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FINANCIAL IRREGULARITIES AND THE PERFORMANCE OF THE GHANAIAN ECONOMY

BY

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DECLARATION

I hereby declare that this submission is my own original work towards the award of the MSc Accounting and Finance, and therefore, to the best of my knowledge, it contains no material already published by other person(s), or any material which has been accepted for the award of any other degrees of the University or elsewhere, except where due acknowledgement has been made in the work.

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DEDICATION

I dedicate this academic work to my husband Mr. Francis Yaw Agyekum as well as my Children and Mr. Rex A. Adjepong for their distinguished contribution towards the successful completion of my study.

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God bless each and every one of you richly**.**

ABSTRACT

The broad objective of this research is to examine the performance of financial irregularities on the overall economic growth and development of Ghana through the application of regression and correlation models to examine the elements of changes and interruptions in irregularities in finances and growth of economy using secondary data obtained from the Ghana Statistical Service and the Auditor General Reports covering the period 2003 to 2019. The results of the analysis of economic growth (GDP) in Ghana revealed a steady significant growth from 2003 to 2019 indicating that the GDP has grown with years, which meant that the performance of the economy has been impacted positively since no particular year saw a decrease. The financial irregularities in Ghana was found to be low and better still minimal within sometime and thereafter fluctuated. A moderately strong positive statistically significant relationship was found between financial irregularities over the time period. The relationship between GDP and financial irregularities revealed moderately strong positive statically significant relationship, with the correlation and coefficient of determination implying financial irregularities accounted for about moderate of the change in GDP by financial irregularities and GPD has been projected to observe a reduction in the near future as a result of financial irregularities. The study concludes that no form of economic setback such as fraud or irregularity, recession did affect negatively the pattern of growth of the economy of Ghana despite the fact that financial irregularities and economic growth were positively related in moderate form thereby allowing predictions. It is recommended that macroeconomic policies pursued to retain the increasing in GDP and to curb financial irregularities and as well as including other factors in future studies.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The Boards, councils and or management of government properties have the obligation to guarantee that public resources depended in their consideration are secured and protected against financial or budgetary inconsistencies, blunders and different types of fumble, misapplication of funds. Depending on the magnitude of such occurrences of financial irregularities, it may have a huge negative impact on culprits and perpetrators, the institution or organization and the entire economic growth and development at large.

According to the report of the Auditor General on the Public Accounts of Ghana (2019), financial irregularities represent either losses that had been incurred by the state through the impropriety or lack of probity in the actions and decisions of public officers or on the other hand, the savings that could have been made, if public officials and institutions had duly observed the public financial management framework put in place to guide their conduct and also safeguard national assets and resources. These financial irregularities are measured using seven (7) main variables which include tax irregularities, cash irregularities, outstanding loans/debts, payroll irregularities, stores/procurement irregularities, rent, and contract irregularities. This research therefore seeks to examine the effect of financial irregularities on the overall economic growth and development of Ghana.

Several financial irregularities that have occurred in recent times have had similar negative consequences on individuals including job loss and prosecutions, on the institutions such as collapse, closure, mergers and acquisitions, leading to the overall effect on the economy and economic growth and development (Bank of Ghana, 2019).

Akyaa (2011) on the other hand concludes that solid related administration in the management of finance isn't an extravagance however a need. In a period of expanded interest for responsible accountable and openness in governance, the public is always and constantly requesting for an effective utilization of government or state assets. As a result, the trust in government and its agencies is influenced by how much assets are seen to be properly taken care of or managed.

Okoye and Gbegi (2013) on the assessment of the effect of extortion and related financial crimes on the development and advancement of Nigerian economy using regression examination and uncovers that misrepresentation and related budgetary crime has important impact on the Nigerian economy while extortion and monetary crime have no huge impact on inflation. Because of the discoveries suggested that Auditors and Accountants in associations and monetary foundations ought to be prepared on the most proficient method to complete measurable examination since the fraudsters are currently advanced in their go about just as the fortifying of internal control frameworks to block opportunities that pull in extortion culprits and oversight capacity of the National Assembly be reinforced to make public office holders responsible. Likewise, Okoye and Gbegi (2013) on the impact of defilement on the development and improvement of Nigerian economy dependent on proof throughout the years demonstrated that extortion brings about banks disappointment and liquidation that sway adversely on funds assembly and credit distribution in the economy.

Similarly, other past investigations conducted uncover that monetary and budgetary crimes have kept on expanding notwithstanding intense approach estimates set up in both created and creating nations. For example, it was assessed that $1.5 trillion to $2 trillion (or around 2 percent of worldwide total domestic product (GDP)) in pay-offs are paid every year in both advancing and advanced nations (Lagarde, 2016).

According to the Global Financial Integrity (2017), it was assessed that illicit financial flows (IFFs) from advancing and rising economies remained at about US$1 trillion of every 2014. Advancing nations are at high danger of occurrences of monetary and budgetary violations with the end goal that the poor in advancing nations pay as high as 6.4 to 12.6 percent of their incomes in pay off (World Bank, 2017).

In Nigeria, an overview led in 2017 uncovers that 95 percent of Nigerians enjoy pay off (National Bureau for Statistics, 2017).

Monetary and budgetary violations, for example, corruption was announced public adversary number one in advancing nations (Kim, 2013). Corruption specifically is viewed as a significant test to twin objectives of completion extraordinary neediness by 2030 and boosting shared thriving for the least fortunate 40 percent of individuals in advancing nations. This implies corruption has negative effect on poor people and on financial development (World Bank Group, 2017).

There becomes the need to set up systems, structures and system which can forestall, stop and recognize abnormalities or irregularities associated with fakes, mistakes before auditors from external audit come in to at last review the fiscal summaries. In current financial related administration functions, the formation of units in charge of both external and internal auditing is prescribed to all types of companies or organizations to help the managers in securing and protecting the assets or funds and other resources of the associations particularly within the public sector. This research will therefore bring to the fore the situation as far as the Ghanaian economy is concerned so that informed and intelligent decisions can be formulated based on empirical evidence.

1.2 THE PROBLEM STATEMENT

Studies have indicated that financial irregularities can be linked to economic activity of both developed and developing nations with its consequential effects. Okoye and Gbegi (2013) presumes that irregularities of finances has critical impact on the Nigerian economy while on the contrary, other forms such as extortion and money related crime have no huge impact on expansion but suggested that Auditors and Accountants in financial establishments ought to be prepared on the most proficient method to complete legal examination. This is as a result of the fact that fraudsters are currently complex in their dealings and for that matter the fortifying of external control frameworks to block opportunities that draw in misrepresentation culprits and oversight capacity of the National Assembly be reinforced to make public office holders responsible.

Saddiq and Abu-Bakar (2019) observes the effect of monetary and budgetary irregularities on the economies of advancing and developing nations find that monetary and financial violations have a negative effect in rising and advancing nations.

Despite the above revealing insights, financial irregularities have impressively increased over the years including recent times with specialists or experts projecting the continuation of this pattern. Some of the irregularities relate to non-payment of funds into the consolidated fund, poor loans recoveries, payments without prior approval documents, and irregularities relating to procurement (Public Accounts of Ghana, 2011). Specifically, the abnormalities identified with stores and purchases or procurement related added up to GH¢780,027.67 during the audit time frame including variations in contract, installments for works uncompleted and coupons of fuel which were inappropriately represented. These are as a result of the inability of authorities, managers and government to hold fast to the Public Procurement Act, and Store Regulations, coupled with lack of proper supervision of subordinate officials and non-utilization of authorizations (De-Waal, 2011).

Also, the Auditor General’s Report (2014) finds the degree of inconsistence with the laws, among others basing on fifty (50) Assemblies to show that an amount of GH¢718,284.18 were made for the inventory of merchandise and ventures however gave no confirmation of conveyance or use of the things. This situation leads to no incentive or value for cash spent and for that matter no value for money spent. Furthermore, Falana (2010) corroborate the existence of realities of gigantic entireties of cash that have either been plundered, abused, shared, blundered or submitted into unapproved ventures. It is troubling to watch the most significant level of wickedness and abnormalities by all levels of government in the administration of the nation's assets and abundance of countries.

