



## **DETERMINANTS OF ACCOUNTING FRAUD LIKELIHOOD**

**Monday Olade, IZEVBEKHAI (PhD, ACIT)**  
**Accountancy Department, Auchi Polytechnic, Auchi**  
**[Mondayizevbekhai75@gmail.com](mailto:Mondayizevbekhai75@gmail.com)**  
**Owa, FREDERICK (PhD, CNA)**  
**Delta State Polytechnic, Ogwashi-Uku**  
**[chukwumenimefred@yahoo.com](mailto:chukwumenimefred@yahoo.com)**

<b>Article history:</b>	<b>Abstract:</b>
<b>Received:</b> 11 <sup>th</sup> January 2024 <b>Accepted:</b> 7 <sup>th</sup> March 2024	<i>This study examined the determinants of accounting fraud likelihood. The secondary source of data collection was adopted in the study where the purposive sampling technique was used to select a sample size of eight (8) listed deposit money banks in Nigeria. Ordinary Least Square regression analysis was used in this study and the findings revealed amongst others that firm leverage has significant effect on fraud likelihood of firms listed on the Nigerian Exchange Group and also, firm growth has effect on fraud likelihood of firms listed on the Nigeria Exchange Group. The study recommended that small number of directors should be avoided so as to minimize the occurrence and cover-up of fraudulent activities.</i>

**Keywords:** Accounting fraud, firm size, leverage, firm growth, and firm age.

### **1.0 INTRODUCTION**

The financial performance and position of the company are disclosed in the financial statements. To make financial decisions, creditors, investors, and stockholders require this information greatly. If financial statements provided by the firm do not accurately depict the true financial position and performance of a company, financial market participants may be unable to make informed and prudent investment decisions. The financial markets cannot function properly unless financial statements are prepared in compliance with financial reporting standards.

Financial statement fraud has become more well-known in recent years due to its complexity. The majority of firm managers have discovered that financial statement fraud is an entity tactic to guarantee both the survival of their companies and their managerial positions. In order to present a false impression of the financial health of their companies, managers purposefully omit and manipulate information from the financial statement. Not only have significant global corporations collapsed as a result of this practise, but investor wealth has also been lost (Bhavani & Amponsah, 2017; Tangod & Kulkarni, 2015). Hence, stakeholders, including professional and regulatory bodies, have vehemently emphasised the necessity of detecting financial statement fraud.

The American Institute of Certified Public Accountants (ACIPA, 2002) published Statement on Auditing Standard (SAS) No. 99, "Consideration of Fraud in Financial Statement Audit," which mandated that auditors obtain a reasonable assurance that financial

statements are free from material misstatement, whether as a result of fraud or error and multiple authors (Kozlov, Hurtalo-Guain & Trakulhon, 2018; Popoola, Che, Ahmad & Samsudin, 2014) have acknowledged the quest for the detection of financial statement fraud. In order to address the auditor's duty to prevent fraud, the Institute of Chartered Accountants of Nigeria published the Nigeria Standards on Auditing No. 5 (Popoola *et al.*, 2014). Despite the fact that these standards have given management and those in charge of governance the responsibility for fraud prevention and detection, auditors have been forced to increase their detection rate by looking further into any irregularities or material misstatement that may indicate fraud.

As an organization's highest governing body, the board is charged with making decisions about oversight and control, exercising integrity, leadership, and enterprise in order to ensure the company's survival and growth. Unfortunately, given the recent events in the corporate world, it appears that this responsibility will not be fulfilled. This is due to the board's lack of independence, the lack of financial experts on the board, and their general carelessness in monitoring and controlling operations. Stockholders and the general public are among those who suffer from corporate fraud since they depend on publicly available information to evaluate business performance and make investment decisions (Samuel, 2020). Strong control and monitoring mechanisms have been implemented in order to oversee corporate and management activities, due to the serious consequences of corporate fraud.



