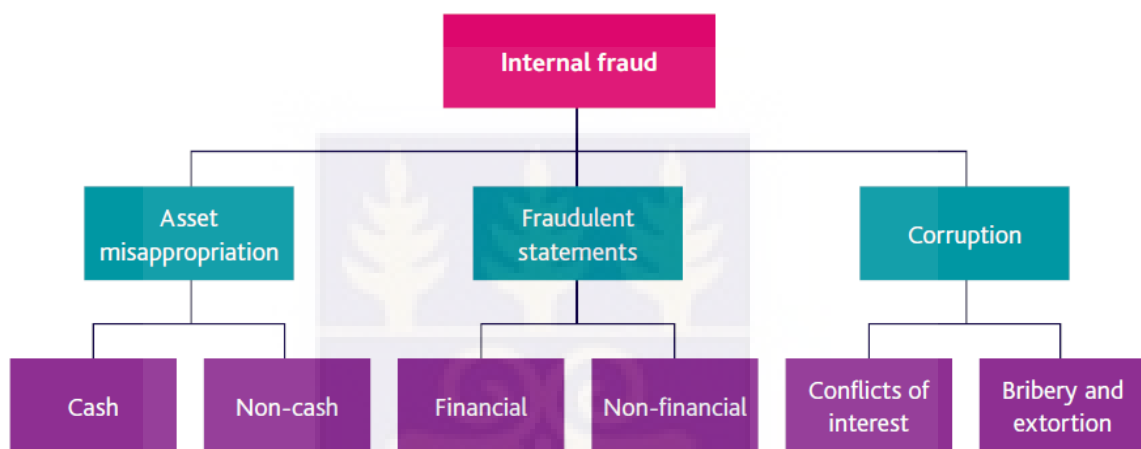
### **A. Internal Fraud**

Internal fraud is fraud that can be committed among staff in a banking institution. A bank may be defrauded by internal staff or with the help of external parties. Internal fraudsters pose serious problems from the reason that they tend to have knowledge of organisational processes and the strengths or weaknesses inherent in the organizations internal control activities. According to the Chartered Institute of Management Accountants (CIMA, 2012), there are three main categories of internal fraud that can affect banking institutions.

- The first of these is *asset misappropriations*, which involves the theft or misuse of an organization's assets. Examples include theft of plant, inventory or cash, false invoicing, accounts receivable fraud, and payroll fraud.
- The second category of internal fraud is *fraudulent statements*. This is usually in the form of falsification of financial statements in order to obtain some form of improper benefit. It also includes falsifying documents such as employee credentials.

- The final of the three types of internal fraud categories is *corruption*. This includes activities such as the use of bribes or acceptance of ‘kickbacks’, improper use of confidential information, conflicts of interest and collusive tendering. These types of internal fraud are summarized in Figure 2.3.

Figure 2.3: Type of Internal Fraud



**Figure 3. Types of internal fraud. Source: Chartered Instituted of Management Accountants (2012)**

Hakami (2011), categorized internal fraud as, a) unofficial borrowing, b) over invoicing, c) unauthorized stamps, d) fictitious transactions, e) committing, f) fraudulent use of documents g) cash on hand converted to personal use, i) pre-mature writing off of assets, j) ghost workers, k) figures falsification.

## **B. External Fraud**

There are three types of fraud committed wholly by persons and organizations external to the bank that is, people and organizations other than or without the

involvement of the bank staff, persons such as these could be bank customers or those who do not do business with these banks. External fraud can then be seen as;

- *Over invoicing*: Over invoicing of services rendered to banks are done by dubious suppliers and other contractors either, through inflation of normal rates over actual value of services rendered or through committal with bank employees to get pay for services they already have been paid for (Marrison, 2012).
- *Loan fraud*: Loan and other form of credit extensions to business and individual customers constitute traditional functions of financial institutions. In the process of credit extensions, fraud may occur at any stage, from the first interaction between the customer and the bank to the final payment of the loan (Gupta, 2016). Loan fraud occurs when credit is extended to non-borrowing customers or to a borrowing customer who have exceeded his or her credit ceiling. The fraudulent aspect of this class is that there is an intention to conceal it from the inspectorate staff on routine check to deceive them with plausible but falsified statements and documents. On some instances, loans are granted on false collaterals that are not in existence, over-valued, stolen or counterfeited. Improper loans may also be granted to insiders, relatives and friends of corrupt bank officials who collect kickbacks for such transactions (Tahir & Razali, 2012).
- *Cyber fraud*: perpetrators use the internet and other online activities to hack into the system of banks for confidential information as well as effect transfers. Through the use of internet, they are able to steal the identity of bank customers as well impersonate them and effect transactions on their account. The information technology environment presents greater

opportunities for fraudsters in modern banking due to the widespread use of computers and related technology. Common computer related fraud associated with banking are:

- a. Input: fraud relates to the surreptitious introduction of false programming instructions to conceal theft and transfers to illegitimate accounts.
  - b. Output: fraud connotes falsified or manipulated output from a computer system, or genuine output modified or erased to conceal theft of money, etc.
  - c. Program manipulation: this occurs when there is tampering with computer program to instruct the system to move money or accounts or property to illegitimate accounts.
- Other external fraud include cheque fraud, which involves cloning, forgery and alterations, Credit/ debit card fraud, mobile banking fraud, ATM fraud, etc

### **C. Mixed Fraud**

“This involves a case where staff conspire with customers to defraud the bank through unauthorized loans, overdrafts, fraudulent and false accounting procedures” (Adams, 2015). It also involves the use of forgeries by operation staff such as supervisors, officers, accountants, clerks and cashiers (Hakami, 2011). Quite often signature of customers are forged by staff or non-customers with the active connivance of staff who in most cases provide the specimen signature cards, and where forgeries are not perfected, arrangements are made with staff to beat the signature verification process.

Mixed fraud is categorised as management fraud and employees’ fraud:

- *Management Fraud*: This type of fraud essentially refers to fraud committed by bank employees in top management aiming largely at deceiving the

shareholders and to a considerable extent, auditors and the regulatory authorities through deliberate presentation of false financial statement; the key device of perpetration (Idowu, 2009). Like in other type of business endeavours, bank management fraud often take these two forms; a) concealing inadequate business operation performances, and b) concealing prohibited business activities.

- *Employee Fraud:* Employee fraud refers to fraud committed by employees below management position. As distinguished from management fraud, employee fraud does not involve alterations or misrepresentation of financial statements or information but the outright misappropriation of assets of the bank or the alteration of individual instruments such as cheques, drafts, for their personal advantages (Nabhan & Hindi, 2009). Typical examples of employee fraud is the conversions of cash or other assets of the employer to the fraudster's immediate benefit. Like their management counterpart, quite a number of employee's fraudulent acts occur after having gained a position of trust and responsibility (Rahmana & Anwar, 2014). A higher considerable proportion of bank fraud is usually committed by employees in non-management positions majority of who are cashiers, clerks, accountants, relationship managers, etc.

The occurrence of these types of fraud in the banking sector of Ghana is the main focus of this study.

