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BOARD ATTRIBUTES AND THE LIKELIHOOD OF FINANCIAL STATEMENT FRAUD IN QUOTED FIRMS IN NIGERIA

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ABSTRACT

The study examined the relationship between board attributes and the likelihood of financial statement fraud. The study employed the ex-post facto research design. The study utilizes nineteen (19) listed Food and Beverage companies quoted on the floor of the Nigerian Stock Exchange (NSE). The secondary data were extracted from the annual reports of the selected firm for the period 2012-2018. The usual battery of regression assumption tests were effected to ensure the accuracy of the regression model. The findings of the study reveals that the impacts of board size, board independence, board diversity and board remuneration on financial statement fraud detection are negative which implies that changes in board size, board independence, board diversity and board remuneration will reduce the odds of financial statement fraud detection. The study recommends for the managerial remuneration to be looked into within a broader picture of corporate mechanism to curtail fraud occurrence. The corporate boards should look into the gender mix more critically. The study also, recommends the need for effective corporate governance monitoring across the firm.

KEYWORDS: Beneish M-Score, Fraud, Likelihood, Financial Statement

1.0 . INTRODUCTION

The last decades has witnessed an upsurge in accounting frauds resulting in the popular upheaval in the accounting industry as well as impacting on legislative and regulatory frameworks. (Rezaee, 2002). The upsurge of accounting fraud have become a puzzle left to practitioners, regulators and academics to uncover. According to the Association of Certified Fraud Examiner (ACFE, 2012)

report, 5% of firms revenue is lost each year as a result of fraudulent activity in the organization. It is therefore seen that financial statement fraud can severely undermine economic institutions that depend on a basic level of ethical corporate behaviour. Asset misappropriation and accounting and auditing fraud are inclusive in financial statement fraud. A crime survey carried out by Price water house Coppers (PwC, 2009) indicated that asset misappropriation has larger occurrence as compared to accounting and auditing fraud. However, it was also noted that loss arising from financial statement fraud is higher as when compared to asset misappropriation. This evidence the extent to which financial statement fraud can negatively impact on stakeholders, especially participants of the capital market. Financial statement fraud is peculiar to the financial records of companies and it is also termed 'fraudulent financial reporting'. Financial system fraud is of serious concern to capital market investors since the financial records of firms are what inform their investment decisions.

Financial statement fraud is a global problem and an estimate by the association of Certified Fraud Examiners (2010) puts an organization's annual loss at 5% of its total revenue which is tantamount to a total loss of more than \$2.9 trillion globally. The survey of PwC (2007) conducted within 2003-2007 have showed that financial crime have remained problematic globally. A more recent survey has showed that asset misappropriation makes up the biggest chunk of financial fraud accounting for 67% of total financial fraud, followed by 38% of financial statement fraud, while corruption and bribery amount to twenty seven percent (27%), Intellectual Property (IP) contravention (15%), and money filtering/ or laundering is at 12% (PwC, 2016). A similar result was obtained from the survey conducted by the Klynveld Peat Marwick Goerdeler (KPMG) fraud survey (2009) which evidenced the growing rate of financial fraud all over the world. The attributes of corporate boards have gained importance in these regards in seeking to understand board behaviour and the implications that it can have on fraud likelihood. However, there is a huge empirical diversity in this regards and studies in this area are still very much undecided and far from unanimous on the relationship between board attributes and financial statement fraud likelihood. The inclusiveness in prior studies indicates that there is need for more investigations to be conducted in this area of board attributes and financial statement fraud likelihood to expand existing extant literature. Again, we observed that most of the studies on board attributes and fraud likelihood were conducted in foreign environments. To the extent that there are huge differences in regulatory, legal, cultural and institutional arrangements across countries simply adopting the results of earlier studies will not be logical.