It is therefore imperative to address the challenge through empirical approach that would result from research output. This forms the basis of this research by examining the effect of financial irregularities on the economy of Ghana to address the following gaps. It is unclear the nature of the relationship between the financial irregularities and economic growth as to whether it is positive or negative and also peculiar to only the Nigerian economy or generic in most economies. Again, it is also unclear whether the abnormalities related to finances or financial irregularities only resulted in the respective economic growth of the country or are influenced by other socio-economic variables, among others. It is therefore necessary to conduct this investigation with regard to the Ghanaian economy in the light of the above gaps that exist in the reviews above. This will be very relevant in dealing with the challenges in the economic management of the country depending on the results that will emanate from the analysis of empirical data of this research study.

1.3 RESEARCH QUESTIONS

The following relevant questions have been posed to be answered in this study so as help actualize the objectives of the study.

i. What is the relationship between financial irregularities and economic growth of Ghana?

ii. Is there a significant difference in roles of the economic factors in the relationship between financial irregularities and economic growth of Ghana?

1.4 OBJECTIVES OF THE STUDY

A clear-cut idea which is meant to direct the focus of the study and as well as the flow of thought is the objectives of the study. These have been categorized into two main parts as the general and specific objectives.

1.4.1 The General Objective

The main or general objective of this research is to examine the performance of financial irregularities on the overall economic growth and development of Ghana.

1.4.2 The Specific Objectives

i. To examine the relationship between financial irregularities and economic growth of Ghana;

ii. To determine if there is a significant difference in the roles of the economic factors in the relationship between financial irregularities and economic growth of Ghana.

1.5 METHODOLOGY OVERVIEW

A regression and correlation models will be used to examine the elements of changes, varieties and interruptions in relation to financial anomalies and financial development information of Ghana combined with descriptive statistics.

The study will rely heavily on secondary data obtained from the World Bank, Ghana Statistical Service and the Auditor General Reports. The data will specifically comprise of cross-sectional data on yearly financial irregularities, economic growth, population and change in population, and as well as inflation rates covering the period 2003 to 2019. Prior to the inferential statistical tools and methods, descriptive methods and exploratory analytical tools and methods such as graphs, means, standard deviations, among others will be used to explore connections and checking of presumptions behind the application of the techniques of regression.

1.6 RELEVANCE OR SIGNIFICANCE OF THE STUDY

Establishment of an adequate Internal Control and its effective review and assessment by the auditors will go a long way in preventing financial irregularity acts and practices among the stakeholders within the government sector and other third parties. The usefulness and the expected benefit of the study to the country as a whole include the following.

(a) Bringing to light the empirical relationship between financial irregularities and economic growth and the incorporation of the outcomes in checking and curbing all forms of irregularities that do occur in various institutions.

(b) Assisting in unravelling of the deficiencies within organizations which has given ways to all forms of financial irregularities.

(c) Economic development and growth promotion based on the efficient checking and saving government asset which would have been taking away by irregularities acts and thereby enhancing the solvency position of institutions. These will be achievable through the implementation of strong system of internal control.

1.7 LIMITATIONS OF THE STUDY

The study is limited to financial irregularities in Ghana as against the economic growth and development of Ghana covering the period 2003 to 2019, with inflation rate and population change acting as control variables. This will help to critically examine issues of financial irregularities occurring in the Public Sector and to model the relationship that exists between them.

1.8 ORGANIZATION OF CHAPTERS

The thesis will be grouped into five main chapters. The first chapter discusses the background to the study, brief questions to be addressed in the research with accompanying objectives, the limitations of the study, significance of the study and as well as the chapter organization. The chapter two examines related literature in order to conclude on what is known and the unknown to establish a gap that paves way for the conduct of the study. The third chapter on the other hand thoroughly discusses the materials and methods adopted in the study, whilst the fourth chapter gives a presentation, interpretations and discussions of the results discovered from the analyses of the data. The last part which is the chapter five outlines the significant findings that have been discovered together with the conclusion and as well as suggestions that made for consideration.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 INTRODUCTION

This chapter deals with the review of literature to establish the appropriate gap that exist in order to be able to set appropriate subject matter based on the unknown. The review is done through the adoption of conceptual, theoretical and as well as empirical literature.

2.2 CONCEPTUAL REVIEW OF LITERATURE

2.2.1 Definition of Financial Irregularity

Financial irregularities refer to deliberate misquotes or exclusions in fiscal summaries. Inconsistencies incorporate deceitful monetary reporting embraced to deliver budget summaries misdirecting, some of the time called the executives fraud, and misappropriation of advantages, once in a while called defalcations. Inconsistencies may include the accompanying: control, distortion, or adjustment of bookkeeping records or supporting reports from which budget summaries are readied; deception or deliberate oversight of occasions, exchanges, or other noteworthy data; purposeful misapplication of bookkeeping standards identifying with sums, arrangement, way of introduction, or exposure. Therefore, the financial irregularities, as used in this context, do not imply unintentional errors and so is synonymous to financial fraud. Best practices in ensuring financial regularity must be pursued vigorously to improve over existing systems for reducing misapplication and misappropriation of funds to cover a host of areas in accounting including accounts payable, billing, credit, cash management, budget reports, general record, internal audit works, stock, and finance (Bragg, 2013).

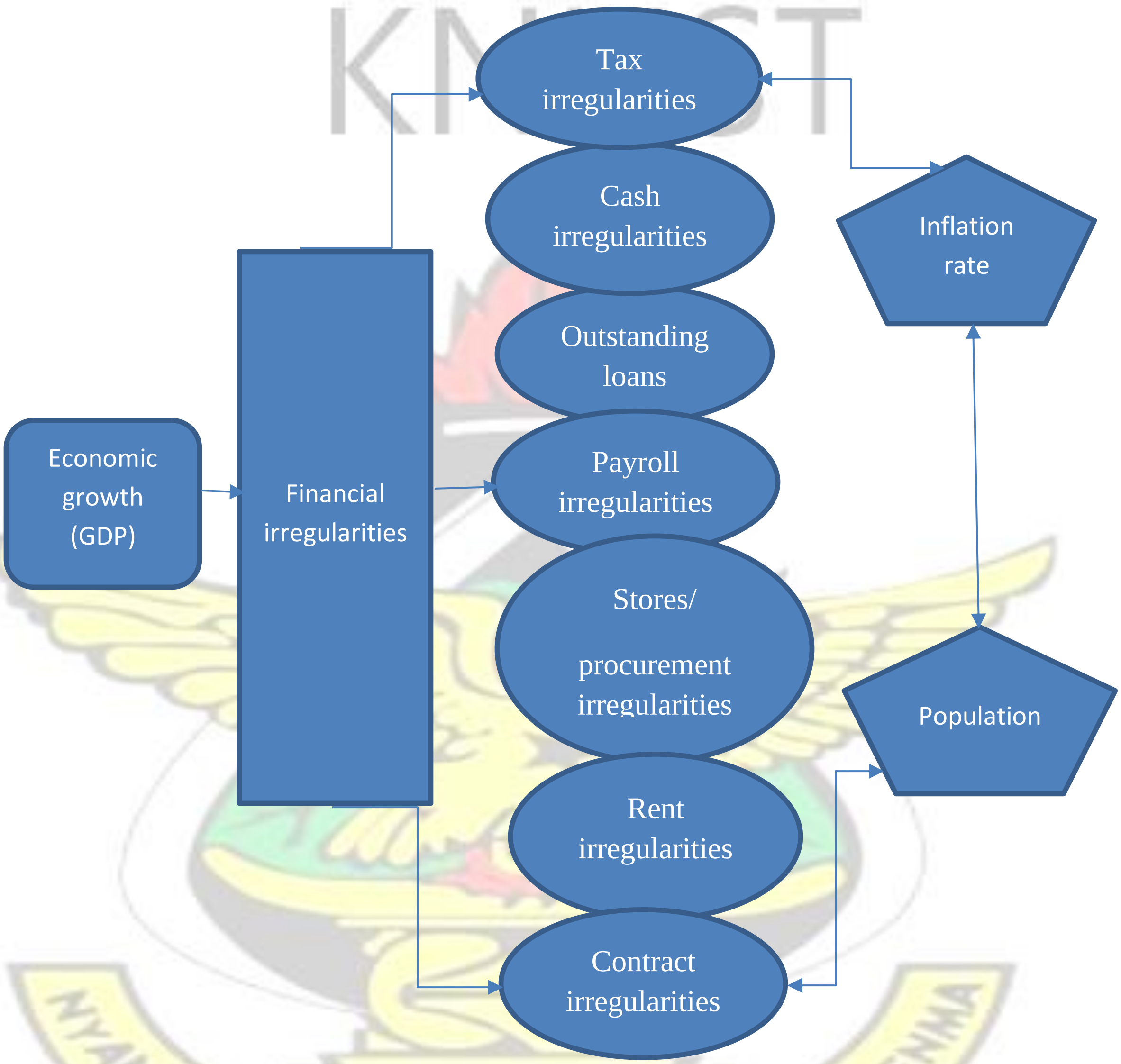

Figure 2.1: Conceptual framework

2.3 THEORETICAL REVIEW OF LITERATURE

This section examines some existing financial theories and how they can be linked and adopted in this research work. These theories include auditing demand theories, fraud theory, agency theory and Clarks theory, among others.