### 2.3.5 Method of Fraud by Perpetrators

According to Hakami (2011) and Idowu (2009), though the list of methods is usually not exhaustive however, there are some common methods through which fraud can be perpetuated in the banks and other organizations:

- *Foreign exchange fraud:* it is any trading scheme used to defraud traders convincing them that they can expect to gain a high profit by trading in the foreign exchange market.
- *Till borrowing:* Staffs borrow from the till in form of “I Owe You” (I.O.U) with the hope of refunding it, but eventually not done, therefore, fictitious entries arise in that respect.
- *Advance fee fraud:* This is the one which involves an agent approaching a bank or individual with an offer to access large funds at below market interest rate often for long term; the purported source of such funds is not specifically identified the only way to have access to it is through the agent who must receive a fee or commission “in advance” and as soon as the agent collects the fee, he disappears into thin air and the facility never come through.
- *Computer fraud:* Computer fraud can remain undetected for a long time. It can take the form of corruption of the programmed or application package and even hacking or breaking into the system via a remote sensor.
- *Account opening fraud:* This is categorized as the normal fraudulent practice by staff and customer to open current and banking accounts using fake documents into or from which fictitious transactions are transferred.
- *Money transfer fraud:* Money transfer services are means by which the involved funds are transferred to or from a bank to a beneficiary account at any banking point worldwide in accordance with the instruction from the bank

customers. Also fraud could occur in remittance where expatriates send money to their home country for relatives, and friends. Many youth these days have resorted to cyber fraud where they connect with foreigners through the internet with the intention of online dating and ask that money be sent to them under false pretense or identity. Fraud in remittances has been a contributing factor in the distress of banks, and as much as various measures have been taken to minimize the incidence of fraud, it still rises by the day because fraudsters always device tactical ways of committing fraud.

- *Counterfeit securities*: This is known as the modern photographic printing equipment which has greatly helped fraudsters in reproducing good quality forged instruments. Other counterfeit items such as treasury notes and bankers' acceptances may be presented to the bank for redemption.

### **2.3.6 Fraud Detection and Prevention**

Given the prevalence of fraud and the negative consequences associated with it, there is a compelling argument that organisations should invest time and resources towards tackling fraud. There are debates as to whether these resources should be committed to fraud prevention or fraud detection (CIMA, 2012).

#### **A. Fraud Detection**

Organisations should ensure that systems are in place that will highlight occurrences of fraud in a timely manner. This is achieved through fraud detection. A fraud detection strategy should involve use of analytical and other procedures to highlight anomalies, and the introduction of reporting mechanisms that provide for communication of suspected fraudulent acts. Key elements of a comprehensive fraud

detection system would include exception reporting, data mining, trend analysis and on-going risk assessment (CIMA, 2012).

Fraud detection may highlight on-going fraud that is taking place or offences that have already happened. Such schemes may not be affected by the introduction of prevention techniques and, even if the fraudsters are hindered in the future, recovery of historical losses will only be possible through fraud detection. Potential recovery of losses should not be the only objective of a detection programme, fraudulent behaviour should also not be ignored just because there may be no recovery of losses. Fraud detection allows for understanding the control environment, the improvement of internal systems and control, perform risk assessment, assess whether there is motivation to commit fraud, assess whether there are opportunities to commit fraud, to assess the competency of staff and supervisors, and assess the lifestyle of staff. Many fraud exploit deficiencies in control systems. Through detection of such fraud, controls can be tightened making it more difficult for potential perpetrators to act (CIMA, 2012).

## **B. Fraud Prevention**

Based on the earlier discussion around why people commit fraud, it would seem that one of the most effective ways to deal with the problem of fraud is to adopt methods that will decrease motive, restrict opportunity and limit the ability for potential fraudsters to rationalise their actions (BCBS, 2008). In the case of deliberate acts of fraud, the aim of preventative controls is to identify fraud issues and reduce opportunity and remove temptation from potential offenders. Prevention techniques

include the introduction of policies, procedures and controls, and activities such as training and fraud awareness to stop fraud from occurring (CIMA, 2012).

It is profitable to prevent losses, and fraud prevention activities can help to ensure the stability and continued existence of a business. However, based on recent surveys, many organisations do not have a formal approach to fraud prevention. Once fraud has already occurred, the likelihood of recovering stolen funds from the perpetrator or through insurance is often relatively low (BCBS, 2011). According to the survey findings of a report by KPMG (2007), only 16% of organisations profiled were able to recover their losses as a result of fraud. A number of others are still trying to recover stolen assets, but the process is often difficult and lengthy. At least half of the organisations have been unable to recover any assets at all. It is preferable to try to prevent the loss from occurring in the first place and the old adage ‘prevention is better than cure’ certainly applies to fraud (CIMA, 2012).

Another preventive measure to take, is to introduce a whistle blowing policy and protection of whistle blowers. This helps curb fraud as suspected fraud behaviours are reported in time and the act is prevented from occurring.

It is worth bearing in mind that, fraud prevention techniques, is worth investing in but cannot provide 100% protection. It is difficult, if not impossible, to remove all opportunities for perpetrating fraud (CIMA, 2012).

Fraud prevention and fraud detection both have a role to play and it is unlikely that, either will fully succeed without the other. Therefore, it is important that organisations consider both fraud prevention and fraud detection in designing an effective strategy to manage the risk of fraud.

### **2.3.7 Risk Management**

Risk management is defined as the ‘process of understanding and managing risks that the entity is inevitably subject to in attempting to achieve its corporate objectives’ (Gupta, 2016). For an organisation, risks are potential events that could influence the achievement of the organisation’s objectives. Risk management is about understanding the nature of such events and, where they represent threats, making positive plans to mitigate them. Fraud is a major risk that threatens the business, not only in terms of financial health but also its image and reputation.

Risk management framework denotes a set of components or architecture that supports and sustain risk management throughout an organization. Broadly, there are two types of components; the foundation and the organizational arrangements. The foundation arrangement is constituted by the bank’s risk management policy, objectives, mandate and commitment. The organizational arrangements include the plans, relationship, accountabilities, resources, processes, and activities that are employed to manage the organization’s risk milieu.

### **2.4 The Conceptual Framework**

The researcher adapted the conceptual model of bank fraud (Bhasin, 2015), as the basis for the conceptual framework. From the literature reviews, it has been revealed that a number of factors can drive employee fraud in the banking sector. This includes pressure, rationalization, capability, and opportunity. The presence or absence of these determinants can affect the effectiveness of banking institutions in managing employee fraud. The conceptual framework is demonstrated in Figure 2.4.