2.0 Literature and Hypotheses Development

Financial statement fraud

Corporate fraud can be used to refer to a wide array of financial malpractices that cut across asset misappropriation, money laundering, accounting fraud, intellectual property fraud and corruption and bribery. In terms of consequence on the economy and society, financial statement fraud or accounting fraud outranks other form of financial fraud. Accounting fraud or material misstatement connote a deliberate mistake made by a company to take advantage of others or to create deceitful impression (Abdullahi & Mansor, 2014). Moreso, the Association of Certified Fraud Examiner (1999) defines fraud as use of one's occupation for personal enrichment through the deliberate misapplication and misuse of firms' available resources. Onibudo (2007) opined that for fraud to occur there must be three elements refers as the 'WOE' which means the will, opportunity and exit that is known as the fraud triangle, which is the perceived pressure, perceived

opportunity and rationalisation to increasing the propensity to commit fraud. Also, fraud is the use of deception to illegally and unjustly obtain an advantage by personnel who are entrusted with corporate responsibilities like governance, and third parties management (AICPA, 2008; Fraud Act, 2006). The US Auditing Standards SAS No. 54 AICPA (1997) conceptualised financial fraud as fraudulent activities that leads to material misstatement. KPMG (2006) defined financial statement fraud as majorly fraudulent financial statement reporting tactics/or patterns which involve managing earnings, intentional window dressing arising from inappropriate revenue recognition and overestimation of an assets or income. From the foregoing, this study view financial statement fraud as intentional misrepresentation of economic transaction in financial reports with a predetermined objective.

Beneish M-Score Conceptualised

The Beneish model is a statistical model computed for a specific firm with the use of accounting data computed into financial ratios. This model is used to ascertain the likelihood of financial statement manipulations. The Beneish M-Score is computed using 8 different financial ratios and the rule of thumb is that values lesser than -2.22 is indicative of a minimal likelihood of fraud otherwise the firm is said to have higher likelihood of committing fraud.

Board Size and Financial Statement Fraud Likelihood

Board size is the number of persons representing different interest group (i.e. shareholders) in the boardroom. According to Jensen (1993), Lipton and Lorsch (1992), for an efficient and effective monitoring of corporate managers, it was suggested that the board size hovers around seven to eight members. Smaller board size (less than 10) are more efficient in monitoring and controlling managers (Yermack, 1996). The study of Chen, Firth Gao and Rui(2006), found no significant relationship between board size and detection of fraud in China firms. This study was in tandem with the discovery of Uzun, Szewczyk and Varma (2004), Carcello and Nagy (2004), Faber (2005), Bradbury, Mak, & Yan (2006)

However, the study of Beasley (1996) linked higher possibility of financial fraud to larger board size since larger boards are less effective in monitoring and controlling managers. On the other hand, Xie, Davdson & DaDalt(2003) found a negative relationship between larger board size and earnings management. There exist, mixed findings as to the relationship between board size and financial fraud across several studies. However determinants of board size should be a function of the firms' size and operating complexity of the firm. However, there are no consensus on what constitute optimum board size. In addition, there is no universal definite number that should constitute the board since different firms with their unique characteristics or attributes.

The empirical evaluation by Beasley, Carcello, Hermanson & Lapidés(2000) on three and result of the study indicated that mechanisms of corporate governance varied between firms considered fraudulent or non-fraudulent firms, as fraudulent firms were found to have a very weak corporate governance practice. Cullinan and Suttom (2002) found that higher proportion of fraud committed were done by top level management with the CEO committing 70% of the fraud while 20% were done by senior managers. CEO duality and board size were found to have no significant relationship with incidence of fraud (Sharina and Othman, 2016).

Sharma (2014) investigation extended the U.S. findings to the Australian context and investigates the nexus between board size and fraud. Using a matched sample of fraud and no-fraud firms from 1998-2010, the study discovered that as the board size increases, the likelihood of fraud decreases.

The relationship between corporate governance characteristics and financial statement fraud in Italian was examined by D'onza and Lamboglia (2014). The empirics covered a period of 11 years using the logistic regression approach. It found the presence of a positive nexus between board size and financial reporting fraud. Yang and Buckland (2010) identified the relationship between financial fraud and corporate governance mechanism as well as analysed the determinants of fraudulent financial reporting among Chinese listed firms. Result indicated that the relationship between board size and fraud is not statistically different with fraudulent and non-fraudulent firms. Hence, the hypothesis stated as

H₀₁: Board size has no significant impact on financial statement fraud likelihood financial in quoted Food and Beverage companies.

Board Independence and Financial Statement Fraud Likelihood

There have been ambiguity and inconsistent findings as to the relationship between board independence and earnings management. Some studies have found a negative relationship between board independence and earnings management, indicating that more independent boards exercise more control (Borokhovich, Parrino & Trapani, 2002; Mulgrew & Forker, 2006). Lipton and Lorsch (2002) found that independent boards are better able to make better decisions, effective control and monitoring. Beasley (1996) investigated the impact of board composition on financial statement fraud with particular reference to board. Result findings indicated that the ratio of executive and non-executive directors had no significant influence on the result although it was found that non-fraudulent firms had higher number of non-executive directors.

