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Board of Director's Attributes as Deterrence to Corporate Fraud

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Abstract

Good corporate governance serves a great shield for the company to counter corporate fraud. Several attributes create good corporate governance and one of them is the board of directors. This paper examines the influence of board size, board meeting and board duality in deterring corporate fraud on 99 fraudulent companies listed under the Malaysian Securities Commission enforcement action for criminal prosecution or civil action regarding corporate fraud. These companies are then matched with another 99 non-fraudulent public listed companies in Bursa Malaysia. This study covered a period of ten (10) years, from the year 2000 until 2010. The panel data of ten (10) years was used to provide a stronger suggestion of causality via natural examination and subsequently, would provide better evidence from the analysis of board of director's attributes. Binary logistic regression analysis is used to analyse the data obtained. The result shows that there is a significant influence between the frequency of board meetings and corporate fraud. However, there is no significant influence between board size and board duality toward corporate fraud. This study concluded that in Malaysia the frequency of board meetings can be used as a method to deter corporate fraud. The findings will contribute to enhance the existing corporate governance policy in Malaysia to foster the achievement of zero corporate fraud.

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Keywords: Corporate fraud; Board size; Board meeting; Board duality; Corporate governance

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1. Introduction

There is an alarming increase in corporate fraud as a result of the reduced capability of corporate governance to combat the problem. Poor corporate governance opens opportunities for an irresponsible person(s) to devise a sinister plan to be executed for personal gain. Corporate fraud not only adversely affects the company, but also the public at large, as demonstrated by Enron, WorldCom, Satyam Computers, Lehman Brothers and in the latest, Dell Incorporated. Malaysia too has a fair share of corporate fraud cases such as Baneng Holdings Berhad, Farlim Group (Malaysia) Berhad, and Satang Holdings Berhad. The latest corporate fraud cases involve C.I. Holdings Berhad, Chang Huat Corporations and Inix Technologies Holdings Bhd . This said, it is thus crucial for good corporate governance to be implemented in order to prevent corporate fraud from occurring. Good corporate governance would establish an effective shield for the company against corporate fraud at an early stage.

The Malaysian Institute of Corporate Governance (MICG) has come out with the Malaysia Code of Corporate Governance (MCCG) to strengthen the company's corporate governance. The guidelines cover several parties such as the board of directors and the audit committee. The implementation of corporate governance would provide an assurance to the shareholders that the company would protect their best interests. Further, the code would facilitate Malaysian companies to compete in the global market. The world economies today are moving toward market orientation. Malaysian companies thus need to be more proficient and well managed in order to compete in the global arena.

Several attributes are central in creating good corporate governance, one of which is the board of directors. The board of directors has a steward ship responsibility towards the shareholders, (MCCG, 2007). According to MCCG (2007), the board of directors' is responsible to review and adopt a strategic plan for the company; ensure that the company is properly managed; develop and implement shareholders policy in the company, among other tasks. The board of directors is also created to protect the company from corporate fraud. The board of directors not only monitors the company's activities but also influence it, which means that if there are any problems in the company, they can immediately tackle the problems before it gets worse (Dahya et al., 2003; Tong, 2003; Chen et al., 2006). According to the International Finance Corporation Family Business Governance Handbook (2010), the board of directors could provide additional skills, knowledge and expertise to the management of the company and the board's unbiased decision would provide assurance for shareholders to invest in the company.

The main issue that arises is whether the board of directors is capable to deter corporate fraud. If the board succeeds, it would reduce the chances for corporate fraud to occur. Hence, what are the attributes of the board that would ensure success in deterring corporate fraud? In conducting this study to look into this issue, there were several problems that arose, and one of them is monitoring the company's activities. It is argued that effective monitoring by the board of directors can be used as an indicator of the quality of the corporate governance in the corporation (Foo & Zain, 2010). Thus, if the company is effectively monitored, it would be able to deter corporate fraud. The other issue is regarding self interest in performing board of directors' duty. According to Carcello & Hermanson (2008), most fraud occurs due to the manipulation of the chairman or the CEO for his or her personal gain. Therefore, this study aim's to examine the influence of the board of director's attributes, specifically board size, board duality and frequency of board meeting in deterring corporate fraud in Malaysia.