2.3.1 Theories on the Demand of Auditing

The introduced underneath is examination for the speculations that advocate the requirement for performing inspecting and they are as the accompanying: Cop Hypothesis, Validity hypothesis, Arbitrator of Inquirers Hypothesis, Semi Legal Hypothesis, Hypothesis of Enlivened Certainty and Organization Hypothesis.

(i) Policeman theory

This is the most popular hypothesis of evaluating until the 1940s, and it's viewed as away from the presence of inspector. Under this hypothesis the examiner goes about as a cop concentrating on arithmetical exactness and on counteraction of extortion to happen just as recognizing it. Ittonen (2010) the move in the hypothesis of examining, "Check of truth and reasonableness of the fiscal reports" altogether influence the hypothesis informative force.

(ii) Credibility theory

Validity hypothesis is considered as an essential capacity of reviewing, the exhibition of evaluating will contribute in expanding the validity of budget reports. In this manner, the evaluated fiscal reports expected to improve the disposition of the preparers of budget summaries and diminish the data asymmetry that is occurring between the preparers and the clients of budget summaries. Paul and Krishna (2001) expresses that interest for dependable monetary data raised from data asymmetry and organization clashes among directors and outside investors and that strengthened presence of inspectors, to improve Validity of the budgetary data.

(iii) Moderator of claimant's theory

This hypothesis accentuates the significance that every single essential member within the association keep on adding to the advantage of the association. Salehi (2011) to guarantee the progression of commitments, the members must have to accept that they get a decent amount of the organization's pay. In this manner, the inspector is viewed as an "arbitrator of different intrigued members spoke to in the salary articulation", when he offers his input on the exactness of the pay proclamation.

(iv) Quasi-judicial theory

Baser and Rahman (2011) in this hypothesis the reviewer is viewed as an appointed authority in the budgetary data measure. In any case, the examiner level of autonomy and objectivity is by all accounts hindered since the inspector judgment will be influenced by the specialist's pre-concurred reward.

2.3.2 Fraud theories

Some theories which have been propounded to examine fraudulent practices of organizations and individuals involving financial malpractices and irregularities are categorized into four of such theories: the white-collar crime theory; the fraud scale theory; Clarke's theory and the fraud triangle theory.

a). White-collar crime fraud theory proposes that fraudulent practices are learnt and are not genetically. It thus put the responsibility of fraud on individual perpetrators choices and not an uncontrolled genetic force.

b). The fraud scale theory identifies nine motivational causes of fraud, which are categorized into three: situational pressures, perceived opportunity, and personal integrity.

c). The Clarke's theory, like the fraud scale, identifies another motivation of fraud. However, it puts the cause of fraud at the doorsteps of job dissatisfaction.

Monetary success, or the amazing obtaining of millions through individual achievement, is answerable for creating solid pressures to prevail in a barely characterized manner, and to seek after such accomplishment by any investment(s) is the impetus that drives numerous wrongdoers to submit extortion (Dellaportas, 2013). In a hierarchical setting, monetary compels originate from the organization's inability to meet Money Road's desires (Dorn, 2010; Influence, 2013). In different cases, money related weight emerges from the organization's failure to contend with different organizations in comparative enterprises. Inside these domains, fiscal motivations as remuneration rewards are given to chiefs to improve the organization's monetary presentation. Monetary motivators, combined with the organization's enthusiasm for speculators' relations, fill in as added impetuses for chiefs to control fiscal summaries. Business related non-budgetary weights that rouse misrepresentation remember laborers' disappointment and seen disparities for the working environment.

Indecencies, for example, betting and medicates speak to another classification of weights that spur misrepresentation (Dellaportas, 2013). Simple admittance to web-based betting including poker and gaming machines, club and lotto-style games has added to a significant development in the betting business (Kelly and Hartley, 2010).

These expanded opportunities fill in as inspiration for fraudsters to take cash and different resources so as to fulfill their ceaseless reliance on betting (ACFE, 2012).

The wrongdoers' craving for material belongings makes pressure for them to live like their more prosperous partners (Dellaportas, 2013; Neu, Everett, and Rahaman, 2013). The sort of weight experienced by guilty parties in this class fluctuates by their individual conditions (Spirits, Gendron and Guenin-Paracini, 2014). A significant number of these wrongdoers have "egocentric inspirations and a longing to have beyond what one can manage, informally alluded to as 'staying aware of the Jones" (Dellaportas, 2013). Egocentric inspirations fill in as an impetus to the fraudster and are supposed to be "any weights to deceitfully upgrade individual renown". This kind of intention is for the most part "found in those individuals with forceful conduct and want to accomplish higher practical expert in the organization". Wrongdoers in this class are amazingly eager and are fixated on force and control; character attributes that make them bound to take part in unsafe conduct that could prompt fraud (Dellaportas, 2013).

d). The Cressey’s fraud triangle theory however, dominates all three proposed theories. The tenets of this theory seem to cover all aspects of this current study. Hence, it was adopted as the theoretical basis for this research. The detailed review of this theory, which relies heavily on the earlier works of Lokanan (2015), is given below.

Cressey hypothesized that people commit extortion in light of non-sharable monetary pressure. Non-shareable budgetary pressure is a money related strain experienced by a person, which the individual doesn't plan to impart to other people. The person's failure to impart the money related strain fills in as an inspiration to violate the law so as to take care of the issue. The writing on the strain to submit word related misrepresentation can be extensively ordered into budgetary pressures and non-monetary pressures (Albrecht, Albrecht, Albrecht, and Zimbelman, 2012).

Non-monetary pressures can be additionally ordered as (1) business related pressure;(2) pressure related with betting and illicit drug use (Kelly and Hartley, 2010); and (3) pressure related with people who need to get by rich ways of life (Dellaportas, 2013).

2.3.3 Agency Theory

One steady topic in policy implementation is whether an administration portfolio ought to be sorted out as a coordinated service or as a double organization made out of a clerical division with one or a few semidetached offices (Verhoest, Roness, Verschoor, Rubecksen, and MacCarthaigh, 2010). After some time, organizations appear to have been moved out of and into pastoral offices, regularly in a cyclical way.

Offices should appreciate some self-sufficiency from their individual clerical offices with respect to dynamic (Verhoest et al. 2010). Be that as it may, the particular priests regularly save the political duty regarding organizations' exercises.

Agencification might be represented by (1) organizational, (2) functional, (3) contingency, and (4) institutional methodologies (Trondal, 2014). As per an organization or institutional methodology, offices come to fruition through force battles and bargains adapted by previous authoritative structures. Authoritative change is confined by the legacy of structures, and new offices are in this way liable to be implanted inside existing hierarchical design (Radin, 2012). As indicated by a functionalist account, agencification is a reaction to aggregate activity issues.

In this process, the specialist's entrepreneurial conduct can bring about the formation of good risk and unfavorable determination (Kim and Cho, 2015). The chief can use a few control gadgets to constrain the specialist to perform better and subsequently moderate the impacts of data asymmetry and objective clash.

Overman and Thiel (2015), found a negative impact of agencification on both public division yield and proficiency, and thus refuted the economic claims about agencification implication of agencification theory on present study.

As it is obtainable in Agency Theory, the Public will constitute the Board of Trustee excluding the principal so that the interests of the investors won't be relinquished to a degree for the board, as such, there will no administratively advantage and office misfortune. The organization relationship is confronted with a key issue, which is managing the conduct of the operator and his longing to boost their own utility capacity, which may not be steady with the goals of the head (Bouckovd, 2015). From this raises the organization issue where the operator may not act to the greatest advantage of the main, for example, in embezzlement of resources.