The study of Xie et al. (2003) found a significant negative relationship between non-executive directors and earnings management. This implies that higher proportion of non-executive directors in the board encourages better control of management activities especially as it concerns earnings management. Studies have also found that non-executive directors strengthen corporate governance as well as reduce the likelihood of financial statement fraud (Beasley et al 1996). This implies that an independent board has better ability to control management activities as well as reduce probability of fraud.

Carcello and Nagy (2004) discovered that companies classified as non-fraudulent had more independent boards than fraudulent companies. This result was in tandem with the documentation of Beasley et al (1996). Farber (2005) also examined the relationship between financial reporting credibility and corporate governance quality. Result indicated that fraudulent companies had a very weak corporate governance practice. Specifically, the result indicated that fraudulent companies had their board constituting more of external directors, smaller audit committee meetings, high rate of CEO duality as well as small percentage of Big 4 auditing firms. The investigation of Abdullah, Yusof and Mohamd-Nor (2010) found no relationship between board independence and the likelihood of financial misstatement in Malaysia. However, institutional holding was found to have a significant impact on the probability of financial misstatement. Increasing number of institutional owners reduces the probability of financial malpractice. The study found that the higher percentage of institutional concentration reduces the proclivity to financial misstatement.

In addition, Salleh, Steward and Mason (2016) pointed out that that the appointment of quality auditors is promoted by independent boards. Noted in the study, is the employment of quality auditors produces better audit quality especially as it sustains shareholders confidence as to financial reporting credibility/or quality. On the contrary, Li and Ang (2000) noted that board independence had no significant influence on director's performances in monitoring and

controlling management activities. These findings are in tandem with the submission of Bradbury, Mak and Tan (2006), and Mak and Kusnadi (2005). Hashim and Susela (2006) investigated the linkage between board independence and earnings management in Malaysia and Singapore and a positive relationship was documented. Chen, Firth, Gao and Rui (2006) conducted a study in the China context to examine the connection between corporate governance and fraud. The result indicated an inverse relationship between non-executive directors and fraud evidencing that companies with independent board have lesser likelihood of committing fraud. However, Hasnan, Abdul and Mahenthrian (2008), found no significant linkage between independent directors and fraudulent financial reporting in Malaysia. Hence, mixed findings exist in extant studies that need a further evaluation.

H₀₂. Board independence has no significant impact on financial statement fraud likelihood in quoted Food and Beverage companies.

Board Gender Diversity and Financial Statement Fraud Likelihood

Board gender diversity is mixture of male and female in the board of an entity. The absence of women folks on the board of directors is a cause for concern. In Nigeria several studies have documented quite low female-male ratio of corporate boards of quoted companies. The study of Terjesen, Sealy & Singh (2009) have reported that the composition of women on board varied among 43 countries. For example, on the average, it was found that only one country had 20% of women on board (Slovenia at 22%), while the United State averaged 15%, China and Australia averaged 10% of women on boards. More so, in Europe, just recently a legislation was introduced mandating firms to have a specified minimum number of females on board. Norway was the first country EU nation to mandate all listed firms to have at least 40% of female on board (Hoel, 2008). Cabo, Gimeno, and Nieto (2011) reported minimum quotas for female representation on boards across Europe: 40% in large Spanish listed firms by 2015, 40% in large French listed firms by 2017, 30% in Italian-listed and state-owned enterprises (SOEs) by 2015, and 30% in large Dutch firms by January 2016. Responding to the clamour for gender and board diversity, there has been a sharp surge in women conquering top administrative/or management positions (for instance, general managers and directors post) across U.S listed companies. There has been plethora of studies of attempting to investigate the rationale behind the inclusion of female on the board as well the performances of female holding top management positions. Most of these studies have been found to focus on the influence of gender on corporate financial and social performance i.e. charitable giving (Terjesen et al., 2009).