This paper begins with a review of extant literature on corporate governance fundamentals and corporate fraud followed by the development of the hypothesis of the study. Then, it continues with research methodology that discusses the methods used to conduct this research, samples selection and data collection in order to analyse the variables selected. Next, the paper will discuss on data analysis and findings followed by a thorough discussion on the data analysis and the result of this research. The final section of the paper is conclusions drawn from this study. The paper also outlines the limitations of the study and future research to be further explored on this particular subject.

2. Literature Review

2.1. Corporate Fraud

The United States Department of Justice, Criminal Division (2004-2005: p.2.2) defined corporate fraud as:

"*falsification of corporate financial information, self-dealing by corporate insiders, and obstruction of justice, perjury, witness tampering and other obstructive behaviour relating to falsification or self-dealing activities*,".

The Fraud Act (2006) defines corporate fraud as an intentional dishonest act (include falsification of information) by management, employees or third parties on or against a company to gain advantages or to cause harm on it. The Chartered Institute of Management Accountants (CIMA,2009), defines corporate fraud as an act that involves deception to other parties to make a personal gain for oneself dishonestly and/or to create losses for others. Graycar (2000) also defined corporate fraud as an exercise of dishonesty conducted to gain advantages over others. Meanwhile, Chapman (2000: p.2) defined corporate fraud in the financial sector as:

"*Deceit or trickery deliberately practiced to gain some advantage dishonestly*".

There are many definitions of corporate fraud; however, we can summarise all by stating that corporate fraud is an unethical behaviour that is purposely perpetrated to harm others for one's personal gain. CIMA (2009) highlighted the activities that are considered as fraud, such as theft of cash, omission of information, misuse of company's property, procurement fraud, financial accounting misstatement, corruption, conspiracy, money laundering, and bribery.

According to Levisohn (2009), corporate fraud will increase during economic difficulties. CIMA (2009) supported this statement in their survey which shows that 85% of the companies suffered from corporate fraud in 2008, and the amount is higher than the previous year. For the purpose of this study, we are going to use the definition of corporate fraud by CIMA (2009) which is an act that involves deception to other parties to make a personal gain for oneself dishonestly and/or to create losses to others.

2.2. Corporate Governance

There are several definitions of corporate governance. As quoted by Kooskora (2008: p.194), Lawrence and Lorsch (1986) defined corporate governance as:

"The process of supervision and control intended to ensure that the company's management acts in accordance with the interests of shareholders".

While Cannon (1994), defined corporate governance as the sum of activities that combine the internal regulation of the business in line with the obligations that are being placed on the company by legislation, the ownership, and control which also includes the control over assets, management and operations. However, capability in corporate governance is often being questioned, especially after the downfall of big corporations such as Enron and Xerox. It is believed that the lack of capability in corporate governance is a central reason behind the economic crisis in the East Asian region towards the end of the last millennium (D'Cruz, (1999); Khas, (2002); Che Haat et al., (2008).

In Malaysia, the Malaysian Institute of Corporate Governance, (MICG) has come out with the Malaysian Code on Corporate Governance, MCCG (2007), to increase the effectiveness of corporate governance in Malaysia. The aim is to initiate the right principles and best practices in the structures and processes of a company so that Malaysian companies will cooperate in achieving it. The introduction of this code has affected a great progress in this country's governance standards. The mandatory compliance to the code enabled the shareholders and public to decide whether the company's corporate governance standard is good or otherwise, especially when they want to invest in a certain company. The code also helps provide more transparent information to the shareholders about the company. Therefore, the code is needed due to the current swirling economics forces and to reinvent the company to meet the emerging global competition (MCCG, 2007).

2.3. Board of Directors

The board of directors play a major role in ensuring the shareholder's interests are well protected. The board of directors provides an important corporate governance function as it is part of the top corporate hierarchy in the firm's organisational structure, (Kim &Nofsinger, 2007). Che Haat et al. (2008) noted the board of directors is an important ingredient in solving the agency problem that occurs in the company. According to Hermalin&Weisbach

(1991), the board of directors is a group of people entrusted with certain legal obligations to the shareholders and if they fail to fulfil these obligations, they are liable for it.