Figure 2.4 The Conceptual Framework

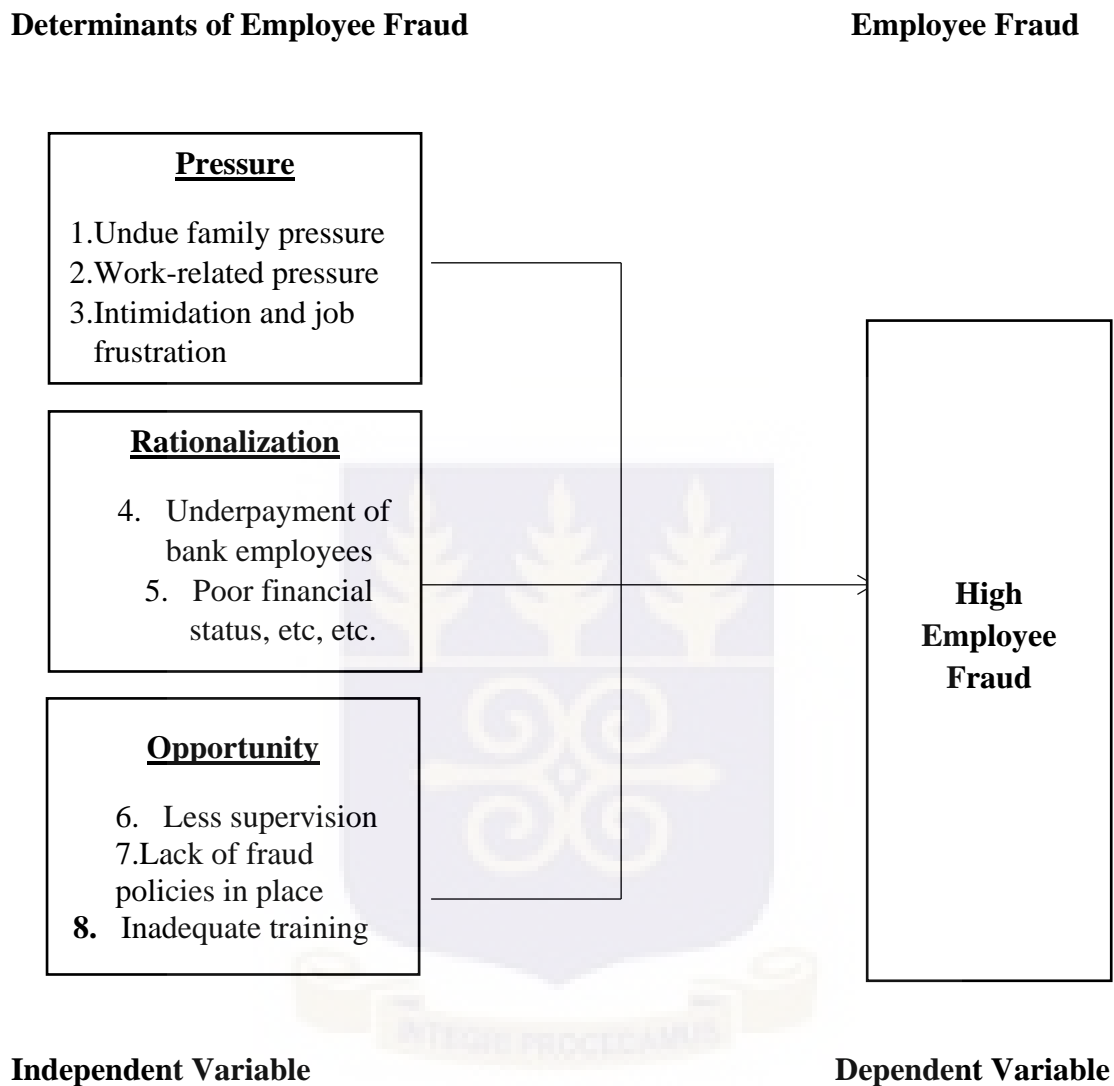


Figure 4. conceptual framework. Source: Adapted from Bhasin (2015)

From the conceptual framework as illustrated on figure 2.4, the key determinants of employee fraud are: pressure, rationalization and opportunity. The frequency of these key determinants may culminate in high employee fraud in the banking sector. The above conceptual framework is also supported by Korlety (2018), who posited that pressure from bank employees, opportunity for bank employees, and the

rationalization of other activities by employees in the banking sector are the key drivers for employee fraud in the banking sector.

## **2.5 Review of Empirical literature**

Quite a number of extant empirical studies have been undertaken on fraud risk management in general, and fraud within the banking sector in particular. Scholars and authors continue to come up with different findings and conclusions from their studies on fraud risk management practices and its effect on the performance of financial institutions. However, the number of empirical studies on employee fraud within the Ghanaian banking sector is relatively small.

For example, Dadzie-Dennis, Caesar, Ghansah, and Korletey (2018), conducted a study on employee fraud in the banking sector of Ghana. The aim of their study was to identify the factors that drive employee fraud in the banking sector, as well as determine their interrelationships. Their study also identified the types of bank fraud committed by employees. The study employed the quantitative research approach to investigate the phenomenon of banking sector fraud in Ghana. Data was collected using questionnaires administered to 250 employees of 20 sampled banks, across the ten regional capitals in Ghana. The collected data was further analyzed using descriptive statistics and the multivariate regression analysis. The findings of the study revealed that, bank fraud is prevalent in the Ghanaian banking sector, and it is considered a threat in the industry, as it is an act committed by both managerial and non-managerial staff with such factors as capability, opportunity, and internal controls being the main drivers.

Rahman and Anwar (2014) conducted a study to identify the common types of bank fraud that frequently happen in Islamic banks, the underlying determinants and the amount of losses as a result of fraud cases. The targeted respondents are among managers and officers within Islamic banks in Malaysia. Out of the total 255 questionnaires sent to the respondents, 146 responses were received, giving a response rate of 57.25%. The results indicated that fraudulent statement was the type of fraud that frequently occurred in Islamic banks, followed by credit card fraud. Furthermore, greed was also a strong determinant of fraud, followed by non-compliance along with insufficient control and financial pressure. Insufficient control falls within the opportunity element in the fraud triangle theory while financial pressure represents the pressure element of the fraud triangle.

Marrison (2012) provided a more understanding of fraud, its prevention, detection, reporting and resolution guidelines, which the Bank can incorporate in its fight against fraud. Fraud risk assessment provides a comprehensive step by step model that can be utilized in identifying the methods through which fraud is committed, preventing further fraudulent activities occurring and providing guidelines of handling fraud and taking action against perpetrators. Fortunately, some fraud risks are preventable, while others can be closely monitored in order to reduce their consequences and frequencies of occurrence. The study recommends that identifying the determinants of employee fraud and finding ways to reduce these fraud to the minimum will help the bank to streamline its business through improving the quality of its processes and its services and ultimately provide quality services to their customers. This would in turn build customer confidence and increase the Bank's reputation in comparison to its competitors.

Rahman & Salim (2010) examined the moderating effect of the contextual fraud risk level on the relationship between the external auditors' ability to assess fraud risk and their ability to detect the likelihood of fraud. This study used an experimental approach by sending case materials to audit partners or audit managers in auditing firms operating in Malaysia. The results showed that the contextual of fraud risk level had a significant effect on the relationship between the external auditors' ability to assess fraud risk and their ability to detect the likelihood of fraud.

Idowu (2009) focused on evaluation of the effects of internal control system on fraud detection in selected Nigerian commercial banks. Data were analyzed using general least square regression, correlation, and panel data methodology. Results were statistically significant with respect to internal control system, and fraud detection. There was high level of correlation between internal control system (ICS) and fraud detection (FD), improved employee training (ET) and fraud detection (FD).

Notwithstanding that these theories propounded have sought to identify factors that contribute to employee fraud, the study also implies that there are other factors that may have not been studied and this research seeks to determine other factors that may also contribute to employee fraud in our Ghanaian banking industry as well as find the relationship between these factors and employee fraud.

## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

This chapter provides a description of the research methodology employed in the study, and discusses how the study would be conducted in order to achieve the objectives of the study as stipulated in the introductory chapter. The methodology comprises of the theoretical and ideological basics as well as the fundamental principles that guides a researcher in the selection of a particular research method over the other. The chapter discusses the research design and provides justification for the choice of the survey research strategy. It describes the design of the research, the research approach, target population, sampling, determination of the sample size, the sampling frame, and the sampling techniques. The chapter ends with a discussion on the description of the mode of data collection adopted in the study, as well as the analysis of data.

#### 3.2 Research Design

“A research design is a plan or blueprint of how the researcher intends on conducting the research (Babbie, 2015)”. “It considers the constraints such as access to data, time, location and money that would be inevitably encountered, as well as ethical issues relating to the research (Creswell, 2013)”. “The research design consists of research strategies, research choices, and the time horizons of the research”. It gives the strategy of enquiry, which moves from the underlying philosophical assumption to the research design and data collection (Ary, Jacobs, & Razavieh, 2012).

“The cross-sectional survey design was adopted in the study in order to achieve the purpose of examining the determinants of employee fraud in the banking sector of Ghana. Cross sectional because it compared different population groups at a single point in time In this regard, four universal banks in Ghana were examined. The respondents were selected from both local and foreign universal banks in Ghana. They included the GCB Bank, the Consolidated Bank Ghana, Ecobank Ghana Limited, and Access Bank Ghana Limited. The respondents were sampled from five (5) main departments of the afore-mentioned banks, namely, branch banking operations, credit risk management, customer services department, information communication technology (ICT), and risk management.

The study again, is also descriptive and explanatory in nature. The study is descriptive in design, because it focused on ascertaining the factors that drive employee fraud among universal banks in Ghana, as well as identifying the challenges confronting the universal banks in the management of employee fraud in Ghana. The study is also explanatory because it seeks to explain the effectiveness of managing employee fraud among the universal banks in Ghana. The research is therefore a conclusive study on an examination of the determinants of employee fraud in the banking sector of Ghana.

