

Employee Fraud in the Banking Sector of Ghana

by

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Abstract

Employee fraud has been identified as a threat in the banking sector. This study, therefore, aims to identify the factors that drive employee fraud and determine their relationships. It also identifies the types of bank fraud committed by employees. The study employs a quantitative approach to investigate the phenomenon. Data was collected using questionnaires administered to 250 employees of 20 selected banks, across the ten regional capitals of Ghana. The data collected were analyzed using descriptive statistics and multivariate regression analysis. The findings of the study provide that bank fraud is prevalent in the Ghanaian banking sector and it is considered as an act that is committed by both managerial and non-managerial staff with factors such as capability, opportunity and internal controls being the main drivers. These, notwithstanding, the study implies that it is also important to note that there are other factors that have not been studied in this article that may also contribute to employee fraud.

Keywords:

Fraud; Employee fraud; Banking; Bank of Ghana; Internal control; Bank fraud; Corporate culture

Introduction

In spite of the fact that the banking industry is a controlled and regulated industry, employee fraud has assumed a different dimension in this industry and has continued to cost banks. The impact of employee fraud on the operations of banks in Ghana, and indeed the economy at large, is of interest to researchers and industry practitioners. Employee fraud has been identified as a threat in the banking sector (Nwankwo, 1991; Oseni, 2006). Fraud, in general, is defined by Anyanwu (1993) as an act of deception deliberately practiced to gain unlawful or unfair advantage over others. The International Standard on Auditing (ISA) defines employee fraud as an intentional act committed by one or more individuals in an organization, or third parties involving the use of deception, to obtain an unjust or illegal advantage. Most fraudulent activities, that occur in banks, are perpetrated by employees of banks. Bank fraud may include manipulation, falsification or alteration of documents, intentional misapplication of accounting policies

and records, involving recording transactions without substance.

In recent times, the occurrence of employee fraud in the banking industry of Ghana has assumed an alarming proportion. According to Samociuk, Iyer and Doody (2010) “there is not a single financial organization that is immune to employee fraud, and that the typical organization loses 5-7 percent of its annual revenues to fraud” (p. 3). Though some acts of employee fraud were recorded decades ago, the current trend is worrying, since, employee fraud in any institution reduces the operating assets of that institution and increases the operating liability. It generates reputational setbacks, which in most cases result in the loss of existing and potential customers.

This development is of great concern to the stakeholders in the banking sector. According to Awuge, Obeyaa, Ampiah, Urbanus and Asiniembisa (2013), employee fraud has diverse socio-economic effects which include bank failure leading to

merger and acquisition, loss of job, loss of shareholder wealth and investment, capital erosion, loss of income, loss of employment, reputational risk, suicide, death, divorce, or imprisonment. These show that employee fraud poses serious threats to the banking industry and the society at large. Therefore, there is a need to investigate the phenomenon to the factors that drive employee fraud in the banking sector.

Literature Review

Fraud can be classified into three primary groups; fraud that has been exposed and is publicly known, fraud that has been discovered by an organization but not made public, and fraud that has not been detected (Silverstone & Davia, 2005). However, it has been asserted that about only 20 percent of fraud is exposed. The reasons given indicate that most fraud is discovered accidentally; independent auditors do not proactively audit to detect fraud; entities without internal control staff cannot audit to detect fraud proactively; most internal auditors do not have adequate training or experience to detect fraud proactively; and most internal controls are inadequate to prevent fraud (Silverstone & Davia, 2005; Wells, 2004).

However, Elliot and Willingham (1980) categorized fraud into management fraud and employee fraud. Management fraud is committed by managerial employees and consists of, but is not limited to, financial statement fraud, misrepresentation of material facts, misappropriation of assets, concealment of material facts, illegal acts, bribery, corruption, and conflict of interest. Pedneault, Silverstone, Rudewicz, and Sheetz (2012) added that, management fraud involves the manipulation of earnings reported in the financial statements prepared for shareholders and creditors. This type of fraud affects stock prices, management bonuses, availability, and terms of debt financing.

On the other hand, employee fraud is committed by non-managerial employees and consists of, but is not limited to, embezzlement, breach of fiduciary duties, and theft of trade secrets or intellectual property (Elliot & Willingham, 1980). Additional items like pilferage, petty theft, false overtime claims, sick leave abuse, and use of company assets for their own benefit can also be viewed as

fraud on the part of the employee, without forgetting bribery and corruption.

