

Frauds Extinction and Resurgence: Existing threats to Medium Large-Scale Businesses in Nigeria

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Abstract

This paper investigated frauds extinction and Resurgence: Existential threats to medium and large-scale businesses in Nigeria. Anambra state is chosen to represent Nigeria as one of the states in Nigeria. The population of this study is 20,000 which comprised 15,000 males and 5,000 females in medium and large-scale businesses in Anambra state. Stratified sampling was used to obtain 2, 00 respondents which made up of 110 males and 90 females from Onitcha municipality and Ihiala local government area in Anambra state. This paper adopted descriptive survey research design aimed at identifying the meaning of fraud, different types of frauds and ways of mitigating the effects of frauds in medium and large-scale businesses. One research question and one hypothesis guided this study. Instrument used for data collection was researcher developed questionnaire "titled, fraud perpetration: frauds extinction and Resurgence: Existential threats of medium and large-scale businesses in Nigeria ", was used," with four rating scale of strongly agree, agree, dis agree and strongly disagree. The instrument was validated by two specialists. Cronbach alpha statistics was used to determine the reliability coefficient of this study at 0.78 and 0.97, which shows that the instrument is reliable to be used for this study. Mean and standard deviation were used to analyze the data while t test of independent was used to test the hypothesis. The findings from this study reveals that frauds have caused unexpected fold of many medium and large-scale businesses in Nigeria using Anambra state as a case study. Frauds have also, caused conflicts in both medium and large-scale businesses in Nigeria. It was recommended from this study that adequate business protection against frauds should be established. In Nigeria. Security detecting machines and forensic experts should be installed and employed. These would reduce the impacts of frauds in medium and large-scale businesses in Nigeria.

Keywords: Meaning, fraud, Businesses, Organizations.

Introduction

In centuries ago, frauds perpetrated in organizations are very minor as to compare in this 21st century where frauds perpetrations have been the order of the day. In this 21st century, frauds have caused many businesses into retrogressions and flinch of discontinuity (Aderigigbe,1999). Some business owners do not know how frauds have come into their busonesses because, they are not frauds detecting experts and so, have little knowledge

about frauds. When frauds occur, some staff who are faithful to their organizations gets confused or devastated. How frauds could be unraveled or circumvented are herculian tasks that tistle's the minds of many genuine business men who felt dawn casted on issues of frauds in their organizations. Some of loopholes through which frauds are perpetrated in organizations are: Managers inability to establish strict and regular protocols for assessment of the profiles

of new staff seeking employment in their organizations, inability of managers to rely on job rotation platforms, poor staff orientation, managers inadequate knowledge about some staff behaviours prior to the occurrence of frauds in their organisations, poor standards of cost accounting, financial audit and poor installation and monitoring of fraud detecting machines (Agunanne, 2004). It is disheartening that organizations carry out audit of their staff and income generated especially, when frauds have occurred in their businesses. Regular audit of their businesses are compromised because of the cost of audit assignment. It cannot be forgotten to mention that, some 21 century auditors are not forensic experts. They do not make use of fraud detecting machines, they are technologically unclined and improficient. They relied on paper work that sometimes, wrought into errors. It is evident that reasons why most businesses collapse and unable to continue in the future are: poor audit, inadequate frauds detecting machines and forensic experts in their businesses. Frauds are serious setbacks to medium, and large scale businesses in Nigeria and in the diasporas community. The resultant effects or incursions caused by frauds debilitates the efforts of staff in business organizations. Frauds are mostly perpetrated by unscrupulous individuals that are also, members of staff in organizations. Frauds have caused downfalls in the trending and borrowing power of some organizations. Infractions caused by in organizations need not to be handled with levity especially, when frauds have occurred in organizations. Both old and new frauds detecting and prevention strategies should be incorporated to circumvent and annul future resurgence of frauds in business organizations.

Manager's Responsibilities that are Pivotal for staff Internal Control in Business Organizations.

Apart from fixing of gadgets and employment of frauds detecting experts, adequate planning, organizing, directing, coordinating and control of men and materials in business organizations are cornerstones of internal business controls. Also, monitoring and supervision are painstakingly needed on businesses organizations. Supervision should be well organized and should not be overlooked or treated with carelessness or levity (Diamond 1984). Frauds are perpetrated in both macro and micro societies where human beings exist and transact on business or the other. Many banks have refused to lend or sign a bond for loan to some minor major businesses in Nigeria, because, of their inability to offset their loans that have run into debts, coupled with news peddled against them of being defrauded (Asukwo 2024). Frauds have caused serious setbacks to many medium and large scale businesses in the developing and developed countries of the world. Financial resources and times spent for bringing solutions to the effects of frauds contracted by some businesses that have fallen prey to frauds are very enormous and encompassing.

How is frauds perpetrated in Organizations?