### **3.3 Research Approach**

The cross-sectional survey strategy with a qualitative methodological approach was adopted in the study to examine the determinants of employee fraud in the banking sector of Ghana, using selected universal banks in the country as the case study. This was undertaken by the use of primary data collection techniques, specifically, the use

of a well-structured self-administered questionnaires to the respondents. By making use of the structured questionnaire as the main source of data collection instrument, responses were elicited from the target respondents, who are all employees of four (4) selected universal banks in Ghana, two (2) of the banks are local banks, and the other two are foreign banks. They include the GCB Bank, the Consolidated Bank Ghana, Ecobank Ghana Limited, and Access Bank Ghana Limited.

The qualitative research approach is a systematic subjective approach used to describe life experiences and give them meaning. Its aim is to gain insight, explore the depths, the richness and complexity inherent in the phenomenon. The cross-sectional survey research strategy was adopted because it allowed the researcher to gather information from a much larger sample relatively quickly and inexpensively. It also compared different population groups at a single point in time. Conducting surveys also allows the collection of a sizeable amount of data from a defined population in a highly economical way (Fisher, 2010).

### **3.4 Target Population**

“The population of a study basically refers to a group of individuals or items that share one or more characteristics from which data is being collected and analyzed”.

“It is the larger pool from which sampling elements are drawn and to which findings can be generalized”. “The population encompasses all the elements that make up the unit of analysis (Hair, Money, Samuel, & Page, 2012)”. The targeted population for this study consisted of one hundred and thirty (130) respondents, who were all employees from various branches and departments within four (4) selected universal banks in Ghana. Two (2) of which are local universal banks, while the other two are

foreign universal banks. They include the GCB Bank, the Consolidated Bank Ghana, Ecobank Ghana Limited, and Access Bank Ghana Limited.

Forty (40) employees were targeted at GCB Bank, Ghana, another forty (40) employees were targeted at the Consolidated Bank, representing the selected local universal banks in Ghana. Thirty (30) employees were targeted at Ecobank Ghana Limited, and another set of twenty (20) employees were targeted at Access Bank, Ghana, representing the foreign universal banks in Ghana. The targeted participants were further sampled from five (5) main departments of their respective universal banks, namely, branch banking operations, credit risk management, customer services department, information communication technology (ICT), and risk management.

### **3.5 Sampling**

“One of the most indispensable aspects of a research is the data collection, since it essentially contributes to the overall understanding of the theoretical framework” (Ary, Jacobs, & Razavieh, 2012). “It is however essential that the method used in obtaining the data and the selection process of respondents be executed with sound judgement (Babbie, 2015)”. It is impractically impossible for a study like this to cover the entire population of all universal banks in Ghana. For this very reason, choosing a representative sample becomes a crucial task (Wahyuni, 2012).

As noted by Schutt (2011), “a larger sample size from a defined target population is more likely to minimize sampling errors and thus the accuracy and the quality of a qualitative research is largely dependent on the suitability of the chosen sample size”. This study employed a sample size of ninety six (96) respondents, with a margin of

error, and a confidence interval of 5.5 percent and 94.5 percent respectively. This, according to Babbie (2015) is suitable for social science studies, and for that matter, this particular study. Table 3.1 shows the sampling distribution of respondents from the sampled universal banks in Ghana.

**Table 3.1 Sampled Distribution of Selected Universal Banks in Ghana**

<b>Name of Universal Bank</b>	<b>Targeted Respondents</b>	<b>Actual Response</b>	<b>Response Rate (%)</b>
The GCB Bank,	40	21	52.20
Ecobank Ghana Limited	30	25	83.33
Access Bank Ghana Limited	20	20	100
The Consolidated Bank, Ghana.	40	30	75.00
<b>Total</b>	<b>130</b>	<b>96</b>	<b>73.85</b>

Source, Field Research, 2019

### 3.5.1 Sampling Size/ Sample Frame

“The size of the sample determines the statistical precision of the findings (Schutt, 2011). The size of the sample is a function of the population parameters under study and the estimation of the quality that is needed by the researcher (Fisher, 2010)”. Generally, larger samples will result in more precise statistical findings (Babbie, 2015). The study included targeted participants from sampled universal banks in Ghana. As emphasized by Fisher (2010), “an undersized study can be a waste of resources for not having the capability to produce useful results”. “To avoid wasteful results from an undersized sample size, an optimal sample size for achieving higher

internal and external validity when conducting a research has been determined by various researchers in the past (Creswell, 2013)”.

As portrayed on table 3.1, the actual response received from the targeted sample size was made up of ninety-six (96) participants drawn from sampled branches of the selected universal banks used in the study. The 96 participants therefore constituted the sample size for the study, giving the researcher, an overall response rate of 73.85% from a targeted population of 130 participants. And in order to determine the appropriate sample size from the targeted population, the researcher adopted the formula as proposed by Tabachnick and Fidell (2006) with the assumption that the targeted population is unrestricted. According to Tabachnick and Fidell (2006);

$$n = \frac{N}{1 + Ne^2}$$

In the formula above, “*n*” represents the sample size to be calculated, while “*N*” is the target population. The value of “*e*” (standard error) depends on the required confidence level set by the researcher. If the confidence level is 94.5 percent, then the “*e*” value would be 0.055. In this study, 94.5% confidence interval level was adopted. One hundred and thirty (130) respondents from the four (4) selected universal banks in Ghana, constituted the targeted population of the study. Using the targeted population of 130 employees, that is,  $N=130$  and a 5.5% margin of error (that is,  $e=0.055$ ), the sample size,  $n$  was therefore calculated as follows:

$$n = \frac{N}{1 + Ne^2} = 93.31$$

The size of the sample is a function of the population parameters under the study and the estimation of the quality that is needed by the researcher (Babbie, 2015). From the formula above, the minimum sample size as calculated is ninety-three (93) respondents. The sample size of ninety-six (96) respondents, as illustrated on table 1.1, is therefore considered an appropriate sample size for the study, giving the researcher, an overall response rate of 73.85% from a targeted population of 130 participants. The sample size of 96 respondents is therefore considered most appropriate, since the minimum calculated actual sample size is 93.31.

### 3.5.2 Sampling Techniques

Two main non-probability sampling techniques were used for the research. They are, the Purposive Sampling Technique and the Convenient Sampling Technique.

**Purposive sampling technique:** The purposive sampling technique was deployed to specifically select the sampled universal banks used in Ghana. This was supposed to aid the researcher achieve her objectives as stated in the introductory chapter.

**Convenient sampling technique:** The convenient sampling technique was used to select the staff and employees from the sampled universal banks used in the study. The respondents were sampled from various branches and departments within the afore-mentioned banks. By the convenient sampling technique, only the targeted employees at the various branches, who were present at the time of the data

collection, and were willing to participate in the study were considered for the study (Fisher, 2010).

### **3.6 Questionnaire Design**

The procedure employed in this study was to solicit data through the use of the structured questionnaires. Based on the research objectives, the questionnaire was structured into three main sections. The first section of the questionnaire solicited information on the biographic data of the respondents such as gender, age, educational background and other socio-economic characteristics. This first section was meant not only to collect data on the respondents, but also to keep the respondents at ease.

The second section of the questionnaire dealt with questions pertaining to the measurement of factors that drove employee fraud in the banking industry. Four (4) categories of factors were measured. These factors include opportunity, rationalization, pressure, and capability. The questionnaire was structured on a five-point Likert Type of Scale, where the respondents were either to tick or mark if they strongly disagree, disagree, neutral, disagree or strongly disagree.

The third section solicited information on the effectiveness of managing employee fraud in the banking industry. This section was inculcated to help curb these factors identified as contributing factors to employee fraud. It will serve as a solution to the canker faced in the banking industry especially where employees are involved. The questions to this section of the questionnaire was also structured on a five-point scale.