Employee fraud is mainly characterized by several activities including cash theft from bank tills, forgeries of customers' signatures with the intention of withdrawing monies from their accounts, opening and operating fictitious accounts, and illegal transfer of funds to other accounts, claiming of overtime for hours not worked, fund diversion, and computer fraud via compromising log-in credentials of an e-banking user (Akinyomi, 2012; Kingsley, 2012; Tchankova, 2002). While management have access to tangible assets and the accounting systems that record and track the activities of their employees, employees also use the same systems to conceal their identities and theft.

Finally, in addition to management and employee fraud, there is also customer fraud, such as false claim applications, fraudulent claims and the submission of false financial information to banks for loan applications.

Theoretical Perspective

The Drivers of Bank Fraud

From the perspective of the triangular fraud theory, for fraud in an organization to be successful, three things must exist, namely, opportunity, pressure and rationalization (Wells, 2005), but in extending this theory using the fraud diamond theory, Wolfe and Hermanson (2004) were of the view that, when the person committing the fraud is not with the right capability, then the fraud will not be possible.

Pressure from Employees and Bank Fraud

Pressure relates to the motivation that leads to unethical behavior. Pressure can result from various circumstances, but it often involves a non-shareable financial need. According to Albrecht, Albrecht and Albrecht (2006) about 95 percent of all cases of fraud have been influenced by financial pressure. Pressure to commit fraud may be as a result of employment stress, external factors, personal factors, social pressure (maintaining status) and inability to attain or achieve goals. Hillison, Pacini and Sinason (1999) found that numerous employee situations are consistent with actual or perceived pressure. For example; Greed or preoccupation

with being successful, living beyond one's means, high personal debts, high medical bills, poor credit or inability to obtain credit, unexpected financial needs, personal financial losses, expensive habits such as the use of drugs, alcohol or gambling, illicit sexual relationships, work related pressure such as low pay, failure to receive a promotion, unfair treatment, lack of respect or dissatisfaction with one's job, boredom, the challenge to see if you can beat the system without getting caught, and spouse or family related imposed pressures (Hillson et al., 1999). The researcher is of the view that, when there are high levels of pressure on employees of banks, the likelihood of bank fraud is high. Based on the above review, the researcher hypothesizes that;

H1a: Pressure on employees is positively related to employee fraud in the banking sector of Ghana

Opportunity for Employees and Bank Fraud

Opportunity is the first important factor motivating fraud. Opportunities to commit fraud represent gaps, deficiencies, weaknesses and loopholes in the internal control systems of a business that an employee can utilize to commit fraud (Wilson, 2004). Hillison et al. (1999) found that opportunities to commit fraud can arise when an employee acquires absolute trust in an organization where the internal controls are weak or non-existent. The employee will then perceive that an opportunity exists to commit fraud, conceal it and avoid detection. Lister (2007) saw opportunity as the "fuel that keeps the fire going" and according to him even if a person has a motive, he or she cannot commit fraud when the opportunity is not created. He therefore gave some examples of opportunities that contribute to fraud such as high turnover of management in key roles, lack of segregation of duties, complex transactions, complex organizational structures, weak board of directors, lack of circumvention of control to prevent/detect fraudulent behaviour, failure to discipline fraud perpetrators and weak culture within the working environment (the ways of doing things within organization).

Deloitte (2005) postulated that culture is a good barometer for measuring an organization's susceptibility to fraud and error. According to an article by Deloitte, understanding an organization's cul-

ture is fundamental to designing effective fraud controls since there is a strong correlation between an organization's ethics and culture and its vulnerability to fraud. As result when an organization has a weak culture, it creates the opportunity for an individual to commit fraud. For example, the absence of controls, ineffective controls, or the ability of management to override controls— provide an opportunity for a fraud to be perpetrated. The researcher thus hypothesizes that;

H1b: Opportunities for employees is positively related to employee fraud in the banking sector of Ghana.