According to Kim &Nofsinger (2007), the board of directors has to abide to the business judgement rule, where the directors must act in good faith and sincerely believe that their actions are in the company's and shareholders' best interest. Under the business judgement rule, the board of directors has responsibilities called duties. Kim &Nofsinger (2007) highlighted four (4) duties: (1) Fiduciary duty where the directors have to conduct activities to enhance the company's profit and share value, (2) Duty of loyalty and fair dealing where the directors have to put aside their own personal interests in favourof the shareholders' interest, (3) Duty of care where the directors have to be alert about what happens in the company and are being informed about all the activities. The board of directors also have to make rational decisions for the best interest of the shareholders, (4) Duty of supervision where the directors have to create a set of ethics or rules and ensure the disclosure of the rules.

The board of director's main role is to set the overall strategy of the firm, monitor the management performance and ensure that the suitable corporate governance structure is in place. This includes environmental control, adequate disclosure level of information and protections for the minority shareholders (International Finance Corporation Family Business Governance Handbook, 2010). Neubauer& Lank (1998) also highlighted four (4) main tasks of the board of directors which consists of; (1) securing senior management succession; (2) ensuring the availability of financial resources; (3) ensuring proper internal controls and risk management systems of a company; and (4) report the information to the owner and other interested parties. This demonstrates that the board of directors have the power to appoint, dismiss, and compensate the top management and to approve and monitor the decision made by the management (Che Haat et al., 2008).

2.4. Board of Director's Attributes

2.4.1. Board Size

Board size means the number of directors who sit on the board. The number of directors sitting on the board should reflect the effectiveness of the board of directors. However, according to MCCG (2007), the number of directors on the board does not reflect the effectiveness of the board of directors. Board size has been studied by a number of researchers, (Jensen &Meckling, 1979; Lipton &Lorsch, 1992; Jensen, 1993; Yermack, 1996; Eisenberg et al., 1998). The Korn/Ferry Annual Board of Directors Survey (2004) has highlighted on the average sizes of boards of director in six (6) countries. The result shows that, Germany has the highest average number of directors on board with 16 directors, followed by Japan and France with an average of 13 and 12 directors. On the other hand, Australia has the least average number of directors on board with only 6 directors. The other countries are non-Japan East Asia and the United Kingdom with an average of 8 directors per board.

The Council on Foundations (2010) stated that, a larger board size would give better opportunity for a company to diversify and have different ranges in points of view and ideas which would help in solving the issues affecting the company. However, Jensen &Meckling (1979), stated that smaller board sizes are more effective that larger boards. Yermack (1996) and Eisenberg et al. (1998) also stated that a smaller board of directors produces better financial performance. Huther (1997) supported the statement with his finding; the smaller boards are more effective in enhancing the firm's value. Lipton &Lorsch (1992) and Jensen (1993) examined board size toward effective monitoring. Their study found that the larger the board of directors, the less effective they are in monitoring the corporation. This is because they are unable to engage in honest discussions and this leads to an increase in the competency of the CEO, who subsequently easily manipulated the board. This implies a larger board would increase the probability of corporate fraud.

Consecutively, Uzun et al. (2004) and Chen et al. (2006) examined the relationship between the size of the board of directors and corporate fraud. However, they were unable to find any significant relationship between board size and corporate fraud. This study expects a significant influence between board sizes and corporate fraud because an effective board size would help in deterring corporate fraud. Therefore the first hypothesis is:

H_1: There is a negative relationship between board size and corporate fraud.

2.4.2. Board Meeting

Board meeting refers to the frequency of board meetings within the financial year. The MCCG (2007) suggests the board of directors should meet regularly in order to discuss issues regarding the corporation's activities. Information on meetings such as number of meetings and details of attendance should be disclosed in the annual report. Chen et al. (2006) stated that a high number of board meetings might indicate that the board is aware of the company's activities. However, the number of meetings would also be high if the company is facing financial distress.

Lipton and Lorsch (1992) and Byrne (1996) studied the relationship between board meeting and effective monitoring. The researchers found boards that meet regularly are more active in making sure the corporation is running in the best interest of the shareholders. Kamardin & Haron (2011) also stated that a high percentage of board meeting shows that the directors know about the corporations' activities and are able to monitor the implementation of the strategy in that corporation. However, Jensen (1993) argued that board meetings cannot be used in determining the effectiveness of the board because there are other factors such as length of the meeting, that need to be considered. Conversely, Vafeas (1999) found that frequent meetings only lead to poor performance of a company.

