International Journal of Social Science Research and Review

http://ijssrr.com
editor@ijssrr.com
Volume 7, Issue 1
January, 2024
Pages: 545-555

The Economic Growth in South Africa Influenced by Corporate Fraud at the Small Enterprise Finance Agency

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http://dx.doi.org/10.47814/ijssrr.v7i1.1777

Abstract

Corporate fraud can be very harmful to any organisation because it may lead to companies collapsing and cause economic downfall in a country. One of the factors that has a negative impact on a country's economy is unemployment. Joblessness can also be a crime generator. The South African government noted this challenge and developed the National Development Plan (NDP) of 2030. This plan articulates the aims in reaching the goal for driving economic growth through various means, including sustainable job creation. As a result, this plan gives a summary of the programmes that were created to encourage, support, and develop entrepreneurship and Small, Medium and Micro Enterprises (SMMEs) to create jobs and limit the increase of unemployment through the establishment of State-Owned Companies such as the Small Enterprise Financial Agency (SEFA) to help create sustainable employment by the year 2030; and improve the economic growth in South Africa. The SEFA is meant to bring inclusive participation in the economic prosperity through developmental credit to the previously disadvantaged across South Africa. This paper intends to prove that corporate fraud does exist at the SEFA and affect the country's economic growth. Moreover, it provides a framework to curb corporate fraud which can stimulate an ailing economy.

Keywords: *Corporate fraud; Economic Growth; Corruption; Unemployment; Financial Institution*

Introduction

Unemployment links with human rights at some point in life. Some human rights can only be met when there is an employed breadwinner in the family. Job creation through the SEFA was meant to encourage people who are self-employed and with an interest in employment-generation by establishing a small business through financial assistance (Mphidi, 2022). However, criminals also observed such opportunities. Financial institutions such as the SEFA are likely to be a target of crime, which goes against their mandate to create jobs. The South African government therefore created laws to assist in regulatory compliance to minimise and combat corporate fraud. Corporate fraud is a problem for companies, regardless of size, sector, or region where they operate in and occurs all over the world (Kurant, 2014). The entrepreneurship and the SMMEs sector have been the engine for driving economic growth as well as the rationale for job creation. The programmes for encouraging entrepreneurship and SMMEs are set to be executed through better coordination with some of the South African State-Owned Companies (SOCs) (Amra, Hlatshwayo & McMillan, 2013). A safe and secure country encourages economic growth and transformation by providing an environment conducive to employment creation, improved education and health outcomes, and strengthened social cohesion (Pheiffer, 2013). Corporate fraud weakens the economic growth that is necessary for community development and stability. The aim of this research was to explore corporate fraud at the SEFA and to establish other successful methods at a global glance to mitigate fraudulent activities at financial institutions and boost the economic growth in South Africa.

Literature Review

Literature study was done to determine if corporate fraud at the SEFA has an impact on the economic growth in South Africa. Various primary and secondary sources on this paper's topic were scrutinised, as discussed below.

➢ The Historical Gap of Economic Exclusion

Economic growth can create opportunities to right historical wrongs, if policy makers and business leaders foster more inclusive economies and societies (McKensey & Company, 2022). It is a known fact that some of the citizens of the Republic of South Africa were restricted to participate in many activities which some would yield to inclusion in the economic growth during the Apartheid era. There is a history of discrimination and segregation in terms of economic standards and the way of life in South Africa. This is when certain people in a country are subjected to a system that places them at a disadvantage based on their ethnicity, religion, gender, age, disability, migrant status, and many other dimensions. Thus, propelled the new South African government ensure that there are measures in place to close these gap. South Africa joined other countries to fall under the African Agenda (AA) 2063, focused on the vulnerable and extremely poor (Plagerson & Mthembu, 2019). These mentioned are crucial factors for consideration in pursuit of inclusive economic growth in a country like South Africa (Mphidi, 2022). Hence, the National Development Plan of 2030 was developed to address such inequalities.

