



Linnæus University

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Master's Thesis On:

Corporate Fraud Culture: Reanalyzing the Role of
Corporate Governance in Developing Countries.
(A Case Study).



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Abstract

In the current scenario of the business world, organizations face the pervasive problem of corporate fraud. This leads to huge losses and deprivation results in reduced profitability, diminished shareholders returns, loss of growth in opportunities and in certain cases even these threaten the sustainability of the organizations. Though dedicated investigations units and courts, specific legislation enhanced awareness and monitoring organizations in developing countries, but still corporate fraud is abounded. Therefore, establishing the key drivers for corporate fraud will enable the organizations to better evaluate their risk strategy and also to understand how to re-analyze the role of corporate governance in regard to corporate fraud in developing countries.

The qualitative research was used firstly with deductive approach in this study in order to establish the key drivers of corporate fraud; and secondly, to assess the role of corporate governance in addressing these drivers of corporate fraud. A total number of 10 structured, and semi-structured on-line based interviews through Zoom were conducted with the gatekeepers, bank managers and the compliance officers in a diverse range of organizations to explore this research. A further 2 interviews were conducted with the experts in the field of forensic investigation and corporate governance, whose insights views were used to test the initial findings for the triangulation process. The insight derived formed the basis of the data which was analyzed to produce the findings for this research.

From this research, both the internal and external drivers of corporate fraud identified some common themes, though the diverse nature of the organizations researched. Illegal collusion between employees as well as financial distress because of recent economic failure were found to be amongst the key drivers. More particularly, findings indicated that corporate governance does and even play a critical role in regard to these drivers, and thus making the organization more conscious and proactive to address corporate fraud.

Nevertheless, poor and inadequate implementation of corporate governance standards weakens the effectiveness. Thereupon, the real picture is that corporate governance is not legislated and contributes to the haphazard manner in which this is applied in different organizations in



developing countries. To conclude that, corporate governance needs to be more supported by an ethical culture which can therefore serve its actual purpose. Despite findings, evidence that corporate governance is neglected by certain organizations. However, the findings from the derived triangulations exercise in strong support on the above findings.

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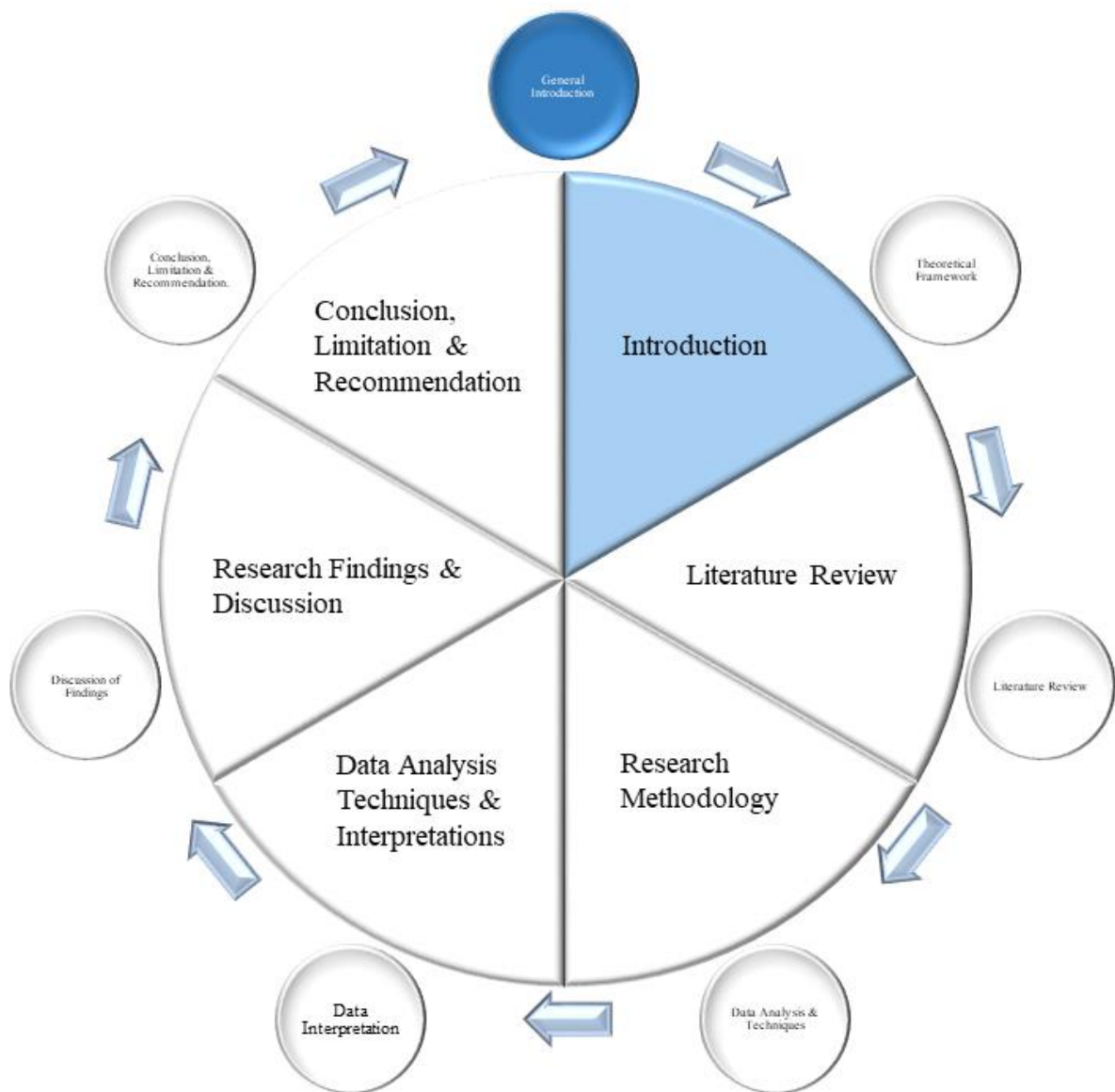


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Chapter 1. General Introduction.

- 1.1 Background of Study
- 1.2 Problematisation
- 1.3 Research Purpose
- 1.4 Research Questions
- 1.5 Dissertation Structure
- 1.6 Outline of the Research





1.1 Background of Study

In the field of accounting, fraud is typically defined with reference to the audit standard definition as one of two types of misconduct – misappropriation of assets, where misappropriation refers to a particular category of theft in which “an employee steals or misuses the organisation’s resources for, for example, the theft of company cash, false billing statements, or inflated expense reports” (ACFE, 2012) or financial statement fraud which refers to “the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in financial statements to deceive financial statements users” (ACFE, 2003), for example: fictitious vendors or employees, use of organisation’s assets for personal use or the embezzlement of receipts (*ISA 240.2 The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements*). Specifically, fraud is defined in ISA 240.11 as “an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage”. As a result of these misconducts, financial statement manipulation has attracted considerable attention from academics, practitioners, and regulators in recent years. In the early 2000s, corporate collapses such as Enron and WorldCom and the demise of the accounting firm Arthur Andersen made information users more alert to the integrity of financial reporting. **González and García-Meca (2014); Dechow (1996)** state that firms manage earnings or income in order to mislead stakeholders about the firm’s underlying economic performance and do so by exercising judgment in financial reporting and structuring. Therefore, as mentioned by **Makar & Pearson (2000)**, earnings management becomes fraud when companies intentionally provide materially misstated information.

When managers' incentives are based on their company’s financial performance, it may be in their self-interest to give the impression of better performance through earnings management. In many companies, managers are compensated both directly (in terms of salary and bonuses) and indirectly (in terms of prestige, future promotions, and job security) depending on a firm’s earnings performance relative to a pre-established benchmark (**Kabir, 2011**). This combination of management’s discretion over reported earnings and the effect these earnings have on their



compensation leads to a potential agency problem. This notion is closely related to **Cressy's (1953)** fraud triangle theory, which will be described later in this thesis.

Establishing effective corporate governance within the unique context of business is an important focus of scholars and practitioners, as governance choices affect agency costs, stewardship attitudes, and accordingly, firm performance (**Chrisman et al., 2007; Eddleston and Kellermanns, 2007; Le Breton-Miller et al., 2010**). Furthermore, **Erickson, Hanlon, & Maydew (2006)** opine that *fraud* has the same objective as *earnings management* but the only difference is that *fraud* is considered outside of the Generally Accepted Accounting Principles (GAAP) whereas *earnings management* is considered within the GAAP. Here, earnings management in accounting is the act of intentionally influencing the process of financial reporting to obtain private gain. It is also an intervention with a specific intention to process external financial reporting to obtain personal benefits (**Riahi-Belkaoui, 2004**).

If good corporate governance is effective in aligning the interests of a firm's agents and principals, then governance mechanisms are required – and will add value – in firms experiencing a material divergence in principal–agent interests. That is, corporate governance measures can reduce the extent of fraud and improve the welfare of shareholders only in firms where agents are prone to fraudulent behaviour (**Shi et al., 2017**). This notion can be derived from cognitive evaluation theory insights on agency theory perceptions. Cognitive evaluation theory, introduced by **Boal & Cummings (1981)** and **Deci (1971, 1975)**, is particularly informative in this regard, as it illustrates how external control can be counterproductive. As mentioned by **Phillip & Lord (1981)**, this theory is more suitable when intrinsically motivated behaviour is a matter of a person's greed that feels to self-determine their decisions. In well-managed firms, abiding by strict governance standards may in fact be a costly endeavour, which reduces efficiency by forcing a deviation from the optimal governance structure.

This study specifically focuses on a comprehensive investigation of the role of organisational corporate governance mechanisms as a means of avoiding criminal activities, and the organisational management techniques that can influence the implementation of such controls. This study, therefore, is expected to provide a number of benefits to the companies and



governments which have suffered long-term damage to their tangible assets due to unscrupulous employees.

1.2 Problematisation

Agency theory remains the most powerful theory in corporate governance, due to its nature in resolving conflicts between the owners of a company and its directors. Its effect in recent times is so domineering that one cannot discuss corporate governance/corporate fraud without mentioning agency theory. Agency issues arise because of the separation of risk bearing and decision in firms (**Fama & Jensen, 1983**). The theory focuses on the relationship between managers and shareholders (**Letza et al., 2004**). While it is generally assumed that managers work in the best interests of shareholders, this does not often appear to be the case.

The various contributions of agency theory and how it has positively impacted organisations and different countries in the areas of accounting, economics, and even politics is a concern to the corporate body of various stakeholders including customers, employees, investors, vendors, government, and society (**Eisenhardt, 1989**). Moreover, **Dalton et al., (2007)** illustrate that agency theory suggests that internal governance reduces information asymmetry between those inside and the outsiders of the firm and consequently, decreases the likelihood of fraud. **Eisenhardt (1989)** recognised the various interpretations of and confusion surrounding this theory, and this continues to generate further attention and study. The segregation of management and ownership lead to a serious matter of control risk (**Berle and Means, 1934**). Resource dependency theory considers the association between directors and different facets of organisational performance or behaviour, as it leads to uncertainty for corporations. As suggested by RDT, the long-term survival and success of a firm is critical to its ability to link the firm with its external resources, as mentioned by **Pfeffer and Salancik (1978)**. Firms are therefore always looking for ways in which to exploit resources in order to ensure their future survival. If a board is considered to have strong human and social capital and a high level of knowledge, they are less dependent on external parties, which is preferable for a company. **Hillman & Dalziel (2003)** assert that if the board's main objectives converge, the organisation will be effective, and this will have an immediate effect on whether or not the company will achieve high profitability. **Fama and Jensen (1983)** express that those that suffer from corporate



fraud are the parties which rely on published information to assess company performance and make investment decisions, such as stockholders and the general public. The serious consequences of corporate fraud have prompted the enactment of strong control and monitoring mechanisms, with the goal of overseeing corporate and management activities.

Corporate governance is a relatively new concept, and its development has been influenced by different theories from different domains, including law, economics, finance, and management (Abid et al., 2014). The increased serious debates on the integrity of financial reporting, and increased cases of fraud and irregularities control studies of this nature. Deficiencies in internal controls resulting from weaknesses in corporate governance structures have contributed to the increase in fraudulent activities, while issues of bankruptcy have continued to grow in corporations. In the evaluation of the effectiveness of corporate governance, the ability to reduce the risk of fraud is of primary importance. The selection of corporate governance information is due to the role of governance in monitoring and controlling business activities. Thus, effective governance requires the strong control and monitoring of business activities, which can lower the risk or likelihood of corporate fraud.

It is necessary for any corporation to present transparent and true pictures to its shareholders. This has become essential in the contemporary business world, as the vast majority of companies wants to enter the global market and also want to attract and retain top human capital from different areas of the world. A corporation will never succeed until it can show that it conducts ethical fraud detection and prevention. It takes a step to look at the relationship between the failures of different institutions at various points and its effect and meaning to governance, policy makers and those charged with the duties of refurbishing national financial industries (Abid et al., 2014). Studies have shown that the existence and disappearance of market profit and its connectivity is a result of the fact that investors and market participants have learned how to better recognise well-governed corporations. The reason for this is that stock information and news have enlightened the public on which shares or stock to invest in, which translates to poor earnings for companies that are not performing well (Bebchuk et al., 2013). The level of stock and market awareness available to investors affects earnings and returns, and thus determines which companies one should invest in. This was not the case before now but because investors



have started appreciating and learned governance mechanisms, prices of shares have also changed, and market returns improved (**ibid.**).

In terms of corporate governance practice in other countries: corporate governance practice explores major internal and external factors, such as legal framework, financial sectors, accounting standards, and disclosures within the regulatory framework. Companies are incorporated and governed by the Securities and Exchange Ordinance 1969, Company Act 1994, Bank Company Act 1991, Financial Institution Act 1993, and the Securities and Exchange Commission Act 1993 which was later amended in 2012. Recent incidents such as **Hallmark 2013**, **Bismillah Group 2013**, **Oriental Bank 2006**, **Modern Ltd etc.**, occurred due to the failure of corporate governance systems (**Wise et al., 2014**), as well as some of the major stock market failures such as those in 1996 and 2011. Most recently, **Bangladesh Bank Height** in 2016 is considered the most critical incident to have occurred as a result of poor corporate governance systems (**Baten, 2018**).

On the other hand, this contrasting scenario is also true in other developing countries as well. A number of studies (**Rossouw and Styan, 2019; Awunor and Ikefuaku, 2018; Giamporcaro and Marrian, 2018; Ahmodu et al., 2017; Otaru, 2016; Kimani et al., 2015; Nworji et al., 2011**) have explored corporate governance in further depth, especially bank failures in Nigeria, indicating that corporate failure is a global issue which also affects developing countries.

Furthermore, weaker governance leads to an increased number of companies collapsing, as good corporate governance provides the framework for attaining a company's corporate objectives. This includes a practical action plan, risk assessment, risk management, monitoring internal control, and compliance with the performance measurements which help a company to run smoothly and the functioning of corporate disclosures. However, current corporate governance systems are not adequate enough to run a business accordingly, and thus accounting systems need to be improved to bring transparency in the statement of financial position.

1.3 Research Purpose

The purpose of this research is to reanalyse the role of corporate governance on corporate fraud in developing countries. In order to achieve this objective, this research will use case studies to



gain a deeper understanding of the corporate governance systems in developing countries such as Nigeria and Bangladesh, and how they could deal with fraud-related cases in order to solve the issues of perpetrated fraud. In order to achieve this, the following research questions are generated, and are considered the ultimate purpose of the research.

1.4 Research Questions

Studies have identified various triggers of corporate fraud, such as external pressure on management to perform well, opportunities for executives to deceive stakeholders, and the absence of effective oversight (**Goodwin and Seow, 2002; Graycar and Smith, 2002; Birchfield, 2004; and Davidson et al., 2005**). A corollary of the relationship between corporate fraud and governance is that firms that have a high risk of corporate fraud react differently to improvements in governance than firms that are at low risk of fraud. That is, there is heterogeneity in the corporate governance and performance relation across firms. Among other factors, the tendency of agents to commit fraud determines the most effective and optimal governance structure for a firm. Indeed, there is ample research suggesting that corporate governance is an endogenously determined characteristic of a firm (**Hermalin and Weisbach, 2003; Brown et al., 2011; and Coles et al., 2012**). Therefore, in summary, the primary research questions are as follows:

- 1. How could the relationship between corporate governance and a firm's performance in the selected Bangladeshi and Nigerian firms which have experienced fraud-related issues?*
- 2. How could corporate governance influence performance after controlling for the fraud culture (propensity) of the selected firms in Bangladesh and Nigeria?*
- 3. How could corporate governance in Bangladesh and Nigeria affect a firm's likelihood of experiencing fraud cases?*



1.5 Dissertation Structure

The diagram below gives a general view of the structure of this dissertation.

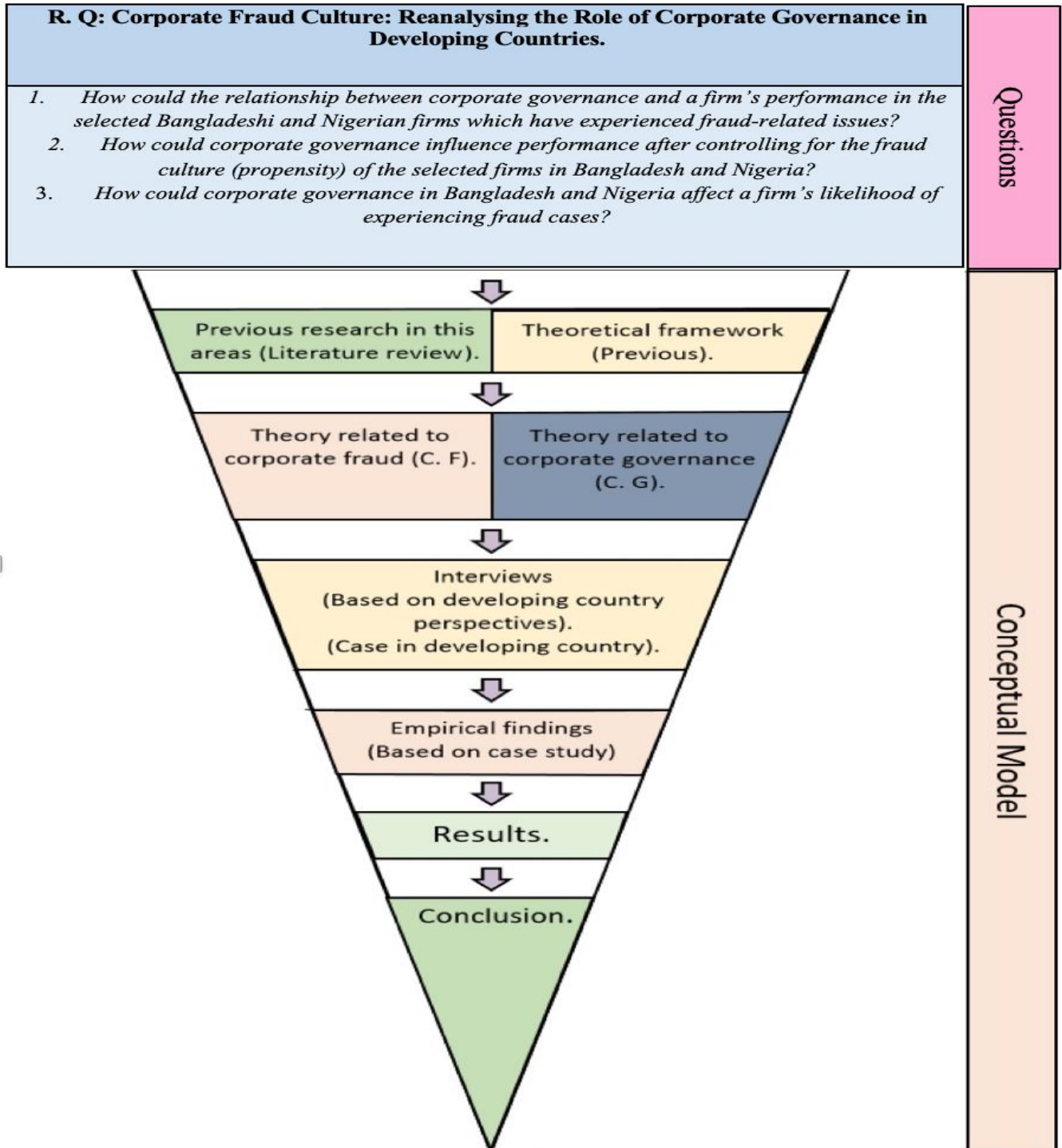


Table 1: Dissertation Structure.