In this study, a significant influence is expected between board meeting and corporate fraud; because more frequent board meetings lead to a more effective board of directors in deterring corporate fraud. Therefore, the second hypothesis is:

H_2: There is a positive relationship between board meeting and corporate fraud.

2.4.3. Board Duality

Board Duality means the position of chairman and CEO is being held by one person only. The issue surrounding this topic is the separation of two roles to provide a proper check and balance over management performance, (Argenti, 1976; Stiles & Taylor, 1993; Blackburn, 1994; Che Haat et al., 2008). However, according to Dahya et al. (1996) the separation of the roles of chairman and CEO received a better market response than the combined roles of chairman and CEO. Which means the separation of roles would help increase monitoring and reduce the information asymmetry, thus the quality of the report will be improved, (Che Haat et al., 2008).

Beasley (1996), Uzun et al. (2004) and Chen et al. (2006) examined the influence of board duality on corporate fraud. However, the result shows that the relationship is not significant. On the contrary, Agrawal and Chadha (2005), found a positive relationship on duality and the probability of earnings manipulation.

Hence, this study expected a significant influence between board duality and corporate fraud, because when a person holds two positions, it would increase the probability of fraud which renders them unable to deter the occurrence of fraud. Therefore, the third hypothesis is formed:

H_3: There is a positive relationship between board duality and corporate fraud.

3. Research Methodology

3.1. Sample Selection and Data Collection

This study focuses on the companies that are listed in the Malaysian Securities Commission enforcement action for criminal prosecution or civil action pertaining to corporate fraud. The fraud companies are listed in Bursa Malaysia. The study covers a period of ten (10) years, from the year 2000 until the year 2010. In order to add variations to the results, this study also matches the fraudulent companies with non-fraudulent companies as a control sample, (Beasley, 1996).

This research used various sources in collecting the data. All the data were accessed freely from the Securities Commission Malaysia and Bursa Malaysia websites. This study uses the annual report for the year when the company committed the crime to measure corporate fraud. In pairing the fraudulent company with the non-fraudulent company, this study followed the method of sampling requirements used by Beasley (1996) and Chen et al. (2006) to ensure comparability of: (a) Firm Size: non-fraud company must exhibit similarity in firm size with the fraudulent company by looking at the total assets of the company. It must be within ± 30% of total assets of the fraudulent company, (b) Market Trade: non-fraud company must trade within the same market as the fraud company

in the stock exchange, (c) Time period: the time period for the non-fraud company must be similar with the fraud company, (d) Industry: a non-fraud company must be involved within the same industry as the fraud company.

The information regarding the boards of directors is extracted from the qualitative section of the annual reports. This research uses the corporate information and corporate governance statement, to collect the respective data for independent variables. The sample size for this study comprises 198 companies of which, 99 are fraudulent companies and 99 non-fraudulent companies. Table 1 shows the statistical description of the fraudulent and non-fraudulent companies by industry.

Table 1. Statistical Description of the Fraudulent and Non-Fradulent Companies By Industry

Industry	Number of Fraudulent Companies	Number of Non-Fraudulent Companies
Consumer Products	14	14
Trading & Services	26	26
Construction	9	9
Property Development	11	11
Technology	7	7
Industrial Products	23	23
Finance	4	4
Plantation	3	3
Hotel	1	1
Manufacturing	1	1
Total	99	99

The size of the board is determined by the number of directors who sit on the board (Uzun et al., 2004; Chen et al., 2006). Board meeting is measured using the frequency of board meetings within the financial year (Uzun et al., 2004; Chen et al., 2006). Board duality is determined using the position of chairman and CEO which is being held by one person only, (Uzun et al., 2004; Chen et al., 2006; Matoussi & Gharbi, 2011).

This study uses the matched control firm which means the dependent variable is measured using binary codes; fraud and non-fraud companies (Fraud = 0; Non-Fraud = 1). Beasley (1996), Uzun et al. (2004), and Chen et al. (2006) also used matched firm control samples to examine their independent variables and corporate fraud. Fraudulent companies are listed companies under enforcement and civil action by the Securities Commission while non-fraudulent companies are listed companies that are not subjected to any enforcement or civil actions from any authourized or regulatory bodies in Malaysia. This study uses corporate fraud as a dependent variable and board of director's attributes (board size, board meeting and board duality), as the independent variables.