In conclusion therefore, the issues as contained in the fraud theories, agency and audit demand theories are necessary breeders of financial irregularities. As a result, these three major theories are adopted in this study.

2.4 EMPIRICAL LITERATURE

Quashie (2019) observes high levels of irregularities abounding in the performance of the procurement function despite government's introduction of procurement regulation in 2003 to govern the public procurement based on the assessment of the Auditor General's reports for the years 2014 to 2018 which pose high corruption risk to the procurement process by creating fertile grounds for fraud and corruption in public procurement practice at the District Assemblies due to the elusiveness of implementation of the tenets of the procurement regime. Resorting to innovations reported in other jurisdictions to address the gap was proposed. This implies an integration of a strong ICT approach.

Ateya and Kukreja (2015) accentuates that it is intriguing to know the impression of investment banks of Bahrain on the viability of the monetary review report in fighting money related abnormalities by examining 36 speculation banks in Bahrain to express their assessments on the adequacy of the budgetary review report. The consequences of the examination indicated that the money related review report is successful and the investment investors effectively comprehend the substance of monetary review report; the speculation brokers viewed the budgetary review report as a dependable and applicable wellspring of data; the money related review report is considered as a foundation in dynamic and goes about as a key component in keeping up safe venture condition in Bahrain in curtailing financial irregularities.

According to Driel (2018) fraud and different questionable money related practices, their determinants and their outcomes according to their predominance and nature of the practices basically controlled by singular characteristics, firm administration and control, the financial condition, and guideline. Peers understand questionable practices by building stories, potentially surrounding them as embarrassments, which are probably going to prompt endeavors at administrative change. It is basically the financial effect of questionable practices that decides if guideline turns out to be essentially stricter. Existing plans for change firmly impact the substance of administrative reactions.

Okoye and Gbegi (2013) accesses the effect of fraud and related monetary violations on the development and improvement of Nigerian economy using optional information sources by the application regression investigation and found that, extortion and related budgetary crime has critical impact on the Nigerian economy while extortion and money related crime have no huge impact on inflation. The examination hence, suggests that evaluators and accountants in organizations and monetary organizations ought to be prepared on the most proficient method to complete scientific examination since the fraudsters are presently refined in their demonstration. Likewise, inward control frameworks ought to be fortified to square opportunities that draw in extortion culprits and oversight capacity of the Public Gathering be reinforced to disclose office holders responsible.

Arjan (2016) argues that the observational universe of budgetary inconsistencies fraud as it has been archived in the scholastic writing by depicting the various types of fake conduct with regards to monetary market exercises, the predominance and results of such conduct as recognized by past exploration, and the financial and market structures that researchers accept encourage it. The outcomes uncover budgetary extortion as an unpredictable marvel that can take totally different structures, contingent upon the market sections in which it happens, the money related instruments it relates to, and the entertainers included focused on further that the improvement of new central irreconcilable circumstances and unreasonable motivator structures in the monetary business; an inundation of unsophisticated, artless members in the money related commercial centre; the expanding multifaceted nature associated with money related market exchanges because of fast mechanical, lawful, and monetary advancement and an ever-enlarging menu of money related items; and an expansion in the utilization of advocated mystery as exacting privacy rules around banking and legitimate administrations and the utilization of shaky sheet developments and shell organizations situated in mystery purviews have encouraged money related abnormalities.

Acquah (2017) finds an increase in financial irregularities in secondary schools in Ghana based on the Auditor General's (AG's) report on Pre-university Educational Institutions for the years 2010 to 2014 by the application of correlational survey design and using the years 2010 to 2013 as the dependent variable (financial irregularities). The regression analysis showed that two aspects of school governance (gender of headmaster and board size) and financial controls (accounting software) accounted for 30.3% of cash irregularities, with only one aspect of school governance (board size) explaining

25% of the variance in the overall financial irregularities. It is recommended among other things, that more matured and experienced ones should be appointed as heads of institutions.

Fraud introduced in the surveyed examinations falls into the two primary general classes of extortion recognized in the writing which included resource misappropriation and arrangement of bogus or deceiving money related data. These primary kinds may go together, as, for example, when administrators redirect organization cash to their own totes or to those of accessories on the affection of conveying certain products or administrations to the organization. This training may sometime go as far as selling partakes in non-existing organizations, that is, outright phony.

A few specialists contend that on a very basic level dissimilar to 'conventional crimes', professional crime isn't unmistakably discrete from normally working a business. This essential knowledge not just makes understanding the characteristically socially developed nature of extortion, yet in addition clarifies why it is regularly so natural to hide (Berghoff and Spiekermann, 2018).

Discovery of extortion is a piece of its social development which advances after some time. For example, throughout the seventeenth century, British private abroad exchange lost its past meaning of extortion, while the East India Company as an enterprise came to be reprimanded just like a vehicle for fake practices (Pettigrew, 2018). To assess the social development of challenged money related practices, a specific degree of exactness is required in how those practices are depicted. Dyer (2013) proposes that the business disappointment in 1923 of L.R. Steel's US retail chain, which tricked 60,000 financial specialists, was not because of false goal: 'There is nothing unlawful about losing cash'. However, in his scantily commented on book, this writer doesn't advise us what the stock sales reps enlightened the speculators concerning the money related possibilities of the organization, whose stores quickly growing in number since its establishing in 1919 never got gainful.

Government authorities and news media could and constructed extortion and embarrassment, frequently couple. There was space for various assessments of questionable practices, especially when target principles for legitimate conduct were deficient. In 1849, after the British railroad insanity bust, George Hudson was darkened in a few papers when it became realized that he had distorted the benefits of rail route organizations to legitimize unjustifiable profit instalments and had advanced himself with organization reserves. Nonetheless, the idea of 'benefits' was not lawfully characterized at that point, while chiefs' pay rates were negligible to such an extent that the allotment of organization cash by Hudson was acknowledged, at any rate by certain onlookers, as real remuneration for his administrations and as a result was not prosecuted (Taylor, 2013).

Industrialisation and the ascent of a national market economy as essentially fundamental expansion in questionable strategic approaches has been a portion of the characteristics as considered by certain creators. This monetary change was empowered by a scope of advancements in transport and correspondence. In the developing new monetary setting, standards for legitimate business conduct were missing and financial relations turned out to be more unoriginal. Exchanges progressively happened between far off gatherings, so that evaluating the counterparty's dependability turned out to be more troublesome (Balleisen, 2017). Financial entertainers could gain by this expanded data asymmetry in their questionable dealings, and yet were stood up with rising serious weight.

Developments reproduced unnecessary risk taking as they would in general fuel blasts, which were definitely trailed by busts which were considered as a significant hidden reason for budgetary anomalies. Consequently, a blast in an economy can be an exemplary introduction to monetary inconsistencies and different outrages. In the rise stage, happiness prompts foolishness and disregard, while chances to submit fraud without getting captured is augmented. At the point when the blast is trailed by a downturn or even a frenzy, ventures bring about misfortunes and organizations will at that point attempt to disguise their over the top hazard taking by taking part in questionable practices or outright fraud (Hollow, 2015).

Keep and Vander-Nat (2014) explains how a development made huge data asymmetry dating from later occasions. In a typical MLM, autonomous merchants of items get section expenses and additionally an offer in deals from wholesalers enrolled down the line. Despite the fact that the writers don't indicate when what they consider to be false utilization of MLMs got far reaching, one examination believes the majority of them to be inalienably deceitful: 'For members to recover their own speculation and apparently considerably more, true to form by the members they all need to create further downline enrolment. In this manner, a circumstance is made in which the ideal recoupment won't, and can't, work out as expected for by far most of the members' (Keep and Vander Nat, 2014).

Significantly more frequently, directors of firms had the option to control administration without any problem. A typical stunt was to accomplish validity by naming to a board renowned agents and other respectable people who didn't play out any compelling administering capacity however filled in as ‘decoy ducks’ or ‘puppets’ (Chandler and Macniven, 2014; Hollow, 2015).