1.6 Outline of the Research

Table: Outline of the Research

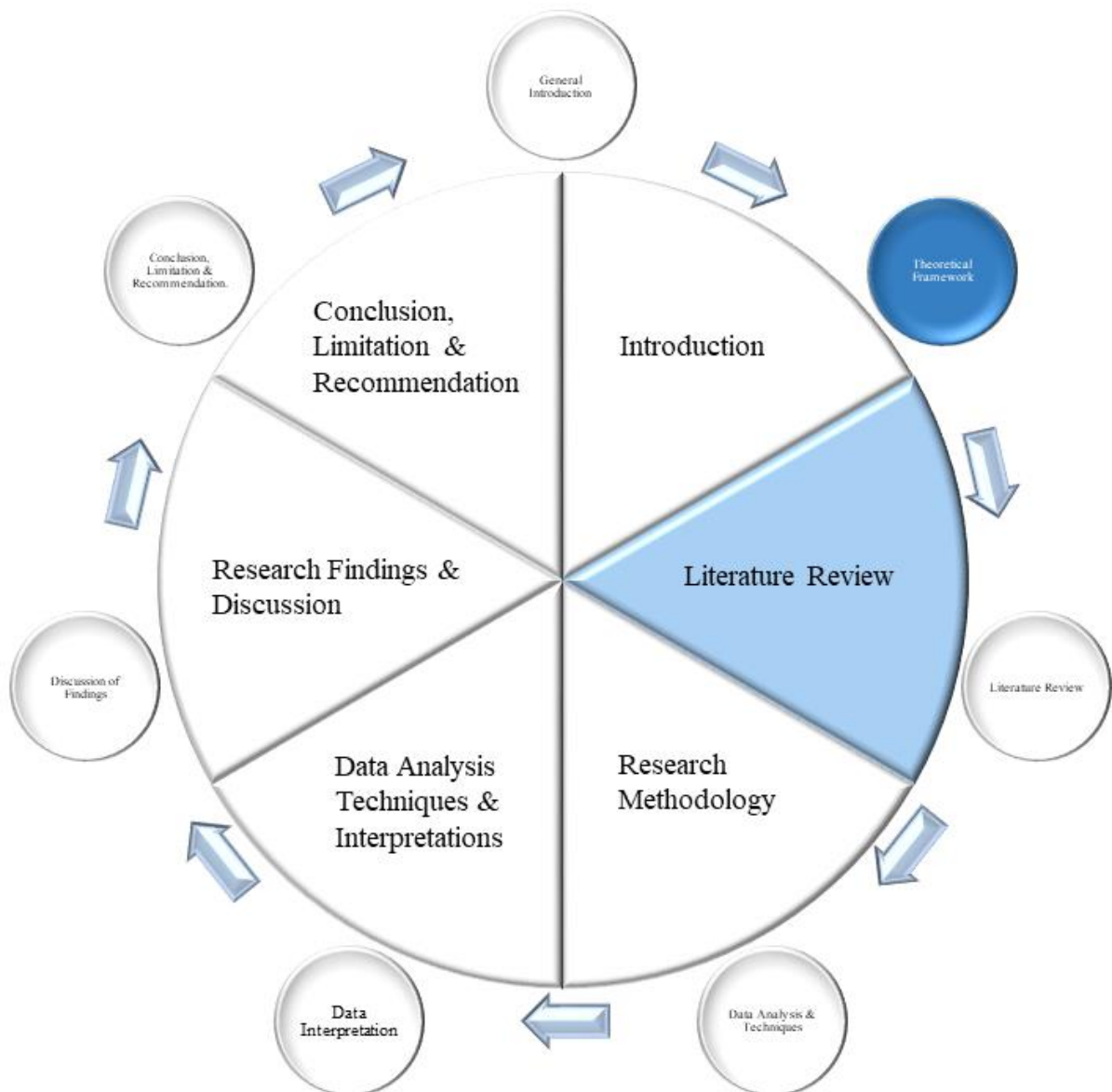


Table 2: Outline of the research.



Chapter 2.1 Theoretical Framework

- 1.1 Introduction
- 1.2 Corporate Fraud
- 1.3 Scandals Related to Corporate Fraud
- 1.4 Lack of Practice of Corporate Governance and Corporate Fraud
- 1.5 Combination of Agency Theory and Resource Dependence Theory





1.1 Introduction

Corporate governance is regarded as one of the measures put in place in companies to curb fraud and crime. This study shows the relationship between weak corporate governance and fraudulent activities in terms of gatekeeper liability. Corporate governance is simply a framework used to describe the different kinds of regimes or actors, who face liability for the wrongdoing of their corporate clients. It is one of the strategies used to combat crime and control corporate misconduct.

1.2 Corporate Fraud

Private gatekeepers are professionals who are tasked with preventing undesirable and illegal acts within a corporation and act as intermediaries between the corporation and investors as this helps to promote and regulate the activities of good governance systems in firms, as well as promote ethical behaviour. **Kraakman (1986)** suggests a comparative framework for evaluating and regulating the regimes of corporate mechanisms in order to avoid corporate fraud. Various actors and parties are involved in combatting corporate fraud, with **Kraakman (1986)** affirming that these include auditors, law firms and teams of doctors who act together in a single system, underwriters, investment banks, and third parties like whistleblowers who disclose bad conduct to enforcement officials. All of these acts in different ways so as to maintain and direct good corporate behaviour. In firms which have experienced fraud, it is best to select enforcement measures used to reduce the cost of misconduct, as well as examine the characteristics used in measuring the misconduct (**Kraakman, 1986**). Applying a behavioural approach, **Bednar (2012)** examines how effectively the work of the media supports governance control mechanisms in averting corporate fraud. What he terms as a “*watchdog or lapdog*” as he assesses the role of media in corporate governance as a critical one, as well as how companies bring in laws that will effect change, give less of board loss as well as enhance productivity and value. While it is clear that the gap created between managers and other stakeholders has given rise to a great deal of agency issues and costs, with the media, this problem is reduced because they expose some of the logistics and crimes committed by firms, thereby allowing individuals to make informed decisions, and breaching the information asymmetry gap by acting as a



watchdog for firms. Stakeholders are therefore made aware of the image and information about a firm, which in turn adds value and incentives (**Bednar, 2012**). Without the role of the media in corporate governance, it would be difficult for the public to detect some of the crimes perpetrated by corporations. The impact of the media as a mechanism is still felt in companies even after controlling their propensity for crime. The reanalysis of these mechanisms could help to further combat corporate misconduct. He further stresses that firms and their leaders should try to implement rules which will add change to the organisation, such that these changes will not only reduce losses to the board of directors but also promote social support and impress the media, while still enhancing the job security and compensation of managers (**Bednar, 2012**).

Francis (2011) explores the need for better quality audits void of financial misappropriation, and how this can be achieved. He looks at audits from different perspectives, including critical issues surrounding the use of certain terms and concepts within research, while making reference to compliance to the generally accepted audit standards (GAAS). Also worthy of note are the internal and external factors that support the audit in helping the auditor detect material misstatements. **Francis (2011)** highlights that the quality of an audit is based primarily on the issuance of appropriate audit reports after verifying whether or not the client has complied with the GAAS. It is on the strength of this that an auditor can say that a financial statement depicts a true and fair view of a firm's state of affairs. He affirms the need to conduct audit quality research with a completely independent mechanism, put together to enhance the quality of reports issued to the public.

1.3 Scandals Related to Corporate Fraud

The reanalysis of corporate governance mechanisms becomes expedient with the collapse of Icelandic bank, where **Sigurjonsson (2010)** observed there were no adequate regulatory frameworks in place for the institution to function properly and therefore opined that governance structures must be established to accommodate and implement such. Similarly, the public was not alerted about the potential risk of governance failures in Icelandic, which could have raised alarm. It was determined that the bank failed due to its inability to address sustainable banking



issues, stressing the fact that it should have made attempts to balance the three levels of governance, at the governmental, industrial, and societal levels.

It is difficult, if not impossible, for an auditor to detect fraud if corporate governance disclosures are not made available. The disclosure of such information plays an important role in helping an auditor to detect fraud in a company. **Bhat et al. (2006)** observe that there are differences in the disclosure of corporate governance between different countries and judicial environments. Countries choose how to disclose their structure, with demand for transparency being higher in a weak environment. Sometimes, if there is a weak structure, the analyst will ask questions. Certainly, investors have higher esteem for companies with good governance, given the public interest and transparency introduced by the stock exchange and other regulatory agencies. Knowledge of a firm's corporate governance structure helps analysts to collate credible and reliable financial information. However, not disclosing this information imposes a limitation on the analyst's work and will produce inadequate reports and performance. In fact, the accuracy of a forecast depends on governance disclosures, such as shareholders and their stakes in a company, number of staff and remuneration packages, and assets owned and owed, all of which are combined to enable the analyst to assess the future performance of a firm, and this is what investors and stakeholders rely on to make decisions. Knowledge of the crucial role of disclosure will help countries to understand that it improves the accuracy of forecasts, which translates to a less fraudulent economy. Concerning the relationship between corporate governance disclosures and the accuracy of financial forecasts, the authors conclude that disclosure of corporate governance information is based on the corporate governance systems practiced in a particular country, and that governance transparency affects the accuracy of financial forecasts (**Bhat et al., 2006**). Allowing countries to choose what information they disclose and how may need to be re analysed in order to achieve better financial performance and allow the analyst the ability to detect fraud.

The reanalysis of the corporate governance systems in developing countries to improve performance of companies has become inevitable. This is because governance mechanisms not properly harnessed can increase the likelihood of fraud in a firm. **Gindis (2007)** holds that an entity is not sometimes recognised and given the respect it deserves, and little attention has been



paid to discovering the importance and role a firm plays in our time. The real aspects and meaning of a firm and its mechanisms in the modern world are downplayed. The implication of his analysis is that there is an incorrect view of firms, and that corporations are not run from the various points which they are meant for, for instance in accounting and economic viewpoints, teamwork and collaboration is not enhanced while economies are not well managed. A transaction must be seen from its economic reality rather than legal form. In his view, these theories are past views revisited, and in fact unsuitable for contemporary corporations. Realignment is necessary in order to accommodate the present-day reality (**Gindis, 2007**).

Again, laws and regulations which determine ownership structures tend to sometimes not provide adequate coverage in some areas, and this means that shareholders' investments are not protected. The protection of shareholders and creditors in their investments is essential, as they always fear that their investments may not be realised. How well do the laws of a country shield or preserve investors' rights and cover them from those who would want to exploit them from both inside and outside the corporation (**La Porta et al., 2000**). The authors take the stance that what matters most are the legal rules in which the security finds itself, as it is this right that gives power to shareholders to demand their return on investment from managers. This protects shareholders from fraudulent individuals who wish to take advantage of them. This mechanism helps to prevent fraud in companies. Subsequently, the law should not protect only shareholders and their investments, but also society, the economy, and social activities. As noted by **Deakin et al. (2017)**, the law has been neglected, and our law enforcement systems are too feeble, costly, and unscrupulous. Laws should not be treated as ordinary customs, but as an expression of state of power, they opine. As a governance mechanism, the law should be designed and implemented in order to play important functions not only in business but also in the market, education, working conditions, and other sectors of life, as they emphasize the role of state legislation in providing adequate legal coverage to society (**Deakin et al., 2017**). This study takes into account the fact that the harmonisation of international financial reporting standards (IFRS) as a measure of performance can bring a uniform set of financial statements that is free from fraud. This will be a mechanism to guide key policymakers and users of financial statements in the preparation of financial statements for decision making. A uniform statement will lead to global best



practices, as observed by **Jansson (2018)**, who further stresses that only countries that are yet to come to terms with understanding the benefits could appreciate this fact. The effect of a uniform system of financial reporting is an enhanced governance structure across the entire globe.

1.4 Lack of Practice of Corporate Governance and Corporate Fraud

A potential answer to the questions posed in this study is that corporate governance is misused and lacks good practice. **Donaldson & Preston (1995)** draw attention to how stakeholder theory is confused with some other theories; for instance, the input model. In this model, analysts believe that stakeholders take part in an organisation mainly because of what they stand to gain from the organisation. The implication of this is that the performance and general goals of the organisation are far from realisation. Again, this theory has been found not to be same in all parts of the world. In America, for instance, it is well viewed, and the stakeholders are the ones leading corporations as they manage and make major decisions about the business. They are better recognised, while other members of staff and workers have less authority. However, in European countries, the reverse is the case. Businesses around the world aim to attract funding from investors for the purposes of expansion and development, and hence require efficiency, transparency, and accountability. Investors and stakeholders want assurances that their investments will yield greater returns. Before investing in a particular company, investors ensure that the firm/business is financially sound and will continue to be profitable. Therefore, they need to be satisfied that the business is being appropriately managed. The many corporate catastrophes of firms can be linked to inappropriate governance measures, which translate to poor performance and corporate fraud. This leads to adverse effects on shareholders, stakeholders, creditors, and even workers, while also causing a ripple effect on the financial world.

Similarly, good and effective corporate governance may help to prevent the reoccurrence of such catastrophes, and thus increase the confidence of all stakeholders. **Von Koch et al. (2012)** hold the view that activities and events have heightened significant disorders in corporate governance systems, corporate mismatch and financial irregularities all over the world. In light of this, many worries that the financial market and investment are no longer conducive for investors. One



question begging for an answer is, can greater and more forceful regulation of corporate governance enhance its compliance and structure? The authors therefore look at the effects of shareholder protection on analyst performance.

Emphasizing investor protection, **Von Koch et al. (2012)** posit that there is a significant difference between countries with strong investor protection and those with weak investor protection. That is to say, while some countries have strict investor protection others do not. Specifically, the authors examine the effect of shareholder protection on the performance of analysts in terms of their ability to solve the problem of information asymmetry. Strong shareholder protection has been shown to positively impact financial information. Strong protection, especially in developing countries, makes for better and stronger performance. For this assurance, investors observe and analyse the published annual reports of a business. They believe that the annual report shows a true picture and gives a comprehensive view of a firm's performance. Hence, these reports are analysed and audited by independent external auditors. These auditors analyse the transactions and affirm that the statements are in accordance with the national or international accounting standards. These financial statements are sought for by stakeholders, as they want to be sure that the appropriate measures and mechanisms are in place (**Abid et al., 2014**).

Consequently, corporate governance is losing control and has become a major concern for managing firms in a complex business environment. Stakeholders are losing confidence due to the high profile and unexpected collapses around the globe due to this complexity. In fact, to date, complex corporate structures continue to be a persistent factor in corporate failures. Re-analysing the structure in the developing world would go a long way to harmonising economic activities. The need for an effective corporate governance system cannot be denied, as studies show that 70% of fraud in companies involves CEOs, while 20% is committed by managers. Studies have also shown that non-fraudulent firms have a greater percentage of outside managers, otherwise known as executive managers, while fraudulent firms are often without executive managers (**Abid et al., 2014**). **Fama and Jensen (1983)** explain the extent to which separation of ownership from decision can lead to the survival of an organisation. While corporations exist in the interest of their owners, separation of ownership control from decision



agents may lead to the failure of an organisation due to agency problems. The authors argue that the separation of power or authority from the managers who run the business and the risk bearers who are the residual claimants may lead to failure. Managers are the major decision makers who initiate and implement decisions and, without effective controls in place, managers are likely to take actions that do not favour the shareholders. For the effective implementation of corporate governance measures capable of curbing fraud, these managers need to be controlled.

The board of directors has been identified as a major tool to reduce fraud and control the activities of managers (**Fama, 1980**). This has helped to reduce managers' incentives, which translates to a reduction in agency costs. The author found that a board with a higher percentage of independent directors will provide better decision control and monitoring of management activities. Managers are controlled and monitored through regular meetings of the board, especially when the board is composed of more than seven members. The corporate governance code (**The Cadbury Code**) remains the mother of all codes and a guide for all companies. In highlighting the trend in corporate governance code, **Cuomo et al. (2016)** observed and noted that there have been lags between the creation of codes and the studies analysing these codes and, as a result, governance codes have not met the purpose which it is purported to achieve. As such, there is a need for further studies and investigation. These codes are meant to be complied to or explained; that is to say, if an entity does not comply then they should give reasons why. In terms of spread, there is a great deal of diversity. While some countries have issued more codes, others have revised codes, and some have not. For instance, more codes have been issued in small countries than developed ones. Indeed, time, speed, and adoption vary, as some organisations issue more codes than others. The level of compliance is another issue to contend with. Whether this has improved firm performance is a topic for future research (**Cuomo et al., 2016**). Some countries already have low level records; for instance, German corporate governance codes. If countries can uniformly adopt and comply with the adoption of global international financial reporting standards, undesirable diversity in the financial world can be overcome (**Jansson, 2018**).

The inefficiency in the application of corporate governance continues to span through many aspects of endeavours, even in small- and medium-sized organisations where ownership and



management are held together, and many SMEs do not have non-executive directors known as outside directors/managers in this case. For this reason, the top management team has a strongly significant effect on the strategic decision and ability to effect change. The ability to effect change here is strong, hence the structure is not overly rigid. There is a significant connection between the board of directors and strategic change. Consequently, the board may not be interested in participating in decision making in a small- or medium-sized organisation where the CEO is the real owner of the business. This is because the owner would want to make the majority of decisions and has the power and authority to influence strategic decisions (**Brunninge et al., 2007**).

Additionally, family firms have generational phases and structures, which also affect the effectiveness and general functionality of the board of directors. Firms in different generational phases have different governance systems, needs, and characteristics, and as the generational phase changes, so does the need for the board to align to such attributes and circumstances. As family firms sprout out, different forms of corporate governance may be needed. Families have a difficult and more complicated structure, consequently, the generation in place at that cycle of business matters most because of inherent changes that will ensue. **Bammens et al. (2008)** propose that directors can increase the understanding of how the board operates in family firms and to improve their control mechanisms, playing a vital role as mediators in the case of task conflict between family members while considering the interests and preferences of all family members. While this may sound positive, one could argue that considering the interests of family members will jeopardise corporate governance structures and corporate performance (**Bammens et al., 2008**).

1.5 Combination of Agency Theory and Resource Dependence Theory

The relationship between corporate structure and board function as it affects firm performance is also seen in **Hillman & Dalziel (2003)**, where the duties of the board do not stop with monitoring managers, but also resource provision. While combining the theories of agency and resource dependence, they argue that board capital affects both board monitoring and provision of resources, opining that board incentives and compensation moderate these relationships.