4. Data Analysis And Findings

4.1. Descriptive Statistical Analysis

4.1.1. Description of samples

This research used 99 fraudulent companies that are listed under the Securities Commission enforcement action for criminal prosecution or civil action pertaining to corporate fraud. Another 99 companies are non-fraudulent public listed companies in Bursa Malaysia as a matched sample for the fraudulent companies. The total number of sample is 198. Roscoe (1975) as mentioned by Sekaran & Bougie (2010) proposed a rule of thumb in determining sample size. It stated that for research with tight experimental control such as matched pairs, it is possible to have samples as small as ten (10) to twenty (20) in order to produce successful results. The number of sample used in this study, (198 samples) is sufficient to proceed with this research.

4.1.2. Descriptive Statistical Results

Descriptive Statistics provides a summary of all the variables used for this study. Table 2 shows the mean, median, mode, standard deviation and variance for all variables. From the sample of 198 companies, the mean for size of board is 7.26 and standard deviation is 1.925. This indicates that the average size of board for the sample of the companies is around seven (7) directors. The mean for board meetings is 5.20 and standard deviation 1.744, which indicates the average frequency of board meetings is around five (5) meetings annually. A dummy variable is used to measure whether the companies exercise duality structure or not. According to the data, 193 companies exercise board duality and another 5 companies did not. From the result, we can conclude that all samples have on average of seven (7) directors and five (5) board meetings in a financial year with most of the companies exercising board duality.

Table 2. Descriptive Statistics for Board of Director's Attributes And Corporate Fraud

		CF	BSIZE	BMEET	DUALITY
N	Valid	198	198	198	198
	Missing	0	0	0	0
Mean		.50	26	5.20	.97
Median		.50	9	5.00	1.00
Mode		0[a]	11	5	1
Std. Deviation		.501	7	1.744	.157
Variance		.251	99	3.041	.025

a. Multiple modes exist. The smallest value is shown

4.2. Correlation Results

The Spearman's Rank Order Correlation, (rho) analysis is used to identify the strength of the relationship between the variables. The study focused on the relationship between independent variables which is the size of board and number of meetings to ensure there is no redundancy in meaning or definition. Table 3 shows that number of meetings and corporate fraud have a positive correlation of 0.17 at 0.05 significant levels. Thus, number of board meetings has a positive relationship with corporate fraud and is significantly related. However, size of board and board duality have negative correlation with corporate fraud and insignificantly related. Therefore, the variable does not indicate the same meaning and it can be used in this study.

Table 3. Correlations for Board of Director's Attributes and Corporate Fraud

		CF	BSIZE	BMEET	DUALITY
Spearman's rho	CF	1.000			
	BSIZE	-.133	1.000		
	BMEET	.171*	.109	1.000	
	DUALITY	-.097	.197**	.063	1.000

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

4.3. Binary Logistic Regression Model Analysis

Binary logistic regression is a multiple regression with the dependent variable being a categorical variable and the independent variable being continuous or categorical. This means we can identify which categorical dependent variable belongs to certain information (Field, 2009). This analysis is useful for situations in which the researcher wants to predict the presence or absence of a characteristic or outcome based on values of a set of predictor variables.

Binary logistic regression is used because the dependent variable is dichotomous. The dependent variable is corporate fraud which is being measured using binary codes; fraud and non-fraud companies (Fraud = 0; Non-Fraud = 1). This analysis will predict whether size of board, number of meeting and board duality can predict the occurrence of corporate fraud. According to Hartman (2000), logistic regression coefficients can be used to estimate odds ratios for each independent variable in the model. It is assumed that there will be a similar probability for the outcome; fraud or non-fraud occurrence in a company. The predictor values in this assumption is size of board, number of meeting and board duality.

4.3.1. Binary Logistic Regression Model Results

Table 4 and Table 5 show the results of the significant relationship between the attributes of board of director; size of board (BSIZE), number of meeting (BMEET), and board duality (DUALITY) with corporate fraud.

Table 4. Hosmer and Lemeshow Test for Board of Director's Attributesand Corporate Fraud

Step	Chi-square	Df	Sig.
1	7.296	8	.505

First, we have to ascertain the fit of the regression model. The Hosmer-Lemeshow Test is used for assessing overall model fit, particularly where there are many predictor variables, or some of the predictor variables are continuous. Therefore, it is hypothesised the fit of the regression model as such:

H_0: The model fits the data

H_1: The model does not fit the data.