Bulk of the studies done have found that firms having higher proportion of female in the board have better corporate performance. The study of Dollar et al. (2001) investigate the performance of women and found that women are effective in promoting honesty and reducing the level of political corruption. In the U.S, Owosho (2002) studied the performance of female and male directors working in the Big 5 accounting firms. Result indicated no significant difference between male and female directors as it concerns accounting fraud risk. In a survey conducted by Tennyson (1997) among 1585 respondents to ascertain whether there is a significant difference between male and female perception and fraudulent behaviour, result indicated no significant relationship between the behaviour of male and female. Thiruvadi and Huang (2011) conducted a survey among 299 audits in the U.S to examine the role of women. The investigation showed that earnings management were lesser penetrated when female directors were among audit committee. On the

contrary, an analysis carried out on 5,216 firms in China spanning over 5 years opined no significant association between female executive and managing of earnings.

The hypothesis is stated thus: H_{03} : *Board diversity has no significant impact on financial statement fraud likelihood in quoted Food and Beverage companies.*

Board Remuneration and Financial Statement Fraud Likelihood

Board remuneration is the emoluments pay to board members in form of compensation for their service to the firm or entity. Martin and Lerong (2016) carried out investigation on the link executive compensation and fraudulent activities in China firms. The study was conducted for the period spanning 2005-2010. The study documented an inverse relationship between compensation and fraud. Also found that companies with more fraudulent profile have lower executive compensation for their board members. Ling (2016) in a study examine the role of executive compensation in corporate fraud among U. S. companies. The hypothesis was tested to examine if there is a significant relationship between executive compensation and the likelihood of engaging in fraudulent activities. Twenty (20) firms were sampled for the study with the sample disaggregated into fraudulent firms (10) and non-fraudulent firms (10). Result indicated a positive relationship between executive compensation and the likelihood of committing fraud. This indicated that executives with higher pay are more likely to commit fraud.

Erickson, Merle, Hanlon and Edward (2016) conducted a comparative study with the aim of comparing executive equity incentives of firms accused of accounting fraud with firms not accused of fraud. Equity incentives were measured differently and various econometric tests were performed. The investigation found no relationship between executive equity incentives and fraud. These empirics negate the position of policy makers who asserts that incentives from stock-based compensation and the resulting equity holdings increase the likelihood of accounting fraud. Shuto (2007), analysed the effects of discretionary accruals and extraordinary items as forms of financial fraud on Japanese executive compensation. In Japan, observation showed that data on executive compensation is inaccessible by the public, only the sum of all executive compensation is made public. Moreso, executive compensation was measured in the investigation by using data on total cash compensation of directors (sum of salary and bonus) while discretionary accruals were measured using cash flow Modified Jones model (Kasznik, 1999). Shuto specifically examined the connection between components of earnings and executive compensation using a sample of 16,368 firms for the period that spanned 1991-2000. The investigation showed that non-discretionary earnings components are more value-relevant than discretionary components and shareholders are in favour of the more value-relevant earnings components in evaluating executive compensation. Also a negative was found between the relationship of managers who did not receive bonus and income decreasing discretionary accruals and extraordinary items which is a form of financial reporting fraud. The study concluded that managers engage in "big bath" managing earnings when there is no bonus reward.

Hass, Tarsalawska and Zhan (2016) explored the relationship between fraud likelihood and managers' equity incentives among China listed firms. The analysis spanned over ten years and with firms sampled from the Shanghai and Shenzhen stock exchange. While testing for the relationship between equity incentive and the likelihood of committing fraud, ownership features and corporate governance instruments were controlled. The investigation was based on matched-sample and regression analysis approach. The study opined that the likelihood of committing fraud was propelled by managers' equity incentives. Hence we test the hypothesis as: H_{04} : *Board*

remuneration has no significant impact on financial statement fraud likelihood in quoted Food and Beverage companies.

3.0 METHOD AND MATERIALS

This research utilized the ex-post facto research design. The ex-post facto research is a kind of research in which the researcher predicts the possible causes behind an effect that has already occurred. The study population consist of all companies in food and beverage sector listed on the Nigerian Stock Exchange (NSE) as at 2017. The justification for the use of the sector is that it has not been examined by prior studies in the context of fraud likelihood. As at the study period, there are about 19 companies in the Food and Beverage sector listed and this study employed the entire companies as the sample size. Secondary data was utilize for this study. The necessary data were extracted from the annual reports of corporate organizations for the period 2012-2018 financial year which is adequate for proper analysis to be carried out. The logistic regression was employed as the method of data analysis in the study.