“The adoption of the closed-ended questions made it easy for the responses to be coded and analyzed” (Creswell, 2013). “It also made it easier for the researcher to

collect the data within a short period of time”. “The respondents were basically ticking the appropriate answers after reading the questions and with the response choices given; there was no need to further explain the questions to the respondents”. “However, questionnaires can be limiting by suggesting ideas to the respondents to which he or she will not otherwise have thought about”. Again, respondents can answer questions without reading to get the understanding of the questions and answer appropriately or even misinterpret some questions. All in all, comparing both the merits and the demerits of using questionnaires, the merits far out-weighted the demerits in a study like this, and thus it was expected that the use of the structured questionnaires would have a good impact on the study (Fisher, 2010).

All the items intended to measure the variables were adapted from previously validated instruments (Pallant, 2013). They were modified such that the focus was on the Ghanaian context. Each scale was scored by aggregating the total scores for each question on a given measure and reporting the total score as the composite score for the measure.

### **3.7 Data Collection**

According to Babbie (2015), “there are essentially two kinds of data collection methods: primary data collection and secondary data collection”. Wahyuni (2012) posits that, “primary data are data gathered purposely for a particular research problem or study through the use of procedures that well fit the research problem.” Wahyuni (2012) further noted that, each time primary data is collected, fresh data set are subsequently added to the already existing store of social knowledge about the phenomenon under study. This store of knowledge generated by other researchers is

made available and may be utilized by other researchers or the general research community which then becomes secondary data (Quinn, 2010).

The study basically relied on primary data. Primary data were collected through structured questionnaires which were administered using both face-to-face and self-administration. The questionnaires were then distributed to the sampled employees of the selected universal banks in Ghana. The questionnaires were administered between the 1<sup>st</sup> of April, 2019, and the 30<sup>th</sup> of April, 2019. The task of designing a questionnaire involves the development of a wording that is precise, concise and unambiguous, and which for that matter allows respondents to successfully answer the questions that it sought to ask (Ary, Jacobs, & Razavieh, 2012).

In view of this, Creswell (2013), suggest that the questionnaire for a study should be pre-tested for the purposes of re-wording, deleting, and or adding new items should it be necessary for better comprehension of the questionnaire by respondents. For these reasons, the questionnaires for the study were pre-tested at two (2) branches of the Consolidated Bank, Ghana. The researcher personally distributed the questionnaire to a sample of ten (10) respondents, five (5) from each of the two branches of the Consolidated Bank, Ghana. The sampled respondents willingly participated in the pre-test. The feedback was analyzed and the necessary changes were subsequently effected.

### **3.8 Validity of the Research Instrument**

To ensure validity of the research instrument, a draft copy was given to the Supervisor of this study, who read through and made the necessary corrections to ensure face, content and construct validities.

### **3.9 Analysis of Data**

In analyzing the data, the study employs the descriptive statistics, and correlational analysis, to analyze the collected data. Previous studies on fraud risk management in the banking sector, also made use of correlational and regression analysis. For the purposes of this study, the survey data collected were analyzed using the Statistical Package for the Social Sciences (SPSS, Version 22) to equally assess the extent of the relationship between the study constructs. The demographic characteristics of the respondents were examined using descriptive statistics such as the frequency, percentages, mean, and standard deviations.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter presents the empirical findings of the study in the context of the objectives as stated in Chapter One. The study focused on examining the determinants of employee fraud in the Ghanaian banking industry and the effective management of employee fraud in the banking sector of Ghana using the four selected banks. The chapter presents the analysis of data collected from the field. The data analysis was performed using the Statistical Package for the Social Sciences (SPSS Version 20). The study analysed the determinants of employee fraud and to find a relationship between these factors. The chapter presents analysis of bio-graphic data, the descriptive statistics of the dependent and independent variables, correlational analysis. The results of the study are discussed relative to the research objectives, and empirical literature. At each stage, the analyses were based on the study objectives which could be recalled as follows:

- i. To examine the determinants of employee fraud in the banking industry in Ghana
- ii. To ascertain factors that drive employee fraud among universal banks in Ghana.
- iii. To examine the effectiveness of managing employee fraud among the universal banks in Ghana.
- iv. To identify the challenges confronting the universal banks in the management of employee fraud in Ghana.

Two main types of analyses were carried out. The first involved the analyses of the biographic data of the respondents, and the second consisted of answering the research questions using the appropriate statistical techniques.

## 4.2 Demographic Profile of Respondents

This section presents the demographic characteristics of the respondents who are employees of the four selected banks; GCB Bank, the Consolidated Bank Ghana Ltd, Access bank Ghana Ltd, and Ecobank Ghana Ltd. The profile of the respondents included gender, age, educational background, the organization they belong to, tenure of work and position held. Overall, 96 employees were sampled from various branches and departments of the four sampled banks.

### 4.2.1 Gender Distribution of Respondents

The gender distribution of the respondents is shown in Table 4.1 below. From the gender distribution of the 96 employees sampled from the four banks, 49% (n=47) were males and the remaining, 51% (n=49) represented females. This implies that the study is not gender biased as it sought the opinion of both males and females regarding the performance management practices and the intention to quit of the employees.

**Table 4.1: Gender distribution**

		Frequency	Percent
Valid	Male	47	49.0
	female	49	51.0
	Total	96	100.0

**Source: Field Survey Data (2019)**

#### 4.2.2 Age Distribution of Respondents

The age distribution represents the capacity of the respondents to determine their participation in the study. This distribution is shown in Table 4.2 below. Regarding the age distribution, the outcome revealed that majority of the participants, 41.7% (n=40) were within the age group of 30-39 years. This was followed by those within the age class of 20-29 years, constituting, 33.3% (n=32), 19.8% (n=19) of the respondents were between 40-49 years of age, 4.2% (n= 4) of the respondents were above 50 and 1.0% (n =1) of the respondents was less than 20 years. The implication is that the majority of the respondents were matured enough to determine whether or not to participate in the study, and to answer the questions regarding employee fraud in the four selected banks.

**Table 4.2: Age Distribution**

Category	Frequency	Percent
Valid 20 - 29 years	33	34.4
30 - 39 years	40	41.7
40 - 49 years	19	19.8
50 years and above	4	4.2
Total	96	100.0

**Source: Field Survey Data (2019)**

#### 4.2.3 Educational Qualification

The education level of respondents has implication on the ability of the respondents to read and understand the issues under investigation by the questionnaire. In examining the educational qualification of the respondents, 6.3% (n=6) had Diploma qualification, 51% (n=49) had Degree qualification which happens to the majority,

and 42.7% (n=41) had Masters/ PhD. The implication is that majority of the respondents are well educated, and were capable of reading and understanding the issues pertaining to employee fraud as raised in the questionnaire.

This distribution is shown in Table 4.3 below.

Table 4.3: Educational Qualification

		Frequency	Percent
Valid	SHS/O/A level	0	0.0
	Diploma	6	6.3
	Degree	49	51.0
	Masters/PHD	41	42.7
	Total	96	100.0

Source: Field Survey Data (2019)

#### 4.2.4 Name of universal banks

Questionnaires were distributed to employees of four sampled banks of which two are local banks and two foreign banks. Sampling in the various banks as shown in table 4.4 below shows a fair representation of the banks and the responds recorded were as received by the researcher. 21.9% which records 21 respondent of the population were from GCB, 26% (n=25) were from Ecobank, 20.8% (n= 20) were from Access bank Ghana and majority coming from the Consolidated Bank Ghana recording 31.3% (n= 30).

**Table 4.4: Name of universal bank**

	Frequency	Percent
Valid GCB bank	21	21.9
Ecobank	25	26.0
Access Bank	20	20.8
Consolidated bank	30	31.3
Total	96	100.0

**Source: Field Survey Data (2019)**

#### 4.2.5 Job Tenure

Job tenure gives an indication of the number of years of experience at the work place. Concerning the job tenure of the sampled employees, 39.6% (n=38) have been working with the sampled banks for less than 5 years, 27.1% (n=26) had 6 to 9 years working experience, and 33.3% (n=32) had 10 years and above of working experience. The implication is that most of the respondents have the requisite work experience with the organization and are therefore poised to understand and answer all the relevant questions pertaining to employee fraud at their respective departments and branches.