## **2.0 LITERATURE REVIEW**

### **2.1 Conceptual Review**

#### **Accounting Fraud**

Any act where the principal technique is deception is generally considered fraud. It takes on various shapes and sizes when it manifests. According to Albrecht, Albrecht, Albrecht and Zimbelman (2018), there are three main types of fraud: asset misappropriation, corruption, and false statements. The frequency of asset misappropriation and corruption is higher than that of fraudulent statements. Omoye and Eragbhe (2014) defined financial statement fraud as when management purposefully falsifies material facts in the books of accounts in order to mislead creditors and investors. Any intentional manipulation of the components of a financial statement, such as income, expenses, assets, and liabilities, can result in this misstatement. Albrecht *et al.* (2018) defined financial statement fraud as a deliberate misrepresentation of the financial condition of an enterprise through intentional misstatement or omission of amounts or disclosures.

Accounting fraud is defined as deception carried out by executives on behalf of a company, usually with the intention of inflating reported financial statements. According to the definitions given above, financial statement fraud entails the deliberate misrepresentation or classification of items in the financial statement in order to sway users' decisions. Chief Executive Officers (CEOs) and Chief Financial Officers (CFOs), who have access to and control over a company's financial records, are among the top managers who commit it (Bishop, Dezoort & Hermanson, 2017).

The reason for an act determines whether a financial statement qualifies as fraudulent. Also, most misstatements can be the consequence of mistakes, incompetence, or carelessness (Albrecht & Hoopes, 2014). There have been several theories put forth regarding the motivation behind financial statement fraud. Financial statement fraud is driven by a number of factors, including the need for external financing, incentive structures, the pressure to meet analyst forecasts, and poor performance. The likelihood of committing fraud also rises with a weakening firm control structure, a dysfunctional corporate governance framework, and a declining audit function. Financial statement fraud has been linked by Omoye and Eragbhe (2014) to the need to protect investor interest, financing requirements, bonus salaries, and shareholder expectations. According to Tangod and Kulkarni (2015), a manager of a company may be at risk of financial statement fraud if they are unable to reach the desired growth or similar growth to what has been previously recorded. The fraud triangle and fraud diamond

theories, which have been empirically tested by multiple authors, summarise these motivations and their impact on financial statement fraud. Nevertheless, Lotfi and Chadegani (2017) contended that the existence of these factors may not always indicate fraud, but rather a desire to raise auditors' awareness of the potential for fraud.

#### **Firm Size**

According to Gantowati and Agustine (2017), board size is a measure of the company's overall performance, particularly with regard to total assets, total revenue, stock market conditions, market capitalization, and other company resources. Compared to unquoted small firms, large quoted companies with multiple shareholders are more receptive to community response and naturally garner publicity due to their noticeable impact on various stakeholders (Angela & Handoyo, 2021). This is due to factors that are typically present in large companies, such as employment policies, taxes, and the effects of business operations on the environment and the general public (Ismail, Rahman & Hezabr, 2018). Larger companies typically engage in environmental disclosure and responsibility more so than smaller companies (Gantowati & Agustine, 2017).

The content of annual reports is approved by auditors. Auditors must make sure that all information, whether financial or non-financial, included in the annual reports accurately reflects its intended use, even if providing environmental information is optional. The "big four" accounting companies are the object of society's confidence and trust. In order to be accepted and recognised internationally, larger companies typically choose to work with one of the Big Four accounting firms. Additionally, the "big 4"—Pricewaterhouse Coopers (PWC), Klynveld Peat Marwick Goerdeler (KPMG), Angela & Handoyo (2021)—may collaborate with businesses that reveal environmental information in order to preserve their integrity and good name. Therefore, in cases where they audit financial statements, it implies an audit of voluntary disclosures as well. As a result, businesses may use the Big Four to change public perception of their corporate disclosure practises and strengthen their credibility.

Board size can be viewed as a critical corporate governance mechanism that may affect the degree of corporate voluntary disclosure, including environmental disclosure, as it is a significant factor in determining the effectiveness of the board (Allegrini & Greco, 2013). According to the agency theory, a board with more directors may be able to monitor management more effectively because larger boards have more capacity for monitoring management and a wider range of expertise (Larmou & Vafeas, 2010). Additionally, Elzahar and Hussainey (2012) noted that a larger board could result in a higher proportion of directors with



experience in finance or accounting, which might benefit corporate environmental disclosure.