Model Specification

The Model for the study was built on the studies of Abdullah, Yusof and Nor (2010). The model specification for the study to be estimated using the logistic regression as follow:

$$P_{jt}(FSFDL=1) = 1 / (1 + e^{-z}) = 1 / \{1 + \exp[-\beta_0 + \beta_1 X_{1,jt} + \mu_{jt}]\}$$

$$P_{jt}(FSFD=1) = 1 / \{1 + \exp[-\beta_0 + \beta_1 BDS + \beta_2 BDIND + \beta_3 BDG + \beta_4 BDREM + \mu_{it}]\} \text{----(1)}$$

We proceed by introducing firm size (FS) and leverage (LEV) as control variables; hence the model is represented below;

$$P_{jt}(FSFD=1) = 1 / \{1 + \exp[-\beta_0 + \beta_1 BDS + \beta_2 BDIND + \beta_3 BDG + \beta_4 BDREM + \beta_2 FS + \beta_3 LEV + \mu_{it}]\} \text{----(2)}$$

Where: FSFD= Financial statement fraud likelihood, β_1, \dots, β_n = slope coefficients; X_1, X_2, \dots, X_n = explanatory variables $BDOWN$ =Board ownership $BDIND$ =Board independence, BDS = Board size, BDG = Board gender diversity, i =ith firm, t = time period, μ_{it} = Model disturbance term.

4.0. Data Presentation, Analysis and Discussion of Findings

TABLE 1: DESCRIPTIVE STATISTICS

	BFSIZE	BDIND	BDIV	FSFD	BREM
Mean	10.02841	0.63	2.165739	6.3409	19.7281
Maximum	20	0.82	5	14.203	87.0291
Minimum	4	0.17	0	-2.1575	12.7281
Std. Dev.	3.2562	2.7667	1.1632	0.3239	0.5920
Jarque-Bera	26.245	27.732	580.883	40.4915	26.2901
Prob	0.000	0.000	0.000	0.000	0.000

Source: Researcher's compilation (2021)

Result indicates that during the period of study, the size of the board averaged 10 individuals with some firms having as high as 20 members and others as low as 10 members on board. The standard deviation of 3.2562 indicates that the series oscillates around its mean. The normality of the data is confirmed by the Jarque-Bera with a p-value of 0.00. $BDIND$ for the period of study is found to average 0.63 evidencing that the board constituted more of independent directors. The minimum and maximum were found to be 0.17 and 0.82 respectively. The standard deviation indicates a low

variation of the data evidencing some little movement around the mean value. Result also indicates that on the average, the sampled firms had an average of 2 females as board members. This is seen from the mean value of 2.165. It is also seen that the minimum value is 0 while the maximum value is 5. The normality of the data is found to be confirmed with a JaqueBerap-value of 0.00.

The average FSFD which is measured using the beneish M-score is 6.3 is greater than -2.22 and this suggest that on the average, the companies in the sample are likely to be engaged in fraud. Result shows that the minimum value (-2.157) and the maximum value (14.20) are both higher than the cut off point. The Jaque-Bera is found to confirm the normality of the data with a p-value of 0.00. BDREM is found to have a mean value of 19.72 with a minimum value of 12.72 and a maximum value of 87.0. The normality of the dataset is confirmed by the Jacque-berap-value of 0.00.

TABLE 2: VARIANCE INFLATION FACTOR TEST

Variable	VIF
BSIZE	1.9151
BDIND	4.910936
BDIV	4.615146
BDREM	2.82011

Source: Researcher’s compilation (2021)

The variance inflation factor (VIF) seeks to identify colinearity issues by identifying how much a variable coefficient have been inflated due to correlation with other explanatory variable. The decision rule for the VIF is that any value above 10 is considered to have been inflated. Our result clearly shows the absence of inflated coefficients as all values are found to be below 10. Hence, we can conclude that our study is free from multicollinearity issues.

TABLE 3: LOGISTIC REGRESSION-ODD RATIOS

	Aprori sign	Coefficient Standard error () p-value { }
C	+	0.2173 (0.4619) {0.473}
BDIND	+	-8.660* (0.018) {0.031}
BDSIZE	+	-1.039 (0.051) {0.437}
BDIV	+	-1.023* (0.026) {0.036}
BDREM	+	-2.023* (0.026) {0.012}
Model Diagnostics		
Pseudo R ²		0.327