Jabez Spencer Balfour and his associates used assets for an enormous scope from the Liberator Building Society, which Balfour had created from its introduction in 1868 into Britain's biggest structure society, to fund theoretical structure ventures by unified organizations, while imagining that Liberator was basically providing home loans to little home-purchasers (Chandler and Macniven, 2014; Taylor, 2013). bookkeeping extortion, including making paper benefits through imaginary exchanges between part organizations of the Balfour members, was used to shroud the bankruptcy of the members from the public eye. As the director and primary proprietor of a huge global domain of organizations, the Swedish 'match king' Ivar Kreuger was basically working a huge pyramid scheme' (Öhman and Wallerstedt, 2012).

There were additionally different cases in which accountants recognized fraud, both in Britain from the 1850s onwards (Hollow, 2015) and in the US in the mid twentieth century (Solsma and Flesher, 2013). In spite of these evaluator victories, examines propose that overall auditing was not a sufficient shield against money related abnormalities or any sort of monetary extortion. Both in the Balfour and the Kreuger fraud, reviewers were indicted for their complicity with certain accountant acting as assistants in the huge US investment funds and loan extortion of the 1980s (Chandler and Macniven, 2014; Öhman and Wallerstedt, 2012). Hence, corporate administration has not altogether forestalled questionable practices in later occasions either. Cheffins (2015) contends that the US remained to a great extent liberated from enormous embarrassments during the 1950s and 1960s, regardless of there being basically no viable oversight of executives by board or investors in this 'administrative private enterprise time' (rather, as indicated by him, both the overarching awareness of other's expectations among heads and guideline by and large kept outrages from happening during this period.

Financial irregularities or fraud is regularly ascribed to the eagerness of individual entertainers. Not all creators stay upon people qualities as a fraud determinant however they may underestimate insult expectations or maybe hesitant to psychologise about the thought processes of the fraudsters is phenomenally unequivocal about the fundamental cause of the floods of enormous embarrassments that happened in the US around 1900 and 2000: They credit instances of questionable conduct principally to hubris (Balleisen, 2017) want to accomplish acknowledgment (Hollow, 2015) guileless good faith or inadequacy and to endeavours to keep a battling business above water or to cover up or recoup prior misfortunes (Schenk, 2017). Also, Woloson (2012) alludes to a nineteenth century source while crediting the far-reaching utilization of retail premium plans as enticing shoppers to purchase an overrated article by including a low-esteem 'blessing' which was now and then simply a lottery pass to 'monetary need'.

The laws and regulations that exist have certainly been used so far to battle fraud from an early stage. However, absence of assets and labour could truly restrain the identification and concealment of fraud by specialists, which was additionally blocked by holes in management or, the inverse, by covering purviews. Authorization of law and different standards was regularly careless or not predictable (Taylor, 2013).

Overall, however, the press assumed a significant job in uncovering questionable budgetary practices and worked as a supplement to or even a substitute for the experts in battling financial irregularities or frauds (Klaus, 2014). Since the fourth republic in Ghana, most financial irregularities, and related crimes are only heard of for the first time mostly in the press. In Britain, especially from the 1840s onwards, 'guard dog journalism' filled the 'administrative vacuum that the insufficiency of authoritative protections against extortion had caused' (Taylor, 2013). Diaries uncovered the deceitful or unduly unsafe nature of a few organizations, adding to their resulting breakdown. Moreover, under tension from the press for more transparency, most of business entities unveiled more money related data than endorsed by the progressive organization laws from 1844, so the press likewise in an indirectly way constrained monetary order on these organizations. Accordingly, a few interwar outrages on the unregulated edges of the English budgetary area set off stricter guideline of agents (Hollow, 2015).

According to Balleisen (2017) the best antifraud methods were 'good suasion and quick systems of administrative change'. In the US, in the decades promptly following World War II, tight financial guidelines and association quality got control over chiefs slanted to faulty conduct, while the oligopolistic circumstance just as legislative guideline in numerous enterprises additionally brought down the serious weights on built up firms to take part in dangerous undertakings (Cheffins, 2015).   From the last part of the 1970s, deregulation returned to the past, and this is currently observed by numerous individuals as liable for the large outrages that surfaced in the next decades.

Irregularities related to finance, fraud and embarrassments have had a possibly huge effect on financial conditions. A few investigations express that influxes of embarrassments caused a weakening of the business atmosphere and a drawn out loss of trust, especially with respect to speculators, in the organizations and ventures included or even in the economy on the loose (Chandler and Macniven, 2014).

In a few contemporary instances of contested practices, press reporters embraced this 'nothing new' outline (Taylor, 2013). Different defences of this sort were clearer. In a criticism preliminary in 1891, when blamed for veiling his huge stake in shares in a South African mine by utilizing a candidate investor, English paper editorial manager and advertiser Harry Checks basically announced: 'It happens each day'; and similarly the assistant who encouraged Imprints' practices by figuring as a chosen one seller of ranch land to the mine remarked (Klaus, 2014). Similarly, in Ghana is popularly termed as ‘the value is the same’ especially when such crimes are committed by political activists and so most likely to get away with it. A Swiss vendor blamed for rebel exchanging at Lloyds Bank Global affirmed in 1974 that 'unmistakably I do not have the virtuoso to have been the designer of such refined strategies for cover completely all alone' (Schenk, 2017).

It was enticing for specialists to accuse financial conditions, for example, monetary emergencies or 'frenzies' as a component of a blast bust situation, financial approach, and other large-scale financial conditions for their failure.

Financial entertainers could likewise twist the well-known 'the same old thing' story to an edge in which questionable practices turned into a condition for remaining in business, hence unequivocally censuring serious weight for their conduct. All the more as of late, in the discussion produced by the Enron and WorldCom outrages of 2001 and 2002, delegates of the bookkeeping business censured expanded serious weight for their sharp practices.

As has been seen, unpractised financial specialists are a trademark component of a monetary situation helpful for misbehaviour. It is a most surprising finding of this writing study that for a long-lasting reprimanding casualty for their own misfortunes filled in as a compelling method of supporting questionable practices. Until well into the nineteenth century, the English specialists and the press over and again credited individual instances of extortion basically to the eagerness and naivety of financial specialists (Taylor, 2013). Such casualties didn't merit assurance. The principle contention pundits utilized against indicting the Railroad Lord George Hudson was the ravenousness of the investors he had tricked (Taylor, 2013). Despite the fact that there is less narrative proof of how such contentions were utilized specifically cases, comparative assumptions were by regular among nineteenth century Americans, who would in general have hatred for 'suckers' who succumbed to their own covetousness (Balleisen, 2017). Beneath it will be demonstrated that a changing valuation for the individual obligation of survivors of fraud was a focal piece of the move towards stricter guideline from the late-nineteenth century.

The studied writing gives a couple of models where indulgent administration and control, or even no such controls by any stretch of the imagination, were legitimized as permitting innovative carefulness. Before his bunch of organizations crumbled in 1932, Ivar Kreuger had demanded 'that the fiscal reports not be reviewed' and 'lectured a way of thinking that mystery was vital to corporate achievement's (Öhman and Wallerstedt, 2012). Also, after its procurement by Ferranti in 1987, James Guerin's extortion ridden ISC kept on being directed by an intermediary board, in accordance with a since quite a while ago held inclination inside Ferranti that business people like Guerin ought to be given however much opportunity as could reasonably be expected (Wilson, 2013). The numerous different chiefs who situated 'manikins' in the board most likely shared, however didn't voice, an account that was based around guaranteeing enterprising attentiveness. In a comparative vein, accountants blamed for carelessness in the prominent Enron and WorldCom outrages of 2001 to 2002 accused the absence of data they had gotten from the customer organizations. (Wilson, 2013).

A customizing defence habitually utilized by culprits and their supporters, especially in legal disputes, was to move consideration from the deeds of the blamed to their individual attributes, guaranteeing sincere goals and individual benefits appeared, for instance, by altruistic exercises. In most announced cases this defence didn't enable the culprit to get away from sanctions. Legal counsellors, family members, companions, and different supporters who adulated his character were countered by casualties, the media, and investigators situating him as an evil character (Balleisen, 2017; Hausman, 2018; Hollow, 2015).

Finance managers and their defenders had more accomplishment in justifying questionable practices when they accentuated their positive results. On numerous occasions, mining advertisers and their supporters including a few authorities and lawmakers shielded the budgetary malpractices with a story that betting was a piece of the game in the mining industry and with claims that new, profoundly theoretical endeavours upheld monetary turn of events. All things considered, the liberal account found a responsive ear in a few controllers, who settled on a none-too-severe implementation of the guidelines.