### **Firm Leverage**

Debt is used as a financial leverage in a company's capital structure. Capital structure describes how a company finances its assets using a mix of debt, equity, and hybrid securities. The makeup of a company's liabilities then determines its capital structure. A company that sells N20 billion in equity and N80 billion in debt, for instance, is said to be 20% equity financed. In this case, the company's leverage is defined as the ratio of debt to total financing, which is 80%. Therefore, the capital structure of a company serves as a gauge for the ratio of debt to equity (Subair *et al.*, 2020).

All businesses, big or small, require funding to run; large businesses especially require funding to grow and expand their operations and activities. Every business seeks to maximise owner wealth and turn a profit, and in order to accomplish these goals, they must find funding for their operations. Businesses can finance their investments from a variety of funding sources. Essentially, there are two types of financing sources: external financing, which includes bonds, long-term loans, and the issuance of common and preferred stock, and internal financing, which includes reserves and retained earnings (Godspower & Ag5bonrha-Oghoye, 2021).

### **Firm Growth**

Firm growth is a good indicator of future growth because it shows how well investments performed in the previous period. The expansion of a company is a sign of the market and how competitive a sector is. The growth ratio is a metric used to assess a company's ability to hold onto its market share and contribute to overall economic growth (Samuel, 2020).

Based on the company's financial capacity, the growth rate can be determined financially. It can be split into two categories based on its own financial capacity: the growth rate based on internal strength and the growth rate that is sustainable. The maximum growth rate that an organisation can attain without requiring outside funding or a growth rate that is solely driven by increased retained earnings is known as the internal growth rate (Anichebe, Agbomah & Agbagbara, 2019). The maximum growth rate that a business can attain without raising capital while keeping the debt to equity ratio stable is known as the sustainable growth rate (Subair *et al.*, 2020).

### **Firm Listing Age**

Listing age is a useful metric for assessing how long a company has been in business and how it has performed. A well-established business has worked hard to uphold its reputation, has the resources to reduce expenses and enhance production quality through experience, and can increase profitability (Bala & Gugong, 2015).

The more experience a company has, the more competent the company will be. And the longer the company is established and survives, the more recognized its existence and excellence in the public eye. The company will be trusted by consumers if it is a good company and guarantees good results. Aging companies must reduce costs including tax costs due to the experience of the company and other influences both in the same industry and in different industries (Samuel, 2020).

Firm listing age is the duration in which a firm is in to existence. It is measured as number of years the firm is established. Firm age could be incorporation age or managerial age. The older the company, the broader its business and the higher its reputational risk. Firm will tend to mitigate risk and choose actions that do not trigger higher risk. Political cost theory serves better to explain the association between the age of company and tax avoidance (Bala & Gugong, 2015).

### **2.2 Theoretical Review**

This study is pertinent to the fraud diamond, white collar, cultural transmission, and theory of concealment theories. Nonetheless, the fraud triangle theory was chosen as it is appropriate for a research of this nature. Businesses that publish false financial statements run the risk of receiving a negative audit report. This is due to the fact that the company's fraudulent financial statements are not fairly presented, and material misstatements negatively impact the financial statements' dependability.

The classical theory known as the "fraud triangle" categorised the tendencies towards fraud as a triangle consisting of three factors: perceived opportunity, perceived pressure, and perceived rationalisation. Every fraud executor encounters pressure or a "need" of some sort. High medical bills or debts, vices (drugs, gambling, and alcohol), work-related pressures (strong pressure for good performance at work or a need to cover up someone's poor performance or to report results that are better than actual performance compared to those of competitors), and other pressures (frustration with the nature of work, or even a challenge to beat the system) are some of the factors that drive people to commit fraud. Usually, this need or greed is combined with other elements like the opportunity and mindset to carry out the fraud. The perpetrator of fraud needs to think that they can carry out the scheme covertly and that, even if they are discovered, nothing serious will happen (Abdullah & Mansur, 2015).

Rationalization or Absence of guardians refers to the manner in which people think about their work, performance and contribution within the workplace (Kuria & Moronge, 2018). They, therefore, attach a value that they should derive from the company for being productive or delivering something of value. Absence of guardians, on the other hand, refers to the



situation where there are limited or no processes in the organization to test the integrity of the financial information or processes. The absence of the integrity process includes an absence or ineffective role of internal auditors, external auditors, Board of directors and reporting requirements – banks, regulators and appropriate management review (Kuria & Moronge, 2018).