Frauds are perpetrated in organizations by staff and outsiders in business organizations. It is no doubt that some businesses give room or allow frauds to swing into action in their businesses due to poor frauds detecting mechanisms and inadequate managerial controls. Frauds have caused heart breaks, depression, madness to owners, investors and managers of some businesses in Nigeria. Frauds have created customers and investors

disloyalties to some businesses that falls prey to frauds. In manufacturing organizations, suppliers have stopped supplying raw materials to manufacturing business due to inability of some businesses to offset their debts or incur their bills. The resultant effects of frauds have caused lack of trust to many staff.

to some businesses in the developed and developing countries of the world. Issues of frauds have gulped big amount of business resources, living behind court cases faced by managers and owners of some businesses in Nigeria. Frauds have stumbled many businesses. Som affected businesses were unable to recover due to big financial loss (Onibudo, 2007).

Frauds Committed in Financial Institutions

Frauds have caused many setbacks and abrupt ends on financial institutions. Frauds observed in financial institutions include: Defalcation, forgeries, unofficial borrowing, foreign exchange malpractices, impersonation, manipulation of vouchers, falsification of financial documents, money laundering, fake payments (Ovuakporie, 1994). Frauds have prevented well known business organizations from proffering helps to communities and villages where they are situated. Frauds inhibits progress and set inn confusions to many businesses. Some regulations enunciated by financial regulatory bodies have led to closure of many banks (Omachonu, 2009). Some investors have persistently suffered from depression, heart attack and sudden deaths because of frauds perpetrated in some organizations where they invested their money. If some staff are involved in frauds that took place in their business organizations, it brings bad name to those businesses. This can inadvertently scare away investors to the business.

It is expected that all staff of organizations, irrespective of ranks should portray high degree of respect, objectivity and honesty to their responsibilities in business organizations (Unugboro & Idolor, 2007). Frauds leaves employees into untold hardships such as, redundancy, retrenchment, bad name, famine poverty among others.

Meaning of Frauds

Frauds refers to various deploys an individual and groups have used to cheat, deceive, steal falsify or embezzle organizations resources for personal or group selfish reasons. Fraud is defined as fraudulent conversion of money or other resources of an individual, groups of individuals and companies to their personal use (Okere, 2005). Frauds are mostly carried out with tricks or false pretenses (Okereke, 2005 & FB, 1984). Frauds are contracted with use of tricks, false documents, sweet coated information that are deceitful to obtain illegal or undue advantage over money, resources or positions (Elifisen, Messier, Glover & Prawitt, 2006). Fraud is a practice of deception carried out to put individual or groups into confusion or trouble and loss of resources. Infractions caused by frauds retards the growth, development and profitability of organizations. Frauds are inordinate actions individuals in organizations have planned with virtue of their positions to convert organizations properties or resources for their personal use (Association of certified fraud examiners 1999). Frauds retards the progress of organizations. It is a danger to be avoided at all cost. The rate with which frauds have continued to flare from decades ago to this new generations are phenomenon that cannot be over emphasized. In this new age, both the old and the young adults are in divergent quest for material wealth for their personal enrichment or self-aggrandizement. Because of this, many

undertook many risks through dishonest invasions on personal, group, government, club or societies treasures in order to deal blows to organizations. Frauds are canker worms that have eaten deep in the fabrics of youths. Vast majority of adults between 45 to 65 years are perpetrators of frauds. Some youth and adult of working ages are spending their precious times on daily basis looking for organizations and personal belongings of individuals to devour. Frauds have prevails in organizations as a result of organizations carelessness due to unplanned frauds prevention and detection mechanisms (Agunanne, 2006).

How Persistent News of Frauds Gives bad name to Some Businesses in Nigeria

Investors expects to hear good news about businesses they wish to invest their resources to: When issues of frauds flare uncontrollably in organizations that are mostly investor's targets of investment, investors are mostly discouraged. The zeal to invest their monies or resources to those businesses will diminish because, investors may not like to put their resources to areas of businesses that would suddenly crash. When news about frauds committed in some organizations continue to flare or linger, those news creates public negative perceptions about some business organizations that have been defrauded. On the other hand, frauds committed in organizations that are into manufacturing or buying and selling, reduces customer's loyalty to engage in those businesses. On the other hand, when manufacturers manufacture sub standard products, it is considered frauds on the side of customers (Okere, 2005). Frauds causes damages to reputations of most businesses in Nigeria and in diasporas communities. Fraud is a fora for business discontinuity. When there are frauds in business, conflicts, devastations

and other complications set inn. Times and resources of that business will be used to address issues of frauds in that organizations (Hopwood, leaner & Young 2011). Accurate records will be uneasy to ascertain by accountants. In the same vein, frauds generates internal complications that distresses employee and investors in business organizations. Frauds decreases staff morale (Okereke 2000).