As a major aspect of their story, Canadian mining advertisers introduced themselves as the bosses of little financial specialists by selling them 'penny stocks'. A few fraudsters likewise drew upon insurrectionary assessments (Balleisen, 2017) and developed a sort of emancipatory story in which they asserted they were serving the average citizens whose interests were being dismissed or even encroached upon by built up money related establishments.

Stressing the considerate external impacts of sharp strategic policies was a conspicuous expository gadget to delegitimise administrative obstruction. Such a casing praising free endeavour fits into a mainstream see that an excessive amount of guideline prevents innovative advancement and monetary turn of events and that 'extortion is a side-effect of a generally fruitful market economy, and is to be endured accordingly' (Toms, 2017). In the proviso emptor teaching, insurance of potential casualties was not required and guideline could even exacerbate the situation by giving financial specialists and customers a misguided feeling that all is well and good.

2.5 CONCLUSION

The review of the literature based on conceptual, theoretical and empirical so far proposes that the monetary condition has a relentless impact most outstandingly through advancement on encouraging or in any event, invigorating questionable practices, that administration and control and guidelines have just a powerless safeguard impact, and that singular characteristics and guideline, however limited by the unique circumstance and shows of the specific timeframe, are significant in clarifying the predominance of money related misbehaviour. The budgetary ramifications for casualties could be noteworthy and would in general increment after some time, while the overall business atmosphere could likewise endure because of money related abnormalities, prompting business disappointments as contained in hierarchical objectives.

CHAPTER THREE

DATA AND METHODOLOGY

3.1 INTRODUCTION

The methodology chapter describes and discusses the research technique or approach which was adopted in carrying out this research activity. It particularly examined the data and the sources, types of data, and as well as the specification of the econometric model.

3.2 THE DATA

3.2.1 The Data and Sources

Data for the study were purely quantitative data obtained from the United Nations Population Division of the World Bank, that is the World Bank national accounts data, and OECD National Accounts data of World Population Prospects: The 2019 Revision and also from the Reports of the Auditor General on the Public Accounts of Ghana from 2003 to 2019. Data on the following variables: the gross domestic products, inflation rate, change in population (growth rate) were obtained from the world bank national accounts data, whilst that of financial irregularities were on the other hand obtained from the Auditor General's Reports. The data actually comprised of the annual data for each of the variables for the seventeen (17) year period from 2003 to 2019 after screening to ensure the inclusion of years with readily available data.

Based on the data subject to the objectives of the study, the gross domestic products was used as the main or the dependent variable, financial irregularities as defined and categorized by the Auditor General's Report as the independent variable, with inflation rate, change in population (growth rate) being used as control variables giving rise to four (4) variable data with each having 17 observations measured on annual basis. This implies a time series data since the data was collected in a uniform set of time period across the four variables and as a result time series multivariate regression model was fitted to the data.

3.3 METHODOLOGY

3.3.1 Econometric of specification model

The study employs the panel equation $Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$………(1), as the main model in the assessment of financial irregularities and the performance of the Ghanaian economy. From the econometric model adopted,

Y is economic performance or growth given by GDP representing the dependent variable. It measured by the total output (monetary value) of goods and services within the economy usually for one year;

$\beta 0$ is the constant or intercept of the Y or the dependent variable;

X1 represent financial irregularities which is the independent variable in this study. It is the sum or composite of all seven components of financial irregularities which include tax irregularities, cash irregularities, outstanding loans/debts, payroll irregularities, stores/procurement irregularities, rent, and contract irregularities;

$\beta 1$ is the coefficient of X1 which is the measure of the rate of change in economic performance as a result of change in the X1 variable (financial irregularities);

X2 represent inflation rate which is a control variable to examine how it controls performance in the presence of financial irregularities. The inflation rate is the measure of the change in the prices of goods and services in percentage terms within the economy on annual basis;

$\beta 2$ is the coefficient of X2 variable which is the measure of the rate of change in economic performance or growth as a result of change in x2 (inflation rate);

X3 is change in population (growth rate) also being another control variable to see if it also has any effect on the dependent variable or not by controlling the independent variable. The population change is measured by the percentage change in population or growth on annual basis;

$\beta 3$ is the coefficient of X3 which is the measure of the rate of change in economic performance or growth as a result of change in X3 (change in population or growth rate);

and finally, ε being the error term which accounts for all other variables not included in the model. It vanishes immediately after the model is fitted.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.0 INTRODUCTION

This part presents the outcomes acquired from the investigations of the information, the interpretations and discussions of the results. This investigation fundamentally tried to examine the relationship between irregularities occurrences in finances and the economic growth and development of Ghana by particularly i) examining the relationship between financial irregularities and economic growth of Ghana; ii) determining the role of economic factors of the relationship between financial irregularities and economic growth of Ghana; and iii) determining if there is a significant difference in the roles of the economic factors in the relationship between financial irregularities and economic growth of Ghana.

The results from the analysis of the relevant data have been presented in a chronological order using both descriptive and inferential investigation dependent on the specific objectives as contained in this study.

4.1 UNIT ROOT TEST AND CORRELATIONS BETWEEN THE VARIABLES

Prior to the main analysis, the unit root test and correlations have to be performed to ascertain the stationarity of the series and also the correlations among the variables. This is a fundamental requirement in multivariate time series regression analysis. These are respectively presented in Table 4.1a and Table 4.1b as indicated as below.

Table 4.1a: Unit Root Test

Variable	Type of tests	Lag order	Value	P-Value
GDP	KPSS	14	2.894	0.999
FIN. IRREGULARITIES	KPSS	10	3.183	0.977
Inflation (%)	KPSS	12	8.855	0.715
Population	PPT	7	31.863	0.000

The Table 4.1a report the results of the unit root test performed in ascertaining the stationarity of the series. Based on the Kwiatkowski-Phillips-Schmidt-Shin (KPSS) and Philips-Peron Test (PPT), two sets of hypotheses are tested as follows.

The Phillips-Schmidt-Shin (KPSS) test for the null hypothesis of a level stationary against an alternative of unit root. At an alpha level of 0.05, the decision is that the null hypothesis is rejected if the P-value is less than the level of significance. Since the P-values are all greater that the chosen alpha value of 0.05 for the variables GDP, financial irregularities, and inflation, we fail to reject the null hypothesis the presence of a level stationary series. It therefore can be concluded that the time series tests indicate that the series is stationary.

The Philips-Peron Test (PPT) on the other hand is used to test the null hypothesis of a unit root against the alternative of a stationary series. In this test, the decision rule is to reject the null hypothesis of a unit root if the P-value is less than the level of significance value.

Since the P-value of 0.000 is less than the alpha value of 0.05, the null hypothesis of a unit root is rejected and therefore conclude that the series is stationary.

Table 4.1b: Correlations among the variables

Variable	GDP	Fin. Irregularities	Inflation (%)	population change
GDP	1			
Fin. Irregularities	0.598807012	1		
Inflation (%)	-0.325533297	-0.262118945	1	
Population	-0.93692858	-0.534449575	0.12516889	1

The correlations among the variables have subsequently been performed here as contained in the Table 4.1b to ascertain whether there is the presence of serial correlations or autocorrelation in corroborating the unit root tests outcomes above.

From the Table 4.1b, it is expected that the correlations among the explanatory or independent variables will be insignificant, weak or no correlations at all whilst that of that between the dependent and the independent variables are expected to be strong or significant. This condition will permit proper analysis as far as the regression analysis is concerned. It particularly shows that a moderately strong positive relationship between

GDP and financial irregularity. This is in sink with economic theory since there exist a relationship between financial irregularities and GDP. All the other variables which are the independent variables per their values indicate weak, insignificant correlations. This implies the absence of serial correlation. This therefore means that the time series multivariate regression model can be performed.

4.1 DESCRIPTIVE ANALYSIS OF THE VARIABLES IN THE STUDY

The four (4) main variables which were measured in this study included the gross domestic product (GDP) which was used in measuring economic performance, financial irregularities, inflation and population change. The various descriptive statistics ranging from measure of location such as the mean, median, mode; measures of variation such the standard deviation, sample variance, errors, among others are of importance in giving a summary of the respective variables. It also helps with regard to their associated measurements with particular reference to detection of omissions or missing values, outliers or influential observations that can have any kind of effect on the analysis.