Rationalization of Other Activities of Employees and Bank Fraud

The concept of rationalization suggests that those who commit fraud must formulate some type of morally acceptable reasons before engaging in unethical behaviour. For example, "I had to steal to provide for my family" (Cressey, 1986). 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 behaviour or action. It must be noted that, the propensity to commit fraud depends on people's ethical values as well as on their personal circumstance. Ethical behaviour is motivated by a person's character and external factors, which include job insecurity. This justification for the act of fraud often leads to fraud in the business. Justification of the acts of fraud can also emanate from the actions of superiors who engage in fraud. Junior employees in banks will therefore engage in fraud with the rationalization that other employees are doing it; the earnings of the bank are adequate to cover the losses caused; or the employees are angry at the bank (Hollinger & Clark, 1983).

According to Pfeffer (1995) it is stated in the AU Section 316, paragraph 7 that:

Those involved are able to rationalize committing a fraudulent act. Some individuals possess an attitude, character, or set of ethical values that allow them to knowingly and intentionally commit a dishonest act. However, even otherwise honest individuals can commit fraud in an environment that imposes sufficient pressure on them. The greater the incentive or

pressure, the more likely an individual will be able to rationalize the acceptability of committing fraud. (p.12)

In the International Standard on Auditing (ISA) 240, audit team members are required to discuss the susceptibility of the entity's financial statements to material misstatement due to fraud and urged them to consider both internal and external factors affecting the entity that might create pressures for management and others to commit fraud, as well as provide the opportunity for fraud to be committed (Kassam & Higson, 2012).

This is therefore an indication that the working environment of an organization enables employees /management to rationalize committing fraud. Therefore;

H1c: Rationalization of activities by others is positively related to employee fraud in the banking sector of Ghana.

Capability of Employees and Bank Fraud

Wolfe and Hermanson (2004) believed many fraudulent acts would not have occurred without the right person with the right capabilities implementing the details of the fraud. According to Wolfe and Hermanson (2004), although perceived pressure might coexist with an opportunity and a rationalization, 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. Wolfe and Hermanson (2004) maintain that opportunity opens the doorway to fraud, and incentive (i.e. pressure) and rationalization lead a person toward the door. However, capability enables the person to recognize the open doorway as an opportunity and to take advantage of it by walking through repeatedly. An individual's continuous involvement in fraud produces his or her habit which then leads to capability due to the fact that, that person is also engaging in the fraudulent act. They also suggested four observable traits for committing fraud; (1) Authoritative position or function within the organization, (2) capacity to understand and exploit accounting systems and internal control weaknesses, (3) confidence that she/he will not be detected or if caught she/he will get out of it easily, and (4) capability to deal with the stress

created within an otherwise good person when she/he commits bad acts. Hence;

H1d: The capability of an employee is positively related to employee fraud in the banking sector of Ghana.

Poor Corporate Culture and Bank Fraud

Corporate culture is defined as the behaviour learned over time in the different phase of an organization's life. In the early stages of an organization, corporate culture and behaviour is learnt from the founder and the leaders of the organization (Hofstede, Garigaldi de Hilal, Malvezzi, Tanure & Vinken, 2010). In the second phase of developing corporate culture, fraud and corrupt practices may be institutionalized through the development of norms when a critical incident takes place (Ashforth & Anand, 2003). Bank fraud if unchecked, will make it a normal institutional practice, especially if the heads are involved. Researchers such as (Manz, Anand, Joshi & Manz, 2005; Schein, 1990) are of the view that, poor corporate culture impacts on bank fraud. It should therefore be understood from the literature that the culture of an organization can breed issues of fraud and corruption in an organization through the process of institutionalization. If an organization tolerates corrupt and fraudulent practices, it becomes a routine activity and part of the structure of the organization which influences the ideals, behaviour and activities of the workers. The study therefore hypothesizes that;

H2: Poor corporate culture is positively related to employee fraud in the banking sector of Ghana.

Inefficient Internal Controls and Bank Fraud

Internal controls refer to the systems put in place by managements of organizations to provide the platform for the achievement of organizational objectives. According to Ayagre, Appiah-Gyamrah and Nartey (2014) internal controls are not outcome oriented, but rather process oriented to ensure compliance of applicable laws and regulations, reliability of financial reporting and effectiveness and efficiency of an organization's operation. It implies that internal controls (ICs) are the backbone of any risk management focus and dynamic organization. However, some researchers

have argued that no matter how robust ICs may be, it is in itself not a panacea to employee fraud and often deteriorates over time. The belief is that an efficient internal control system can be sustained and thus prevent employee fraud. Five primary factors that contribute to internal control illusions are organizational size changes, technology improvements, process changes, failure of physical safeguards, and employee failure to perform (Atwood & Elliott-Sinno, 2012).