The SEFA was established to provide developmental credit to foster the establishment, survival, and growth of SMMEs contributing to alleviation of poverty and job creation (SEFA, 2015). This institutions registration with the NCA Act 34 of 2005 obligates the SOC to complete the National Credit Regulator (NCR) Form 39 to the regulator, which outlines details of how many individuals from historically disadvantaged,through business sector, were afforded the opportunity to become economically viable (NCR, 2016). Employment for individuals is particularly important, since it gives them a sense of independence to do things which are desired, either for themselves or family members. These tasks include the buying of food, paying for transport, nurturing talents through education, and paying for tuition fees, medical aid, and other general needs. Not being able to afford these things gives rise to negative feelings. Such negative feelings may trigger individuals' frustration levels causing them to do things that they would not normally do (Mphidi, 2022). Some of these deeds include resorting to a life of crime. However, some individuals also commit corporate fraud not because they cannot afford something but merely out of greed. Corporate fraud affects a country's economic growth. The more individuals are employed to take care of themselves, the more pressure is on the government to focus on other important projects to benefit the lives of the people in the country.

Corporate fraud within direct lending products was the focus of this study, as it is the most targeted product with major potential monetary losses. A direct lending product is an investment activity that addresses the financing needs of start-ups and new entrepreneurs who are often not fundable by commercial financiers. Consequently, an evaluation of all the stages, such as the application process, approval process and the post-approval stage to establish where the gap or opportunity lies was of vital importance to secure the SEFA direct lending product and prevent corporate fraud (Mphidi, 2022). The implication of the geographical footprint for economic drive and publicity are highlighted in the SEFA Annual Reports since its inception (SEFA, 2020). Clients' viability to access developmental credit which was of concern raised by the Parliament Monitoring Group (PMG) (2018). Information disseminated to clients in South Africa was articulated to be a contributing factor in any organisation. The idea was to ensure that the differently impaired clientele should also enjoy the privilege of receiving information on the types of criteria for funding of financial services offered by the SEFA, irrespective of their location and the level of understanding of this agency's monetary products and services offered to them. The issue of geographical area was to avail access to everyone, irrespective of their human interaction ability, be it the language or communication method. The effectiveness and efficiency of internal processes which focuses on the human element should be monitored because a process is conducted by human beings (Mphidi, 2022). Thus, as noted in the SEFA (2020) that internal controls can be there, but the human element can bring up an error. It was important to understand to which extent the South African government is willing to go in ensuring that citizens are advanced at all costs. The analogy to understand the threat of corporate fraud in the business life cycle in pursuit of economic growth and to explore the financial efforts made by the government to undertake difficult tasks to implement new ways and improve the lives of citizens, was necessary. Hence, to comprehend the impact of the government's efforts and appreciation (Ruttley, Robinson & Gerstenmaier, 2017). The business life cycle is the progression of a business in phases over time and is most commonly divided into five stages, namely launch, growth, shake-out, maturity and decline (Business Life Cycle, 2015). It was determined that the government was committed to transforming the economic status of the country to the benefit of everyone through the SEFA.

- **An overview of the Small Enterprise Finance Agency**

The goal of the NDP 2030 is for government to improve the economy by 2030 as highlighted in a report by the South African Bankers Services Company Limited (BankServ Africa) and Payments Association of South Africa. The SEFA was created as one of the SOCs to facilitate and ensure that the vision of the NDP 2030 is executed (Mphidi, 2022). In addition, South African government goals include achieving eleven million jobs by the year 2030 (SEFA, 2016). Consequently, these jobs are expected to be permanent, decent, and sustainable to improve the standard of living of citizens by 2030 (South Africa, 2011). The SEFA was registered with the Companies Intellectual Property Commission (CIPC) in terms of the Company's Act (CA) 71 of 2008 and is a Schedule 2 listed entity in terms of the Public Finance Management Act 1 of 1999 and Treasury Regulations (SEFA, 2017). A schedule 2 company comprised of supervisory bodies that have been identified for their governance authority over the economic sectors and industries they over see (South Africa, 2019). Thus, it is also subjected to monitoring by the regulatory bodies and must meet all regulatory requirements (Mphidi, 2022). According to the Compliance Institute of South Africa (CISA) (2013), regulatory requirements are statutory, regulatory, and supervisory requirements, industry codes, and best practice guidelines to which an organisation should abide. For the SEFA to comply with legislation applicable to its business operations it must have policies and procedures in place to ensure compliance with legislation. The idea is to be able to identify compliance risks, make risk assessments, deal with risk management, conduct monitoring and training, and provide advisory services to the institution. The SOCs are legal entities that fall within the ambit of the CA 71 of 2008 (Thabane & Snyman-Van Deventer, 2018).