Table 4.2: Comparative Descriptive Statistics of GDP and Financial Irregularities

Statistic	GDP	Financial Irregularities	Inflation (%)	Population Change (%)
Mean	36757220598	1093646792	12.88823529	2.420588235
Standard Error	2825374110	347512843.6	1.214897489	0.037055906
Median	36694403096	496459472	12.37	2.45
Mode	#N/A	#N/A	#N/A	2.52
Standard Deviation	11649315888	1432832160	5.009150671	0.152785413
Sample Variance	1.35707E+20	2.05301E+18	25.09159044	0.023343382
Kurtosis	-1.364198525	2.958627208	2.29788527	-1.357229735
Skewness	0.182779199	1.669424063	1.151631272	-0.296798759
Range	35309973186	5195799958	19.93	0.45
Minimum	20986803044	243441.8	6.7	2.16
Maximum	56296776230	5196043400	26.63	2.61
Sum	6.24873E+11	18591995463	219.1	41.15
Count	17	17	17	17

The Table 4.2 displays various descriptive statistics including the mean, median, mode, the standard deviation, sample variance, standard error, kurtosis, skewness, maximum and minimum values, among others. Based on the counts which represent the total number of observations for each of the variables, its value of 17 for each of the variables indicates no omission or missing values. The measures of location parameters such as the mean, median and mode for all four (4) variables showed evidence of high level of variation since they display different values for each variable. The mean of the GDP was GH¢36,757,220,598 whilst that of financial irregularities was GH¢1,093,646,792. The means for inflation rate and percentage change in population were 12.889% and 2.421% respectively. However, with regard to the modal value, GDP, financial irregularities, and inflation rates had no modal value. This implies that none of the values appears most frequently than all others as far as the three variables are concern, thereby practically implying that all the values over the years as far as these variables are concerned have been distinct from one another from year to year. Only percentage change in population had a modal value of 2.52%, implying that percentage change in population over the period under consideration occurred at least more than once.

The median however existed for all four (4) variables of GDP, financial irregularities, inflation rate and parentage change in population with values of GH¢36,694,403,096.00, GH¢496,459,472.00, 12.37%, and 2.45% respectively. This corroborate the reason why the sample variances which measures how far the set of values are spread out from their average value for all the four variables are reasonably and insignificantly small.

4.2 THE RELATIONSHIP BETWEEN FINANCIAL IRREGULARITIES AND ECONOMIC GROWTH (GDP) OF GHANA

As already stated in the introductory part of this chapter, the first study objective as far as this research is concerned is to examine the relationship between financial irregularities and economic growth of Ghana. The analysis has been performed using the econometric model adopted by the methodology of this research with the results summarized as follows:

Table 4.3: Regression model coefficients

Variable	Coefficients	Standard Error	t Stat	P-value
Intercept	31432840370	2973642692	10.57048	2.3966E-08
FINANCIAL IRREGULARITIES	4.868464176	1.681257213	2.895728	0.01109032

The regression model from the results Table 4.2 which establish the relationship between financial irregularities and economic growth of Ghana is thus given as Y = 31432840370 + 4.868464176X, where y is the GPD occurrence and X is the financial irregularities. From the developed model, the value of 31432840370 is the intercept which represent the initial value of GPD when financial irregularities are zero. This therefore implies that there will be GDP irrespective of the presence or absence of financial irregularities. The value of 4.868464176 on the other hand is the coefficient of financial irregularities (X) which is the rate of change (increase) in the GDP as a result of change in financial irregularities (x) since it has a positive sign. The corresponding p-values also shows that all the coefficients are statistically significant with p-values of 0.0000 and 0.011 respectively for both the intercept and coefficient values. Therefore, since is it significant, it can be used for predicting, estimating and forecasting purposes. The results is consistent over time with Quashie (2019) who observes high levels of irregularities abounding in the performance of the procurement function despite government's introduction of procurement regulation in 2003 to govern the public procurement based on the assessment of the Auditor General's reports for the years 2014 to 2018 which pose high corruption risk to the procurement process by creating fertile grounds for fraud and corruption in public procurement practice at the District Assemblies due to the elusiveness of implementation of the tenets of the procurement regime.

Table 4.4: Analysis of variance (ANOVA)

Source of variation	df	SS	MS	F	Significance F
Regression	1	7.78564E+20	7.79E+20	8.38524268	0.01109
Residual	15	1.39274E+21	9.28E+19		
Total	16	2.1713E+21			

The analysis of variance Table 4.4 is necessary in establishing the overall significance of the developed model so as to enable its usage or otherwise after the test. Using a significance level of 0.05, it can be realized from the AVOVA table that the model so developed is statistically significant since the P-value of 0.01109 is less than the significant level of 0.05. This implies that the model is maintained and used for predicting economic growth based on financial irregularities especially in the absence of a better or well fitted model.

Table 4.5: Model Summary of Regression and Correlation Analysis of Financial Irregularities and economic growth (GDP)

Statistic	Value
R	0.598807012
R Square	0.358569838
Adjusted R Square	0.315807827
Standard Error	9635837617
Observations	17

The final aspect of the establishing the relationship between the economic growth of the economy with respect to financial irregularities is the examination of the correlation coefficients as summarized in the Table 4.5. The ‘R’ statistic representing the correlation coefficient with value 0.5988 indicate a moderately strong positive relationship between financial irregularities and economic growth (GDP). It particularly means that as the financial irregularities increases over the years, the GDP of the country also increases somehow and vice versa. This therefore implies that a change in financial irregularities resulted in a change such as increased in some cases, decreased and remained unchanged for some years over the period under consideration for the gross domestic product. However, those periods in which the cases of irregularities increased, the net effect of the increment cancelled out the constant and the negative ones, thereby resulting in a moderately positive relationship.

Furthermore, the ‘R square’ on the other hand representing the coefficient of determination of 0.358 also implies that about 35.8% of the change in economic growth (GDP) is accounted for by financial irregularities during the period under study with the remaining 64.2% of the change in GDP not accounted for by financial irregularities but rather by other factors or variables which probably have not been included in this very analysis. This implies that a number of factors could be responsible for economic growth that need to be established.

4.3 DETERMINATION OF THE ROLE OF ECONOMIC FACTORS OF THE RELATIONSHIP BETWEEN FINANCIAL IRREGULARITIES AND ECONOMIC GROWTH OF GHANA

The second objective of the study was to determine the role of economic factors of the relationship between financial irregularities and economic growth of Ghana. The relationship between economic growth and financial irregularities has been established to be moderately strong and statistically significant, however concluded the relevance of the inclusion of other variables in modeling the relationship. As a result, population change and inflation were included as control variables. The ensuing results are presented and discussed as follows:

Table 4.6: Regression coefficients of determination of the role of economic factors of the relationship between financial irregularities and economic growth of Ghana

Variable	Coefficients	Standard Error	t Stat	P-value
Intercept	2.01983E+11	1.71E+10	11.81727	0.0000
Financial Irregularities (X_1)	0.683036265	0.742894	0.919426	0.3746
population change (%) (X_2)	-6.6154E+10	6.78E+09	-9.76206	0.0000
Inflation (%) (X_3)	-453288340	1.81E+08	-2.50396	0.0263

The Table 4.6 display the regression coefficients and as a result is used to developed the exact model from the analysis to establish the role of economic factors in the relationship between economic growth and financial irregularities, particularly by the introduction of population change and inflation as control variables. The regression model thus developed based on the relationship between GDP and financial irregularities is thus given as,

Y = 2.01983E+11 + 0.683036265 X_1 - 6.6154E+10 X_2 – 453288340 X_3, where Y is the GDP and X_1, X_2, and X_3 being financial irregularities, population change and inflation respectively. From the model equation developed, the value of 2.01983E+11 is the intercept in the model which represents the initial value of GDP given that financial irregularities, population change and inflation have been set to zero or will not occur. Also, the coefficient of X1 value of 0.683036265 is the magnitude of change in the GDP as a result of a unit change in financial irregularities (X_1) with all other factors held constant. Furthermore, the value of -6.6154E+10 is the magnitude of change in GDP as a result of a unit change in population change (X_2) with all other factors held constant, whilst the coefficient value of -453288340 is the magnitude of change in GDP as a result of a unit change in inflation (X_3) with all other factors held constant. It can also be seen from the coefficient values of population change and inflation that they relate negatively with GDP with financial irregularities relating positively with GDP. The corresponding p-values also show statistically significant relationship or contribution of the economic variables of population change and inflation since their P-values have values less than the chosen level of significance of 0.05. On the contrary, the contribution of the economic variables makes the independent variable of financial irregularities non-statically significant with a p-value of 0.375, and as a result of it not being significant, it can be eliminated from the model in this regard.