Internal control is made up of five key components. These are control environment, risk assessment, control activities, information and communication, as well as monitoring of control. The control environments indicate the total contribution by the boards and management of banks in achieving the needed discipline as well as the appropriate structure that will guarantee right internal control with respect to banks' operations.

Ahmad, Bosua and Scheepers (2014), in their study on managing bank fraud, outlined some strategies for preventing and detecting fraudulent transactions in financial institutions. These strategies include a management control system, financial control strategy, personal control strategy, accounting control strategy, credit control strategy, cost control strategy, administrative control strategy, process control strategy, and a budgetary control system. The Basel Committee (1998) asserts that, weak internal controls by banks make the bank susceptible to both internal and external fraud. The systems theory makes a meaningful contribution by saying that, there is the need for banks to focus on their internal system since failure in one component of the bank's system will lead to the failure of the whole system. Some researchers stress that, the internal controls of banks include correction of deficiencies, IT monitoring activities, as well as oversight and control mechanisms which are put in place by management of banks to prevent fraud. The bank is open to fraud when its internal controls are compromised by either top management or employees. Ayagre et al. (2014) opined that it is important for management to periodically review the internal controls of the bank. This is because effective internal control is able to protect the entity against any external attacks and any internally unauthorized activity (Amudo & Inanga, 2009; Humphreys, 2008;

Smeets, Poon & Bodensjo, 2006). Based on the above review, the researcher hypothesizes that;

H3: Ineffective internal controls are positively related to employee fraud in the banking sector of Ghana

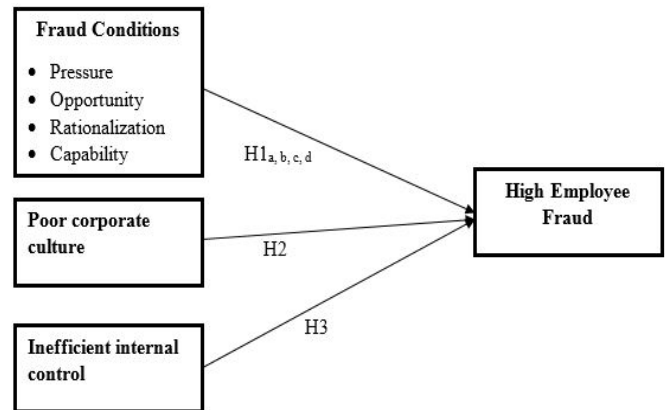


Figure 1. A conceptual model of bank fraud

Methodology

Sample and Data Collection

The study sample consisted of employees of selected banks in the regional capital. We focused specifically on the main head offices of banks in all the regions. Out of the 35 commercial banks currently licensed by Bank of Ghana, we randomly selected 20 samples from all the head offices. We sent introductory letters to all the Managing Directors of the banks to introduce the study and to seek permission to encourage staff to participate. A total of 20 banks agreed to take part in the study. Using a list of all the banks' employees, we randomly selected 250 bank officers to take part in the study. We collected the questionnaire a day after giving it to them since they were briefed on the purpose of the study and also because permission was sought from the right authority. We received a response rate of 224 representing 74.67% (this included those who agreed to take part in the study and those who completed their questionnaires). To determine whether there were differences in samples of those who agreed to take part in the study and those who did not take part in the study, we took 20 of the sample for those who were not part and compared their demographic backgrounds for possible differences. We found out that, there were no significant differences in the two groups in terms

of their age, gender, years of working in banks, and position. This makes our selected and usable sample right for the study.

Regarding the bank employee characteristics, a higher percentage of respondents who participated in the survey were males (58%). Other characteristics were as follow:

Age - (18-30 years= 19.2%, 31-40 years=50.9%, 41-50 years=18.3%, 51-60 years= 9.8% and 61 and above years= 1.8%)

Educational level - (diploma= 6.3%, degree=32.1%, post-graduate=61.6%)

Position in bank - (legal service officer=8%, recovery assistance officer= 8.9%, HR and administrative officer= 8.9%, auditors= 5.4%, bank support= 4.5%, research officer= 4.5% and risk officer= 4.5%),

Working experience - (1-5 years= 8.5%, 6-10 years= 41.5%, 11-15years= 35.3%, 16-20 years= 12.1%, 21-25 years= 1.3% and 26 years and above= 1.3%).

