

# Fraud Management And Institutional Performance Of Federal Tertiary Institutions Workers In Nigeria

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*Abstract: The study examined fraud management on organisational performance of Federal Tertiary Institution workers in Nigeria. A descriptive survey research design was adopted for the study. The population of the study comprised Federal University Oye Ekiti and Federal Polytechnic in Non-Academic Staff in Ado-Ekiti. A total of 354 structured questionnaires were administered to elicit information from the target respondents. Data gathered were analyzed using multiple regression. The result showed that fraud management significantly affect organisational performance ( $t=4.948$ ,  $t=3.369$ ,  $t=3.989$  and  $t=3.184$ ,  $p<0.05$ ) Thus, in conclusion, it was shown that all the constructs of the explanatory variable were significantly and positively related to organisational performance among Federal Tertiary Institution workers in Nigeria.*

## I. INTRODUCTION

Fraud management is becoming a concern that institutional executives and top management the who saddle other level of management and staff with responsibilities when fraudulent activities takes place or more concisely when someone commit an act of fraud in the educational institutions under their management (Adetiloye, Olokoyo & Taiwo, 2016). To be clear enough, the installation of internal controls tends not to be sufficient to eliminate dishonest activities, regularly but redesigning the control system already put in place to ensure that they are effective in reducing fraudulent activities in educational institutions and becoming more successful should crucial. Fraudulent activities are rampant in every Nigeria organization among which tends to be more rampant in federal tertiary institutions in Nigeria.

Consequently, organizational success in recent times has become a contemporary business issue where it is considered as the most important objective that distinguishes business organizations. In view of this, Oyedapo, Akinlabi and Sufain (2012) asserted that organizational success is the totality of a business organization's capacity for survival. Organisational success encompasses the achievement of organizational vision, strategy and objectives. In the same vein, Des, lumpkin and Taylor (2005) opined that organizational success consists

of the investigation, conclusions or arrangements carried out by business concerns in order to create and sustain economic advantages. Furthermore, Hidayet (2013) posited that the lack of organizational success is generally referred to as organizational failure which is the inability of business organizations to achieve predetermined goals. In view of the above, fraud has been identified as a major threat to the growth and development of any organisation, not only in Nigeria but globally (Akinyomi, 2012). Fraud becomes more increasing with the use of poor incentive systems, unethical management attitude and when there are opportunities for fraudulent reporting.

Fraud is a major challenge to the entire business in the world, no company is immune to it and it is in all facets of life (Olorunsegun, 2010). The public sector expects accountability, fairness, transparency and effective intermediation from federal institutions. Therefore, educational organisations are expected to ensure that they carry out their responsibilities with sincerity of purpose which is devoid of fraudulent practices. Though there were known cases of fraud in the educational sector which major questions still remain unanswered as to investigate the causes of fraud and how can it be prevented in the modern society (Akinyomi, 2012). However, volume of literatures has be reviewed on the implication of fraud and organisation performance in different

nations but this study will be domesticated to federal tertiary institutions in Ado-Ekiti where there is large number of administrative workforce in Ekiti State. To this end, this study examined effectiveness of fraud management on organisational performance among federal tertiary institutions in Ekiti State, Nigerian.

## II. LITERATURE REVIEW

Chakrabarty (2013) described the concept of fraud as any behaviour by which one person intends to obtain a dishonest advantage over another where the person makes an illicit gain while the other party incurs a loss. However, this is common among public sector staff through hiding under contractors to inflate prices of office equipments or machinery to take their share. In the same vein, Sommer (2014) defines fraud as any illegal act characterized by deceit or concealment or violation of trust which do not directly depend on the use of violence, perpetrated in firms to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage. According to Idowu (2009), fraud can be seen as the deliberate falsification, camouflage, or exclusion of the truth for the purpose of dishonesty 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 (Akinyomi, 2012).