The results of a significant relationship between GDP which is the main determinant of economic growth, development and performance and financial irregularities is consistent with the result of Okoye and Gbegi (2013) in their assessment of the impact of fraud and related financial crimes on the growth and development of Nigerian economy using secondary data sources by the application regression analysis and found that, fraud and related financial crime has significant effect on the Nigerian economy while fraud and financial crime have no significant effect on inflation.

Table 4.7: Analysis of variance (ANOVA) of the role of economic factors of the relationship between financial irregularities and economic growth of Ghana

Source of variation	**Df**	**SS**	**MS**	**F**	**Significance F**
Regression	3	2.01E+21	6.71E+20	54.75702	0.0000
Residual	13	1.59E+20	1.22E+19		
Total	16	2.17E+21			

The analysis of variance Table 4.7 is used to test the overall significance of the model based on a significant level of 0.05. It can be seen from the ANOVA table that the model developed is statistically significant since the P-value of 0.000 is less than the significant level of 0.05. This implies that the model can used for the purposes of estimating, forecasting or predicting GDP based on financial irregularities, population change and inflation given all other factors held constant. This therefore implies that the variables have contributed to the overall significance of the model and as such must be included in most analysis of this nature.

Table 4.8: Model Summary of Regression and Correlation of the role of economic factors of the relationship between financial irregularities and economic growth of Ghana

Statistic	**Value**
R	0.962634916
R Square	0.926665982
Adjusted R Square	0.909742747
Standard Error	3499785910
Observations	17

From the Table 4.8, the R statistic value 0.962 indicates a very strong (almost a perfect correlation) positive relationship between financial irregularities and GDP over the seventeen (17) year period from 2003 to 2019 as influenced by population change and inflation. This means that a change in the cases of financial irregularities in the country, population change and as well as inflation rate also had an effect on the GDP of the economy. This therefore implies that the greater the impact of financial irregularities, population change and inflation will have a correspondingly greater impact GDP and vice versa during the period under consideration.

The 'R square' on the other hand representing the coefficient of determination of 0.926 on the other hand also implies that despite the fact that financial irregularities, population change and inflation have an effect on the GDP of the economy, they jointly accounted for about 92.7% of the change in GDP with the remaining 7.3% of the change in GDP performance not accounted for by financial irregularities, population change and inflation but rather by other factors probably not included in the study.

The result support that of Okoye and Gbegi (2013) on the assessment of the effect of fraud and related monetary violations on the development and improvement of Nigerian economy using optional information sources by the application regression investigation and found that, extortion and related budgetary crime has critical impact on the Nigerian economy while extortion and money related crime have no huge impact on inflation. The examination hence, suggests that Evaluators and accountants in organizations and monetary organizations ought to be prepared on the most proficient method to complete scientific examination since the fraudsters are presently refined in their demonstration. Likewise, inward control frameworks ought to be fortified to square opportunities that draw in extortion culprits and oversight capacity of the Public Gathering be reinforced to disclose office holders responsible.

4.4 DETERMINATION OF THE PRESENCE OF SIGNIFICANT DIFFERENCE IN THE ROLES OF THE ECONOMIC FACTORS IN THE RELATIONSHIP BETWEEN FINANCIAL IRREGULARITIES AND ECONOMIC GROWTH OF GHANA

The final objective of the study was to examine whether or not if there is a significant difference in the roles of the economic factors or variables in the relationship between GDP and financial irregularities. The results of the analysis is summarized in Table 4.9 and subsequently discussed as indicated below.

Table 4.9: Regression coefficients of determination of the significant difference in the role of economic factors of the relationship between financial irregularities and economic growth of Ghana

Variable	Coefficients	Standard Error	t Stat	P-value
Intercept	2.01983E+11	1.71E+10	11.81727	0.0000
Financial Irregularities (X_1)	0.683036265	0.742894	0.919426	0.3746
Population change (%) (X_2)	-6.6154E+10	6.78E+09	-9.76206	0.0000
Inflation (%) (X_3)	-453288340	1.81E+08	-2.50396	0.0263

Clearly, there is no significant difference in the role of the economic variables in the relationship between financial irregularities and GDP. This is as a result of the fact that the two economic variables of population change and inflation are both negative in terms of coefficients which imply the fact that they negatively relate to GDP. Again, their P-values indicate that both parameter coefficients are statistically significantly related to GDP in terms of their contributing role in the assessment of the relationship between GDP and financial irregularities.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This final chapter of the thesis presents the major findings in summary form, the associated conclusion and as well as the recommendations thereof for consideration.

5.2 SUMMARY OF FINDINGS

Based on the results obtained from the analysis of the data performed, the findings derived from the study include the following.

5.2.1 The relationship between financial irregularities and economic growth of Ghana

A more compact approach in the determination of the relationship between GDP and financial irregularities which was based on regression and correlation analysis revealed moderately strong positive statically significant relationship between financial irregularities and GDP over the seventeen (17) year period from 2003 to 2019 with the correlation and coefficient of determination implying financial irregularities accounted for about moderate of the change in GDP by financial irregularities, however with the greater proportion of change in GDP not accounted for by financial irregularities.

5.2.2 Determination of the role of economic factors of the relationship between financial irregularities and economic growth of Ghana

With regard to the second objective of the study which was to determine the role of economic factors of the relationship between financial irregularities and economic growth of Ghana, population change and inflation have been found to have played a significant role in relationship between economic growth and financial irregularities with both population change and inflation showing statistical significance in the relationship. Their role resulted in almost a perfect positive significant relationship between economic performance and financial irregularities, however, the independent variable of financial irregularity was still not significant despite the significant role played by population change and inflation.

5.2.3 Determination of the presence of significant difference in the roles of the economic factors in the relationship between financial irregularities and economic growth of Ghana

From the final objective of the study which was to examine whether or not if there is a significant difference in the roles of the economic factors or variables in the relationship between GDP and financial irregularities, the results reveals that there is no significant difference in the role of the economic variables in the relationship between financial irregularities and GDP. This is as a result of the fact that the two economic variables of population change and inflation are both negative in terms of coefficients which imply the fact that they negatively relate to GDP. Again, their P-values indicate that both parameter coefficients are statistically significantly related to GDP in terms of their contributing role in the assessment of the relationship between GDP and financial irregularities.

5.3 CONCLUSION

The study draws the following conclusions based on the results and findings derived.

Firstly, the study concludes that no form of economic setback such as fraud or irregularity, recession did affect negatively affect the pattern of growth of the economy of Ghana as the examination of the relationship between financial irregularities and economic growth of Ghana was a moderately weak one.

The relationship between financial irregularities and economic growth was however affected by a significant role played by economic variables such as population change and inflation of course with no significant difference in the roles played by the two variables of population change and inflation.

5.4 RECOMMENDATIONS

The following recommendations are proposed for consideration by stakeholders based on the conclusions drawn from the results and findings derived.

Firstly, it is recommended that measures be put in place to sustain and increase the current growth of gross domestic product to continue to improve upon the economic outlook of the country. These measures may target macroeconomic policies of inflation targeting, interest rate reduction, job creation, among others.

Also, the study recommends the adoption of the model for the analysis of the economic growth of Ghana by policy makers due to its high level of significant relationship with regard to the variables involved.

Furthermore, prudent measures should be put in place by stakeholders to help prevent financial irregularities occurrences to mitigate its negative impact on gross domestic product as far as the future productions are concerned. Mention can be made of the application of the law of causing financial loss to the state by prosecuting, recovery and jailing if possible. This will help in the economic development of the country.

Finally, the study recommends the inclusion of other independent variables in the examination of the relationship in future researches since financial irregularities was found not to significantly relate to economic growth in order to establish a perfect relationship when combined with other economic variables, whilst dealing with measures to curb financial irregularities occurrences.

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