Measurement Development and Validation

The study's research questions, objectives and hypotheses informed the development of the items for the questionnaire. The questionnaire crafted for this study was a self-reporting structured questionnaire utilizing mutually exclusive and exhaustive responses, which facilitated numerical coding of data. The entire instrument was subdivided into five (5) sections; A, B, C, D and E. Section 'A' consisted of questions measuring the factors that drive bank employees to commit fraud. The questionnaire items developed were sub-grouped under the following factors; Pressure, Rationalization, Capability and Opportunity. Section 'B' measured respondents' perception of the influence corporate culture has on employee fraud in the banking sector. Section 'C' consisted of eleven (11) items developed to measure the extent to which bank staff perceived that internal control mechanisms/components such as; Control environment, risk assessment, control activities and monitoring helped in checking employee fraud in the bank.

Section 'D' of the survey instrument measured the incidence of fraud (i.e. if bank staff knew anyone who had committed fraud against their bank), the types of fraud (i.e. type of bank fraud the person committed) and the acts respondents perceived to constitute as bank fraud which was measured on a 5-point scale of 1=Strongly disagree to 5-Strongly agree. Section 'E' of the questionnaire was used to collect the socio-demographic information of the respondents.

We conducted 20 initial in-depth interviews with bank employees to ensure face validity of the measures. With the interviews, respondents were asked to indicate the relevance of the items used in measuring each section of the construct. To address content validity in this study, a thorough review of the extant literature was made to select the bank fraud factors identified in previous studies. We further examined the validity of the study using the recommendations of Atuahene-Gima and Li (2002). First, we conducted an Exploratory Factor Analysis to assess the factor loadings and to ensure that the first factors did not account for majority of the variance in the dependent variable. The 103 Likert scale items developed to measure factors that drive bank fraud, corporate culture and internal control were subjected to principal components analysis (PCA) using the SPSS (v20) software programme. Prior to performing the PCA, the suitability of data for factor analysis was assessed. The Kaiser-Mayer-Okin obtained value of 0.7, which is above the suggested minimum value of 0.6 (Kaiser, 1974; Pallant, 2011) indicated that the sample size of the study was adequate and suitable for the factor analysis. The Bartlett's Test of Sphericity was also statistically significant ($p=0.000$) supporting the factorability of the correlation matrix and the appropriateness of the factor analysis method. A close inspection of the correlation matrix indicated that many of the coefficients exceeded 0.3 which shows that the items correlate quite well. Before the creation of composite scores, the reliabilities of the constructs were computed. Cronbach's coefficient alpha determines reliability based on internal consistency and provides a good estimate of scale reliability (Pallant, 2011).

Analysis and Results

In this study, standard multiple regression was used to assess the impact of pressure, rationalization, capability, opportunity, corporate culture and internal control in predicting bank employee fraud.

Descriptive Statistics of Factors that Drive Employee Fraud

The analysis of the results on which acts the respondents considered to be fraudulent in the banking sector indicates that unauthorized withdrawal from customers' accounts is the most common type of fraudulent act. This recorded the highest mean value of 4.58. Kick-backs, expense account fraud and property fraud also constituted the three most common fraudulent acts committed (each recording a mean greater than 4.44).

Table 1. *Descriptive Statistics of Fraud Committed by Bank Staff*

1=Strongly disagree		5=Strongly agree
Employee Fraud	Mean (Standard Deviation)	Corresponding scale category
Unauthorized withdrawal from customers account	4.58 (.678)	Agree
Kick-back	4.46 (.655)	Agree
Expense account fraud	4.46 (.590)	Agree
Property fraud	4.45 (.845)	Agree
Cash suppression	4.36 (.714)	Agree
False benefit claims	4.35 (.730)	Agree
Cheque suppression	4.34 (.805)	Agree
Theft of cash	4.32 (.827)	Agree
Padding	4.29 (1.140)	Agree
Embezzlement	4.19 (1.039)	Agree
Appropriation of loan repayments of clients	4.19 (1.293)	Agree

From the results of the study, it is indicated that 94.6 percent of the respondents affirmed that they knew someone who committed bank fraud. However, the common frauds committed by bank employees as identified by the respondents include unauthorized withdrawal from customers' account (20.1 percent), false benefits claims (19.6 percent), cash suppression (11.6 percent), cheque suppression

(9.8 percent), cash theft (9.4 percent) and property fraud (8.9 percent), as seen in the Table 2.