### **2.3 Empirical Review**

#### **Firm Size and Fraud Likelihood**

Subair, Salman, Abolarin, Abdullahi and Othman (2020) investigated the impact of board composition on the risk of financial statement fraud in Nigerian quoted manufacturing companies. The results showed that the log odds of financial statement fraud in Nigerian manufacturing companies are negatively and significantly reduced by the odd ratio of board independence, board expertise, and board diligence. According to the study's findings, boards must perform their oversight responsibilities more successfully in order to lower the incidence of fraud.

Similarly, Al-Azeez, Sukoharsono, Brawijaya and Andayani (2019) examine the effect of board characteristics on earnings management in the international oil and gas corporations. The result revealed that board size shows a positive relationship with earnings manipulation. They conclude that the larger the board size, the less efficient they become in the monitoring managers.

Anichebe, Agbomah and Agbagbara (2019) investigated the relationship between financial statement fraud and corporate governance elements using panel data. Their findings suggest that board size is positively related to fraud likelihood, though not statistically significant.

H<sub>1</sub>: From the above, we propose there is no significance relationship between firm size and fraud likelihood in deposit money banks

#### **Firm Leverage and Fraud Likelihood**

Godspower and Agbonrha-Oghoye (2021) examined board attributes and the likelihood of financial statement fraud among non-financial firms listed in the Nigerian Stock Exchange. The study found that board size has an inverse relationship with the likelihood of financial statement fraud while board independence and board meetings exhibit positive relationship with the likelihood of financial statement fraud. The study recommends that although it is germane to seek reforms on corporate governance framework continually, however, there is the need to look inward on the attributes of these CEOs viz-a-viz organisation performance.

Samuel (2020) looked into the factors that influence the likelihood of financial statement fraud in Cameroonian microfinancial institutions. According to the empirical findings, the primary likelihood determinants are false audit confirmations, financial amount falsification,

accounting record alteration, misrepresentations, and incorrect expense capitalization. Employees should learn about financial management ethics from management, and they should also be alert to warning signs in behaviour.

Busirin, Azmi and Zakaria (2015) investigate the relationship between board independence and earnings manipulation. The findings revealed that board independence exhibits a significant inverse relationship with earnings manipulation. Their findings suggest that independent directors' presence plays a key role in monitoring and disciplining management who exhibit divergent interest with that of shareholders.

Ntim, Lindop, and Thomas (2013) looked into the relationship between accounting fraud and firm attributes. The study, which spans 144 firms from 2005 to 2015, uses probit regression analysis to examine ten accounting variables. The findings showed that companies with low liquidity ratios are more likely to release false financial statements; that poor financial performance is a major driving force behind fraud; that smaller companies are more likely to release false financial statements; that companies with high debt to equity ratios are more likely to be labelled as fraud firms; and that fraud firms have lower inventory and accounts receivable turnover than non-fraud firms.

Babalola (2019) used panel data analysis to estimate the effect of leverage on the fraud likelihood of firms belonging to the Nigerian manufacturing sector for the period 2005-2019. The result of his study showed that leverage has a positive significant effect on the fraud likelihood of Nigerian manufacturing companies.

H<sub>2</sub>: From the above, we propose there is no significance relationship between firm leverage and fraud likelihood in deposit money banks

#### **Firm Growth and Fraud Likelihood**

Kalamari and Budinwa (2018) evaluate the effect of consistent firm growth fraud likelihood of some selected deposit money banks in Nigeria. They found that firm growth has a significant impact on fraud and recommend that drastic measure should be put in place to minimize fraud.

Using a linear regression analysis technique, Kelin and Humph (2016) investigated firm growth and other factors influencing firm performance in Nepal from 2001 to 2015. The study discovered a strong correlation between growth and fraud as well as a significant inverse relationship between growth and firm profitability as determined by ROA.

Chinedu and Wahab (2019) studied the impact of fraud on the growth and survival banks in Nigeria and the result showed that fraud negatively impact firm growth and survival of the banks.