Likelihood ratio		36.40
Prob		0.000
Hosmer-Lemeshow		5.16
Prob.		0.739

Source: Researcher’s compilation from Stata 13

In a logistic regression output, the Odds ratios are more informative than the betas reported in table 4.4. The odd ratios (OR) of an event are the ratio of the probability that an event will occur to the probability that it will not occur. When a logistic regression is calculated, the regression coefficient is the estimated increase in the logged odds of the outcome per unit increase in the value of the independent variable. Basically, Odd ratios=1 indicates that changes in the variable does not affect odds of outcome, odd ratios>1 indicates changes in the variable is associated with higher odds of outcome and odd ratios<1 indicates that changes in the variable is associated with lower odds of outcome. Moving to the goodness of fit and diagnostic evaluation of the results, the Pseudo R² of 0.327 suggest that the ownership model explains about 32% of the likelihood of corporate fraud.

The Pseudo R² values for logistic regression are usually smaller than what is seen for linear regression models. The Hosmer–Lemeshow test which examines whether the observed proportions of events are similar to the predicted probabilities of occurrence in subgroups of the model population has p-value of 0.739 which indicates a good fit to the data, therefore, good overall model fit as the closer it is to 1, the better the fit. The likelihood ratio is also significant as p-value <0.05 and thus confirms that the given logistic model with independent variables was more effective than the null model. From the table above, we observe that the odd ratio of BDIND is - 8.660 which implies that changes in managerial ownership will reduce the odds of financial statement fraud likelihood. The odd ratio of BDSIZE is -1.039 which implies that changes in board size will reduce the odds of financial statement fraud likelihood though this is not significant at 5%. The odd ratio of BDDIV is -1.023 which implies that changes in board diversity will reduce the odds of financial statement fraud likelihood and this is significant at 5%. The odd ratio of BDREM is -2.023 which implies that changes in board compensation will reduce the odds of financial statement fraud likelihood and this is significant at 5%.

TABLE 4: CONDITIONAL MARGINAL EFFECTS (DY/DX)

	Aprori sign	dy/dx Standard error () Z-value { }
BDS	+	-0.019 (0.032) {0.545}
BDIV	+	-0.255* (0.117) {0.030}
BDIND	+	-0.787* (0.376) {0.037}
BDREM	+	-0.152* (0.290)

	{0.024}
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Source: Researcher's compilation from Stata 13

Marginal effects for continuous variables represents the instantaneous changes, given that the 'unit' could be very minor. Additionally, borderline effects are of use while interpreting the models results. When BDS increases by one unit (other variables stay the same), the probability of audit quality reduces by 0.019 units though the outcome is not significant at 5% and hence caution is observed in making inferences. With one unit increase in BDG, the probability of fraud occurrence decreases by 0.255 units and this is statistically significant at 5%. With one unit increase in BDIND, the probability of fraud likelihood declines by 78.75 units. With one unit increase in BDREM, the probability of fraud likelihood declines by -0.152 units. From the analysis, BDIND, BDREM and BDIV come across as a highly significant components component that has striking implications on likelihood of fraud occurrence.

4.0 CONCLUSION, FINDINGS AND RECOMMENDATIONS

Financial statement fraud likelihood remain a constant threat to public trust and confidence in the capital markets. This study was carried out to ascertain the relationship between board attributes and the likelihood offinancial statement fraud.

The main summary of the study findings are:

1. The impact of board size on financial statement fraud likelihood is negative which implies that changes in board size will reduce the odds of financial statement fraud likelihood though this is not significant at 5%.
2. The effect of board independence on financial statement fraud likelihood is negative which implies that changes in board independence will reduce the odds of financial statement fraud likelihood and this is significant at 5%.
3. The impact of board diversity on financial statement fraud likelihood is negative which implies that changes in board diversity will reduce the odds of financial statement fraud likelihood and this is significant at 5%.
4. The impact of board remuneration on financial statement fraud likelihood is negative which implies that changes in board remuneration will reduce the odds of financial statement fraud likelihood and this is significant at 5%.

In the light of the study findings, the following recommendations were made:

1. The study recommends that there is the need to also look beyond the size of the board to the composition of the board. Individual of proven public integrity should be brought in to enhance corporate monitoring.
2. Recommends the necessity for additional/or more independent executives director in entity's boards to provide better internal decision control mechanism and checking of management activities with the aim to reduce the likelihood of financial statement fraud.
3. The study also recommends gender mix board composition.
4. The study recommends for the managerial remuneration to be looked into within a broader picture of corporate mechanism to curtail fraud occurrence.

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