Generally speaking, resource dependence refers to how the resources of an organisation affect its behaviour, while board capital entails tradition; that is to say, the human capital, experience, expertise, and reputation of an organisation are all elements of board capital. The entire essence of the world of corporate governance revolves around firm performance, which in turn affects financial activities. **Hillman & Dalziel (2003)** critically examine the relationship between these two roles in the firm, finding that the whole system of board human capital experience, expertise, and reputation affects corporate behaviour. Consequently, a critical reengineering and analysis of corporate measures is needed for a firm to function properly, especially if the firm wishes to avoid incidences of fraud. Some resources are monopolised, and it can be said that these resources are “in the hands” of other firms. Therefore, firms depend on one another and exchange resources. This is why resources are the basis of a firm's power: resources are valuable. **Hambrick & Mason (1984)** examine the differences between various industries locally and internationally, and how top management teams' strategic decisions affect corporate performance. While some scholars contend that top management teams are passive in an organisation, **Hambrick & Mason (1984)** use the ‘*upper-echelons*’ to demonstrate that the outcome of the organisation truly depends on the top management's background, as management with a poor background affects an organisation poorly. Those who perform very well are the top management who are well experienced with significant managerial profiles. Again, the attributes of managers with high performance were the same. One may perhaps assume that without corporate governance measures, it may be difficult for any company to exist (**Hambrick & Mason, 1984**). Nowadays, there are many debates on the integrity of financial reporting, as the number of fraudulent activities and corporate bankruptcy continues to increase. This has become an issue that concerns regulators as well as users of financial reports. Deficiencies in internal controls resulting from weaknesses in corporate governance structures have contributed to the increase in fraudulent activities. The pressure to maintain a company's performance can become a motivating factor for managers to manipulate financial reports. The management's ability to override internal controls is thus another contributing factor to fraud. As concerns about fraud increase, companies are being urged to fortify their internal control systems by strengthening their corporate governance measures (**Abid et al., 2014**). A weak internal control system can be observed in **Frost (2007)**, where the many issues and criticisms associated with the credit rating

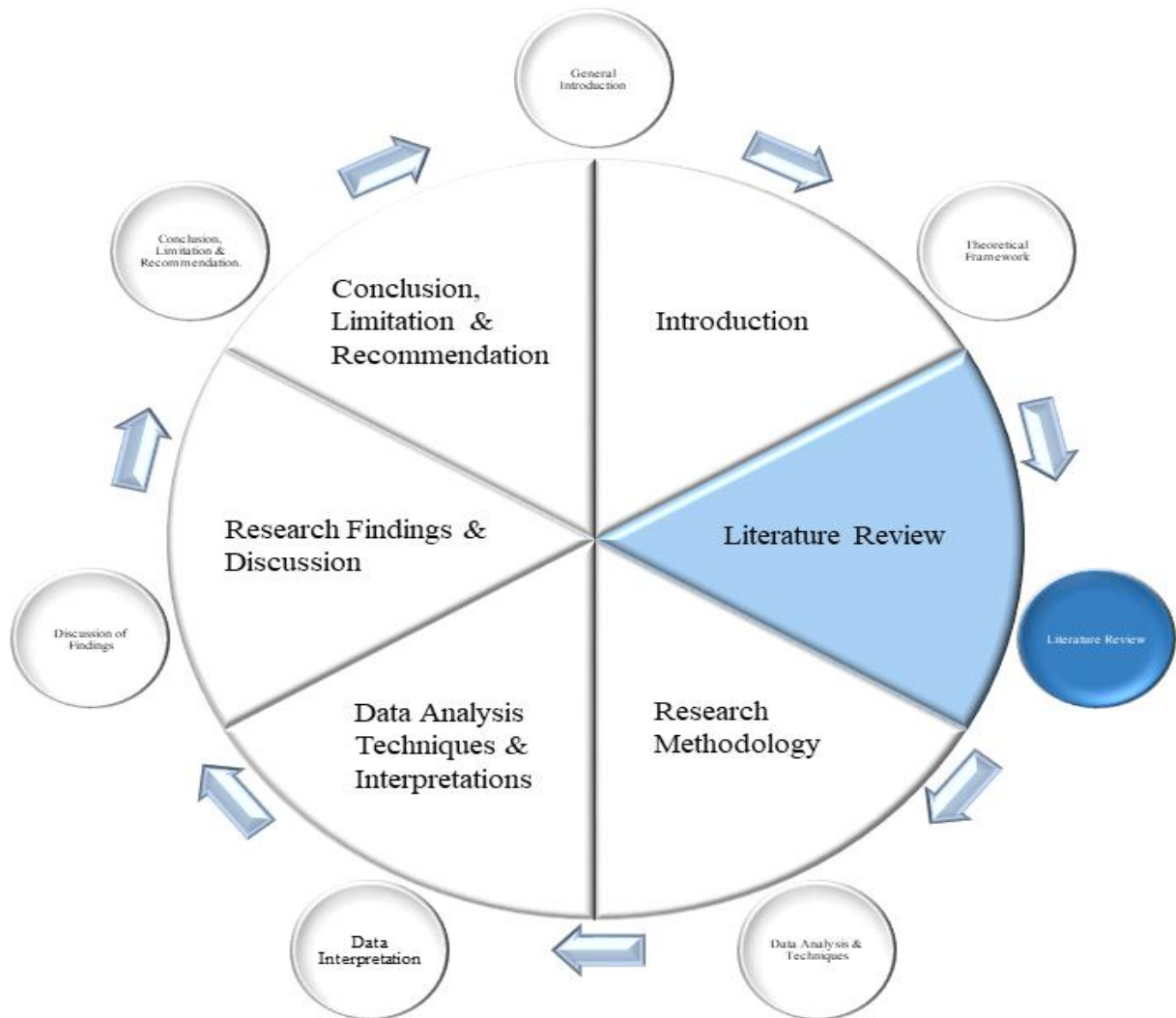


agency are revealed, as well as the many questions surrounding their credibility in the role of a rating agency, and moreover, the alleged failures with respect to Enron. The author analysed the validity and extent to which the many criticisms were true as discussed in recent SEC staff reporting. What this means is that the internal control system was not properly established, as there has been a great deal of criticism against the credit rating agency, including unfair practices and conflict of interest and incentives. Again, disclosures are not made adequately, and many users are frustrated by getting information from them; they incur disclosure costs when in the actual sense information is given to the public at no cost. Their diligence and expertise are also in question. Cases of unsolicited ratings, failure to be sceptical in their profession were also an issue. Not using confidential information as required by law is another matter to contend with. The credit rating agency is therefore seen to have failed in their discharge of duties and in all ramifications. Most worrisome is the failure and case of Enron, which necessitated a high level of scrutiny, and many queries and probes, to ascertain if they had a hand in the losses incurred by investors. The reason for all these is inefficient corporate governance measures (**Frost, 2007**). The main focus of this study remains to evaluate the effectiveness of corporate governance lowering the risk of fraud. The information published is vast, and at times too technical for general users to understand and evaluate the impact on future performance.



Chapter 2.2 Literature Review

- 2.1 Corporate Governance in Bangladesh and Nigeria
- 2.2 Corporate Governance in Financial & Non-Financial enterprises in Bangladesh & Nigeria
 - 2.2.1 Corporate Governance in State-Owned & Private Enterprises in Bangladesh & Nigeria.
 - 2.2.2 The Psychology of Fraud: Factors Related to White-Collar Crime.
 - 2.2.3 Pressure to Perpetrate Occupational Fraud.
 - 2.2.4 Opportunity to Perpetrate Occupational Fraud.
 - 2.2.5 Rationalisation of Perpetrating Occupational Fraud.
 - 2.2.6 Capability of Perpetrating Occupational Fraud.
 - 2.2.7 Arrogance to Perpetrate Occupational Fraud.
- 2.3 Chapter Summary



2.1 Corporate Governance in Bangladesh and Nigeria

Corporate governance practices are lacking in most companies and organisations in Bangladesh and Nigeria, with both countries lagging behind their neighbours and the overall global economy. Firms were not required to report information on corporate governance in their disclosure documents (OECD, 2003). One reason for the absence of corporate governance is that the majority of companies are family operated. Moreover, motivation to disclose information and improve governance practices by companies is felt negatively. There is neither any value judgment nor any consequences for corporate governance practices. The current system does not provide sufficient legal, institutional, or economic motivation for stakeholders



to encourage and enforce corporate governance practices; hence the failure in most aspects of corporate governance in developing countries. Poor bankruptcy laws, no push from the international investor community, limited or no disclosure regarding related party transactions, weak regulatory system, general meeting scenario, and lack of active shareholder participation are some of the individual factors identified by **Mamtaz and Mohammad (2005)**.

2.2 Corporate Governance in Financial & Non-Financial Enterprises in Bangladesh & Nigeria

As in many developing countries, banks play a vital role in the economies of the two countries, being the primary financiers of industrial and commercial activities. Since its independence in 1971, until 1982, when the “ownership reform” measures started in the financial sector, the Bangladesh government was responsible for the regulation and ownership of all the financial institutions. During the reform period, two out of six National Commercial Banks (NCBs) were denationalised, and private commercial banks were allowed to operate in the country. In 2003, out of the 49 banks operating in Bangladesh, nine belonged to the public sector, 30 were local private and ten were foreign-owned banks (**Bangladesh Bank, 2003**). Despite the expansion, the operational efficiency of the banking institutions has remained poor (**Sayeed, 2002; Raquib, 1999**). The sector witnessed decreased profitability, increased non-performing assets, provision and capital shortfalls, eroded credit discipline, rampant corruption patronised by political quarters, low recovery rate, inferior asset quality, managerial weaknesses, excessive interference from the government and owners, weak regulatory and supervisory roles, etc. (**USAID, 1995**). Internal control systems, along with accounting and audit quality, are believed to be substandard (**World Bank, 1998; Raquib, 1999; CPD, 2001**). Many of these problems have been attributed to a lack of sound corporate governance among the banks. Reports by the **Banking Reform Commission (1999)** and **BEI (2004)** raise serious concerns about the banking sector and criticize the quality of governance therein, which provides an impetus to explore said governance issues in detail in this paper. In Nigeria, poor corporate governance has been identified as a powerful negative force against the performance and profitability of banks operating in the country. An example of this is the revocation of the banking license of Peak Merchant Bank by the Central Bank of Nigeria. In a press release dated 28th February, 2003, Apex Bank noted that



the bank had been licensed on 15th February, 1991, and that it was revoking its license because of weak and incompetent management, insolvency, the over-bearing influence of the Chairman who was also the majority shareholder of the bank, persistent liquidity problems, poor asset quality, significant insider abuse, poor track record of profitability, lack of seriousness over its business activities, inability and unwillingness of shareholders to recapitalise, reckless granting of credit, complete absence of focus, and a lack of good corporate governance (**James & Ibezim, 2015**).

2.2.1 Corporate Governance in State-Owned & Private Enterprises in Bangladesh & Nigeria

In many developing countries, the state remains a significant owner of commercial enterprises which operate in competitive markets. State ownership includes businesses in several sectors, notably utilities and infrastructure, with energy, transport, and telecommunication usually being the most important industries. State-owned enterprises have an undeniable capacity to deliver a positive contribution to the economy of a country, provided they are well managed and built on a strong foundation of good governance. State-owned enterprises, like any other company, have a body of shareholders to whom the directors and management are accountable, the only difference being that, in this instance, the majority shareholder happens to be the government via a ministry. State -owned enterprises face specific difficulties regarding their governance. These governance difficulties derive from a number of characteristics that may be more or less acute depending on a country's administrative traditions, recent state sector reforms, and the degree of liberalisation of the economies concerned.

In order to grasp the specificity of the governance SOE and private enterprises, one should bear in mind the following two issues. Firstly, SOEs and private enterprises are often effectively protected from two major threats which are essential in policing managerial behaviour in public corporations: takeover and bankruptcy. Secondly, accounting and disclosure may not reach private sector standards, but rather be oriented towards controlling public expenditure, which may simultaneously be more burdensome and not fulfil the requirements of timeliness and materiality central to private sector disclosure practices. State-owned and private enterprises in these countries are besieged with the same problems common to state-owned and private



enterprises throughout the world. The matter is further compounded by the vagueness in statutory reporting, non-existence of stakeholder pressure, nonexistence of peer pressure, and political patronage. Conversely, while the shares of private enterprises may not in the hands of the public, and they may not be accountable to a high number of stakeholders, good corporate governance is still important to ensure the enterprise's accountability.

2.2.2 The Psychology of Fraud: Factors Related to White-Collar Crime

Studies on white-collar offences have been carried out mostly using either differential association theory (**Piquero et al., 2005; Nicholas, 2000; Benson, 1985; Sutherland, 1939; Clinard, 1990**) or social structure and strain theories (**Zahra et al., 2007; Durkheim, 1965**) to enlighten unlawful conduct. **Weisburd et al. (1995)** outline that studies of these crimes have broadly concentrated on the organisational context, rather than the perpetrators' perspective. Nevertheless, recent research conducted by **Dellaportas (2013)** attempted to exclusively focus on offenders' inner thoughts and belief processes. The study indicates that wrongdoers commonly employ their power and authority to betray their fellow workers and entities after having been threatened by a specific catastrophe.

Generally, contemporary understanding of why individuals perpetrate fraudulent activities has been expressed in the concept of the fraud triangle, in which the conceptual fraud framework implanted in the study of psychology constitutes a result of industrialising work from the original exertion of **Cressey (1953)**. He claimed that exclusive fraud syndicates are primarily driven by what is commonly known as “a non-shareable problem”. These problems tend to arise when individuals are confronted with a personal crisis or problem and are unable to share their concerns with fellow workers or friends due to shame or embarrassment, and the offenders fear the social sanctions or consequential legal results of their illicit behaviours being detected. **Cressey (1997)** also notes that admission of fault or poor judgments, loss of status, and financial distress have the probable effect of causing a non-sharable problem, which will result in a person clandestinely overcoming their issues by stealing in order to avoid losing face.

Furthermore, the hypotheses proposed by **Cressey (1953)** later became a recognised framework, which is well-acknowledged as the fraud triangle theory. However, other scholars have made



attempts to complement this fraud framework with enthusiasm factors, such as the notions of rationalisation and opportunity to elucidate the advent of fraudulent acts (**Coenen, 2008; Albrecht et al., 2016**). **Dellaportas (2013)**, synthesises these notions into a short understandable explanation, that opportunistic triggers grant the means to follow through with a deliberate desire for committing wrongdoing; pressure encourages perpetrating wrongdoing due to monetary crisis; and rationalisation encourages perpetrators to address the cognitive dissonance related to their conduct. Therefore, in order to outline the factors motivating wrongdoers to commit fraud, these three elements of the fraud triangle will be explained in detail, as follows.

2.2.3 Pressure to perpetrate occupational fraud

Existing literature and studies on the pressure to perpetrate occupational fraud can be generally categorised into non-monetary pressure and monetary pressure (**Fitzsimons, 2009; Albrecht et al., 2016**). Non-financial pressure can be further classified into (a) work-related pressure (**Peterson and Gibson, 2003; Holton, 2009; Bartlett et al., 2004**); (b) pressure related to people who want to live extravagant lifestyles/beyond one's means (**Rezaee, 2005; Neu et al., 2013; Dellaportas, 2014**); and (c) pressure related to drug addiction and gambling (**Kelly and Hartley, 2010; Howe and Malgwi, 2006; Yuka and Russell, 2003**). In an organisational context, financial strain, specifically failed market investments or business distress, whether arising from misfortune or recklessness, is the catalyst which mobilises numerous individuals to perpetrate fraud (**Cressey, 1971**). It is also suggested by **Brenna and McGrath (2007)** that incentives or bonuses can lead management to intentionally misstate published financial reporting, with the aim of retaining stakeholders' faith in an organisation.

Furthermore, work-related non-financial pressure factors which lead individuals to commit fraud comprise employees' perceived inequities and dissatisfaction in the workplace (**AIC and PwC, 2003; Hollinger and Clark, 1983**). Similarly, other studies have highlighted unfair treatment associated with remuneration, a lack of acknowledgment, and unfair promotion as concrete motives for employees to perpetrate wrongdoing (**Bartlett et al., 2004**). These studies have academically strengthened the prior one carried out by **Baucus (1994)**, chronicling that workforces witnessing dissatisfaction will have diminutive deference for the institution for which they work, and commonly commit unlawful conduct as an act of revenge against the



organisation. Apart from these concerns, however, the most dangerous pressure motivating an individual to commit fraud is the offender's desire for material possessions. Empirical evidence suggests that many wrongdoers become involved in risky behaviour predominantly due to a desire for greater affluence and egocentric motives (**Dellaportas, 2013**). Hence, **Dellaportas (2013)** notes that wrongdoers are highly aggressive and tremendously self-motivated, and their inherent traits which push them to be more likely to become involved in perilous behaviour ultimately lead to their perpetration of wrongdoing.

2.3.4 Opportunity to Perpetrate Occupational Fraud

An opportunistic trigger allowing an individual to perpetrate fraud, obscure it, and evade being penalised is the second perilous component of the fraud triangle (**Cressey, 1953**). A perceived opportunity to enact wrongdoing arises in an organisation when individuals with a high level of trust betray and abuse this trust, so as to deal with a non-sharable monetary burden (**Cressey, 1953**). Opportunities to commit fraudulent activities, in auditing works, have been observed in the background of poor organisational control, and according to KPMG (**KPMG, 2010; KPMG, 2008**), this is the primary element attributable to fraud (**Strand et al., 2010; Kelly and Hartley, 2010; Harrion and Turner, 2010; Dellaportas, 2013; Albrecht et al., 2016**). Therefore, the opportunity to engage in wrongdoing arises when the organisation's system of structural control weakens, making its audit function less effective and its corporate governance deteriorate (**Neu et al., 2013; Rezaee, 2005**). In other words, the likelihood of fraud risks would be greater and unavoidable if organisation overrides its system of internal control (**Albrecht et al., 2016**).

Moreover, in criminology literature, **Donegan and Gagon (2008)** and **Colvin et al. (2002)** offer an explanation of the opportunity to perpetrate fraud, stating that occupational offenders and criminal behaviour are strongly associated with social support and coercion. **Donegan and Gagon (2008)** argue that some persons with no legitimate right to access social support from an appropriate/legal source, might attempt to find social support from an unlawful source. Thus, it can be assumed that in the absence of social support, someone may be more likely to approach a felonious conduct by studying to deceive others in struggle to obtain social support. Separately, as proposed by **Kranacher et al. (2011)**, even though fraud deterrence is costly to implement, it does not guarantee an adequate level of compliance with laws, as the vast majority



of individuals committing white-collar crime view compliance or noncompliance with laws simply as fear of punishment.

2.2.5 Rationalisation to Perpetrate Occupational Fraud

Rationalisation is the mechanism with which occupational perpetrators justify any guilt or unlawful conduct (**Dellaportas, 2014; Anand et al., 2004; Duffield and Grabosky, 2001**). Significantly, rationalisation is an indispensable constituent of wrongdoing *before* it takes place (**Kranacher et al, 2011**). **Ramamoorti (2008)** provides examples of rationalisation commonly used by occupational perpetrators to justify their fraudulent activities. Such rationalisations, as illustrated by **Cressey (1953)** and **Ramamoorti (2008)** are also reinforced by **Coenen (2008)**, pointing out that offenders convince themselves that misconduct is tolerable by manufacturing excuses in their mind.

Beyond accounting matters, social psychology and criminology literature also provide explanations for rationalisation. Criminologists contend that, in neutralisation theory, criminals usually employ the approaches of neutralisation to rationalise their behaviour (**Sykes and Martza, 1957**). The techniques of neutralisation are always used to shield an individual from their own internal values surrounding the existence of guilt (**Stout, 2007; Foucault, 1969**). **Murphy and Dacin (2011)**. Based on the theory of moral disengagement (**Bandura, 1999**) and the theory of cognitive dissonance (**Festinger, 1957**), three physiological pathways to wrongdoing are nestled in rationalisation/attitude: (a), lack of awareness, (b), intuition supplemented by rationalisation, and (c), reasoning (the perceived benefits outweigh the cost). Such rationalisations allow offenders to consider themselves ethical persons being forced into dishonest conduct (**Anand et al., 2004**).

2.2.6 Capability of Perpetrating Occupational Fraud

Capability or capacity is a mechanism of the fraud diamond theory, introduced by **Wolf and Hermanson (2004)**. This factor leads to many instances of corporate fraud. Studies such as that by **Wolf and Hermanson (2004)** opine that corporate fraud is not possible without people who have the capability of committing fraud. Capability, in this case, refers to the nature of individuals to commit fraud, which encourages and pushes them to seek and take advantage of



such opportunities. A perpetrator must have a strong capability of recognising opportunities so as to effectively carry out fraudulent activities.

This factor is an extension of **Cressey's (1953)** fraud triangle theory. A person's position, designation or function within a corporation may give them the capability to create or exploit an opportunity for fraudulent purposes, which may not be possible for others (**Christian et al., 2019; Vousinas, 2019; Sujana et al., 2018; Ruankaew, 2016; Gbegi & Adebisi, 2013**). A fraudster also has the necessary traits and capability for the work which needs to be done, meaning they can recognise a specific fraud opportunity and turn it into reality (**Wolf & Hermanson, 2004**). Researchers have also identified the significant observable traits which are related to an individual's capacity for engaging in fraud. For example, these traits can include: (a) authoritative positions or functions within corporations, such as CEO, may have the capability to influence and perpetuate fraud because of their position in the organisation, (b) the intelligence to exploit accounting and internal control systems to greater advantages and also the ability to understand how the system works, (c) ego and confidence, which can be the reason behind fraudulent behaviour that will not be identified, and will have an impact on their decision-making process, and thus more confidence indicates a greater chance to engage in or commit fraud, (d) ability to effectively deal with the stress of being caught and managing the fraud over a specific period of time. Along with these reasons, a person must also be able effectively and consistently lie to avoid detection, so as to convince others that no fraud is taking place.

Kassem and Higson (2012) opine that three factors can be used to predict fraud: (a) official position and/or function within a company, (b) the capacity to understand or utilise the accounting systems and weaknesses in a company's internal controls; (c) the belief that persons will not be detected if caught or will not be punished severely; and (d) the capability to deal with great stress which arises.