From Fadipe-Joseph and Titiloye (2012) point of view, 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. Fraud is a global occurrence which is not peculiar to the educational industry or for that matter, peculiar to only Nigeria (Adeoti, 2011). The whole essence of these is to guarantee that all organizational members irrespective of position or rank, complies with the least standard of ethical responsibility in order to encourage the reputation of such firms in their selected industry (Unugbro & Idolor, 2007). Therefore, fraud can be perpetrated in different form and usually have insiders (staff) and outsiders conniving together to effectively execute the act (Adeyemo, 2012). In view of the above, it is very clear that employees or staff tends to embezzle funds particularly among the financial experts in various departments. Moreso, the case of forgeries in recent time keep increasing as to erode public fund and manipulation of receipts and illegal payment cannot be left out in the public settings. With respect to this, fraud is not only limited to certain level or employee grade even among highest echelon who has the power to do so. Performance in this context will be organisational effectiveness, employee satisfaction and productivity as to measure the effect and the implications of fraud management on organisational performance.

### A. TYPES OF FRAUD

The highlighted types of frauds are not in any way the only fraud types but are the most common types of frauds in Nigeria which is identified by Adeyemo (2012):

**FORGERIES:** Forgeries involves the deceptive copying and use of signature to draw huge sum of money from the organisation's account without permission. However, most of such forgeries are perpetrated by internal staff or by outsiders who act in conspiracy with employees who usually are the ones who release the sample signatures being forged (Idolor, 2010).

**DEFALCATION:** Defalcation involves the misappropriation of funds by conversion or fraudulent alteration of receipts to claim huge amount of money. This type of fraud is done while there is transaction between outsider and the organisation and empty receipts will be requested further to inflate price to claim more profit.

**THEFT AND EMBEZZLEMENT:** Theft and Embezzlement represent another form of fraud which involve the illegal collection of financial items such as cash and cheque. It could also involve the dishonest collection and sales of institutional property such as motor vehicles, computers, stationeries, equipments, and different types of electronics, owned by the institution. However, this type of fraud is common among top management or highest echelon which usually involves huge amount of money.

**MANIPULATION OF VOUCHERS:** Manipulation of vouchers and receipts involves the replacement or alteration of entries of one account to another account being used to commit the fraud. This account would obviously be a fabricated account into which the funds of unsuspecting institution are transferred. The amounts taken are usually in small amounts so that it will not easily be noticed by top management or other unsuspecting staff. Manipulation of vouchers can thrive. When there are inadequate checks and balances such as poor job segregation and lack of detailed daily examination of vouchers and all other records.

### B. FRAUD MANAGEMENT STRATEGIES

Haven highlighted the types of fraud, the following four strategies must be put in place to combat organisational fraud:

Internal controls are important measures of fraud detection and prevention (Viviers & Venters, 2008). There are a number of policies and procedures an organisation may adopt. Some include owners to analyse financial statements, limit employee access to offices with the accounting software, of which should utilize user ID and passwords, ensure bills are paid timely and review all electronic transactions (Kapp & Heslop, 2011).

Secondly, human resources department is required to do background investigations on job applicants to make verifications regarding education or qualifications and employment history (Isa, 2011; Moore, 2010). The existence of the policy and procedure alone is insufficient to combat fraud without effective management in ensuring compliance to such policies and procedures. Policy and procedures are created and their implementation should be overseen by the management which indirectly lies on professionalism in

educational qualifications and experience (Voon, Voon, Puah, 2008).

Furthermore, minimal supervision and monitoring of accounting functions may provide some essential control that will help prevent fraud (Kapp & heslop, 2011). The tone at the top is important and should be the one that creates a positive workplace environment of honesty and integrity that pervades throughout the organisation which essentially creates the control environment, that actually has more influence on employer and employee behaviour than code of conducts (Moore, 2010; Viviers & Venters, 2008).

Finally, separation of duties which gives room for effective utilization of specialization and professionalism on the job. That is putting round peg into a round hole, this means that separation of duties will ensure and allow financial expert to monitor the financial status and will display that experience an intelligence towards realizing goal accomplishment.