**Table 4.5: Job Tenure**

	Frequency	Percent
Valid Less than 5 years	38	39.6
6 - 9 years	26	27.1
10 years and above	32	33.3
Total	96	100.0

**Source: Field Survey Data (2019)**

#### 4.2.6. Position held by Respondents

With regard to the positions held by respondents as shown in Table 4.6 below, majority of the respondents, 67.7% (n=65) were non-management staff while the remaining 32.3% (n=31) were management staff. This implies that the information regarding employee fraud were obtained from both management and non-management staff.

**Table 4.6: Position held in the organization**

	Frequency	Percent
Valid Management staff	31	32.3
Non- management staff	65	67.7
Total	96	100.0

**Source: Field Survey Data (2019)**

#### 4.3 Factors that drive Employee Fraud in the Banking Sector

The first specific objective of the study was to examine the determinants of employee fraud in the banking industry of Ghana. Four factors were identified from the fraud theories and under these factors certain behaviours and short falls were identified. A four sub-scale questionnaire developed and used by Armstrong and Baron (2005) was adopted and the responses were given on a Five-point Likert Scale. Mean, standard deviations and chronbach alpha were used to present the findings. The mean value represents the average response of all the respondents while the standard deviation represents the spread of the response along the scale and the Chronbach Alpha measures internal consistency of the responses hence confirming the factors that lead

to fraud. If the mean value is significantly greater than 3.0 (Test value), it means that examining the determinants of employee fraud was largely implemented in the banking industry, otherwise the extent of implementation is low. The four sub-subscale of the determinants of employee fraud included pressure, rationalization, opportunity and capability.

The results are shown on table 4.7.

**Table 4.7: Factors driving Employee Fraud in Ghana**

	N	Mean	Stdev	z-stat	p-value	Chronbach alpha
OPPORTUNITY	96	3.58	0.76	13.84	0.002*	0.853
RATIONALIZATION	96	3.50	0.84	13.78	0.000*	0.835
PRESSURE	96	3.68	0.74	13.86	0.009*	0.868
CAPABILITIES	96	3.56	0.80	13.82	0.000*	0.667
Overall Average	96	3.58	0.79	13.83	0.003*	

**Source: Field Survey Data, 2019**

**\*Statistically significant at 5% alpha level (0.05)**

**Scale: 1=Strongly Disagree; 2= Disagree; 3 =Neutral; 4= Agree; 5 =Strongly Agree**

The results as indicated on table 4.7 have revealed that there are four (4) main factors that can drive employee fraud in the banking sector of Ghana. They include: opportunity to commit the fraud (M=3.58, SD=0.76 CA= 0.853), rationalization of the fraud (M=3.50, SD=0.84, CA= 0.835), pressure to commit the fraud (M=3.68, SD=0.74, CA=0.868), and capabilities of the employee (M=3.56, SD=0.80, CA=0.667). The pressure to commit the purported fraud had the highest mean as well as the highest Chronbach alpha implying that, of all the factors that would normally push the employees of a bank to commit fraud, pressure to commit the fraud is the major driving factor. The second key indicator that can drive employee fraud in the

banking sector of Ghana, according to the respondents, is the opportunity to commit fraud. The inference is that, majority of bank employees in the banking sector of Ghana would always commit fraud whenever the opportunity presents itself. They would probably have not committed the particular fraud because the opportunity has not come yet. But whenever the opportunity presents itself, they would commit the fraud. The third factor that could drive employees within the banking sector to commit fraud is the capability of bank employees. Though it recorded a lower cronbach alpha indicating a lesser consistency, it is interpreted that, employees who are capable in manipulating the systems and procedures in the bank would be more likely to commit fraud. And the final factor that would drive employee fraud according to the respondents is rationalization stating that no matter the action we take or choice of decision we make, we will always justify our actions or thoughts just to make one comfortable or pleased with him or herself.

Overall, the respondents indicated that, all the four factors are key determinants of employee fraud in the banking sector of Ghana ( $M=3.58$ ,  $SD=0.79$ ) with its responses sliding to the right indicating that most responses fell within neutral and strongly agree. This proves that they all agreed that, opportunity, rationalization, pressure, and capability are the key factors driving employee fraud in the banking sector of Ghana. The overall significance level of 0.3% further indicates that majority of the respondents agreed to all the issues raised with regards to the factors that are likely to drive employee fraud within the banking sector of Ghana. About 95% of them were confident that, opportunity, rationalization, pressure, and capabilities were the key drivers of employee fraud in the banking sector of Ghana.

#### 4.4 Effectiveness of Managing Employee Fraud among Universal Banks in Ghana

The second specific objective of the study is to examine the effectiveness of managing employee fraud in the banking sector of Ghana. The opinions of the respondents in this regard were measured using a five-point Likert Type of Scale. The mean and standard deviations were also used to present the results. Summarized on table 4.8 are the descriptive statistics of the variables.

**Table 4.8: Effectiveness of Managing Employee Fraud among the Universal Banks**

	N	Mean	Std Dev
Board of Governors' are independent of management	96	3.90	0.88
Appropriate measures are taken to correct malfeasance	96	3.94	0.78
Your bank has an independent and active audit board	96	4.19	0.70
Management of your bank acts with integrity	96	4.15	0.75
Ethical values are highly upheld by management	96	4.17	0.72
Management is committed to all operational systems	96	4.07	0.67
Management addresses fraud-related risks in the bank	96	4.02	0.60
Management has clearly defined objectives	96	4.11	0.58
Corrective action is taken to address weaknesses	96	4.04	0.62
Bank has a well-developed system for accounting	96	3.98	0.62
Staff are regularly trained to implement systems	96	3.97	0.67
On-going, independent and regular checks are in place	96	4.07	0.59
There is an efficient risk management strategy in place	96	4.06	0.68

**Source: Field Survey Data, 2019**

**\*Statistically significant at 5% alpha level (0.05)**

**Scale: 1= strongly disagree; 2= disagree; 3 =neutral; 4= agree; 5 =strongly agree**

The overall mean of 4.04 (M=4.04, SD=0.63), implies that, on the whole, the respondents agreed that, there is an effective system put in place to mitigate the incidence of employee fraud in the sampled universal banks.

To realize this goal of effectively managing employee fraud in the banking sector of Ghana, the respondents indicated that, the board of governors' of the various banks are independent of management (M=3.90, SD=0.88), there are appropriate measures put in place to correct malfeasance and other dishonest acts by employees (M=3.94, SD=0.78), the bank has an objective, independent and active audit committee in place (M=4.19, SD=0.70), management of the bank acts with great integrity and honesty (M=4.15, SD=0.75), high ethical values are upheld in all management decisions (M=4.04, SD=0.63), management is committed to the implementation of all operational systems (M=4.07, SD=0.67), management has a criteria for ascertaining fraud related risks in the bank (M=4.02, SD=0.60), management has a defined and appropriate objective for the bank (M=4.11, SD=0.58), corrective action is taken to address all weaknesses and lapses in the banking environment (M=3.98, SD=0.62), the bank has a well-developed and a robust accounting charts and software systems in place (M=4.04, SD=0.62), the staff are trained to effectively implement all the systems within the bank (M=3.97, SD=0.67), there is an on-going independent process checks and evaluation of control activities (M=4.07, SD=0.59), and there is an efficient fraud risk management strategy put in place by the bank (M=4.06, SD=0.68).

#### **4.4.1 Correlational Analysis of the Dependent and Independent Variables**

In examining the effectiveness of managing employee fraud among universal banks in Ghana, the study undertook a correlational analysis of the dependent and independent

variables. The dependent variable in this case is the effectiveness of managing employee fraud, and the independent variables are made up of the determinants of employee fraud in the banking sector of Ghana, namely, opportunity, rationalization, pressure, and capabilities.