2.2.7 Arrogance to Perpetrate Occupational Fraud

Arrogance was included in an updated fraud related theory developed by **Marks (2012)** built upon **Cress's** fraud triangle theory, covering fraud triggering factors and named fraud pentagon theory or, alternatively, Crowe's fraud pentagon theory, due to it having first been presented by



Crowe Howarth (2011). Two new components are included in this theory – competence and arrogance – with competence having the same meaning as the “capability” previously mentioned by **Wolfe and Hermanson (2004)** in their fraud diamond theory. As discussed earlier, competence/capability refers to an employee’s ability to ignore internal control by developing a concealment strategy and thus control situations for their own personal benefit rather than that of the corporation for which they work. Meanwhile, arrogance refers to a superior attitude of being owed certain rights, and an individual's feeling that companies’ internal control systems or policies are not applicable to them (**Tessa & Harto, 2016; Muhsin et al., 2018**). Therefore, middle management (including CEOs or CFOs) may have arrogance or a lack of conscience, which can lead to an attitude of superiority and entitlement or greed by believing that internal controls simply do not personally apply to them. Following this same notion, **Tugas (2012)** also proposes a fraud pentagon concept by adding an external regulatory influence. As fraud will cease to exist if regulators can apply rules accordingly and ruthlessly, it will be helpful to manage a company’s members to comply with them. Moreover, in recent times, the nature of fraudulent behaviour has changed dramatically. Now fraud occurs not only to gain economic benefits, but also for purposes of ego, status, and sheer arrogance (**Howarth, 2011**). In the current business environment, huge changes can be found. Certainly, the environment of business practices of the 1950s and the business environment in the 2000s are not the same. Corporations have grown from having only an operational scope on a local or regional scale, limited to few suppliers, a simple structure, and sole trader business owners. This has changed into companies with a global operational scale, vendors with international networking, matrix-shaped organisational structure, more mergers and acquisitions, and also the absence of owners in the business management system, which are now delegated to elected managers or directors (**Marks, 2012**). A study carried by **Marks (2012)** finds that, in reality, 89% of fraud-related cases are perpetrated by personnel who are engaged in top-level management, such as CEOs (Chief Executive Officers) and CFOs (Chief Financial Officers). Among these occurrences of fraud, 70% were perpetrated due to the arrogance/greed of an individual (**ibid.**). The study also found that the level of arrogance of a company leader has the following types of modus operandi.

- ✓ A person’s egoistic attitude, and the mentality of a CEO being a celebrity.



- ✓ Having the mindset that an internal control system cannot prevent the fraudulent activities in which they engage.
- ✓ Type of management style; such as autocratic. Treatment of coworkers, such as intimidating subordinates.
- ✓ Weaker confidence in saving their own position/status which has already been gained.

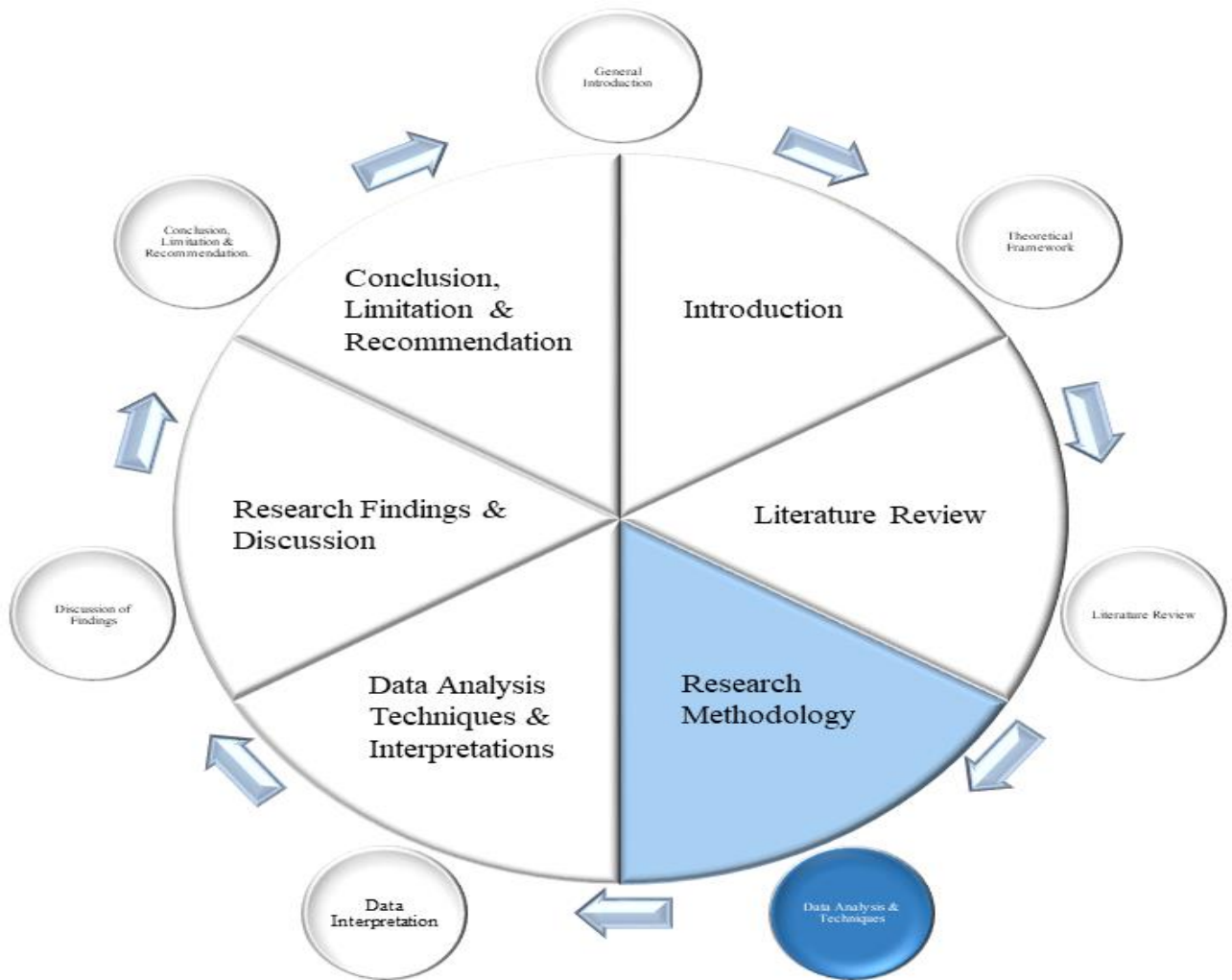
2.3 Chapter summary

This chapter provides an explanation of the previous research conducted on the topic of corporate fraud and governance, as well as an overview and introduction of the framework for the case study which comprises the main focus of this study. The findings of this review reveal that corporate governance measures enable the monitoring of the activities of corporations and their internal control systems. The primary objective of an effective governance system is to ensure that the power of executives/BOD is not abused, and that the interests of the stakeholders are protected. Corporate measures set by the regulatory agencies are centred on developing mechanisms to curb corporate fraud. The theories and models of corporate governance give an insight into the causes of, and motivations for, people to engage in fraudulent activities.

The next chapter gives an in-depth evaluation of the methodology of the study, which is associated with corporate governance and corporate fraud.

Chapter 3. Research Methodology.

3.1 Strategy and Approach of the Research.	3.8.1 Reason for Using Thematic Analysis	3.9. 2 Data Analysis.
3.2 Research Design.	3.8.2 Different Approaches to Thematic Analysis	3.10 Quality Criteria
3.3 Types of Research.	3.9 Operationalisation of Data Collection.	3.10.1 Reliability
3.4 Research methods.	3.9.1 Primary Data.	3.10.2 Replicability.
3.5 Delimitation.		3.10.3 Validity
3.6 Data Collection & Sampling		3.10.4 Generalisability.
3.7 Case Identification		3.11. Chapter Summary
3.8 Conducting Thematic Analysis		



3.1 Strategy and Approach of the Research

As the research topic is strongly connected to businesses and corporations, a positivist approach will be applied in this study, based upon empirical information and forceful knowledge. This will be carried out by interviewing users of corporate governance measures in developing countries around the world. Based on existing theories of governance and fraud, corporate performance will be evaluated in order to determine the factual outcomes (**Sholberg et al., 2014**).

The collected data will be compared, delimited, measured, and explained. The study applies a mixed research methodology, combining a mainly qualitative approach with a supporting



quantitative approach. The choice of how to collect the data is based on the availability to measure and establish correlations between different variables as this is the driving force for the entire method of studies.

3.2 Research Design

Bryman and Bell (2015) describe a transverse study as one in which the collected data will be investigated simultaneously. Consequently, the design will be collected at a single point of time and several different cases will be studied. The studies will take place at the same specific time as a cross-sectional study should investigate the case, which is fulfilled in this study. As data will be gathered via two different approaches, the research can be described as a longitudinal study. Longitudinal studies have a greater ability to identify a causal direction than cross-sectional studies, but still cannot fully determine causal relationships. However, if the relationship between variables is just a link between and can be established, that does not mean that it is not possible to effect conclusions. The choice between qualitative or quantitative data is important, so as to be able to ascertain the differences in information while achieving a systematic method of data collection. The data in this research study includes corporate governance theories and information received from professionals.

3.3 Types of Research

Qualitative research mainly deals with qualitative data rather than numeric data (**Bryman and Bell, 2007**). The first things are that considering an inductive view of the relationship between the theories and research while the theories are derived from the research. Furthermore, the epistemological position of interpretivism is adopted, which is the main difference between natural scientific models in qualitative research. In this type of research, the stress is on the understanding of the social world via the examination of participants' personal interpretation of the world.

Moreover, **Bryman and Bell (2007)** add another perspective of qualitative research about the ontological place and defined as constructionist that leads to social properties and they are the results of the interactions between individuals rather than phenomena, and that is differs from those who are belongs to constructions. Consistent with this notion, **Bryman and Burger (1999)**



describe the reasons for the differences between these two approaches. They mention that qualitative research is a type of research process in which quantitative data is not collected, generated, or derived to deal with. Rather this type of data is dealing with evaluating the qualitative phenomena such as it involves those factors which can be expressed in terms of quality or types (**Kothari, 2014**). Thereof, **Gray (2014)** mentions that this approach analyses such subjective phenomena as attitudes, behaviours, or opinions, with the intent to discover basic desires and motives.

3.4 Research Methods

Methodology refers to the overall approach to the research process. Social scientists with different philosophical assumptions adopt different approaches in their research. A longitudinal in-depth investigation is required to conduct this study, since it, as mentioned by **Collis and Hussey, (2003)** provides a systematic way of observing real-life events or natural phenomena, gathering data, analysing information, and disclosing results. This resultantly increases the level of confidence in the robustness of the results. To get the complexity of participant's current experiences and to enhance an understanding of the real world, the landscape of ethnographic research principles, therefore, will be adopted in this qualitative study. The best technique to gather primary data for this study is periodic personal interviews with semi-structured questions, as they can ensure "cross-case comparability".

Furthermore, to avoid a repetitive or narrowly designed study with predictable results, the researchers will employ methodological triangulation involving data sources that may vary based on the times when the data was gathered, the place of collection, and the persons who obtained the data. It is believed that this can lead to rich, unbiased data which can be understood with a comfortable degree of assurance. By doing this, the researcher can map, track and compare the differences and similarities between the targeted institutions and/or interviewees, and then draw comparative conclusions to achieve more generalisable findings.

Regarding targeting potential interviewees, finding the "right person" to interview is an important issue in qualitative interviews, as this determines whether or not relevant and valuable information can be obtained.



Rubin and Rubin (2005) argue that “interviewees should be experienced and knowledgeable in the area you are interviewing about”. Experienced interviewees can make interview results more convincing, and interviewees who are knowledgeable about the research problem have the potential to provide more useful information (**Rubin and Rubin, 2005**). In this study, senior managers/workers in Bangladeshi and Nigerian financial/non-financial institutions and bank analysts who cover banks and non-banks in Bangladesh and Nigeria will be targeted for interviews, based on several considerations. **Rubin and Rubin (2005)** argue that it is not easy to figure out in advance how much useful information an interviewee can provide, so “the best you can do is choose a person who is in the appropriate position”. Senior level managers/workers are considered to be those who have a broad knowledge of their organisation’s strategies, policies, and business practices, as well as being involved with different aspects of tangible and intangible resource management. They are likely to be involved with strategic choices/decision making on these matters. Thus, it is expected that they may have a greater ability to understand the research problem than low level management and employees. Similarly, analysts who specialise in the business sector were chosen to be another set of interviewees, on the grounds that they were considered to be experts who have specialist knowledge and an understanding of business valuation.

3.5 Delimitation

To define delimitation, one must certainly discuss the scope, shape, and boundaries of the research. However, the authors are aware that if different approaches are applied, variations may occur in the outcome of the results. This study not only concentrates on the impact of fraud on corporations and their performance, but also the effect of not properly adhering to governance systems.

3.6 Data Collection and Sampling

The sample of this study includes professionals and other workers involved in the control of an organisation with a good governance system in a developing country, as well as personnel who are in charge of the compliance and control procedures in an organisation. It also includes gatekeepers, financial analysts who make sure fraud related cases are avoided in over two



developing countries. The purpose of involving these individuals is to elicit responses which are specifically related to corporate governance and fraud, which is the main focus of this study. Most of the information was obtained through interviews conducted via the **Zoom** video conferencing platform, including more than 12 respondents from a range of professional backgrounds.

This study is based on primary data collection via interviews (**Bryman & Bell, 2015**). That is to say that it could be of better quality than other self-collected primary data. The reason is that data collection of researchers and organisations is often more thoroughly done due to more resources, time and knowledge, which is one of the most powerful analytical tools for ownership data in developing countries. Moreover, an online video conferencing platform will be used by the authors to conduct the interviews. With the background of this, the authors have therefore found and considered the source to be sufficiently credible for this research.

3.7 Case Identification

The goal of this research study is to determine the role of corporate governance in addressing corporate fraud in developing countries, with a specific focus on Bangladesh and Nigeria. The main reason for choosing these two countries is that they are suffering from development issues. In reality, there are a number of organisations facing these problems, which prevents them from achieving their business goals.

Dembo and Rasaratnam (2014) explain how the code of corporate governance is the minimum standard expected of public companies in Nigeria. Section 34 of the SEC (2011) is the first among the Code of Corporate Governance for Banks in Nigeria. The Code was meant to address the identified weaknesses in the corporate governance of banks in Nigeria, resolve the challenges of corporate governance, and address the issues of fraud which are bound to occur (**Cbn, 2006**). The second regulator to issue an industry-specific corporate governance code was the National Pension Commission in 2008. The Code sets out rules to guide pension fund administrators and pension fund custodians on the appropriate structures and processes to be used. In 2009, the code of good corporate governance for the insurance industry in Nigeria was issued by the national insurance commission. The code lists basic principles of good corporate governance: a proactive,



responsible, responsive, accountable, and committed culture of compliance with rules and regulations; and good knowledge of companies.

According to **Pallab (2013)**, early reports by listed companies in Bangladesh were controlled and governed by the provisions of the Companies Act 1994. The Listing Regulations of DSE of 1996 and Securities and Exchange Rules 1987 stipulate that every listed company in Bangladesh should have its financial statements audited within 120 days of the end of the financial year. Again, its AGM should hold, and audited accounts be approved within 9 months of the year's end all things being equal.

It must be prepared by listed companies, quarterly financial statements as well as communicating same to SECB & security holders (**BSEC, 2009**). The **BSEC (2009)** also mentions, during trading hours like (11am to 3pm) 31st of March 2017. The board must not meet as a board to negotiate on price sensitive issue of the stock exchange. In the same vein, **BSEC (2000)** illustrate that two widely price-sensitive decisions are to be made in two widely circulated newspapers; one in Bangla, and another in English. The authors will interview top level professionals from both private and public companies. For the case studies, the intention is to understand how seriously companies take corporate governance measures, and their role in the fight against corporate fraud.

3.8 Conducting thematic analysis

The nature of qualitative data is non-numeric information such as transcripts, notes, videos, audio recordings, images, and text documents, and they can be divided into five categories (**Dudovskiy, 2018**). Thematic analysis is one of them and that is a method of analysing qualitative data (**Caulfield, 2019**). This analysis is usually applied to a set of text like interview transcripts. Under this method the researcher closely examines the data in order to identify common themes.

According to **Caulfield (2019)**, while there are various approaches to conducting thematic analysis, the most common form of thematic analysis involves a six-step process, as follows:



Thematic Analysis Process
1. Familiarizing with derived data
2. Generating initial codes
3. Searching for themes.
4. The reviewing the themes
5. Defining & naming themes
6. Producing the report.

Table 3: Thematic Analysis Process.

3.8.1 Reason for Using Thematic Analysis

Thematic analysis is an effective approach for determining people’s views, opinions, knowledge, and experiences. It also helps to create values from a set of perspective data, such as interviews, transcripts, social media profiles, or various types of surveys. In order to find the answers to the qualitative research questions, data must be collected from the relevant participants, and thereafter analysed. This analysis technique also has flexibility in interpreting data, even with large sets of data, such as easily sorting them into broad themes.

However, thematic analysis also bears the risk of missing nuances in the data, as this approach is often subjective and relies on the judgement of the researcher. For that reason, it is essential to control one's own interpretations while dealing with the raw data.

3.8.2 Different Approaches to Thematic Analysis

Having chosen to apply a thematic analysis in this study, there are some important factors to consider; such as the distinction between inductive and the deductive approaches. An inductive approach involves allowing the data to determine the themes, while a deductive approach involves collecting data with preconceived themes directed at finding reflections based on existing theories or knowledge.

However, after deciding the thematic analysis as an accurate or right method for the analysing derived data, also finalising an appropriate approach by the researchers, they can follow the most common six steps of which are developed by the Braun & Clarke.



3.9 Operationalisation of Data Collection

The table below depicts the entire process of this research project. Via this process, the data will be derived from the selected participants' views on the research topic. The information derived from the participants is considered the backbone of this study. While collecting information from the participants, three important considerations will be taken into account: their background, their views on corporate fraud, and their views on corporate governance. Accordingly, in Part A of the interview, participants will be asked four questions to ensure their level of education, experience, job role, and job title. Similarly, Part B will include questions related to the participants' views on corporate fraud. Consistent with that, Part C comprises questions related to the participants' view of corporate governance, with four questions asked. The next section specific questions which will help to find answers for sub-questions one, similarly, the sub-questions of questions two and three will be derived from the specific sections of said questions. The next level is about three sub-questions which will help to find answers to the main research questions. Finally, the main results will lead to the scientific findings which will be discussed thoroughly, as the ultimate goal of this research project.

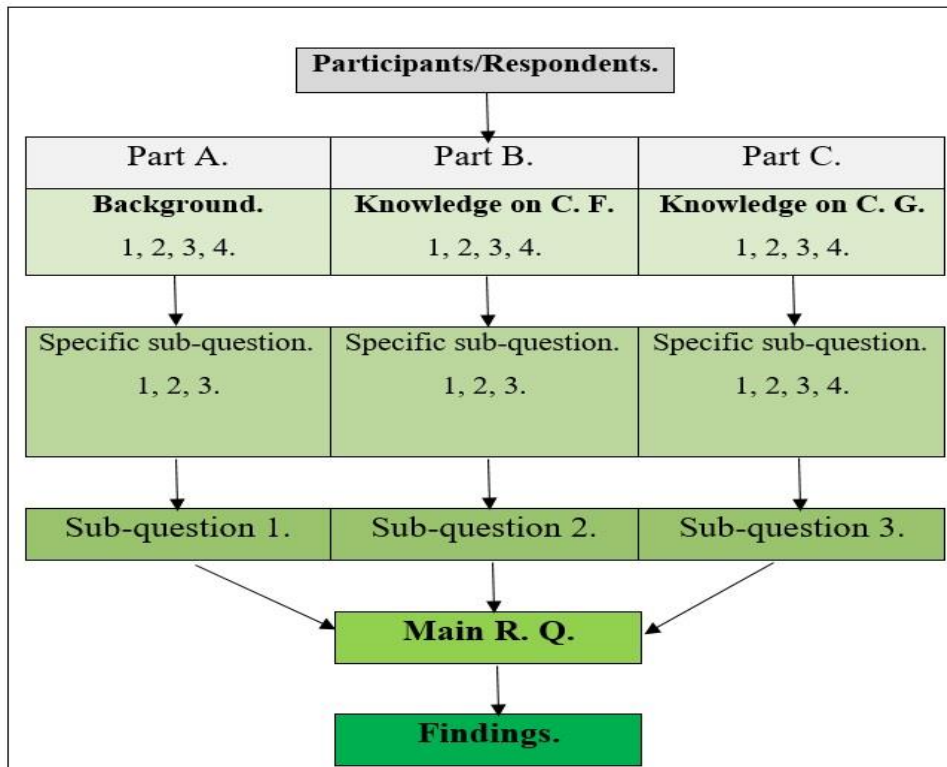




Table 4: Data collection process (participants to findings).