The SEFA is a financial institution, which subject this SOC to register with the Financial Intelligence Centre (FIC) of South Africa in terms of the amended Financial Intelligence Centre Act 1 of

2017. This SOC is indeed registered as an accountable institution, in terms of the Financial Intelligence Centre Act 1 of 2017 (South Africa, 2017). The SEFA registration with the FIC binds this SOC to develop policies in line with legislation and comply with the regulatory requirement to disclose reports on issues relating to misconduct or suspected criminal activities to an institution other than the South African Police Service (SAPS), because the registration make it an oversight body (FIC, 2016). Other legal procedures that require the SEFA to comply with is the Guide for Accounting Officers of the Public Finance Management Act 1 of 1999 (2000), recommend that departments develop Fraud Prevention Plans (FPPs) no later than 31 March 2001 and the Treasury Regulations (TRs) also plays a key role. The Public Service Anti-Corruption Strategy (PSACS) (2002) and Prevention of Corrupt Activities Act (PRECCA) 12 of 2004 command that, other than government institution, SOCs must also create some measures to combat fraud and corruption (Department of Public Service and Administration, 2002).

- **Regulatory Requirement Monitoring Inclusive Economic Growth**

The Constitution of South Africa (1996), mandates National Treasury to ensure transparency, accountability and sound financial controls in the management of the country's public finances. Furthermore, the Department of Economy and Finance's aim is to focus on reviewing tax policy and strengthening regulation in the financial sector, supporting sustainable employment, supporting infrastructure development and economically integrated cities and communities, managing future spending growth and fiscal risk, managing government's assets and liabilities, making government procurement more efficient, strengthening financial management in government, and to facilitate regional and international cooperations (South African Government, 2023). One of the enabling legislations which the SEFA must comply with is the National Credit Act (NCA) 34 of 2005, which stipulates the types of products and services (direct lending) in business operations (Mphidi, 2022). This means that the SEFA must be registered as a credit provider in terms of section 40 and 41 as a Developmental Credit Provider (DCP) of the Act with the NCR of South Africa and is registered as a developmental credit provider with registration number NCRCP160 (NCR, 2016); and it is a legal obligation that credit providers must register with the NCR for regulatory purposes to ensure fairness during business transactions for both the institution and the clients, referring to the SMMEs in need of financial support (Mphidi, 2022). According to South Africa (2005), the National Credit Act (NCA) 34 of 2005 obliges SOCs to comply with the legislative requirement by submitting statistical reports on the NCR Form 39 to the NCR (the regulator). The report entails information such as how many individuals and companies were provided with developmental credit, the geographical area of the beneficiaries, as well as their race, gender, and amount granted. The intention was for the regulator to establish the extent of inequality, poverty and other measures stipulated to address historical exclusion as mentioned by the United Nations (UNs) Sustainable Development Goals (SDGs) (Plagerson & Mthembu, 2019; Meiring, Kannemeyer & Potgieter, 2018).