The correlational analysis reports the direction and degree of the relationship that exist between the determinants of employee fraud and the effectiveness of managing employee fraud among universal banks in Ghana. However, it does not show the effects that exist among the study variables. The sign shows the direction of the relationship between the study variables, while the degree of the relationship between the study variables, this is also determined by an absolute value. Table 4.9 is an illustration of the relationship between the endogenous and exogenous variables.

**Table 4.9: Correlational Results of the Endogenous and Exogenous Variables**

		(1)	(2)	(3)	(4-)	(5)
Effectiveness of managing employee fraud	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	96				
Opportunity	Pearson Correlation	0.204*	1			
	Sig. (2-tailed)	0.048				
	N	95	96			
Rationalization	Pearson Correlation	0.244*	0.163	1		
	Sig. (2-tailed)	0.017	0.113			
	N	96	96	96		
Pressure	Pearson Correlation	0.127	0.086	0.110	1	
	Sig. (2-tailed)	0.218	0.406	0.287		
	N	96	96	96	96	
Capabilities	Pearson Correlation	0.485**	0.273**	0.313**	0.271**	1
	Sig. (2-tailed)	0.000	0.008	0.002	0.008	
	N	94	94	94	94	94

Source: Field Survey Data, 2019

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 4.9 demonstrates the Pearson correlation coefficient, which also serves as a check for the collinearity between the study variables employed in the study in order to achieve the research objectives. The coefficient of correlation provides an index of the direction and magnitude of the relationship between the dependent and independent variables. The sign of the coefficient is therefore an indication of the direction of the relationship. The absolute value of the coefficient also indicates the magnitude.

The results from the correlation matrix as demonstrated in table 4.9, indicates that, all the determinants of employee fraud had positive correlations with the dependent variable, which is the effectiveness of managing employee fraud in the banking sector of Ghana. It is worth mentioning that, out of the four determinants of employee fraud in the banking sector of Ghana, three (3) of the determinants had significant positive associations with the effectiveness of managing employee fraud. They are: opportunity, rationalization, and capabilities. Opportunity had a significant positive relationship with the effectiveness of managing employee fraud at a 5% level of significance or a 95% confidence interval ( $r=0.204$ ,  $p=0.048<0.05$ ). Rationalization as a determinant of employee fraud, also had a positive relationship with the effectiveness of managing employee fraud at a 5% level of significance ( $r=0.017$ ,  $p=0.244<0.05$ ). Finally, capabilities as a determinant of employee fraud also had a positive correlation with the effectiveness of managing employee fraud at a 5% level of significance ( $r=0.485$ ,  $p=0.000<0.05$ ). However, pressure, as a determinant of employee fraud, even though had a positive association, was insignificant in predicting the effectiveness of managing employee fraud among the universal banks in Ghana.

#### **4.5 Discussion of Results**

From the findings of the study, 25.3% of the variations in the effectiveness of managing employee fraud could be accounted for, by variations in the factors driving employee fraud among universal banks in Ghana, namely, opportunity, rationalization, pressure, and capabilities. From the correlation coefficient of 50.3%, the study found out that, there was a strong relationship between the determinants of employee fraud and the effectiveness of managing employee fraud.

In connection with the objective of determining the factors that drive employee fraud in the banking sector of Ghana, the respondents indicated that, all the four factors are key determinants of employee fraud in the banking sector of Ghana. They agreed that, opportunity, rationalization, pressure, and capability are the key factors driving employee fraud in the banking sector of Ghana. The overall significance level of 0.3% further indicates that majority of the respondents agreed to all the issues raised with regards to the factors that are likely to drive employee fraud within the banking sector of Ghana. About 95% of them were confident that, opportunity, rationalization, pressure, and capabilities were the key drivers of employee fraud in the banking sector of Ghana.

In connection with the objective of examining the effectiveness of managing employee fraud in the banking sector of Ghana, the study revealed that, opportunity, rationalization, and capability had significant positive associations with the effectiveness of managing employee fraud in the banking sector of Ghana. However, pressure, as a determinant of employee fraud, even though had a positive association,

was insignificant in predicting the effectiveness of managing employee fraud among the universal banks in Ghana.

The findings of the study supported similar works undertaken by Dadzie-Dennis, Caesar, Ghansah, and Korletey (2018), and Rahman and Anwar (2014). It however contradicts the works of Marrison (2012). Dadzie-Dennis, Caesar, Ghansah, and Korletey (2018) for example conducted a study on employee fraud in the banking sector of Ghana. The aim of their study was to identify the factors that drive employee fraud in the banking sector, as well as determine their interrelationships. Their study also identified the types of bank fraud committed by employees. The study employed the quantitative research approach to investigate the phenomenon of banking sector fraud in Ghana. Data was collected using questionnaires administered to 250 employees of 20 sampled banks, across the ten regional capitals in Ghana. The collected data was further analyzed using descriptive statistics and the multivariate regression analysis. The findings of the study revealed that, bank fraud is prevalent in the Ghanaian banking sector, and it is considered as an art that is committed by both managerial and non-managerial staff with such key factors as capability, opportunity, pressure, and internal controls being the main drivers. Their findings are similar to the findings of the current study and strongly support the results thereof.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary

The purpose of the study was to examine the determinants of employee fraud in the Ghanaian banking sector; a case study of some selected banks in Ghana. Specifically, the study assessed the determinants of employee fraud focusing on key four factors i.e. pressure, opportunity, rationalization and capabilities. It also measured the effectiveness of managing employee fraud in the Ghanaian banking sector. Four universal banks were considered in the study of which two were local banks and the other two foreign banks namely the Consolidated Bank Ghana, GCB, Ecobank Ghana and Access bank Ghana. The study adopted a survey strategy with a qualitative methodological approach to achieve its purpose. A structured questionnaire was used as the main research instrument to conveniently obtain data from selected employees of the aforementioned banks. A total of 96 employees constituted the sample size from selected departments and branches of the four selected banks. Both the descriptive and inferential statistics tools were used to analyse the collected data.

Regarding the determinants of employee fraud in the Ghanaian banking sector, the study found out that, all the four factors were key determinants of employee fraud in the banking sector of Ghana and the study agreed that, opportunity, rationalization, pressure, and capabilities were the key factors driving employee fraud in the banking sector of Ghana. Majority of the respondents agreed to all the issues raised with regards to the factors that were likely to drive employee fraud within the banking

sector of Ghana. About 95% of them were confident that, opportunity, rationalization, pressure, and capabilities were the key drivers of employee fraud in the banking sector of Ghana.

Regarding the effectiveness of managing employee fraud in Ghanaian banking sector, the study revealed that, opportunity, rationalization, and capabilities had significant positive associations with the effectiveness of managing employee fraud in the banking sector of Ghana. However, pressure, as a determinant of employee fraud, even though had a positive association, was insignificant in predicting the effectiveness of managing employee fraud among the universal banks in Ghana. Capability as a determinant of employee fraud was statistically significant in predicting the effectiveness of managing employee fraud among the universal banks in Ghana.

## 5.2 Conclusions

Based on the findings of the study, the following conclusions can be made:

- i. Of all the factors that would normally push the employees of a bank to commit fraud, pressure to commit the fraud is the major driving factor. Followed by opportunity, the deduction is majority of bank employees in the banking sector of Ghana would always commit fraud whenever the opportunity presents itself. The third factor, which is capability interprets that, employees who are capable in manipulating the systems and procedures in the bank would be more likely to commit fraud. And the last but not the least, rationalization which is justifying the need to commit fraud without looking bad in their thoughts and deeds.