3.9.1 Primary Data

In order to answer the proposed research questions, semi-structured interviews (**Table 8**) will be conducted within Bangladeshi and Nigerian private and public companies. The research questions mainly focus on the corporate governance and corporate fraud in developing countries. The process of data collection will be conducted via interviews on an online video conferencing platform, as the researchers believe that it is most suitable to use a series of open-ended questions with some follow-up questions to derive the actual findings. Semi-structured interviews can enhance the opportunity of flexibility and the likelihood of relevant responses to the research questions (**Creswell, 2013**). Notes can also be taken during the interview process, as well as the opportunity of audio and video recordings, which can ensure the accuracy of the derived data.

3.9.2 Data Analysis

Qualitative data is non-numeric information such as interview transcripts, notes, videos, audio recordings, images, and text documents, of which interview transcripts will be used for the collection of raw data in this study. According to **Bryman and Bell (2017)**, qualitative data analysis is divided into five categories: content analysis, narrative analysis, discourse analysis, framework analysis, and grounded theory. Additional cases are also examined to determine whether or not they contribute to the theory (**ibid.**). Thematic analysis will also be applied to analyse interviews in terms of familiarisation, coding, generating categories, reviewing themes, and defining and naming themes.

Qualitative data analysis can be conducted via the following three steps. According to **Bryman and Bell (2007)**, the first step of qualitative “*interview*” analysis is the developing and applying of codes. The transcript is needed to formulate codes and the categorisation of data. Consistent with this, a code can be a word or a short phrase which represents a theme or an idea. The coding is also categorised into three steps: open coding, where the initial raw data needs to be made sense of, axial coding where the interconnections or the links to the categories of codes, and selective coding where a story can be formulated by connecting the categories (**Bryman and Bell, 2007**). This study will use an open coding system.



3.10 Quality Criteria

The attributes of good business research can be applied in three different forms, which are its reliability, replicability, and validity. Reliability ascertains the credibility of the study, replicability refers to the opportunity to repeat a study, and validity refers to the ability in assessing whether the conclusions drawn from the survey are reliable or not. Additionally, **Bryman and Bell (2011)** argue that generality is an aspect which requires further research in order to assess the specific meaning of a quantitative study.

3.10.1 Reliability

Since researchers and users of information are often more interested in the consistency and trustworthiness of the results of a study, reliability plays an important role as regards research of this nature. This determines how static measures are applied throughout the period of research and over time (**Bryman and Bell, 2011**). It further determines whether there will be subjective assessments when samples of data are classified into categories. Consequently, the researchers have confidence that this study is reliable, and if repeated over time, would produce the same results. Moreover, the study uses primary data, which makes it easier to describe the information obtained.

3.10.2 Replicability

Replicability refers to the possibility of replicating someone else's work using the methods proposed. Based on the assessments done so far, the authors believe that the likelihood is high, since the study can easily be replicated by other researchers in the future. The reason is because the data collected are made of public domain (**Bryman & Bell, 2011**). Again, the choice of qualitative study is easy since this information can be gotten through interviews.

3.10.3 Validity

As proposed by Bryman and Bell (2011), another criterion of quality is validity, which means that the concept studied measures what it purports to measure. As high as a research of this nature is, it is believed that it actually represents the content being studied. That is to say that the measurement tools used are of high quality, and therefore cover the area researched due to the paper being based on earlier research studies.



3.10.4 Generalisability

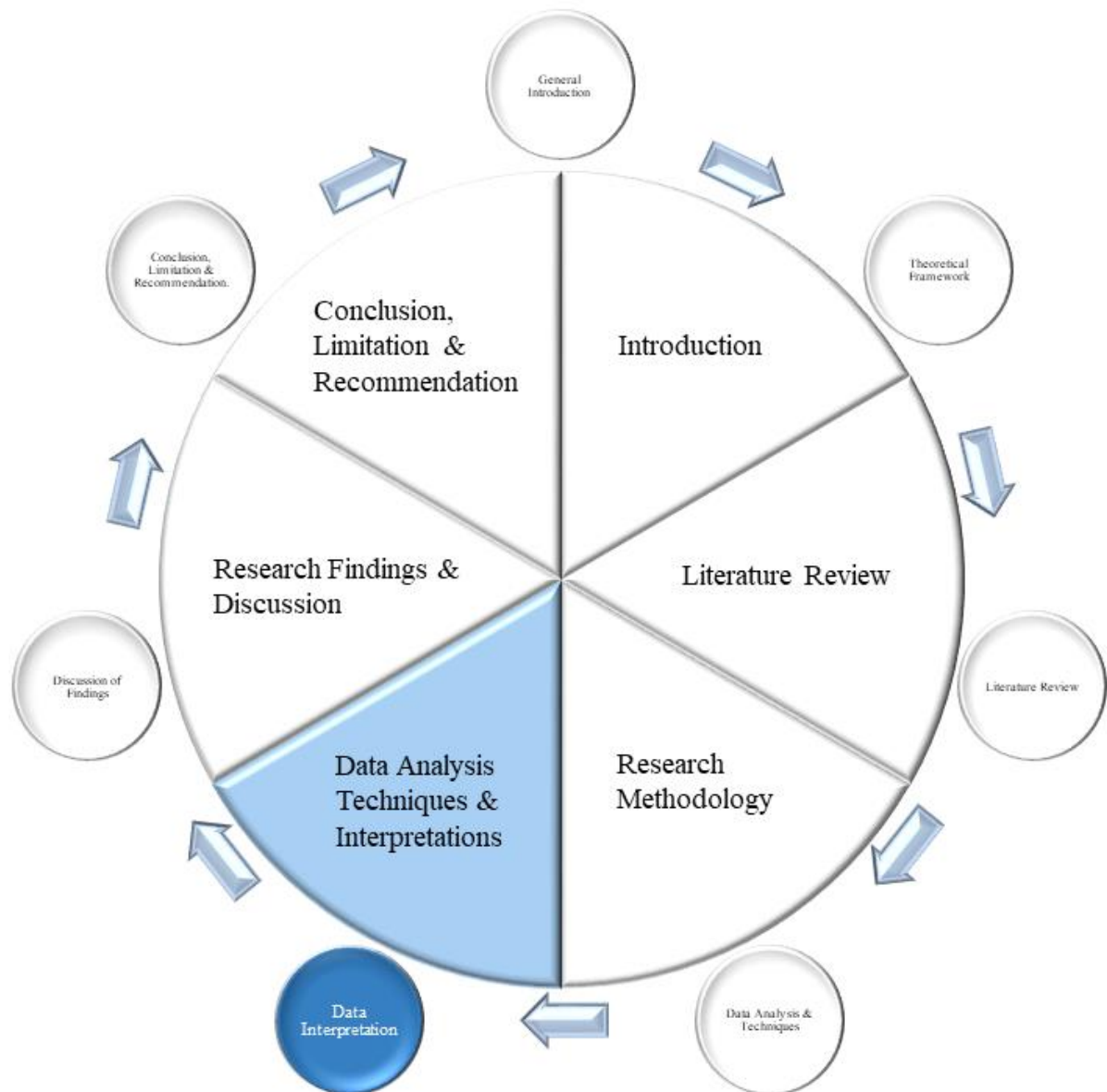
Generalisability refers to the ability to apply the results of studies to others aside from the same target group, especially in qualitative research. The ability to use the phenomena studied in a different way other than the particular one in question defines this criterion. The authors have assessed this, and consider that the study is of high quality, and that the literature review was conducted based on previous research. There is therefore hope that this study will contribute to general knowledge of the research area, as it focuses on how to curb the incidence of fraud, and how corporate measures can be used to achieve this.

3.11 Chapter Summary

In summary, this chapter covers the research approach and methodology adopted in this research study. Further explanations of the survey design, data collection, and sampling method are also provided. Well-defined static measures applied throughout the period of research over time and the operationalisation table are also developed and discussed. Finally, the limitations of the research methodologies chosen, as well as ethical issues, data analysis, and quality criteria are discussed in depth.

Chapter 4. Data Analysis & Technique.

4.1 Data Analysis and Interpretation of Results.	4. 6 Interview Transcriptions.
4.2 Qualitative Data Analysis Techniques.	4.7 Respondents.
4.3 Thematic Analysis	4.8 Operationalisation of Concepts.
4.4 Interview Guide.	4.9 Interview Questions
4.5 Population and Sample Size.	4.10chapter Summary.



4.1 Data Analysis and Interpretation of Results

At this stage, the derived data needs to be analysed in order to find the results. This will ensure the meaningfulness, understandability, and appropriateness of the derived data. As mentioned by **Saunders et al. (2017)**, qualitative data is different from quantitative data as it comes from several sources such as words, images, or documents. This research will use and focus primarily on thematic data analysis techniques (**Table, 3**). The reason is because thematic analysis is a theoretically flexible method and differs from other qualitative data analysis approaches (**Braun**



and Clarke, 2006). They also mention that thematic analysis works with a wide range of research questions besides analysing the variety of qualitative data such as media, transcripts, focus groups, interviews, etc. In the current study, the first step is to conduct the interviews via the Zoom video conferencing platform, ensuring that the conversation is free of bias such as emotions (**Archibald et al., 2019**). Appendices **2** and **3** are transcript evidence derived from the respondents in Bangladesh and Nigeria. The second step is thematic data analysis. The third and last step involves highlighting the main concepts of the data derived through interviews (**Table, 5**). Appendices **4** and **5** detail the entire thematic data analysis.

4.2 Qualitative Data Analysis Techniques

The nature of qualitative data is non-numeric information, such as interview transcripts, notes, videos, audio recordings, images, texts, and documents. In the current study, interview transcripts are used for the collection of raw data. According to **Bryman and Bell (2017)** qualitative data analysis is divided into five categories: content analysis, narrative analysis, discourse analysis, framework analysis, and grounded theory. Additional cases are examined to see if they contribute to the theory (**ibid.**). In this study, thematic analysis is used to analyse the interview responses from the perspectives of familiarisation, coding, generating categories, reviewing themes, defining and naming themes, to writing up the final results. Qualitative data analysis can be conducted through the following three steps. According to **Bryman and Bell (2007)**, the first step of qualitative *interview* analysis is the developing and applying of codes. The transcript is needed to do codes and then the categorisation of data. Consistent with this, a code can be a word or a short phrase that represents a theme or an idea. The codings are also categorised into three steps, such as open coding where the initial raw data needs to be made sense of, axial coding which is the interconnection or link to the categories of codes, and selective coding which can formulate a story by connecting the categories (**Bryman and Bell, 2007**). In this study, open coding is used.

4.3 Thematic analysis

Table 5, below, depicts the tabulated information created based on the data derived from the interview transcripts via thematic analysis.



Thames Table: (Tabulated Information).

Thames (Based on Bangladesh & Nigeria).	Categories (Based on Bangladesh & Nigeria).	Codes (Based on Bangladesh & Nigeria).
<i>Understanding of fraud based on respondents' perspectives</i>	<i>Finance Background, Types of fraud</i>	<i>Financial Institution, Financial Company, Compliance Officer, Five years of experience, Bangladesh/Nigeria. Financial Fraud, Embezzlements of funds, Collusion of money.</i>
<i>The relationship between corporate governance and corporate fraud in organization</i>	<i>Awareness of fraudulent activities, Experience on employees & towards CG, Wrongly treated with customers.</i>	<i>Positive attitude, Companies are obliged to maintain the codes, needs to provide verified audit report, Highly maintained corporate culture, Strong internal control, Non-banking financial institutions, Money spends on own purposes, Intention of the people, Level of honesty, Integrity of the employees.</i>
<i>The success of an organization depends on guidelines provided by regulatory bodies</i>	<i>Regulatory bodies & their activities, Effects on business, Business transactions</i>	<i>Bangladesh Bank, SEC and other regulators, Guidelines tight/legal actions, Companies are losing their profits, Business loss, Reputational loss, Instructing to us compliance team member, must carried out the audit activities, Cash payments, Collections, Procurement and Purchases in this area</i>
<i>Corporate governance can provide guidelines against corporate fraud through various departments</i>	<i>Corporate governance guidelines, Various departments, Proactive against corporate fraud</i>	<i>Ethics or risk committees, independent member, audit committee of the board. Responsive and serious about the corporate governance, Responsive regarding the raise of fraud or any kind of financial crimes, Sign up to code of conduct, sacked from the duties.</i>
<i>Corporate governance can bring improvements</i>	<i>Study can bring improvements, Negatively correlated, Protect the investments</i>	<i>Negatively correlated, depends on chain of command, Regulators always work for the betterment of the investors, Mitigate the risk factors, every research and development bring/give the better results, Strength to mitigate the corporate fraud due to the initiative and regulators and steps taken by the regulators, level of fraud or forgery is come to the very minimum level, Own internal control and procedures, Own body, Structure or our need, Separate risk management committee.</i>
<i>Corporate governance can address corporate fraud</i>	<i>If corporate governance reviewed periodically, It can address the corporate fraud, Success have been achieved</i>	<i>Company should/must have enough knowledge, corporate culture, Corporate culture, much concern, encourages, develop the codes, working for betterment, Yearly, each and every quarterly</i>
<i>Diversity of corporate governance in an organization</i>	<i>Knowledge on Corporate governance & corporate culture, Betterment of the company, Diversity of corporate governance are broad</i>	<i>Companies now working to the various risk areas, Advanced levels certifications.</i>

Table 5: Thematic information (Tabulated).

4.4 Interview Guide

An interview guide acts as a “cheat sheet” for the interviewer. It includes a list of questions and research areas which should be covered during the interview process, but is not verbatim or concretely ordered; rather, it is intended to act as an aide-memoire. According to **Silverman (2013)** “Usually the interviewer will have a prepared set of questions, but these are only used as a guide, and departures from the guidelines are not seen as a problem but are often encouraged”.



Consistent with this notion, the interviewer may add extra questions about unexpected but relevant areas which emerge during the interview process, or sections which are not responded to or overlooked by the respondent.

On the contrary, based on several previous studies, it is important to consider that the participants are the main focus of the interview, so it is better to ask questions based on their own experiences. The interview can start with simple questions which are easy to comprehend and provide factual answers, and also make the participants comfortable (**Mason, 2002**). Overly personal questions should be avoided in the interview, so as not to offend the participants.

Timing is one of the important elements of the interview process. The interviews in this study vary in length, as some participants are more fluent than others, and some are more experienced. Therefore, it is better to consider/highlight the main questions which are most important to answer.

4.5 Population and Sample Size

According to **Bryman and Bell (2017)**, a population in research consists of all the units which are fitting for the research project. Moreover, **Padgett (2012)**, **Patton (2002)**, and **Morse (1998)** mention that in qualitative research there is no set formula which can be rigidly applied to determine the sample size. Furthermore, within the population, there are or may be subgroups which can share similar types of characteristics or assets. In this research, the population will be chosen from top level management, and the participants will have in-depth knowledge of corporate governance and corporate fraud due to their financial backgrounds. For example, the chosen sample are via probability (stratified) like COEs, Chartered Accountants and corporate governance professionals/analysts, compliance officers, company secretaries who are currently active and working in their positions in Bangladesh and Nigeria and also have years of experience (**Table 6**). Purposive sampling was adopted. Various corporations in developing countries were contacted in order to recruit potential interviewees, with some companies and individuals being approached directly. Snowball sampling also contributed, as some interviewees introduced other relevant parties to participate in the research. The interviews were conducted via video conferencing since it is difficult to meet the managers face-to-face, especially during the current global pandemic, due to travel restrictions (**Etikan et al., 2015**).



4.6 Interview Transcriptions

According to **Kvale and Flick (2009)** data transcription is one of the most important steps prior to data analysis. In this study, the interviews were conducted via an online video conferencing platform (Zoom) due to the ongoing global COVID-19 pandemic rendering the researchers unable to travel abroad. The derived interviews were recorded after obtaining the consent of all participants (respondents). Each interview lasted between approximately 24 minutes and 35 minutes on average. Details regarding the participants and their employers in these interviews are hidden, as they are confidential and could lead to privacy concerns. As agreed in the consent form (**Appendix 1**), the participants will remain anonymous, and assigned numbered pseudonyms (Interviewee 1, Interviewee 2, etc.). However, the country in which the respondents work (either Bangladesh or Nigeria) will be mentioned, as this will help to ask more specific questions. This is one of the most important parts of this research project, as it focuses on developing countries.

Though there are no common rules about the transcription of interview data such as this, they are required to be correctly written, or generated word to word, or only generated with primary answers following the questions asked (**Kvale, 2007**). **Kvale (2007)** also mentions that transcription of interview data is a crucial step, as it needs to tackle several complex issues such as transmitting words from verbal to written form. Furthermore, **Meyer (2001)** notes that it authorises the researcher's credibility to achieve a large amount of ease with every case which is capable of analysis and leads to the juxtaposing of the final results. Finally, after the transcription of the interview data, the next step is data analysis (**Meyer, 2001; Kvale, 2007**).

4.7 Respondents.

The sampling of respondents is an important stage in qualitative research, and therefore needs to be addressed thoroughly, as it is fundamental to the validity of a study (**Curtis et al., 2000**). According to **Patton (2002)**, qualitative inquiry purposefully focuses in depth on relatively small samples or even single cases. In this study, 12 in- depth semi-structured interviews, were conducted with six of the respondents being from Bangladesh and six being from Nigeria.



Interviews enhance the opportunity for flexibility thanks to their semi-structured format, and also allow adequate responses to the derived research questions (**Creswell, 2013**). A pilot test of the interview questions was conducted prior to the final interview process, and it was also ensured that all of the respondents who participated in the interviews understood the concept of each interview question.

Although, a relatively small sample size, the interviews can be considered significant, since all interviewees are high-level experienced professionals and executives who shared realistic information about the inner operations of their corporations during the interviews. Therefore, the comments and information provided by the interviewees help to shed light on the actual picture of the relationship between corporate governance and a firm's performance in firms which have experienced fraud. Sufficient time was given to the interviewees to express their opinions. According to **Krueger and King (1998)**, 1 hour of discussion requires 6 to 8 hours of transcription, assuming that the transcriber is experienced. Therefore, this qualitative research study could be far more time intensive and complicated than quantitative research. **Table 6**, below, shows the full details of the participants who voluntarily assisted in this research project.



Participants	Gender	Country	Company	Position	Background	Duration
01	Man	Bangladesh	Financial institution	Compliance officer	CA Qualified.	23.48 Minutes.
02	Man	Bangladesh	Telecommunications Company	Financial executive	ACCA Qualified.	24.20 Minutes
03	Man	Bangladesh	Works at University	Researcher in CG.	MSc in Forensic Accounting & ACFE (On study).	40.50 Minutes
04	Man	Bangladesh	Fuel Company	Finance manager	MBA (Finance).	19.48 Minutes
05	Man	Bangladesh	Banking Industry	Audit officer	MBA (Accounting).	18.53 Minutes
06	Woman	Bangladesh	Financial institution	Compliance officer	Masters in Corporate Governance	23.13 Minutes
07	Woman	Nigeria	Financial Institution	Credit Analyst	MSc in Economics	14 Minutes
08	Man	Nigeria	University	Professor in Wood Technologies	PhD in Wood, Technologies.	20 Minutes
09	Man	Nigeria	Hospitality Industry	Financial Analyst	ACCA (On Study), MSc in Engineering.	15 Minutes
10	Man	Nigeria	Construction Industry	Head-of Internal Control	ACCA (On study), MBA in Business Administration.	15 Minutes
11	Woman	Nigeria	Shipping Industry	Head of Inspection Unit	MSc, Corporate Governance	20 Minutes
12	Man	Nigeria	Oil Industry	Professor in Accounting.	ACA, PhD (Accounting).	14 Minutes

Respondents detailed information.

Table 6: Respondents detailed.

4.8 Operationalization of Concepts

The table below shows a snapshot of the whole research process where the background of the participants was covered by the introduction of the respondents. The knowledge of corporate fraud and corporate governance was covered by the respondents, who stated their own views on these areas. The three sub-questions were covered by a more specific set of questions. At the end of the interview, three sub-questions were used to attempt to answer the main research question.



Purpose	Concepts	Phases	Questions guide
To find out the detailed information about the respondents	Background	Part A	Questions, 1, 2, 3, 4.
To find out the respondent's views on corporate fraud	Corporate fraud	Part B	Questions, 1, 2, 3, 4.
To find out the respondent's views on corporate governance	Corporate governance	Part C	Questions, 1, 2, 3, 4.
To find out the main research question	Set of primary research questions	Sub-question	Question, 1, 2, 3.

Table 7: Operationalisation of concept.

4.9 Interview Questions.

The table below shows the full set of interview questions.