Ismail (2021) assessed how fraud detection and prevention in Nigerian ministries relate to forensic accounting. The study conclusions showed a strong link





between forensic accounting and legal action in Nigerian courts, as well as the value of forensic accounting in Nigerian ministries for identifying fraud. As a result, the study suggests that the ministries implement a continuous improvement to the internal control system, as well as a sophisticated and capable system of oversight and monitoring and an efficient accounting system that can motivate the officers to perform their duties honourably.

H<sub>1</sub>: From the above, we propose there is no significance relationship between firm growth and fraud likelihood in deposit money banks

### Firm Age and Fraud Likelihood

A review of the empirical evidence on the impact of firm age on fraud likelihood shows mixed results. Deheane (2001) find that firm age is positively related to fraud likelihood. However, the results of Haniffa (2019) are inconclusive. Yermack (1996) finds an inverse relationship between firm age and fraud likelihood. In addition, financial ratios related to profitability and operating efficiency also appear to determine fraud likelihood.

Ibrahim (2015) examined the effect of firm age on fraud likelihood of 60 manufacturing companies listed on the Nigerian Stock Exchange for the period 2000- 2009. The panel data model estimated showed that firm age has a positive relationship with fraud likelihood.

Ahmad, Zayyad and Rasak (2018) in their study titled 'An empirical examination of the role of forensic audit in enhancing financial investigations in Nigeria' employed the use of primary data collated via questionnaire based on 5 Likert-Scale administered among 240 accountants. They used the Pearson correlation coefficient statistical tool and multiple regressions for analysis of data. They concluded that while forensic audit ensure earlier detection and confirmation of fraud and thus enhance financial crime investigations in the country but submitted that introducing independent audit skill into periodic audit will most likely not boost financial crime investigations especially in the aspect of early detection and confirmation of fraud.

H<sub>1</sub>: From the above, we propose there is no significance relationship between firm age and fraud likelihood in deposit money banks

### 3.0 METHODOLOGY

The ex-post factor research design is used in this study due to the fact that the variables cannot be manipulated by the researcher. This method was adopted since social scientific research problems do not lend

themselves to experimental and controlled inquiry of the ex-post factor kind. Also, this research design makes it impossible to select, control and manipulate the factors necessary to study cause-and-effect relationships directly. The population of this study consists of Nigerian listed companies on Nigerian Exchange Group (NGX) as at 31<sup>st</sup> December, 2021. The population comprises of one hundred and fifty six (156) firms listed on Nigerian Exchange Group (NGX).

Since the entire listed firms cannot be used for the study, the study is limited to ten (8) deposit money banks listed on the Nigeria Exchange Group (NGX). The basic criteria of selecting these firms are the capitalization prowess and their specialization. In selecting the sample, purposive sample technique was used to derive the sample size. The purposive sampling was used to ensure that the sample represents a diversity of perspectives. The secondary source of data collection was used for this study where data was gathered from audited annual reports of selected deposit money banks listed on the Nigeria Exchange Group (NGX). However, for the purpose of this study, 10 years (2011 – 2020) annual reports of the eight (8) selected deposit money banks were adopted.

The study used Ordinary Least Square (OLS) regression analysis method to investigate the impact of independent variables on dependent variable. A multiple linear regression model was used to establish the significance of the model. The results obtained from the model are presented in tables to aid and ease the analysis.

The study employed multiple regression technique of analysis using Least Squares regression estimation. This method was adopted because it enhance easy presentation and interpretation of data.

The empirical model of the study is mathematically expressed as follows;

$$ACTL_{it} = \beta_0 + \beta_1FSIZ_{it} + \beta_2LEVG_{it} + \beta_3FMAG_{it} + \beta_4FMGT_{it} + \epsilon_{it}$$

Where;

- B<sub>0</sub> = Constant
- B<sub>1</sub>- β<sub>4</sub> = Coefficient of parameters estimated
- ACTL = Fraud likelihood
- FSIZ = Firm Size
- LEVG = Firm Leverage
- FMAG = Firm Age
- FMGT = Firm Growth
- ε<sub>it</sub> = Error term

## 4.0 RESULTS AND DISCUSSIONS

**Table 4.1:** Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Pr (Skew)	Pr (Kurt)	Prob >chi2
ACTL	80	-.088165	.1173114	-.4546	.1728	0.0060	0.0456	0.0073