- ii. The effectiveness of managing employee fraud could be accounted for, by variations in the factors driving employee fraud among universal banks in Ghana, namely, opportunity, rationalization, pressure, and capabilities. The study found out that, there was a strong relationship between the determinants of employee fraud and the effectiveness of managing employee fraud. The study further revealed that the determinants of employee fraud among universal banks in Ghana, significantly affected the effectiveness of managing employee fraud.

### **5.3 Recommendations**

Based on the findings of the study, the following recommendations were proposed.

- The study recommends that management should organize counseling sessions for staff on regular basis. This counseling session will help boost the morale and esteem of staff as well as help staff manage pressure if they should encounter one.
- Strengthen its control measures to ensure that there are no loopholes in the banking operations that will grant employees the opportunity to commit fraud. The existence of an internal control department will help curb these malfeasances.
- Recommend feedbacks from staff concerning operational issues so as to be abreast with challenges faced by staff in their duties. This will help identify loopholes in the operations and seek quicker solution to these issues to prevent fraud.
- An existence of a quality control department in the banks will help curb fraud prevalence since the department will focus more on the processes, operations

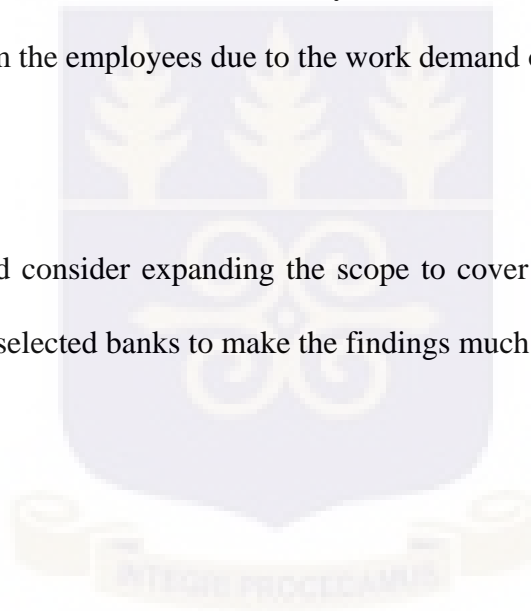
and functions of the bank and seek improvements and innovation to where they fall short.

#### **5.4 Limitations of the Study**

The study was limited to some few selected departments of the four selected banks. The researcher was constrained by time to cover the entire population of the four sampled banks. It was also difficult getting some vital information from the employees of the various banks due to security reasons and risk to exposure as well getting responds from the employees due to the work demand of the banking sector.

#### **5.5 Future Studies**

Future studies should consider expanding the scope to cover many departments and branches of the four selected banks to make the findings much more comprehensive.



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**APPENDIX I: THE QUESTIONNAIRE DESIGN**



**DEPARTMENT OF FINANCE**

**QUESTIONNAIRE FOR SAMPLED EMPLOYEES OF SELECTED  
UNIVERSAL BANKS IN GHANA**

**TOPIC: Determinants of Employee Fraud in the Banking Sector of Ghana: The Case -of Selected Universal Banks in Ghana**

**Introduction:** The questionnaire below is aimed at achieving the aforementioned topic, and the successful completion of it will lead to the award of an MBA degree in Finance at the University of Ghana Business School, Legon. The researcher pledge to conceal the anonymity and confidentiality of all persons who give out information as required by this questionnaire.

**SECTION A: Bio-graphic Data of Respondents**

1) Gender of respondent

- A.** Male [ ]      **B.** Female [ ]

2) Age of respondent

- A.** Less than 20yrs [ ]   **B.** 20-29 yrs [ ]   **C.** 30-39yrs [ ]   **D.** 40-49yrs [ ]  
**E.** 50yrs or more [ ]

3) Educational level of Respondent

- A.** SHS/ O/A-Level [ ]   **B.** Diploma [ ]   **C.** Degree [ ]   **D.** Masters/PhD[ ]

4) What is the name of your universal bank?

- A. GCB Bank, Ghana [ ]
- B. Ecobank Ghana Limited [ ]
- C. Access Bank, Ghana Limited [ ]
- D. The Consolidated Bank, Ghana [ ]

5) How long have you been working with your universal bank? (Tenure of work)

- A. less than 5yrs [ ]
- B. 6-9 yrs [ ]
- C. 10yrs and above [ ]

6) Position held at your bank

- A. Management staff [ ]
- B. Non-management staff [ ]

**SECTION B: Factors that drive Employee Fraud in the Banking Sector**

The following items seek to determine the factors that drive employee fraud in the banking sector of Ghana. Please, respond by choosing and using the following Five-Point scale:

- 1=Strongly disagree
- 2= Disagree
- 3=Neutral
- 4=Agree
- 5= strongly agree

No.		For each statement choose a number				
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	<b>Factors that Drive Employee Fraud in the Banking Sector of Ghana</b>					
<b>OPPORTUNITY</b>						
1	Lack of general and precise human resource policies on fraud	1	2	3	4	5
2	Improper records of-previous actions taken on the dishonest act of employees relating to fraud	1	2	3	4	5
3	Dishonest and overlapping duties by dominant management	1	2	3	4	5
4	Lack of supervision and attention paid to details	1	2	3	4	5
5	Complex organizational structures	1	2	3	4	5
6	Lack of executive disclosures and examinations	1	2	3	4	5

7	Inadequate training programs, both internal and external on banking sector fraud	1	2	3	4	5
<b>RATIONALIZATION</b>						
8	Fraud is justified by employee's criminal or questionable historical background	1	2	3	4	5
9	Fraud is justified by an employee's inconsistent behavior	1	2	3	4	5
10	Fraud is justified by a strong desire to beat the system	1	2	3	4	5
11	Fraud is justified by being underpaid	1	2	3	4	5
12	Fraud is justified by poorly recommended employee with poor financial status	1	2	3	4	5
<b>PRESSURE</b>						
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
13	Work-related pressures such as unfair treatment and non-promotion	1	2	3	4	5
14	Undue family, societal, organizational, religious and/or community-based pressures	1	2	3	4	5
15	Antipathy of superiors, intimidation at the work place, and job frustration	1	2	3	4	5
16	Perceived differential and inequality treatment at work	1	2	3	4	5
<b>CAPABILITIES</b>						
17	Exercising an excessive power	1	2	3	4	5
18	Job or work overlap	1	2	3	4	5
19	Persuasive ability	1	2	3	4	5

**SECTION C: Effectiveness of Managing Employee Fraud in the Banking Sector  
of Ghana**

The following items measure the effectiveness of managing employee fraud in the banking sector of Ghana. Please, respond by choosing and using the following Five-

Point scale:

**1=Strongly disagree**

**2= Disagree**

**3=Neutral**

**4=Agree**

**5= strongly agree**

<u>No</u>	<u>Effectiveness of Managing Employee Fraud</u>	For each statement choose a number				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	<b>THE CONTROL ENVIRONMENT</b>					
<b>1</b>	The Board of Governors' are independent of management	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>2</b>	Appropriate measures are always taken to correct malfeasance and other dishonest acts by employees	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>3</b>	The bank has an objective, independent and active audit committee in place	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>4</b>	Management of your bank acts with great integrity and honesty	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>5</b>	High ethical values are upheld in all management decisions	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>6</b>	Management is committed to the implementation of all operational systems	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>RISK ASSESSMENT</b>					
<b>7</b>	Management has criteria for ascertaining fraud-related risks in the bank	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>8</b>	Management has defined appropriate objectives	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

	for the bank					
	<b>CONTROL ACTIVITIES</b>					
<b>9</b>	Corrective action is taken to address all weaknesses and lapses in the bank	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>10</b>	The bank has a well-developed accounting chart and software system in place	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>11</b>	The staff of the bank are well-trained to implement the accounting and financial system	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>REGULAR MONITORING</b>					
<b>12</b>	On-going independent process checks, and evaluation of control activities	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>13</b>	There is an efficient fraud risk management strategy put in place by the bank	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

**THANK YOU.**