Concept/ No	Background (Part- A).
1.	Can we please know about your job role, designation and experience in this area?
2.	What is the type of your organization?
3.	What are the key drivers of fraud according to your perspectives based on these areas of experience?
4.	What is the organizational attitude towards corporate governance?
	Corporate Fraud (Part-B).
1.	Do you have knowledge of any potential fraud that occurred during your time with the company?
2.	What was found to be the underlying cause of each fraud?
3.	What are current corporate fraud trends observed in developing countries, particularly in your country?
4.	What challenges are faced by the organizations from a pre-loss and post-loss perspectives when it comes to current fraud?
	Corporate Governance (Part-C).
1.	Are fraud risk assessments specially carried out in your organization?
2.	Does your organization have the ethics, audit, and risk committee? If yes, is it Perceives as being effective?
3.	How serious is your organization taking onto corporate governance?
4.	Are organizations being proactive in the fighting against corporate fraud?
	Sub-question 1. (Breaking down).
1.	What is the relationship between corporate failure/fraud and corporate governance?
2.	Do you think the measures already in place can curb fraud and protect shareholders' investment?
3.	Does an aggregate corporate governance and its re- analysis make a difference in approach in developing countries?
	Sub-question 2. (Breaking down).
1.	Does the corporate governance have a role to play in addressing corporate fraud? If yes, please elaborate?
2.	What successes have been achieved as far as corporate fraud investigations in your organization?
3.	Is there any effective code or model for corporate governance measures in your organizations?
	Sub-question 3. (Breaking down).
1.	How frequently are internal controls reviewed?
2.	In mergers and acquisition, what are the likely corporate governance issues that could ensue?
3.	The Institutional theory is one used in corporate governance, what is the level of support institutional investors in developing countries have put to curb fraud?
4.	What could be the possible reasons for the multiplicity of corporate governance codes in a country? What are the justifications for this phenomenon?
	Main Research Question
1.	How could the relationship between corporate governance and a firm's performance in the selected Bangladeshi and Nigerian firms which have experienced fraud related issues?
2.	How could corporate governance influence performance after controlling for the fraud culture (Propensity) of the selected firms in Bangladesh and Nigeria?
3.	How could corporate governance in Bangladesh and Nigeria affect a firm's likelihood of experiencing fraud cases?

Table 8: Interview Questions.



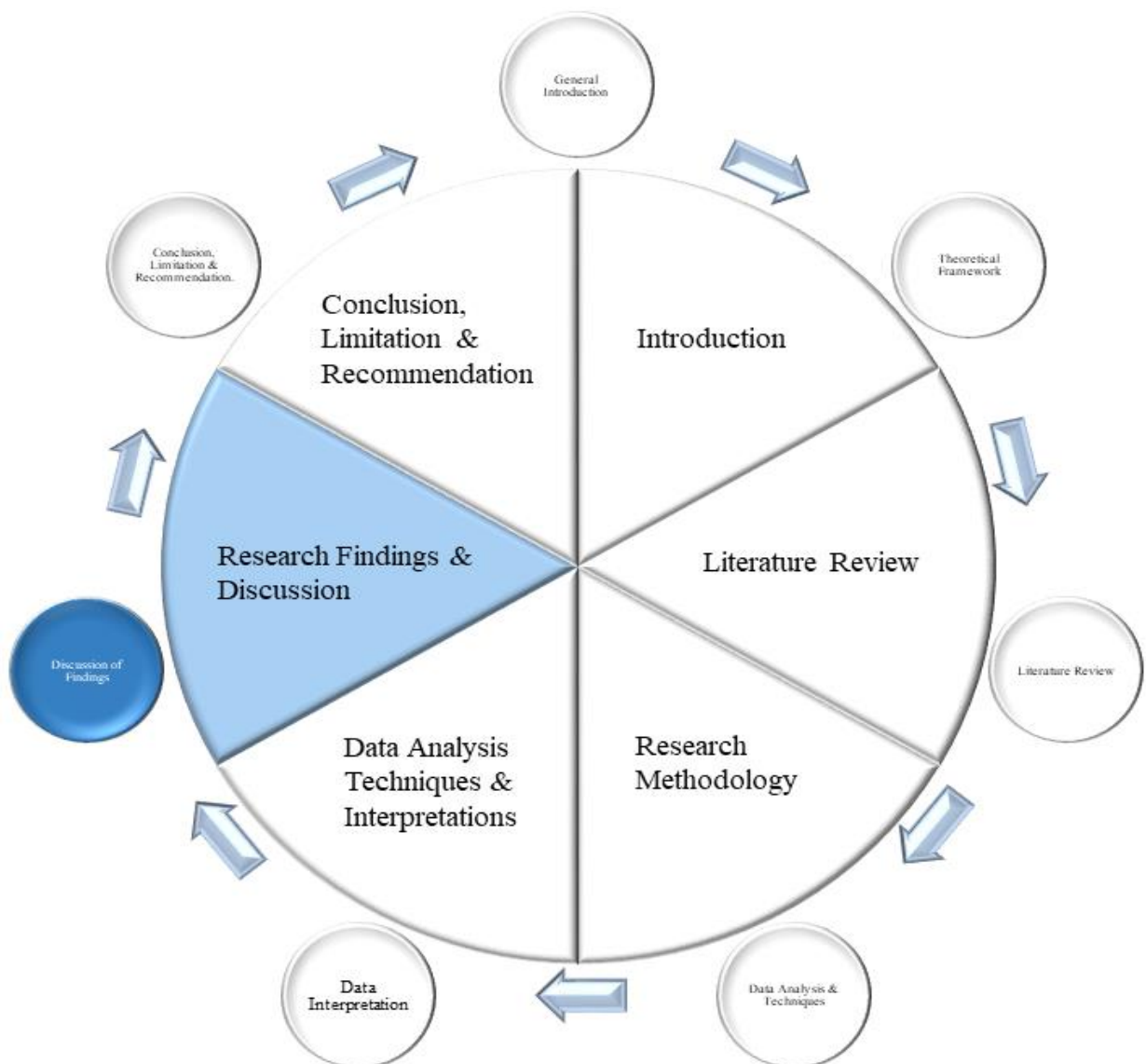
4.10 Chapter summary

In summary, the data was analysed based on the meaningful and appropriateness of derived data using thematic analysis under a qualitative methodology. Non-numeric information in the form of interviews and transcripts were used for the collection of raw data, which was later analysed and developed into transcripts, codes, categories, and themes. Throughout the interview process, the authors used audio as well as video to record the participants' responses, taking notes where necessary. The population sample should fit the research project and topic, and as such, twelve interviewees were tested: six from Nigeria, and six from Bangladesh. Nine of the twelve respondents were male, while the remaining three were female. The respondents are in high positions in their companies, and performance improved throughout the interview process.



Chapter 5. Discussion of Findings.

- 5.1 Introduction.
- 5.2 Finding of Results & Interpretation.
- 5.3 Discussion of Thematic Analysis Results.
- 5.4 Comparison of the Two Countries' Corporate Fraud.
- 5.5 Comparison of the Two Countries' Corporate Governance.
- 5.6 Chapter Summary.





5.1 Introduction

This study aims to determine the role of corporate governance in corporate fraud in developing countries. The target sample comprises professionals/analysts who were interviewed to elicit responses on what, in their opinion, drives corporate fraud. Therefore, purposive sampling was adopted. Various corporations in developing countries were contacted in order to recruit potential interviewees. In addition, direct approaches to companies and individuals were conducted. Snowball sampling also contributed because some interviewees introduced other relevant people to participate in the research. A series of semi-structured interviews was conducted (**Table 8**), with **Table 6** presenting the number of interviewees and their profiles. All but one of the interviewees are employees of listed multinational companies, while one respondent comes from an Institution.

Although the sample size is relatively small, the interviews can be considered significant since all interviewees are high level experienced professionals and executives, who shared realistic information about the inner operations of their corporations during the interviews. Therefore, the comments and information provided by the interviewees help to shed light on the actual picture of the relationship between corporate governance and the performance of firms which have experienced fraud. Sufficient time was given for all interviewees to express their opinions.

5.2 Findings of Results & Interpretation

1 How could the relationship between corporate governance and a firm's performance in the selected Bangladeshi and Nigerian firms which have experienced fraud-related issues?

The first research question addresses the relationship between corporate governance and performance firms which have experienced fraud-related issues. Furthermore, in firms and corporations that have experienced fraud related issues, respondents have this to say what actually drives people to commit fraud: one of the respondents stated that initial training is one of the reasons driving people to commit fraud, while another respondent implied that it is because human wants are insatiable, and others claimed the cause to be lack of motivation and



insufficient pay. Some advocate that it is because they cannot be caught as the internal control systems are weak. Again, it was said that the quest to get rich quickly is the driving force. Generally, when one is not satisfied or motivated with particular pay and giving the kind of training and upbringing the person has, there is this tendency to commit fraud which translates to weakening the performance of a firm.

It is not surprising that some people who, even if they are adequately paid, still have the mindset to commit fraud as a result of – for example – family background. This as we gathered is a criminal act. Of course, if the internal system is weak, it creates a loophole and opportunity to perpetrate fraud. When asked what can be done to stop this trend, the respondents emphasised adequate training and the need to motivate staff. It was further stated that the government must start with the universities in which these employees are trained. The trends develop on a daily basis, as per the interviewees' responses. The wider the spread of social media and networking, the higher the tendency to commit fraud. In fact, the current trend ranges from Internet to bank fraud, cash/asset misrepresentation, money laundry, and the issuing of fake receipts. One respondent, working as the head of an inspection unit, said that this type of fraud is possible when an employee, for example, issues 100 products but reports 200, and as such uses the balance to make up for fraud related issues. This is as a result of not having a good governance system which can detect and curb fraud. This kind of fraud is known as misrepresentation of assets.

According to a respondent who works as a financial analyst, cash fraud occurs more often when members of staff are allowed to handle cash. Those who are placed in front desks to collect cash sales and receipts tend to have the tendency of fraud than others. We find a lot of Internet fraud going on in Nigeria giving the level of experience he has in the company. The organisation's attitude towards fraud is one of the major reasons for this type of study. Why are there still fraud-related issues in firms which have corporate governance systems in place, and how does this affect their performance? The attitude of the organisation determines the level of fraud inherent in a firm. Furthermore, one interviewee acknowledged that the implementation of strong measures to detect fraud is highly recommended. One respondent – a manager and chartered accountant in a multinational firm in a developing country – emphasised the importance of due



diligence being conducted before any payment is made, especially if the person is politically exposed. According to them, these policies according have been made known to every staff member. Again, this according to him has saved the corporation from fraud related issues. Checks and balances carried out on a regular basis to ensure that the systems are working is key, while training and retraining of staff is also of utmost importance.

However, some organisations consider corporate governance an overly expensive venture, and therefore try to shy away from its implementation, replied our respondent. It does not matter the measures in place but having them followed is the crux of the matter especially in government organisations, it is really difficult to enforce these measures even when they exist. However, in private firms, some sort of sanity is seen but far from realisation in government sectors. One of the interviewees claimed that the political system of a country has a great impact on the measures put in place, as the government will always come up with various impositions at various times. A manager and chartered accountant in one of the multinational firms in the developing countries emphasised due diligence and enhanced due diligence and stated that this has saved corporations from fraud-related issues.

Again, one of the easiest ways to detect fraud as part of corporate governance measures is to ensure that large files are checked on a daily basis as a quality control measure. An occurrence of fraud was detected by an inspection unit as part of quality assurance; the policy was that no one should buy from or sell to relatives. A woman did this thinking she would not be caught; however, after a daily routine of checking huge files, it was detected within weeks and resulted in her immediate dismissal. One of the challenges faced according to our respondents is that law enforcement or police could become involved, which may result in a negative perception of the company.

Corporate governance has an effect on the performance of firms which have experienced fraud-related issues. One of the interviewees responded that the challenges organisations face are of severe losses and lack of profit. An airline organisation in Nigeria recently lost a huge number of customers as a result of fraud, which translates to loss of reputation and the near closure of the firm. Another challenge is that organisations continue to spend large amounts on the training and retraining of staff, money which otherwise would have been channeled into profit-making



ventures. Furthermore, one more interviewee stated that their organisation spends too much maintaining and recruiting staff. Any company with a high rate of staff turnover faces ongoing issues of concern and does not have a strong future.

2. How could corporate governance influence performance after controlling for the fraud culture (propensity) of the selected firms in Bangladesh and Nigeria?

This second research question focuses on the achievements of firms with a strong implementation of corporate governance, and how organisations perceive and address corporate fraud. From the interviews carried out, results show that successes have been achieved so far with the right implementation of corporate governance. The respondents agreed that corporate governance plays an important role in addressing corporate fraud. One of the interviewees claimed that 70 to 80 percent of the success of a company depends on good corporate governance, as this shows an organisation exactly where the loopholes are and in which areas they are failing.

However, measures put in place must be improved on a regular basis as new frauds are being perpetuated every day. Reanalysis, especially in developing countries, will actually help to detect missing links and highlight areas of perceived inefficiencies. Successes achieved so far in corporate governance are that people have been caught and dealt with and this serves as a deterrent to others. When a system is reanalyzed, it can bring improvement and huge success to an organisation and help to address a great number of issues. Our respondents mentioned that while the measures put in place are adequate enough to curb fraud, these measures need to be updated in order to meet present corporate standards. Similarly, checks and balance conducted on a regular basis serve as a control measure, as noted by the respondent who is head of an inspection unit.

3. How could corporate governance in Bangladesh and Nigeria affect a firm's likelihood of experiencing fraud cases?

This third research question is the one which actually shows how frequently internal controls are reviewed and monitored to detect fraud. Here, the participants accepted that risk assessment is carried out in their organisations, which means that there are internal controls and checks in



place, especially in departments which directly handle cash. However, the cost of maintaining corporate governance is high, which is why some companies and managers do not adopt it. In mergers and acquisitions, it was discovered from the analysis that major problems that could arise due to cultural differences. For instance, if Company A wants to acquire Company B, the social background and culture that existed before the acquisition can make the process difficult. It is simpler in acquisitions, since the acquirer takes over and can dominate the other company. However, in mergers where the two enterprises are regarded as equals, it poses some problems. Again, among the interviewed institutional investors, it was discovered that their level of support as far as corporate governance is concerned is not strong enough. It was gathered that what they are interested more in profit and their own gains, without considering the importance of checking fraud. While in the private sector, much has been done to support firms, in public and government agencies, much remains to be done.

For institutional investors, the political system is also a factor, as they have lots of pressure both in and outside of the organisation. More so, institutional investors differ according to the country in question. For instance, the way and manner they act in the USA is not the same as in Sweden. It is difficult to fully understand the corporate governance principles in developing countries, which makes it difficult to concretely ascertain their position. The best solution is to determine the principles which best suit a country and implement them accordingly. The justification for different kinds of codes is that corporate governance is always changing, and new ways of doing things are constantly being discovered. However, this can be confusing, and thus lead to debates. The interview responses reveal that just one code may not be enough for the different organisations in developing countries.

The findings of this research study show that corporate governance measures have a significant impact on the performance of a firm. The success of a firm depends to a large extent on the ability of its management to adopt sufficient measures to curb fraud. In developing countries, a lot more is expected to be done in order to address fraud, meaning that some corporations – particularly those of a smaller size – see corporate governance as excessively time and cost consuming, and may not want to embrace it.



Corporate governance is a key element in improving a firm's economic efficiency. With the help of corporate governance, corporations keep in mind the interest of its shareholders, and also of the communities in which they operate. Additionally, it ensures that the board is accountable to its shareholders. As a result, it guarantees that corporations as a whole are operating for the benefit and profit of society. A huge amount of profit can be made in the short run. Heavy costs can be incurred if there is a failure to execute good governance, which can be a result of regulatory problems. There is much proof to suggest that corporations or companies which do not implement and follow significant corporate governance measures can be at considerable risk in the public market.

5.3 Discussion of Thematic Analysis Results

The discussion below is based on the derived themes used to formulate this research. More details can be found in **Table 5**.

Theme 1: Understanding of fraud based on respondents' perspectives

The findings show that, based on the responses of the participants from Bangladesh, fraud is a type of activity which is not legally permissible within companies. As our participants are knowledgeable in fraud-related matters and well educated in this area, their views on issues of fraud can be considered valid. It is important to note that all of the participants in this study have been working in their positions for a long time, with most being professional chartered accountants. Similarly, the responses from the Nigerian participants indicate that fraud is a misrepresentation of assets; however, if a high-earning individual still commits fraud, then it is a criminal act.

As such, it can be said that based on views from several participants in both countries, the understanding of fraud is doing something which breaks the rules for personal benefit within an organisation, such as misleading others or embezzling funds. Some participants in this study also mentioned that fraud can be considered as a form of corruption.

Theme 2: The relationship between corporate governance and corporate fraud in an organisation



In Nigeria, it is said that initial upbringing and social needs are related to fraud. Sometimes, when university training is insufficient, it can lead to corporate fraud. Meanwhile, in Bangladesh, the common causes of fraud are greed, dishonesty, and dissatisfaction with one's earnings. The two countries are highly similar when it comes to the relationship between fraud and corporate governance. The only difference is that, in Nigeria, initial upbringing tends to be more pronounced.

Theme 3: The success of an organisation depends on guidelines provided by regulatory bodies

The Nigerian respondents claim that the success of an organisation is largely dependent on good corporate governance rather than regulatory bodies. What affects organisations most is that money that could be used for the business of the organisation is channeled into the training and retraining of staff, which affects productivity in general. However, in Bangladesh, organisations are deeply aware of fraud issues and do everything they can to stop it, as it affects the overall performance of the business.

Theme 4: Corporate governance can provide guidelines against corporate fraud through various departments

In Nigeria, several departments such as audit, risk, and compliance committees have been set up to monitor and control fraud and helped to curb its incidence. The organisations are proactive and cautious when it comes to corporate fraud and internal control checks. Similarly, in Bangladesh, various departments have also been created to monitor and protect companies from corporate fraud. This is to say that, based on the participants' responses, the two countries are similar in terms of their guidelines on how to curb fraud.

Theme 5: Corporate governance can bring improvements

The participants agreed that whenever a system is reanalysed, improvement is also anticipated as such they believe that corporate governance can bring improvements to corporations. The respondents from Nigeria assert that 80 percent of the success of every business depends on improved corporate governance measures. However, in Bangladesh, it is difficult to implement corporate governance, and there is a need for secure steps as they are negatively correlated.



Based on this, it can be seen that while corporate governance brings improvements in Nigeria, in Bangladesh, it actually depends on the secure steps taken.

Theme 6: Corporate governance can address corporate fraud

Respondents from Nigeria accept that corporate governance measures have a way of addressing corporate fraud and put the company in the part of success. A great deal of success has been achieved, as those caught partaking in fraudulent activities have been dealt with, and some have lost their jobs. This has served as a deterrent to others, which connotes that the implementation of good corporate governance measures can address corporate fraud. Similarly, in Bangladesh, corporate governance measures have also helped to address corporate fraud.

Theme 7: Diversity of corporate governance in an organisation

According to the Bangladeshi participants, diversity is better if an organisation has good knowledge of corporate governance measures and follows them up. However, in Nigeria, the focus is on the implementation and improvement of existing measures. On this note, it can be said that diversity is positive, but it is best to follow guidelines with good knowledge of corporate governance and improve on them.

5.4 Comparison between the two countries about corporate fraud

Corporate fraud is an illegal activity carried out by an individual or group of people. It could also be an activity carried out in the vein to gain an undue advantage in an unethical manner. For Nigerian citizens, corporate fraud is taken to mean that people can just commit such an offence without being caught, as they are able to avoid detection; especially in cases of Internet fraud. Moreover, several people have been caught, and fraud has actually reduced. However, for Bangladeshi citizens, it is basically about the embezzlement of funds, misleading people, and misusing assets. Studies in this field evident that financial fraud is the crux of the matter, though prompt actions are being taken to stop this.

5.5 Comparison of the Two Countries' Corporate Governance

Corporate governance is the way and manner in which a corporation is managed and controlled. It promotes transparency, which ensures strong and balanced economic development. In Nigeria,



corporate governance is sometimes considered expensive, and managers therefore deem not to delve into it. This happens especially among private and small business owners. While large government establishments would prefer such measures to be in place, their implementation is difficult for political reasons. It is truly and widely accepted, although a great deal of attention is needed for proper implementation. However, in Bangladesh, corporations and financial companies are responding promptly and complying to this implementation, hence this is where fraud is mostly committed. It can therefore be stated that while the two countries currently have insufficient practice of corporate governance, however both are responding quickly to its proper implementation.