### C. THEORETICAL FRAMEWORK

#### AGENCY THEORY

This theory was adopted from the study of Enofe, Abilogun, omoolorun and Elaiho (2017) that separation of ownership from management of a business concern without proper monitoring gives an opportunity for unethical behaviour. Business owners must ensure that the employees work in the best interest of the shareholders, this can be achieved through the use of both financial and non-financial incentives to the employees (Onwujiuba, 2014). This incentives will ensure that the employee stayed motivated all times and thereby reducing the perceived pressure to commit fraud. This incentives can be inform of leave bonuses, medical insurance schemes, availability of staff loan, quick response to their need etc. (Mutesi, 2011). It is a statement of fact that the contemporary materialistic tendencies have rendered ineffective the incentive packages in reducing agency cost which could be mirrored most of the times by fraudulent engagements of the agents (i.e. management). Hence, beyond internal control and monitoring, staff qualification and separation of duties becomes imperative as far as education industry is concerned.

### III. METHODOLOGY

This study was carried out in Ekiti State, Nigeria. Descriptive research design through structured questionnaire was employed. The study population cut across Federal Tertiary Institutions namely, Federal University Oye-Ekiti and Federal polytechnic, Ado-Ekiti respectively. However, this study only concentrated on Non Academic staff due to their administrative role compared to Academic Staff. The total number of Federal Tertiary Institution representing the study population is: Federal University Oye-Ekiti 1,821 and Federal polytechnic, Ado-Ekiti 1,223. However, population of each institution was obtained from each institution registry records as at 2019 bringing the total to 3,044.

The total sample size for the study is 354 using the Yamane sampling model (1967). Sample Size. The formula is given and the sample size was calculated as follows:

Sample Size

$$n = \frac{N}{1 + N(e)^2}$$

$$n = 3,044 / 1 + 3,044 (0.05)^2$$

$$= 354$$

Where,

n = the sample size

N= total population of the study

e= acceptable margin error term (0.05)

### IV. PRESENTATION OF RESPONDENTS' DEMOGRAPHIC DATA

Three hundred and fifty four (354) questionnaires were administered while two hundred and eighty three (283) were retrieved from the field representing approximately 80% response. Hence, the analysis of the study was based on the retrieved 283 questionnaire.

#### A. RESULTS OF DESCRIPTIVE ANALYSIS

S/N	Demographic variable	Grouping	Frequency	Percentage
1.	Gender	Male	171	60.4
		Female	112	39.6
2.	Educational Qualification	OND/NCE	53	18.7
		HND/B.Sc	117	41.3
		MA/MSC/MBA	101	35.7
		Others	12	4.3
3.	Work Experience	1-5 Years	84	29.7
		6-10 Years	141	49.8
		Above 10 Years	58	20.5
4.	Management Category	Top level	34	12.0
		Middle level	199	70.3
		Low Level	50	17.7

Source: Field Survey Report 2020

Table 1: Descriptive Analysis of Respondent Demographic Variable

The analysis in table 1 showed that out of the total respondent in the study, 171 respondent were accounted for 60.4% while the remaining 112 respondent represented 39.6%. This implies that male participants are greater than female participants from the selected institutions. More so, 53 respondent representing 18.7% were have OND/NCE degree certificates, 117 (41.3%) of them have first degree (HND/B.Sc.) certificate also 101 of the m representing (35.7%) are postgraduates degree holders while the remaining 12 (4.3%) have other certificates. Based on the work experience, 84 respondent representing 29.7% have experience of 1-5 years, 141 (49.8%) have 6-10 years working experience and the remaining 58 (20.5%) have above 10 years working experience. Lastly, on the table, 34 (12%) belong to top level management, 199 (70.3%) belong to middle level management while the remaining 50 (17.7%) belong to lower level management. Hence, first degree holders are many in the selected institutions and have being with the institution for over ten years leaving them to have gained lengthy working experience. Based on the work experience on the job, many of them have been promoted to the middle managerial position.