Table 2. *Prevalence of Bank Fraud Committed in the Ghanaian Banking Sector*

Variable	Frequency	Percentage
<i>Know someone who committed bank fraud</i>		
Yes	212	94.6
No	12	5.4
<i>Type of fraud committed</i>		
Unauthorized withdrawal from customers account	45	20.1
False benefits claims	44	19.6
Cash suppression	26	11.6
Cheque suppression	22	9.8
Cash theft	21	9.4
Property theft/fraud	20	8.9
Manipulation of ATM	11	4.9
Appropriation of loan repayment of clients	10	4.5
Kick-backs	8	3.6
Expense account fraud	8	3.6
Padding	7	3.1
Fake certificates	2	.9

In establishing the set of factors that significantly drive employee fraud in the banking sector, the results, as indicated in Table 3, show that undue pressure emanating from family, organization and or community prospects; antipathy of superiors, intimidation and job frustration; perceived differential and unequal treatment; as well as social work and environmental distress can drive bank staff to commit fraud.

On rationalization of fraud, the results of the study showed that there is a consensus among the respondents to show that rationalization is based on the justification of employee's criminal act.

However, it was observed that opportunity to commit fraud as well as employees' capability to commit fraud also drives employees to commit fraud. Overall, it can be seen that all four factors presented in the model were found to be the drivers that instigate bank employees to commit fraud.

Table 3. *Descriptive Statistics of Factors that Drive Employee Fraud*

1=Strongly disagree		5=Strongly agree
Factors	Mean (Standard Deviation)	Corresponding scale category
Pressure		
Undue family, organization and or community prospects	4.40 (.798)	Agree
Antipathy of superiors, intimidation and job frustration	4.39 (.744)	Agree
Perceived differential and inequality treatment	4.25 (.988)	Agree
Social, work and environmental distress	4.21 (.985)	Agree
Work related pressures such as unfair treatment and non-promotion	3.42 (1.347)	Agree
Rationalization		
Fraud is justified by employee's criminal or questionable historical background	4.50 (.852)	Agree
Fraud is justified by an employee's inconsistent behaviour	4.25 (.887)	Agree
Fraud is justified by a strong desire to beat the system	4.24 (.962)	Agree
Fraud is justified by being underpaid	4.20 (.863)	Agree
Fraud justified by poorly recommended employee with poor financial status	4.14 (.777)	Agree
Capability		
Job or work overlap	4.38 (.838)	Agree
Persuasive ability	4.34 (.919)	Agree
Exercising an excessive power	4.32 (.870)	Agree
Opportunity		
Less supervision	4.63 (.527)	Agree
Frequent operation in unfavourable climate	4.60 (.688)	Agree
Lack of general and precise personnel policy	4.50 (.621)	Agree
Improper record of commendation on personnel dishonest act	4.47 (.831)	Agree
Dishonest or overlapping duty by dominant management	4.44 (.773)	Agree
Lack of supervision and attention paid to details	4.42 (.944)	Agree
Complex organizational structure	4.42 (.678)	Agree
Lack of executive disclosures and examinations	4.36 (.867)	Agree
Continuous problems with various regulatory agencies	4.23 (1.007)	Agree
Inadequate training programs	4.20 (.857)	Agree

Not only do pressure, rationalization, capability, and opportunity seem to be the four factors that drive employee fraud in banks, the respondents also agreed that when a bank's corporate culture fosters team work and promotes respect for staff at all levels, the phenomenon of bank fraud can be prevented (see Table 4).