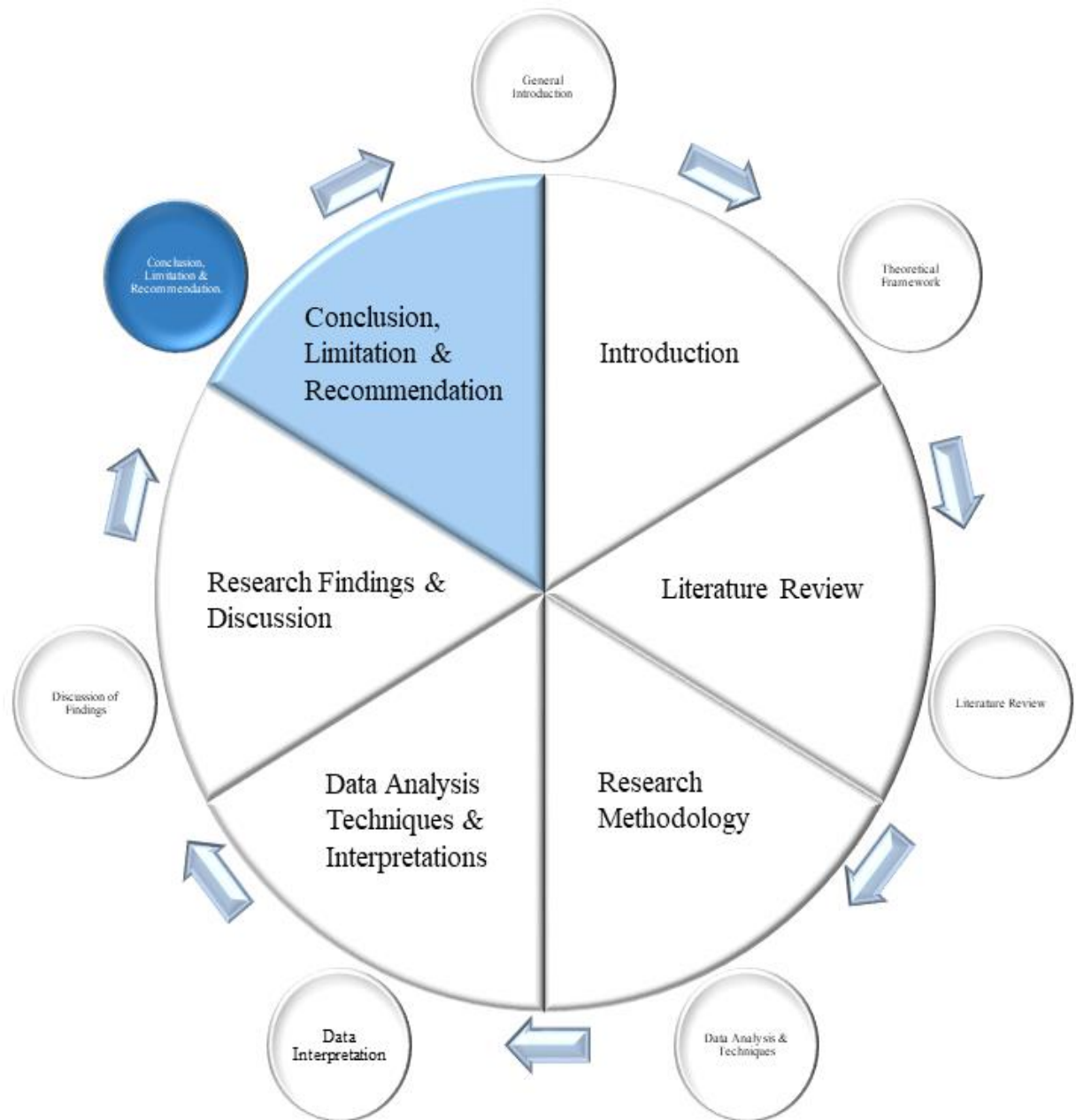
5.6 Chapter Summary

In summary, the findings of this study reveal that the proper implementation of corporate governance in companies reduces the level of fraud. This study has also proven that organisations with good governance systems have better stability and operate with zero records/tolerance of fraud. The framework promotes transparency and efficiency among markets and corporations.



Chapter 6. Conclusion, Limitations, & Recommendations.

6.1 Conclusion.
6.2 Limitations.
6.3 Recommendations.



6.1 Conclusion

This is the first study of its kind to provide evidence of a link between corporate governance and corporate fraud in developing countries. The credibility of the financial reporting system and the quality of governance mechanisms by investigating changes in these mechanisms subsequent to fraud detection and the corresponding economic consequences of such changes. A sample of



twelve respondents was selected, all of whom are highly placed to elicit responses on how corporate governance helps to curb corporate fraud.

Based on our findings, it can be concluded that effective corporate governance reduces the likelihood of fraud as well as earnings management. Consistent with prior research, our results show that fraud firms have poor governance relative to a control sample in the year prior to fraud detection. Specifically, fraudulent firms have inadequate governance measures and structures/facilities to curb fraud. Good corporate governance helps companies to make decisions which positively impact them. A lack of adequate governance measures can result in reduced productivity and profitability. The level of fraud witnessed in developing countries has a significant effect on the economy and revenue. Moreover, there are more serious loopholes found in public agencies than in private firms. The findings reveal that understanding of fraud differs from organisation to organisation, even within the same country. In developing countries, for instance, fraud is something that happens when things are not working accordingly, and it could be people or offences. On the contrary, these things may be known as corruption in another country. Consequently, while the issue of corporate fraud varies according to country, its effects may be similar. Adversely, both are impacting on the companies while they strive to achieve their organisational goals.

Besides that, types of fraud vary in public and private enterprises. For example, findings show that fraud is conducted by an individual acting alone or collaboratively, and these factors have different consequences. In the case of an individual acting alone, the broad motives or triggers causing people to engage in fraudulent behaviour can be identified by Cressey's fraud triangle. This is generally found in private organisations. However, collaborative fraud is difficult and complex to identify, and while some parts can be covered by Cressey's framework, others, such as corrupt culture, cannot. Based on the findings, in the public sector the political network is one of the underlying reasons why people engage in fraudulent behaviour.

Moreover, in the case of organisational attitude towards corporate governance, the findings reveal that it sometimes depends on a leadership style in which transparency and accountability are equally important and can enhance the ethical climate within an organisation. This can both minimise fraudulent behaviour within an organisation and enhance the practice of corporate



governance. Corporate governance activities allow the assessment of board members' activities and duties, how to mitigate and investigate any illusive behaviour in an organisation, implement internal control systems, and increase fraud awareness and individual interest in fraud reporting. Similarly, national and international conferences in criminology, forensic accounting conferences, how to deal with fraudulent behaviour in an organisation, and suggestive effective procedures are noted in our findings. This study also investigates whether aggregating corporate governance and its reanalysis will make a difference in developing countries. The results indicate that analysis will certainly bring changes and detect missing features. The results also indicate that firms which take actions to improve governance have superior earnings performance even after controlling for the fraud culture (propensity) of the firm. This study makes several contributions to the corporate world by determining what leads people to actually commit fraud. It also investigates and reveals what happens before and after fraud has occurred, as well as whether or not organisations are being proactive in the fight against fraud. Corporate governance is the guideline for organisations to behave ethically, and the findings reveal that corporate governance is negatively correlated with corporate fraud. However, this is a normative view, as several aspects need to be considered, such as interventions from top authority.

This study adds to the knowledge of the link between the credibility of the financial reporting system and quality of governance mechanisms by extending research on the causes and consequences of financial reporting and performance. Investors are more likely to place their trust in companies with adequate corporate governance measures, as such companies are more likely to be able to avoid incidences of cash fraud and illiquidity.

Furthermore, this study provides insights into what happens during mergers and acquisitions in firms. Basically, it is usually difficult to merge systems during the acquisition process. However, during an acquisition, when one company is superior to another, it poses some problems. Successes have been achieved as organisations can detect fraud and take adequate steps to prevent it. For instance, more structures are in place, as well as quality assessment on a daily, monthly, and annual basis.

Finally, studies have also shown that 70 to 80% of the success of an organisation depends on good corporate governance measures. The role of institutional shareholders in the bid to curb



fraud has been highlighted as weak. Codes of corporate governance are positive, as they set the path a new employee should follow. However, the multiplicity of these codes causes a great deal of friction and debate.

6.2 Limitations

One of the factors posing limitations to this study is the fact that the authors could not travel abroad to developing countries for face-to-face interviews due to the **COVID-19 pandemic**. As a result of this, only Zoom interviews were used to elicit responses from respondents. The research process, however, was properly conducted although time consuming especially when it comes to transcribing, coding, and analysing feedback.

Overall, the purpose of the study was achieved. The interview method used yielded an almost perfect sample of the general population, as practically everyone that was supposed to be interviewed was reached and responded to our questions. The personal interviews compared especially to other methods yielded a high percentage of returns. The authors had the opportunity to collect supplementary information about the respondents' personal characteristics and environment, which is often of great value in interpreting results. The information secured through this process is more accurate than that procured through other techniques. The interviewers, who are also the authors of this paper, present on the spot were able to clear up the seemingly inaccurate or irrelevant answers by explaining the questions to the respondents. If the respondent deliberately falsified replies, the interviewers were able to effectively check them and use special techniques such as to verify the replies.

The results of this study will assist the public, corporations, and accounting policymakers in formulating more effective corporate governance mechanisms. Since parties who are outside of the firm do not have access to pertinent information and corporate governance measures, they have to rely on published financial and non-financial data to form an opinion regarding performance and/or the risk that fraudulent activities may have occurred. This is a subject which requires future qualitative research.

6.3 Recommendations



As per the findings of this study, it is recommended that certain ineffective elements of corporate governance are made more effective in order to curb corporate fraud in developing countries. As such, greater emphasis should be placed on improving corporate governance structures.

The role of institutional shareholders should be highlighted, and they should play a greater role in their company's governance. A more in-depth analysis of the role of institutional theory/institutional investors in the development of corporate governance will be valuable for the development of governance policy. Political systems in developing countries which are able and proactive in fighting fraud are necessary, as this study finds that they are weak in this regard.

Multiple directorships of board members seem to be beneficial to companies' governance in developing countries. The contribution of knowledge gained from holding multiple directorships could increase director expertise beyond their formal and on-the-job training. This is consistent with the effectiveness of multiple directorships, which reduces the likelihood of corporate fraud occurrences. The culture and values of a business could be one of the reasons that directors require experience and knowledge to help them carry out their duties effectively. The findings of this study show that poor upbringing is one of the key drivers of corporate fraud. As such, appropriate training, knowledge, and experience is important, especially at early stages of life in institutions of learning, as this will help to change the mindset of those who would perpetuate fraud. This shows that formal education and training is not sufficient, and it could perhaps be suggested to the education sector that attempts are made to increase students' understanding of financial reporting. The findings suggest that the development of corporate governance should be tailored to a company's unique needs and environment and should not only focus on meeting regulatory requirements. The specific and unique needs of developing countries should be addressed in order to foster a stable and fraud-free environment. In particular, board and audit committee members should be more effective in assessing and evaluating financial reports. Due diligence and enhanced due diligence should be encouraged, as they are noted in this study as methods of effectively curbing fraud, especially when one is politically exposed. Effective codes or models should be made and channeled towards organisation's success. This study also suggests that other characteristics of corporate governance should be investigated, so as to determine their relationships with the likelihood of corporate fraud. While the published



financial information of companies – for instance, audit reports – is useful to a certain extent, users should nonetheless exercise caution when digesting it, and know what to look for and how to interpret the information. A continuous improvement, in other words reanalysis of corporate governance measures, will go a long way towards alleviating the fraud challenges/cases faced by organisations from the pre-loss and post-loss perspectives.

In addition, future research should also consider analysing corporate fraud using a case study approach to give a more in-depth understanding of corporate failure. This could offer a better view of corporations' governance. Other than adopting a positivist paradigm as this study did, future researchers could analyse or study this issue from a more critical perspective or in an interpretative manner. This could produce more in-depth explanations and understanding of the problems of governance and fraud. More structures and investigations/risk assessments should be built into existing systems, and effective internal control checks are highly encouraged.

Chapter 7. References

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Chapter 8. Appendixes.

Appendix 1. (*Consent Letter, Transcription*).

Dear Sirs,

We are currently conducting a research project on *corporate fraud culture: Reanalyzing the role of corporate governance in developing countries. A case study.*

The time of our interviewing will not last no more than 20 to 30 minutes of your time. The derived information of this interview will help in assessing whether the role of corporate governance currently applied in developing countries particularly in Bangladesh and Nigerian organizations, are adequate to address the corporate fraud problems.

Your participation in this interview is merely of voluntarily basis and thus you can withdraw of your participation at any time without any consent or penalty.

All of the derived data from this interview will be kept confidential. As the nature of this research project is being researched only, none of the interviewee details, nor the details of the participant's organizations will not be disclosed in any stage of this thesis.

If you have any concerns or more, please contract our supervisor or with us. Our full details are provided as below.

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Appendix 2. (One interview transcript Based on Bangladesh).

Main research Question: *Prepared by Baten & Clara.*

Corporate fraud culture: Reanalyzing the role of corporate governance in developing countries.

(A Case Study).

Phases:

Part A: Background: (General questions): (Greeting with respondent):

1. **Interviewer:** Can we please know about your designation, job role and experience in these areas?

Interviewee: Answer: Thank you for choosing me for your research project or part of your research project. This is (*Name*) from Bangladesh, at present I am working in a financial institution where I am working as a compliance officer for more than five years of time.

2. **Interviewer:** What is the type of your organization?

Interviewee: Answer: It is a financial institution; it is a finance company.

3. **Interviewer:** What are the key drivers of fraud according to your perspectives based on these areas of experience?

Interviewee: Answer: As you and we know fraud is a types of activities which is not legally permissible by the any rules and regulation in a company so in a financial institution in a financial institution there are so many types of fraud mainly focused on financial fraud as a financial company mainly people are engage on financial fraud such as misleading or embezzlements of funds or collusion of money etc.

4. **Interviewer:** What is the organizational attitude towards corporate governance?

Interviewee: Answer: Thank you, this a very nice questions, at presently most of the developing country, most of the company are responding very prompt and positively towards corporate governance as day by day the regulator is tighten their control regarding corporate governance. Most of the organization are coming forward to comply their set of rules and regulation, make sure with the regulator regarding the corporate governance. In Bangladesh perspectives, BSEC which is the Bangladesh Securities Exchange Commissions provides the circular and guidelines regarding the corporate governance, and every listed companies who are listed with them and with joint stock companies they are obliged to maintain the code set by the corporate governance.



I would like also to mention that every listed companies is required to give a verified audit report regarding on the corporate governance along with the annual report every year.

Part B: (Specific questions based on corporate fraud incidents):

1. **Interviewer:** Do you have knowledge of any potential fraud that occurred during your time with the company?

Interviewee: Answer: In my organization there is no such types of fraud, as a compliance member I need to investigate the audit in all departments if there is any fraud related or occurred in my organization then first of all I will know that as an audit member everything come to in my knowledge but as a one of the British oriented company and highly maintained corporate culture with the strong internal control there is no financial fraud till now occurred in my organization.

But I can give you the example of such kinds of fraud which was happed in other organization where my colleagues and friends are working there.

Interviewee: Do you want know about that kinds of fraud related issues.

Interviewer: Yes.

Interviewee: One of my colleagues is working another non-banking financial institution in our country where there was a financial fraud occurred and that is one officer was working in the collection departments as a recovery team member. He collects the amount of money which were giving as a regular payment towards loan installments but without depositing the money into the company's bank accounts that officer uses that money on his own purpose.

And how that was recovered/uncovered is that while the compliance team investigate the audit and they found that and conceal the bank statements with the internal collection deposit slip then they can found that there are so many collections which were not deposited till now to company accounts then they further investigate and go to the clients, or banks managers to investigate that. So finally, they recovered that the collection officer collected the so many installments but he did not deposit the money to the company's bank accounts but he informed the client that I am taking your money to deposit the company's bank account. But while the responsible person from the company phoned the client that you did not deposit the your installment, please let us the what is the problem all about and why you are not paying your loan then the client was astonished to hear that and said oh my God I am paying the installment to your company on



regular basis but you are saying that I am not paid any of the installment so what is happening there. After hearing this news, the company officer take an initiative to investigate this incidents and the compliance officer make an independent audit procedures and thus finally they were able to uncover the collection officer collects from the clients but he did not paid to the company accounts. As a result, the officer was sacked from the company.

2. **Interviewer:** What was found to be the underlying cause of each fraud?

Interviewee: Answer: There may be so many reason behind that fraud first of all, I would like to mention that the intention of the people, level of honesty and integrity of the employees if they have the minimum level of honesty or integrity then it may be one of the main diversity towards the fraud. All through there are so many strong internal control procedures, audit departments, special investigation departments compliance departments will come forwards to do their jobs. But as a person, if you are dishonest then it will be very much difficult to uncover the all the fraud which would occur throughout the organization. Because while the company gave you the an appointment you signed the code of conduct where you declared that I will be honest in all perspectives of the activities of the organization but if you become dishonest it will be very difficult for the company to uncover the risk such as fraud which would occurred by the employees.

3. **Interviewer:** What are current corporate fraud trends observed in developing country particularly in your country?

Interviewee: Answer: Most particularly in Bangladesh this is a developing country and it is moving forwards and we are already reaching in the scale of the developing country or developed country. So, situation from past and the present is totally different, and it is increasing day by day. Now-a-days a company is cautious about the fraud and forgeries that may be occurred in the financial sectors for that reason regulators like Bangladesh bank, SEC and other regulators that are working for the company's betterment they are providing the day to day guideline and circulars towards the company and the company are also very responded to their circulars and guidelines and also fully committed to compliance the all guidelines set by the regulators and if any fraud occurred in the company they are very much cautious and take very much tight/legal actions to the suspected people who are engage with the fraud.



2. **Interviewer:** What challenges are faced by the organizations from a pre-loss and post-loss perspectives when it comes to current fraud?

Interviewee: Answer: When a fraud occurred an organization then it is not good news for the organization and companies are losing their profits. Now, a fraud may be or for example, a company identify a fraud and sacked this employee but what will happen the incidents that occurred the company is losing it cannot recovered the potentialities of business that they may be gained if the fraud that may not occurred. The company may sack the employees or recovered the portion of the money but the business loss or reputational loss that happened/loosen it cannot be recovered. I think this very much challenging for the company.

Part C: (Specific questions based on corporate governance):

1. **Interviewer:** Are fraud risk assessment specially carried out in your organization?

Interviewee: Answer: In my company if there is any fraud we have an annual audit plan, set by the head of the audit committee at the start of the every year so, in this audit calendar the audit committee covered all the possible perspectives areas that I need into my consideration or the areas that are more vulnerable towards the fraud or forgery they are giving emphasis on that and they are setting high priorities at the start of the year, they instructing to us compliance team member that you people must carried out the audit activities within this vulnerable major areas and according to their instructions we have contracted very comprehensive audit on this areas such as cash payments, collections, procurement and purchases in this areas, despite this if we need any amendment regarding our audit calendar, or the guideline, subsequently, we made it, for example, if the nature of transaction has becomes chanced subsequently I changed the my policies and procedures so that there may be no chance of occurrence of fraud in the future.

2. **Interviewer:** Is your organization have the ethics, audit, and risk committee? If yes, is it perceived as being effective?

Interviewee: Answer: Yes, as a financial organization there must be an ethical or risk management committee, like other corporation in my organization has also have an ethical and risk committee consistent of the top-level management of the organization including the independent member from the audit committee of the board.



3. **Interviewer:** How serious is your organization taking onto corporate governance?

Interviewee: Answer: As first, as I told that my company is one of the topmost compliance-maintained organization that is they are very much responsive and serious about the corporate governance. So, as first, I hold you that we have to give an independent audit report along with annual report so, independent external audit firm conducted their audit on our compliance of the corporate governance, and we attach it with our annual report.

4. **Interviewer:** Are organizations being proactive in the fighting against the corporate fraud?

Interviewee: Answer: yes, very much. Our company is very much responsive regarding the raise of fraud or any kind of financial crime. My company is very much cautious/responsive about any kinds of fraud. As I told you earlier, in every year we have to sign up to code of conduct on the first day of every year by every employee and also, we have to read out it. In this code of conduct, it is clearly mentioned that if you have committed any fraud and forgery then it will be going along with legal actions or you may be sacked from your duties.

(Specific questions based on sub-question 01):

1. *How could the relationship between corporate governance and a firm's performance in the selected Bangladeshi and Nigerian on firms which have experienced fraud related issues?*

2. **Interviewer:** What is the relationship between corporate failure/fraud and corporate governance?