<b>FSIZ</b>	79	7.846456	.4430794	6.9675	9.0315	0.0004	0.0478	0.0013
<b>LEVG</b>	80	.1747621	.2324301	.0001	.7237	0.0001	0.9656	0.0026
<b>FMAG</b>	80	30.25	11.3489	7	50	0.2547	0.0011	0.0064
<b>FMGT</b>	79	14.31569	76.59486	-100	558.5844	0.0000	0.0000	0.0000

Source: Researcher's Computation Using STATA

Table 4.1 presents the summary of the descriptive statistics for the dependent and independent variables for forty (40) observations. It shows that fraud likelihood measure has a mean value of about -0.0881 and a standard deviation of about 0.1173.

For firm size, mean value was 7.84 and standard deviation of 0.443. The corresponding values for the others are: firm leverage, 0.1747, for firm age mean is 30.25, standard deviation is 11.35.

The p-values of the Skewness and kurtosis statistics show that nearly in all the cases the data are judged to be normally distributed at 5% level of significance.

**Table 4.2: Correlation Matrix**

	ACTL	FSIZ	LEVG	FMAG	FMGT
ACTL	1.0000				
FSIZ	0.3425	1.0000			
LEVG	-0.1801	-0.2571	1.0000		
FMAG	0.2264	0.1847	-0.0068	1.0000	
FMGT	-0.2802	-0.0488	0.3139	-0.1653	1.0000

Source: Researcher's Computation Using STATA

Table 4.2 shows that there are mixed correlations between the various variables used in the study. The table shows negative correlations between fraud likelihood and firm leverage, firm growth but positively related with firm size and firm age. The table shows that no two of the explanatory variables are perfectly correlated or nearly so. Thus, the problem of multicollinearity is absent in this model.

**Table 4.3: Summary of regression result**

Source	SS	df	MS	Number of obs =	78
	F(4, 73) =	4.66			
Model	.219291725	4	.054822931	Prob > F =	0.0021
Residual	.858970827	73	.011766724	R-squared =	0.2034
	Adj R-squared =	0.1597			
Total	1.07826255	77	.01400341	Root MSE =	.10847
<b>ACTL</b>	<b>Coef.</b>	<b>Std. Err.</b>	<b>t</b>	<b>P&gt;t</b>	<b>Interval]</b>
<b>FSIZ</b>	.0794367	.0292861	2.71	0.008	.1378039
<b>LEVG</b>	-.014441	.0578755	-0.25	0.004	.1009047
<b>FMAG</b>	.0013596	.0011139	1.22	0.026	.0035795
<b>FMGT</b>	-.0003658	.0001744	-2.10	0.039	-.0000182
<b>_cons</b>	-.7457822	.2286433	-3.26	0.002	-.2900968
VIF	1.13				
Heteroscedasticity	0.47(0.9425				

Source: Researcher's Computation Using STATA

Table 4.3 shows that the explanatory variable does not account for much of the systematic variations in the dependent variable. The table shows very moderate value of R-squared of 0.2034. This moderate value of the R-squared statistic suggests that there are many other variables in explaining changes in the dependent variable. For the model, the p-value of the F statistic

(0.0021) shows that the model overall is suitable for estimating the stated model.

The VIF test (1.13) shows that there is the absence on multi-collinearity and so there is no need to drop any variable. Also, the heteroscedasticity is 0.47 with p-value of 0.9425, showing that there is no significant heteroscedasticity problem and so no need for a robust regression.



With a coefficient of 0.0794 the results indicate that accounts firm size positively fraud likelihood in Nigerian deposit money banks, while the probability value of 0.008 indicates that the positive impact is significant. This leads to the rejection of the null hypothesis, thus acceptance of the alternative hypothesis that firm size has a significant impact on fraud likelihood in DMBs and the impact is positive.

With a coefficient of -0.0144 the results indicate that firm leverage negatively impacts fraud likelihood, while the probability value of 0.004 indicates that the negative impact is significant. This leads to the acceptance of the alternative hypothesis, thus the rejection of the null hypothesis. The researcher accepts that firm leverage significantly affects fraud likelihood, and that such effect is negative.