Table 4. *Descriptive Statistics of Corporate Culture Impact on Fraud Prevention*

1=Strongly disagree		5=Strongly agree
Items	Mean (Standard Deviation)	Corresponding scale category
The bank values the idea of workers at every level	4.69 (.535)	Agree
Supervisors delegate responsibility	4.54 (.745)	Agree
People I work with constructively confront problems	4.54 (.682)	Agree
The bank fosters team work	4.47 (.739)	Agree
Ignorance of core values leads to trouble	4.46 (.590)	Agree
Existence of clear mission that gives meaning and direction to work	4.44 (.719)	Agree
Everyone takes part in discussion at meetings	4.43 (.686)	Agree
The bank motivates staff to put out their best	4.39 (.667)	Agree
The bank treats people in a consistent and fair manner	4.38 (.743)	Agree
The bank respects its workers	4.38 (.730)	Agree

In Table 5, descriptive statistics of internal control is presented to indicate the extent at which internal control measures such as control environment, risk assessment, control activities and motivation relate to employee fraud. From the analysis of the results, the respondents agree with the fact that control environment, risk assessment, control activities, and monitoring are essential tools in implementing internal control to prevent employee fraud.

Table 5. *Descriptive Statistics of Internal Control Measures*

1=Strongly disagree		5=Strongly agree
Items	Mean (Standard Deviation)	Corresponding scale category
Control Environment		
Board of governors independent of management	4.73 (.529)	Agree
Appropriate measures are taken to correct misfeasance	4.57 (.834)	Agree
Bank has an objective, independent and active audit committee	4.56 (.589)	Agree
Management acts with great integrity	4.54 (.641)	Agree
Ethical values upheld in all management decisions	4.51 (.670)	Agree
Management committed to operation systems	4.45 (.661)	Agree
Risk Assessment		
Management has criteria for ascertaining fraud-related risks to the bank	4.62 (.705)	Agree
Management has defined appropriate objectives for the bank	4.49 (.676)	Agree
Control Activities		
Corrective action is taken to address weakness	4.51 (.635)	Agree
Bank has a well-developed chart for accounting	4.41 (.676)	Agree
Staff are trained to implement the accounting and financial management system	4.40 (.726)	Agree
Monitoring		
On-going independent process checks and evaluations of control activities	4.44 (.773)	Agree

Multivariate Multiple Regression of Drivers of Fraud

From the literature reviewed it was anticipated that all the factors/predictors of the study would positively be related to fraud. This was however not the case, as shown in Table 6, opportunity (-0.232) turned out to be negatively related to fraud committal. The co-efficient for internal control, which was the factor with the highest B coefficient was 0.427. This means that for every unit increase in internal control, a 0.43 unit increase in fraud is predicted, holding all other variables constant. Using an alpha of 0.05; the coefficient for Internal Control (0.427), is significantly different from 0 because its p-value is 0.000, which is smaller than 0.05.

Table 6. *Simultaneous Multiple Regression Analysis Summary for Factors that Drive Bank Fraud*

Variable	B	SEB	Beta	T	Sig.
Pressure	0.012	0.046	0.020	.266	0.790
Rationalization	0.001	0.048	0.002	.023	0.982
Capability	0.085	0.043	0.159	1.984	0.049*
Opportunity	-0.232	0.108	-0.216	-2.153	0.032*
Corporate Culture	0.086	0.102	0.073	0.844	0.399
Internal Control	0.427	0.094	0.347	4.570	0.000***
Constant	2.650	.408		6.489	.000

Note; $R^2 = .363$; $F(6, 223) = 5.497$

* $p < 0.05$, *** $p < 0.001$

The standard multiple regression model containing the six independent variables (pressure, rationalization, capability, opportunity, corporate culture and internal control) was statistically significant, $F(6, 223) = 5.497$, $p = 0.000$, indicating that the factors put together significantly predict bank fraud.

The first set of hypothesis ($H1_a$, $H1_b$, $H1_c$, $H1_d$) of the study predicted a significant positive relationship between drivers of employee fraud (opportunity, capacity, rationalization and pressure) and employee fraud in the banking sector of Ghana. The results of the regression analysis however revealed that only capability and opportunity significantly related to employee fraud. Pressure and rationalization were not significantly related to employee fraud in the banking sector. The first set of hypothesis is therefore partially supported.

The second hypothesis of the study predicted a positive relationship between corporate culture and employee fraud in the banking sector of Ghana. The results of the multiple regression analysis revealed that a non-significant relationship exists between corporate culture and fraud. A unit change in corporate culture did not result in a unit change in fraud as seen from the B coefficient (0.09) of capability in Table 1. The second hypothesis of the study is therefore not supported.