Interviewee: Answer: There is a very negative correlation I think if there is a corporate governance and there will be a minimum level of corporate fraud. If your chain of command, control system is weak then the fraud will exist in your organization.

3. **Interviewer:** Do you think the measures already in place can curb fraud and protect shareholders' investment?

Interviewee: Answer: Yes, as the regulators always work for the betterment of the investors or the potential shareholders. In my country, guidance or regulations set by the regulators for the protection of the shareholders interest and it is enough but the company should also develop the



internal policies and procedures to maintain a highest level of internal control and to mitigate the risk factors so that the interest of the shareholders cannot be breach anytime.

4. **Interviewer:** Does an aggregate corporate governance and its re- analysis make a difference in approach in developing countries?

Interviewee: Answer: Yes, definitely, every research and development bring/give the better results as we know. If we research with something new it will give you better results. So, the corporate governance that was set by the rules of our country is adequate but not absolute. If you review it or changed or modify it according to the scenarios, I think it will be better or more proactive for the organization.

(Specific questions based on sub-question 02):

2. How could corporate governance influence performance after controlling for the fraud culture (propensity) of the selected firms in Bangladesh and Nigeria?

1. **Interviewer:** Does the corporate governance have a role to play in addressing corporate fraud? If yes, please elaborate?

Interviewee: Answer: Yes, definitely. I think it should be always yes. If there is a sound corporate governance or corporate culture it must be a strength to mitigate the corporate fraud for example, what is mentioned in the corporate governance, it is a set of code, tactics, standards, and set of regulation, which must have maintain in order to run your company. If you oblige and comply with all the rules and regulations that are set by the regulators obviously it will act as mitigating factor for a mitigating the corporate fraud. I think so.

2. **Interviewer:** What successes have been achieved as far as corporate fraud investigations in your organization?

Interviewee: Answer: If I would like to say about the success in our organization I can say about the financial sectors as I worked in this sector. When I went to the training or meeting which is organized/hold by the regulator in past there was a lot of financial crime, lot of financial fraud that occurred in the banking industry, particularly in my industry. I can say about the other industry, I think that fraud is mainly occurred in the banking or financial sectors. So, in recent meeting or discussion we can see that the level of fraud or forgery is come to the very minimum



level in the banking industry due to the initiative and regulations and steps taken by the regulators.

3. **Interviewer:** Is there any effective code or model for corporate governance measures in your organizations?

Interviewee: Answer: Yes. Despite maintaining the rules and regulation set by the regulator we have an own internal control and procedures. Regulator may set anything for the general perspectives which can be consider for the general people as general standard. But if we want to protect yourself, we need to take measures steps according to our own body, structure or our need. In my organization we have a separate risk management committee, risk management forum how the risk or if identify the fraud how it will be reported, how it will be responded how the mitigating actions will be taken. We have all set of written procedures it is published in the twelve of the organization.

(Specific questions based on sub-question 03):

3. How could corporate governance in Bangladesh and Nigeria affect the firm's likelihood of experiencing fraud cases?

1. **Interviewer:** How frequently are internal controls reviewed?

Interviewee: Answer: Thank you. This is very live questions. One of the most effective component of internal control is you have to review it periodically, if you have a very standard and nice control system or policy or procedures but if you do not review it periodically then I think it will not be very effective for you because day to day your nature of transaction will be or nature of activity will be change. If you do not change your internal control, system according nature of activity or according to the behavior of the organization at that time it will not be very effective for you. In this regard in my organization, we have reviewed in very frequently to our policy and procedures of internal control system and it may in the yearly, or each and every quarterly meeting or even it record instantly if any occurrence was occurred.

2. **Interviewer:** In mergers and acquisition, what are the likely corporate governance issues that could ensue?



Interviewee: Answer: Well, in case of mergers and acquisition if any company wants to acquire another company, and that time the acquiring company should/must have enough knowledge about the corporate culture, internal control systems that the company you are going to buy. Because if you do not know about the corporate standard or culture you may take the wrong decision, or you are acquiring a bad organization which may cause/lead to a loss or financial loss or any reputational loss. So that in case of mergers and acquisition I think it is very much important for the acquiring company to know about the corporate culture, corporate governance, and internal control systems in order to get a very good business.

3. **Interviewer:** The institutional theory is one used in corporate governance, what is the level of support institutional investors in developing countries have put to curb fraud?

Interviewee: Answer: Well, as I told earlier that in the present situation we are developing day by day and people are very much concern about the rules and regulations so nowadays the investors also encourages us to develop the code of culture, responding to the fraud so that the organization have the good sound knowledge not like that we also committed to the fraud or I am the owner of the company I will take all the money what will happen to the organization I do not bother but nowadays that situation become change, the regulators are very much strict and the shareholder also working for the betterment of the company.

4. **Interviewer:** What could be the possible reasons for the multiplicity of corporate governance codes in a country? What are the justifications for this phenomenon?

Interviewee: Answer: At present the organization should come forward to responding to the corporate governance and developing their own rules and regulations. There are so many organization who are working on it, and developing their corporate culture, and external audit officer, ISO certificate, matter of certification, companies now working to the various risk areas for the mitigating of their level of fraud they are getting training to their employees, they are getting advanced levels certifications for their IT security and there are so many measures.

5. **Interviewer:** In this level I want to finish our interview. Do you have any questions for me?
Thank you.

Interviewee: Ok, Thank you. Thank you for choosing me as one of your participants. I tried my best to give answer your questions I hope this will work for you. Bye.



Appendix 3. (One interview transcript Based on Nigeria).

Main research Questions: *Prepared by Baten & Clara.*

Corporate fraud culture: Reanalyzing the role of corporate governance in developing countries. (A Case Study).

Phases:

Part A: Background: (General questions): (Greeting with respondent):

1. **Interviewer:** Can we please know about your designation, job role and experience in this area?

Interviewee: Answer: I am a (xxxxx) and my name is (xxxxx), graduated at the (xxxxx) with masters and then further proceeded for PhD. At present I am working as a wood scientist applying all the years of training to the job.

2. **Interviewer:** What is the type of your organization?

Interviewee: Answer: I work in an Institution and apply my knowledge in the area of wood science and technology.

3. **Interviewer:** What are the key drivers of fraud according to your perspectives based on these areas of experience?

Interviewee:

Answer: how I will answer this question in a multiple of way, look at the background of Nigerians, the key drivers of fraud I think starts from the person's upbringing and background. Another key driver of fraud is that people want to come out big, not consider hard work. Institutions have also failed to educate people properly. The initial desire to make it without hard work, wanting to make it instantly, the drive in Nigeria about internet fraud which is eating deep has to do with training from cradle. This is where the governance measures need to be addressed and where auditing is weak, they take advantage of it.



Interviewer: What is the organizational attitude towards corporate governance?

Interviewee: Answer: the organization's attitude towards fraud is that the government put these disciplinary measures but in actual sense they are not being followed but yes those corporate governance measures are there.

Part B: (Specific questions based on corporate fraud incidents):

1. **Interviewer:** Do you have knowledge of any potential fraud that occurred during your time with the company?

Interviewee: Answer: Internet fraud.

Interviewer: What was found to be the underlying cause of each fraud?

Interviewee: Lack of training from the Universities.

2. **Interviewer:** What are current corporate fraud trends observed in developing countries, particularly in your country?

Interviewee: Answer: There is a lot of internet fraud going on in Nigeria today.

Interviewer: What challenges are faced by the organizations from a pre-loss and post-loss perspectives when it comes to current fraud?

Interviewee: Answer: The employees do not consider hard work and are only after making it big in the organizations they find themselves. When they finally get employed into these organizations, they find their way into criminality without following the right attitude.

Part C: (Specific questions based on corporate governance):

1. **Interviewer:** Are fraud risk assessments specially carried out in your organization?

Interviewee: Yes, some have like banking and auditing sections. Organizations and private firms have audit sections to fight fraud but in government sectors, that is where it is a bit difficult to prevent fraud from what is playing out. We still have loopholes in corporations and government



agencies, but government institutions do not carry out risk assessment and that is why we have corruption.

2. **Interviewer:** Does your organization have the ethics, audit, and risk committee? If yes, is it Perceives as benign effective?

3. **Interviewee:** Answer: Yes we have auditing systems, facilities and a risk committee that checks fraud.

4. **Interviewer:** How serious is your organization taking onto corporate governance?

Interviewee: Some of the organizations put it as part of focus and make as part of a rule that corporate governance should be put in place, however this is restricted to internal services. If these rules are just external, then it fails to address the problems. Organizations will want to see how to enact rules so as to come out strong competitors. Corporate governance only to internal rules becomes a problem.

Interviewer: Are organizations being proactive in the fighting against corporate fraud?

Interviewee: Answer: Yes, many organizations would like to cut down on the incidence of fraud, but some do not have the facilities to do that. There must be good auditing facilities without this, it may be difficult to fight fraud. It is their desire to curb fraud but how many have the facilities to do this.

(Specific questions based on sub-question 01):

1. *How could the relationship between corporate governance and a firm's performance in the selected Bangladeshi and Nigerian firms which have experienced fraud related issues?*

1. **Interviewer:** What is the relationship between corporate failure/fraud and corporate governance?

Interviewee: Answer: when we get it right in corporate governance, organizations will also be good.

Interviewer: Do you think the measures already in place can curb fraud and protect shareholders' investment?



Interviewee: Answer: In the management of government organizations it is far, a lot of drama is being played in govt organizations, we need to do more.

Interviewer: Does an aggregate corporate governance and its re- analysis make a difference in approach in developing countries?

Interviewee: Answer: Yes, it will really make a difference only when we are able to inculcate manners and the right attitude to adequate measures put in place.

(Specific questions based on sub-question 02):

2. How could corporate governance influence performance after controlling for the fraud culture (Propensity) of the selected firms in Bangladesh and Nigeria?

1. **Interviewer:** Does the corporate governance have a role to play in addressing corporate fraud? If yes, please elaborate?

Interviewee: Answer: Yes it does especially for private organizations, it is only in the government organizations as I said that we still have much work to do.

2. **Interviewer:** What successes have been achieved as far as corporate fraud investigations in your organization?

Interviewee: Answer: So far in the private organizations, with the level of auditing in place, I would really say we have achieved successes.

3. **Interviewer:** Is there any effective code or model for corporate governance measures in your organizations?

Interviewee: Answer: Well, from my basic idea about code, it happens that a particular code cannot be good for all.

(Specific questions based on sub-question 03):

3. How could corporate governance in Bangladesh and Nigeria affect a firm's likelihood of experiencing fraud cases?

1. **Interviewer:** How frequently are internal controls reviewed?



Interviewee: Answer: yes, internal controls are being reviewed frequently especially for those organizations that have the facilities to do that like I said organizations with auditing facilities.

2. **Interviewer:** In mergers and acquisition, what are the likely corporate governance issues that could ensue?

Interviewee: Answer: Many organizations may not have adequate facilities to implement policies.

3. **Interviewer:** The Institutional theory is one used in corporate governance, what is the level of support institutional investors in developing countries have put to curb fraud?

Interviewee: Answer: In my own perspective, I will say the support from individuals and agencies have not helped. For instance, when external funds come in, how do we manage these funds? Because we lack proper auditing systems, there is no progress. Private firms and organizations are better and are able to use external support well while trying to curb fraud.

4. **Interviewer:** What could be the possible reasons for the multiplicity of corporate governance codes in a country? What are the justifications for this phenomenon?

Interviewee: Answer: for me no need for different countries having different codes. For private firms, they are effective in checking fraud, but government agencies are weak despite the codes they have.

Interviewer: What advice do you have for us to make things better in developing countries?

Interviewee: Answer: I would say let's provide employee training which introduces an effective auditing system that will check what we do. Foremost a change of character and system to handle all of these and this will bring the desired growth.

Interviewer: It has been nice having the meeting with you, thank you.

Interviewee: Ok, have a nice day and stay safe. Ok, bye.



Appendix 4. (One interview categories table). (Interviewee 1, Codes to Category), (Sample).

Codes	Grouping Codes	Categories
<p><i>Financial Institution, Compliance Officer, Five years of experience. Bangladesh</i></p> <p><i>Financial Institutions, Financial Company</i></p>	<p><i>Financial Company</i> <i>Financial Institutions</i> <i>Compliance Officer</i></p>	<p><i>Finance Background</i></p>
<p><i>Financial Fraud, misleading or embezzlements of funds, Collusion of money.</i></p>	<p><i>Financial Fraud, embezzlements of funds, Collusion of Money</i></p>	<p><i>Types of fraud</i></p>
<p><i>Positive attitude, Regulator is tightening their control, comply their set of rules and regulations, BSEC provides the circulars and guidelines, Companies are obliged to maintain the codes which are set by the CG, companies needs to provide verified audit report, Annual report every year</i></p>	<p><i>Positive attitude, Companies are obliged to maintain the codes, needs to provide verified audit report</i></p>	<p><i>Awareness on fraudulent activities</i></p>
<p><i>No such types of fraud in my organization, highly maintained corporate culture, strong internal control, but It happened in other organization.</i></p>	<p><i>highly maintained corporate culture, strong internal control</i></p>	<p><i>Good command on Corporate governance mechanisms</i></p>
<p><i>Non-banking financial institution, without depositing the money, money on his own purpose, collection officer collected the so many installments, but he did not deposit the money to the company's bank accounts.</i></p>	<p><i>Non-banking financial institutions, money spends on own purpose</i></p>	<p><i>Cheated by employees on customers</i></p>
<p><i>So many reasons behind that fraud such as intention of the people, level of honesty and integrity of the employees</i></p>	<p><i>intention of the people, level of honesty, integrity of the employees</i></p>	<p><i>Employees' behavior (negative).</i></p>
<p><i>Bangladesh bank, SEC and other regulators, betterment they are providing, responded to their circulars and guidelines, tight/legal actions to the suspected people</i></p>	<p><i>Bangladesh bank, SEC and other regulators, guidelines, tight/legal actions</i></p>	<p><i>Regulatory bodies & their activities</i></p>
<p><i>Companies are losing their profits, business loss or reputational loss.</i></p>	<p><i>Companies are losing their profits, business loss, reputational loss</i></p>	<p><i>Effects on business</i></p>
<p><i>They instructing to us compliance team member that you people must carried out the audit activities</i></p>	<p><i>Instructing to us compliance team member, must carried out the audit activities</i></p>	<p><i>Guidance to follow such activities</i></p>
		<p><i>Business transactions</i></p>



<p><i>Cash payments, collections, procurement and purchases in this area, I changed my policies and procedures if required.</i></p> <p><i>Ethical or risk management committee, independent member, audit committee of the board.</i></p> <p><i>Our organization is very much responsive and serious about the corporate governance, independent audit report along with annual report, independent external audit firm, attach it with our annual report</i></p> <p><i>Yes, very much, responsive regarding the raise of fraud or any kind of financial crime, cautious/responsive, sign up to code of conduct, legal actions, such as sacked from your duties</i></p> <p><i>Negatively correlated, minimum level of corporate fraud, if chain of command is ok then fraud will not exist in your organization.</i></p> <p><i>Yes, regulators always work for the betterment of the investors, internal policies and procedures to maintain a highest level of internal control, mitigate the risk factors.</i></p> <p><i>Yes, definitely, every research and development bring/give the better results, it can bring better or more proactive for the organization.</i></p> <p><i>Yes, definitely, strength to mitigate the corporate fraud, it will act as mitigating factor for a mitigating the corporate fraud.</i></p> <p><i>Lot of financial fraud that occurred in the banking industry, the level of fraud or forgery is come to the very minimum level in the banking industry due to the initiative and regulations and steps taken by the regulators.</i></p> <p><i>Yes, own internal control and procedures, own body, structure or our need, separate risk management committee, risk management forum how the risk, set of written procedures it is published in the twelve of the organization.</i></p> <p><i>Review it periodically, system according nature of activity, according to the behavior of the organization, Yearly, each and every quarterly meeting, even it records instantly if required.</i></p>	<p><i>Cash payments, collections, procurement and purchases in this area</i></p> <p><i>Ethics or risk committees, independent member, audit committee of the board.</i></p> <p><i>responsive and serious about the corporate governance</i></p> <p><i>responsive regarding the raise of fraud or any kind of financial crime, sign up to code of conduct, sacked from your duties</i></p> <p><i>Negatively correlated, depends on chain of command</i></p> <p><i>regulators always work for the betterment of the investors, mitigate the risk factors</i></p> <p><i>every research and development bring/give the better results</i></p> <p><i>strength to mitigate the corporate fraud</i></p> <p><i>due to the initiative and regulations and steps taken by the regulators, level of fraud or forgery is come to the very minimum level</i></p> <p><i>own internal control and procedures, own body, structure or our need, separate risk management committee</i></p> <p><i>Yearly, each and every quarterly</i></p>	<p><i>Example of various departments</i></p> <p><i>Proper practice of CG guidelines</i></p> <p><i>Proactive against corporate fraud</i></p> <p><i>Negatively correlated</i></p> <p><i>Regulators can protect the investments</i></p> <p><i>Study can bring improvements</i></p> <p><i>CG can address the Corporate fraud</i></p> <p><i>Successes have been achieved</i></p> <p><i>Being effective in organization</i></p> <p><i>Review periodically</i></p>
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<p><i>Company should/must have enough knowledge, corporate culture, internal control systems, loss or financial loss or any reputational loss, know about the corporate culture, corporate governance, and internal control systems.</i></p> <p><i>People are very much concern, encourages us to develop the codes, working for the betterment of the company.</i></p> <p><i>Come forward to responding CG, developing their corporate culture, and external audit officer, ISO certificate, matter of certification, companies now working to the various risk areas, advanced levels certifications.</i></p> <p><i>Happy to participate in your interview.</i></p>	<p><i>Company should/must have enough knowledge, corporate culture, corporate culture</i></p> <p><i>much concern, encourages, develop the codes, working for the betterment</i></p> <p><i>Companies now working to the various risk areas, advanced levels certifications.</i></p> <p><i>Happily, participated</i></p>	<p><i>Should have knowledge on CG & Corporate culture</i></p> <p><i>Betterment of the company</i></p> <p><i>Multiplicity of CG are broad</i></p> <p><i>Delighted</i></p>
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Appendix 5. (One interview theme table). (Interviewee 1, Category to themes), (Sample).

Categories	Grouping Categories	Themes
<p><i>Finance Background</i></p> <p><i>Types of fraud</i></p>	<p><i>Finance Background,</i></p> <p><i>Types of fraud</i></p>	<p><i>Fraud based on respondent perspectives</i></p>
<p><i>Awareness on fraudulent activities</i></p> <p><i>Good command on Corporate governance mechanisms</i></p> <p><i>Cheated by employees on customers</i></p> <p><i>Employees' behavior (negative).</i></p>	<p><i>Awareness on fraudulent activities,</i></p> <p><i>Experience on employees & towards CG,</i></p> <p><i>Wrongly treated with customers</i></p>	<p><i>Relationship between CG and fraud within the organization</i></p>
<p><i>Regulatory bodies & their activities</i></p> <p><i>Effects on business</i></p> <p><i>Guidance to follow such activities</i></p> <p><i>Business transactions</i></p>	<p><i>Regulatory bodies & their activities,</i></p> <p><i>Effects on business,</i></p> <p><i>Business transactions,</i></p>	<p><i>Success of business depends on guidance which are provided by the regulatory bodies</i></p>



<i>Example of various departments</i> <i>Proper practice of CG guidelines</i> <i>Proactive against corporate fraud</i>	<i>CG guidelines,</i> <i>Various departments,</i> <i>Proactive against corporate fraud</i>	<i>CG can provide the guidelines against corporate fraud through various departments</i>
<i>Negatively correlated</i> <i>Regulators can protect the investments</i> <i>Study can bring improvements</i>	<i>Study can bring improvements,</i> <i>Negatively correlated,</i> <i>Protect the investments</i>	<i>CG can bring the improvements as it is negatively correlated adversely protect the investments</i>
<i>CG can address the Corporate fraud</i> <i>Successes have been achieved,</i> <i>Being effective in organization</i> <i>Review periodically</i>	<i>If CG reviewed periodically,</i> <i>It can address the Corporate fraud,</i> <i>Successes have been achieved</i>	<i>CG can address the CG and that is the ultimate goal.</i>
<i>It Should have knowledge on CG & Corporate culture,</i> <i>Betterment of the company,</i> <i>Multiplicity of CG are broad</i>	<i>knowledge on CG & Corporate culture,</i> <i>Betterment of the company,</i> <i>Diversity of CG are broad</i>	<i>Diversity of CG are broad and thus this can work betterment of the company</i>