With a coefficient of 0.0014 the results indicate that firm growth positively impacts fraud likelihood while the probability value of 0.026 indicates that the positive impact is significant because it is less than 0.05. This leads to the acceptance of the alternate hypothesis, thus rejecting the null hypothesis. The researcher accepts that firm growth significantly affects fraud likelihood.

With a coefficient of -0.00037 the results indicate that firm age negatively impacts fraud likelihood, while the probability value of 0.039 indicates that the negative impact is significant. This leads to the acceptance of the alternative hypothesis, thus the rejection of the null hypothesis. The researcher accepts that firm age significantly impacts fraud likelihood, and that such effect is negative.

#### **4.1 DISCUSSION OF RESULTS**

This study examined the relationships among the variables: Firm size, firm leverage, firm growth and firm age.

The results indicate that almost all the variables are significantly normally distributed at 5% level of significance. The correlation matrix indicates the variables have mixed relationships. The results also indicate the absence of multi-collinearity.

Essentially, the findings of the study are: with a coefficient of 0.0794 the results indicate that accounts firm size positively fraud likelihood in deposit money banks, while the probability value of 0.008 indicates that the positive impact is significant. This leads to the rejection of the alternative hypothesis, thus acceptance of the null hypothesis that firm size has a significant impact on fraud likelihood, though the impact is positive. The result does not agree with consistent with the findings of Subair *et al.* (2020) and Anichebe, Agbomah and Agbagbara (2019), but was not consistent with the findings of Al-Azeez *et al.* (2019) and Bala and Gugong (2015). This inconclusiveness may have resulted from the existence of varying degrees of institutional backdrops.

Similarly, with a coefficient of -0.0144 the results indicate that firm leverage negatively impacts fraud likelihood, while the probability value of 0.005 indicates that the negative impact is significant. This leads to the acceptance of the alternative hypothesis, thus the rejection of the null hypothesis. The researcher accepts that firm leverage significantly affect fraud likelihood, and that such effect is negative. The result agrees with the findings of Godspower and Agbonra-Oghoye (2021), Samuel (2020), but not consistent with the findings of Busirin *et al.* (2015).

With a coefficient 0.0014 the results indicate that firm growth positively impacts fraud likelihood while the probability value of 0.026 indicates that the positive impact is significant because it is less than 0.05. This leads to the acceptance of the alternate hypothesis, thus rejecting the null hypothesis. The researcher accepts that firm growth significantly affects fraud likelihood. The result agrees with the findings of Ismail (2021).

With a coefficient of -0.00037 the results indicate that firm age negatively impacts fraud likelihood, while the probability value of 0.039 indicates that the negative impact is significant. This leads to the acceptance of the alternative hypothesis, thus the rejection of the null hypothesis. The researcher accepts that firm age significantly impacts fraud likelihood, and that such effect is negative. The result agrees with the findings of Ntim, Lindop and Thomas (2013) but not consistent with the finding of Ahmad *et al.* (2018). This might have been as a result of using different industrial sectors.

#### **5.0 CONCLUSION AND RECOMMENDATIONS**

To a lesser extent, bid rigging and intentional misapplication of accounting policies are also likelihood determinants. Although financial statement fraud cannot be completely eradicated given that they are perpetuated by human beings who themselves are imperfect, it can be significantly mitigated when micro financial institutions become conscious of the events or conditions that motivate the commission of fraud in general and financial statement fraud in particular. Identification of effective methods of perceiving fraud likelihood is an important precondition for treating any type of fraud, given that by its nature fraud does not present itself to being scientifically observed or measured in an accurate manner.

The following recommendations are hereby made:

- i. Firm size has effect on fraud likelihood of firms listed on the Nigerian Exchange Group.
- i. Small number of directors should be avoided so as to minimize the occurrence and cover-up of fraudulent activities
- ii. Experts in the board should not only rely on the knowledge of finance and accounting alone, they should also be knowledgeable on forensic



- accounting; tax and computer technology as well.
- iii. Relevant policies that encourage the growth of firm should be implemented to as to enlarge the firm in general terms and reduce the possibility of fraud.
- iv. Regulatory authorities of manufacturing firms should promote an independent board composition.

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