Looking at the p-value (Sig.), if the amount is less then the level of significance, the null hypothesis, (H_0) is rejected. Using the usual $\alpha = 0.05$, the result in Table 4 shows the p-value is 0.50, which means the null hypothesis, (H_0) is accepted. Hence, the model fit the data of this research. Table 5 shows the estimation of the coefficients for the predictors included in the model.

Table 5. Logistic Regression for Board of Director's Attributes and Corporate Fraud

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	BSIZE	-.131	.079	2.710	1	.100	.877
	BMEET	.194	.088	4.819	1	.028	1.214
	DUALITY (1)	1.386	1.172	1.398	1	.237	3.997
	Constant	-.261	.728	.128	1	.720	.771

a. Variable(s) entered on step 1: BSIZE, BMEET, DUALITY.

The B-value (B) represents the value that we substitute in the equation to establish the probability that a case falls into a certain category.Therefore, the regression model is as follows:

$$log(CF) = -0.261 - 0.131BSIZE + 0.194BMEET + 1.386DUALITY \quad (1)$$

Looking at the p-value (Sig.), we can see that from all three (3) independent variables, only board meeting (BMEET) significantly influence corporate fraud with p-value of 0.02, less than 0.05 ($p < 0.05$). Lipton and Lorsch (1992), Byrne (1996) and Kamardin & Haron (2011) also found that board meetings indeed have a positive influence on corporate fraud. Therefore, we can conclude that, in Malaysia, the number of board meetings do contribute in deterring corporate fraud. On the other hand, size of board (BSIZE) and board duality (DUALITY) have a p-value of more than 0.05 ($p > 0.05$), which indicates that the variables has no influence on corporate fraud. This result is consistent with Beasley (1996), Uzun et al. (2004) and Chen et al. (2006) since, they too did not find

any significant relationship between board size, board duality, and corporate fraud. Therefore, we can conclude that, in Malaysia, the number of directors on the board and board duality does not contribute in deterring corporate fraud.

5. Conclusion

In conclusion, board meetings can be used to monitor the company in preventing the occurrence of corporate fraud in Malaysia. A high frequency of board meetings shows that the directors know about the corporations' activities and are able to monitor the corporation operations closely. However, board size and board duality does not have any influence in deterring corporate fraud. This shows that in Malaysia, board size and board duality cannot be used in deterring corporate fraud.

This research would contribute to reduce the knowledge gap on the issue of corporate fraud. The results of this study show that board meetings can be used in deterring corporate fraud. Therefore, the owner, auditor and the public can use the frequency of board meetings as a method to detect the early stage of corporate fraud. This method would be able to shield and protect the company from any dishonest or bad intention toward the company.

In terms of theoretical contribution, it is acknowledged that the role of the board of directors is to protect the shareholders' interest from any management manipulation. This research would be able to help reduce the agency problem by increasing the frequency of the board meetings. This would help to restrain and reign in the agency problem. Educators and practitioners will also benefit from this study. This research would act as a stepping stone for more future research to enhance the formulation of corporate governance policies in order to achieve zero corporate fraud in the world.

However, this research has some limitations. The number of samples is limited by the information published from the Securities Commission in the enforcement of action for criminal prosecution or civil action. We matched the fraudulent companies with the non-fraudulent companies using the requirement used by Beasley (1996) and Chen et al. (2006) as stated in section 3, the fraudulent companies without a matched non-fraudulent companies were omitted from the sample.

Future research should be conducted to explore other attributes such as director remuneration, committees, and board composition that could influence in deterring corporate fraud. Furthermore, board attributes is only one internal element in corporate governance; there are other internal elements such as internal audit that can be explored as well as external element, (external auditor and shareholder). This study also uses secondary data. Future research could use primary data to see the variation in the results. Malaysia should establish an up-to-date fraud database in order to encourage researchers to conduct more research on this topic. The usage of the matching concept would probably restrict the number of companies in the sample. However, if future research were to only focus on the fraudulent companies, it would be able to detect the behaviour of the board structures in the fraudulent companies. This study can be used as a stepping stone to motivate future researchers to explore the subject of this study.

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