This third hypothesis of the study predicted a significant relationship between internal controls of banks and employee fraud in the banking sector

of Ghana. The results of the multiple regression analysis revealed that a significant relationship between internal controls and fraud exists. This implies that internal controls of banks are a criterion variable to consider when the issue of bank fraud comes to mind. A unit change in internal control (as measured by scores of the internal control scale) leads to a 0.43 change in fraud (as measured by scores of the fraud scale).

Discussions and Conclusion

The article attempts to study the factors that impact on bank employee fraud in Ghana. Based on this objective, the study the researchers hypothesized that the drivers of employee fraud (opportunity, capacity, rationalization and pressure) are positively related to employee fraud in the banking sector of Ghana; ineffective corporate culture is positively related to employee fraud in the banking sector of Ghana; ineffective internal controls is positively related to employee fraud in the banking sector of Ghana. The findings of this study indicate that bank fraud is prevalent in the Ghanaian banking sector and it is considered as an act that is committed by both managerial and non-managerial staff with factors such as capability, opportunity and internal controls being the main drivers.

Being consistent with the findings of Elliot and Willingham (1980), the findings of this study revealed that fraud is a prevalent phenomenon in the Ghanaian banking sector and is committed by bank staff in both managerial and non-managerial positions, though it is more prevalent among non-managerial staff. The types of bank fraud committed were mostly insider ones, which according to Beck, Demirgüç-Kunt and Levine (2006) is prevalent, difficult to detect and requires great effort and resources to minimize or to discover and prevent. The respondents perceived that kick-backs, expense account fraud, property fraud, false benefit claims, theft of cash, and padding, all constitute insider fraud. Just like one finds in Cressey's (1986) fraud triangle and Wolfe and Hermanson's (2004) fraud diamond model, factors such as pressure, rationalization, capability and opportunity were agreed upon by respondents to have a great potential of leading bank staff to commit fraud.

While extant literature shows that the corporate culture of the banking institutions within which employees work could either promote good or inappropriate behaviour such as fraud, the findings of this study further revealed that when banks' corporate culture fosters team work and promotes respect for staff at all levels, the phenomenon of bank fraud can be prevented. This is because corporate culture was found to have a significant relationship with employee fraud in the banking sector (a finding which provided support to the third a priori hypothesis and leads to the conclusion that corporate culture's role in combating employee fraud should be considered by management in their quest to curb the phenomenon). This means that when banks have poor corporate culture, employee fraud could be high.

The study findings are consistent with that of Ewa and Udoayang (2012) who found that internal control design influences staff attitude towards fraud in Nigerian banks such that a strong internal control mechanism is a deterrence to staff fraud while a weak or ineffective one exposes the system to fraud and creates opportunity for staff to commit fraud. This, therefore implies that Ghanaian banks with ineffective internal control will witness high employee fraud. From the findings it was revealed that when the board of governors' activities and meetings are independent, appropriate measures are taken to correct misfeasance and when banks have an objective, independent and active audit committee, the incidence of fraud is checked.

Implications of the Study

This study on employee fraud in the banking sector contributes to the literature on risk management. The relationship between drivers of fraud and employee fraud has been explored to determine their relationships and impacts in the banking sector. Considering the fact that this study has shown that factors such as capability, opportunity, corporate culture and internal controls are drivers of fraud, it is also important to note that there are other factors that have not been studied in this article that may also contribute to employee fraud.

Therefore, in order to ensure that fraud is minimized in the banking sector, it is right to indicate

that management should look beyond internal and external factors without compromising on enforcing the existing policy guidelines and internal control measures instituted to deal with fraud. Managers should also periodically rotate staff as this will serve as a check on what each staff member does. If managers allow poor corporate and ineffective internal control to exist, it will encourage high employee fraud.

Occasionally employees should be educated and reminded through their staff meetings on the consequences of committing fraud. Simultaneously, management should also ensure better working conditions of service (adequate remuneration) are provided for staff, especially for those at non-managerial levels. Whistleblowing should therefore be an act that is encouraged by managers for both bank staff and customers alike who repose much trust and confidence in each other to exercise some caution as the trust could provide the needed opportunity to commit fraud.

For future research, replication of the study is encouraged. Beyond mere replication however, the results of the study are encouraging for use by practitioners. Also it is recommended that future studies adopt a longitudinal design, unlike the cross-sectional one which was employed in the present study. A longitudinal design would permit inferences regarding causation.

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