
Preface

Fraud is a scary and unacceptable practice in any business environment. To pretend that fraudulent practices are not rampant in this modern age of the Internet, where it is possible for anyone, anywhere in the world with easy access to a personal computer (PC) or cellphone, to hide behind these gadgets and easily transact business across national borders using the world wide web (www), is to demonstrate a high level of ignorance about life in the twenty-first century. This is perhaps a micro perspective of the problem.

Fraud is not only a phenomenon of the Internet; in other words, fraud is not only committed by those you did not know or have never met—total strangers. Recent well-publicized cases of fraudulent acts by some senior executives of companies which have led to serious consequences in some developed economies and perhaps some unpublicized ones by corrupt and dishonest employees and senior executives in many developing economies provide us with enough evidence to believe that the crime is probably a global one. This, so to speak, is our understanding of the macro level of the problem and the area most of the chapters in this book have focussed on—executive and employee perpetrated fraud.

From what has been said in the two preceding paragraphs above, our readers would probably have been forewarned that fraudulent practices are not only aimed at or perpetrated against individuals through either the Internet or some other means but also against corporate entities by either total strangers or their own employees and some senior corporate servants. This was why we believe that the publication of a book such as this one would be a welcome reading around the world in order to alert corporate leaders, legislators, and other stakeholders of the real threat the problem poses to both the bottom line corporate survival and economic development of nations.

When fraudulent acts are committed against a corporate entity, a host of its stakeholders are adversely affected in one way or another. Its shareholder's wealth is eroded, employees might end up losing their jobs and future livelihood, suppliers and loan creditors might end up getting little or nothing when the entity folds up due to insolvency, the government might lose revenues from corporate and personal taxes and in addition must bear the social costs of the ensuing social and economic problems, customers might end up losing a valuable supply source for goods and services, and even the local community might experience a decline in people's

prosperity and consequently have to face a series of social and economic problems. The chain of resulting consequences might be endless.

The resulting problems are everybody's business; it is therefore important that we should all pull resources together to find solutions to this unacceptable "white-collar" crime as it is sometimes called which directly or indirectly affects us all.

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Emerging Fraud

Fraud Cases from Emerging Economies

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