Frauds: A negative trend that Reduces employee and Customers Loyalty in Business

Frauds committed in medium and small scale businesses have continued to reduce customer's loyalty, low staff morale and low productivity. Some frauds that cause loss of customers or staff loyalty include:

Cheating of customers, manipulation of totals of transactions from cash books, falsification of records, substandard products among others. On the other hand, frauds internally committed in business organizations that retards the progress of organizations include: invoicing repaid in cash and shared, creditor over paid, refund requested and pocketed, bad debts dividend realized and pocketed, duplicated expenses, creation of non-existing suppliers, perfect goods marked reject and removed (Opara, 2007). Other frauds committed in the organizations especially manufacturing organizations include: deliberate misrepresentations, omission or inclusion of incorrect amount, recording of imaginary transactions to overstate income, inflation of prices of goods, embezzlement, And collusion: managers perpetrated fraud with subordinates, frauds not supported by documents, loosely controlled expense account among others.

Loopholes that Paves Way for Fraud Perpetration in Organizations

It is of no doubt that frauds will occur. It is also imperative that stringent measures to control the perpetration of frauds should be employed in organizations. This would aid reduction or total control of frauds in organizations (Olowookere 2019). Other means frauds could pave way in organizations include:

1. Poor accounting records
2. Poor safe keeping of records
3. Absence of a good system of internal checks
4. Absence of internal audit department in organizations
5. Undue reliance by management on some staff whom management gave sensitive positions in organizations.
6. Inadequate supervision among others.

Ways to Control the Effects of Frauds in Organizations

It is not encouraging for organizations to loss their goodwill, customers. Many large scale businesses have engaged into serious legal cases as a result of frauds committed in their businesses (Wood & Sangster, 2014). However, owners of businesses, in conjunction with managers should put heads together to proffer solutions geared on fraud reductions in organizations. Measures that could be used to keep the business functioning so as to be free from frauds include: Employee training, implementation of robust financial control through establishment of internal audit department, risk reporting procedure, regular audit, conduct of internal and external audit to identify both old and new frauds vulnerabilities, establishment of ethical culture, fostering strong ethical practices in ethical environment

to discourage perpetrators of frauds (Christian, 2025).

Statement of the problem

Frauds have existed in businesses from time immemorial. Issues of frauds have raised many dust among employees. Frauds have led to loss of organizations goodwill. Many customers of some businesses have changed their businesses routs to other businesses in the same line of business. Issues of frauds have caused employees dismissals and downsizing. Shareholders of some large and medium scale businesses have at various times clutched into so many court related causes in the quest to recover their resources defrauded. Frauds have led to decreased investors' confidence, significant financial loss to inestors, damage of business reputations, operational disruptions, negative public perception on some medium and large scale businesses in Nigeria. Till today, many business organizations could not identify how frauds are perpetrated in their businesses. Issues of frauds have demoralized and reduced confidence reposed on business managers by investors.

Methods

This paper investigated frauds extinction and resurgence: Existingl threats of medium and large scale businesses in competitive business lines in Nigeria. Anambra state is a state in Nigeria. Meanwhile Anambra state is chosen to represent Nigeria as one of the states in Nigeria. The population of this study is 20,000 which comprised 15,000 males and 5,000 females in medium and large scale businesses in Anambra state. Stratified sampling was used to 2, 00 respondents which made up of 110 males and 90 females from Onitcha municipality and Ihiala local government area in Anambra state.

This paper adopted descriptive survey research design aimed at identifying the meaning of fraud, different types of frauds and ways of mitigating the effects of frauds in medium and large scale businesses. One research question and one hypothesis guided this study. Instrument used for data collection was researcher developed questionnaire “titled, frauds extinction and resurgence: Existing threats of medium and large scale businesses in

Nigeria,” was used with four rating scale of strongly agree, agree, disagree and strongly disagree. The instrument was validated by two specialists in business education using Cronbach alpha statistics to determine the reliability coefficient at 0.78 and 0.97, which shows that the instrument is reliable to be used for this study. Mean and standard deviation were used to analyze the data while t test of independent was used to test the hypothesis.

Results

Research question one

What are the effects of frauds in medium and large scales businesses in Anambra state?