B. INTERPRETATION OF RESULTS

Model	R	R <sup>2</sup>	Adj R <sup>2</sup>	B	Std Error	T value	P Value	Decision
	.501 <sup>a</sup>	.262	.255					
Constant				1.127	.133	8.497	.000	Sig
Internal Control				.291	.021	4.948	.000	Sig
Separation of duties				.248	.014	3.369	.001	Sig
Staff Qualification				.285	.023	3.989	.000	Sig
Monitoring				.221	.035	3.184	.003	Sig

Source: Field Survey, (2020)

Table 2: Regression Result of Fraud Management and Organisational Performance

Table 2 indicated that the model had a regression value of 0.501, which manifests a good and strong linear relationship between the organisational performance and fraud management variables. The table further showed that the goodness of fit (R<sup>2</sup>) is 0.262 which depicted that 26.2% of the change in organisational performance (dependent variable) is accounted for by the fraud management (independent variable). More so, the adjusted R square is 25.5% which explained the importance and contributions of the explanatory variables on the dependent, that is the explanatory variables of fraud management affect organisational performance by 25.5% leaving the remaining 74.5% accounted for stochastic error term (other variables outside the regression model). This showed that the model is reliable, error free and do not suffer from specification bias.

Therefore, the regression equation is stated below:

$$Op = 1.127 + 0.291_{Ic} + 0.248_{Sd} + 0.285_{Sq} + 0.221_{Mt}$$

The study showed that organisational performance will significantly increased by 1.127 when fraud management was held constant. Fraud management has significant positive effect on organisational performance which implies that a percent increase in fraud management will bring about 50.1% increases in organisational performance in Ekiti State, Nigeria. Therefore the hypothesis concluded that fraud management has positive and significant effect on organisational performance in Ado-Ekiti, Nigeria.

C. DISCUSSION OF FINDINGS

The unstandardized  $\beta$  co-efficient of fraud management (internal control, separation of duties, staff qualification and monitoring) gives a positive value of 0.291, 0.248, 0.285 and 0.221 with  $t = 4.948$ ,  $t = 3.369$ ,  $t = 3.989$  and  $3.184$  ( $P = 0.000$ ,  $0.001$ ,  $0.000$ ,  $0.003 < 0.05$ ). This result showed that fraud management has a significant effect on organisational performance therefore, it was found significant. This means that respondents' reason for organisational performance is strongly and positively influenced by fraud management. However, the positivity of the result showed that effective and proper implementation of fraud strategies will affect organisational performance as revealed in Table 2. This is in line with the findings of Moses, Nwuche and Anyanwu (2016) who found fraud management strategies on organisational success.

D. VALIDATION OF RESULT (T-TEST)

The t-test was done to test the significance of each of the explanatory variables using the t-test. It is carried out on a two tail test and by comparing the t-cal and the t-tab.

DECISION RULE:

If  $t\text{-cal} > t\text{-tab}$ , accept  $H_1$  and reject  $H_0$  and

If  $t\text{-cal} < t\text{-tab}$ , accept  $H_0$  and reject  $H_1$ .

T-test was conducted at 95% confidence level i.e. 5% significance level.

Evidence from Table 3 explicitly indicated that the explanatory variables (fraud management) have t-value that is greater than 1.9 in the statistical table, this is further justified by the probability value of 0.000 which is less than 0.05. As a result, fraud management has significant effect on organisational performance in Ado-Ekiti, Nigeria.

V. CONCLUSION AND RECOMMENDATIONS

Based on the findings, the study found that fraud management has positive and significant effect on organisational performance. This suggested that the effective internal control, separation of duties, staff qualifications and proper monitoring amount to better performance and improvement of tertiary institutions in Nigeria. Based on the finding of the study, the study recommended that financial experts and professionals should be employed to block all leakages and channel resources to proper unit for better utilization. Moreso, proper job design structure should be put in place to avoid role ambiguity and to reduce error. Finally, proper monitoring and controlling unit should be put in place to checkmate any lapses in time for accurate and quality delivery which will in turn boost organisational effectiveness and enhances productivity.

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