Table1: shows the effects of frauds in medium and large scale businesses in Anambra State

Respondents:	Males 110			Females 90		Decision
	X	S.D		X	S.D	
S/NO						
1. Potential loss of revenue	3.06	0.10	Agree	3.00	0.01	Agree
2. Negative public perception	3.60	0.10	Agree	3.60	0.10	Agree
3. Difficulty of attracting New customers	3.00	0.10	Agree	3.10	0.01	Agree
4. Time and resources spent on frauds cases	2.50	0.20	Agree	2.50	0.50	Agree
5. low employee morale	3.01	0.00	Agree	2.50	0.50	Agree
6. Internal conflicts generated	3.00	0.10	Agree	2.60	0.40	Agree
7. low productivity	3.00	0.50	Agree	3.00	0.01	Agree
8. Loss of good will	3.01	0.40	Agree	3.01	0.00	Agree
9. lack of compliance with frauds prevention laws	2.60	0.10	Agree	2.50	0.10	Agree
10. lack of trust among leaders	2.50	0.10	Agree	3.10	0.10	Agree
Total	28.74	1.60	Agree	28.91	1.78	Agree

Test of Hypothesis

Table 2: Shows test of hypothesis on the effects of frauds in medium and large scale business in Anambra state.

X	S.D	t-cal	t-crt	Decision
28.74	1.60	28.83	2.089	reject
28.91	1.78			

The analysis above mean x is 28.74 with standard deviation of 1.60. in the same vein, mean for males in large scale businesses is 28.91, with standard deviation of 1.78. The analysis of T-cal at 0.05 alpha level is 28.83 while t-crit at 0.05 alphas level is 2.089. From the analysis, t- calculated (t-cal) is greater than t-critical (t-crit). Therefore, the hypothesis is rejected. This implies that there is no significant difference in the opinion men and women on the effects of frauds on large scale and medium scale businesses in Anambra state which represents Nigeria as a whole

Discussions of Findings

The findings from this study reveals that there are several effects of frauds in medium and large scale businesses in Nigeria. The study reveals that lack of compliance with frauds prevention laws, loss of goodwill, conflict among staff, low productivity, loss of revenue, and distrust among leaders are the effects caused of frauds in medium and large scale businesses in Nigeria. On that note, many medium and large scale businesses have lost their customers, distrust and negative public perceptions have caused many large and medium scale businesses into sudden break down and collapse.

This is in line with (Asukwo, 2024), that Many banks have been sanctioned or told to discontinue operation because of frequent dispossessions of their resources by fraudulent experts. On that note (Opara, 2007) identified that some of those frauds committed in business organizations include: Over statement of expenses contact businesses, manipulation of totals of transactions from cash books, falsification of records, over statement of salary earners, lodging salaries to known existing salary earners, errors caused by over invoicing repaid in cash and shared, creditor over paid, refund requested and pocketed, bad debts dividend realized and pocketed, duplicated expenses, creation of non-existing suppliers, perfect goods marked reject and removed. (Elifisen, Messier, Glover & Prawitt, 2006) averred that frauds are irregularities that involves the use of deceits to obtain illegal or undue advantage over money, resources or positions. It is not encouraging for organizations to loss their goodwill, customers and many large scale businesses have engaged into serious legal cases as a result of frauds committed in their businesses (Wood & Sangster, 2014) encapsulated that it is very excruciating that business organizations have lost their good will. Many customers that are patronizing their businesses have ran away

because of fraudulent cases that have entangled the continued operation of their businesses.

Recommendations

1. It was recommended from this study that adequate business protection against frauds should be established and installed in business organizations environments. These would reduce the impacts of frauds in medium and large scale businesses in Nigeria.
2. Medium and large scale businesses should train their employees on forensic studies in the universities abroad and in Nigeria. This would combat the Impacts of frauds in medium and large scale businesses in Nigeria.
3. Auditors should conduct daily painstaking checks on financial records posted by accounting staff for his approval. This would reduce the impacts of fraud perpetration in Nigeria.

Conclusions

Frauds is a stigma that reduced the goodwill of most medium and large scale businesses in the developed and developing countries of the world. Frauds have caused many businesses to come to an abrupt end. Billions and millions of money have been swept away especially, in large scale businesses due to inability of managers and owners of business to install fraud checking gadgets and trained experts in financial management and internal audit control in most businesses in Nigeria. Fraud detection is not a hit and mix affair. The need for careful checks on trading, profit, loss account and balance of organizations, are sacrosanct in meeting many business objects. Occurrence of frauds in organizations are usually planned by employees and adult members of society in

Nigeria. Fraud has existed many centuries ago. It has set many businesses into sudden collapse due inability of some medium and large scale businesses owners to shoulder frauds extinction in their businesses. Frauds have caused loss of customers, conflicts among employees and conflict among leaders of businesses. In the same vein, times and resources are spent on actuating who caused frauds in organization. The effects caused by frauds in some frauds prone organizations have caused many shareholders to divest for other open door businesses in Nigeria. Frauds have caused unimaginable setbacks on many businesses in Nigeria. Some businesses dented by frauds cases have find it so difficult to recover. Some organizations affected frauds have resorted to the production of substandard products in order to keep their businesses glowing instead of total collapse. Frauds dents in organizations made it uneasy for organizations to pay back their debts. Issues of frauds have raised so many controversies between business men and their suppliers and creditors.

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