- **Government's Role in Monitoring Inclusive Economic Growth**

According to the SEFA (2013), the SEFA capital funding was sourced from grants from the Economic Development Department (EDD) through this agency's only shareholder, the Industrial Development Corporation (IDC). In addition to grants received, the IDC committed to funding the amount of R921 million (2016: R921 million) should this be required in the future. A grant of R213 million (2016: R406 million) was received from the government to support the SEFA's activities. The grant was paid to the IDC, which was conducting the required oversight over this institution's operations, and was also made available for operational purposes through a shareholder's loan (SEFA, 2017). All the funds in the SEFA were referred to as public money, namely taxpayers' contributions (SEFA, 2014). On the government side, to ensure that the NDP 2030 is being upheld for the purpose it was intended for, there is monitoring from the South African Parliamentary Monitoring Group (PMG). According to Mphidi (2022), the portfolio committee in the PMG are assigned to interrogate and access the SEFA reports on a quarterly basis. These sessions are usually conducted on public television, they are not secret, those who are interested can view through Parliamentary Television, which seldom repeat sessions held during the day or a day before. The South African government has spent large sums of money trying to assist with the improvement of financial products and services to enhance economic development through organisations such as the SEFA. As South Africans, the researchers' have had the experience of living in rural and semi-rural areas, townships, suburban areas, and the city. It can clearly be seen from the geographical demarcations whether a place has economic activity or not. Efforts made by the government must materialise and be supported until there are viable economic growth through changing people's lives. Some of the monies injected into the SEFA are explained below to disclose the amounts, as indicated by the SOC.

➢ **The Impact of Corporate Fraud on Economic Growth**

Corporate fraud causes significant damage to the organisation, regardless of the way in which it is carried out. Experts say that a typical organisation loses about 5% of its gross income per year due to corporate fraud. This poses a significant threat to financial institutions. Corporate fraud affecting the interests of investors entails a huge risk of causing losses and undermines the business reputation of the company (Krokhicheva, Mezentseva & Yu, 2021). Fraud is no alien to a specific country but a global problem to all types of businesses and eventually an economic downfall. Although there has been a significant development of fraud detection and deterrent measures, fraudsters have equally improved. Therefore, over the past twenty years, the total amount of fraudulent financial events committed at the international level has been evaluated at United States Dollars of 5.127 trillion, with related losses rising by 56% since 2009. Thus, represents 6.05% of gross domestic product (GDP). Losses due to fraud in any company are estimated to account for 3% to 10% (Bashir, Ciupac-Ulici & Beju, 2021). Cornwall (2023) confirms that poverty can be reduced and people's lives can be improved through economic growth because it was proven to be the most powerful instrument to do just that.

Despite tough economic conditions, from 2012 – 2016, the SEFA has approved R3.6 billion in loans to SMMEs and cooperatives and disbursed R3.2 billion into the South African economy (SEFA, 2016). Furthermore, over 160 000 enterprises have benefited and created over 300 000 formal and informal sector jobs. In the SEFA Annual Report, SEFA (2017), it is mentioned that 2016/17 financial year this financial agency approved R827 million and contributed over one billion rand into the country's economy. As a result, the contribution assisted 43 000 SMMEs and cooperatives, thus, created and maintain close to 56 000 jobs. Amidst these contributions, the SEFA emphasised its commitment to the national policies and industrial policy action plan, by approving R359 million in respect of the productive sectors of the economy. In addition, R366 million was disbursed to fund businesses focused on operations in the country's priority provinces, R407 million was shared by businesses run by women, and just over R451 million was disbursed to entrepreneurs requiring less than R500 000.

For the financial year ending March 2018, SEFA disclosed that R446 million was approved in loan financing to SMMEs and cooperatives. SEFA disbursed over R1,3 billion as part of its contribution to the South African economy. This funding showed an impact and was regarded as a truly remarkable achievement, as the total amount paid out for the past five years which ended in March 2017, is a staggering R4,3 billion (SEFA, 2018). During 2018, reviews showed that the loans spend assisted over 45 000 small businesses and cooperatives, which led to over 54 000 jobs being created in the formal and informal sector. In pursuit of the developmental impact, the SEFA (2019) mentioned that during the 2018/19 financial year, loans to the value of R703 million were approved. In that year, a total of R1.2 billion was dished out to the South African economy. The beneficiaries were 72 894 entrepreneurs through various loan programmes, which assisted in the creation of 88 590 jobs. In 2020, it was reported that the SEFA approved loans to the value of R1.4 billion.

Furthermore, R1.3 billion was disbursed into the South African economy during the 2019/20 fiscal year and the amounts disbursed to Black-owned businesses was 921 million, R446 million to women-owned enterprises, R212 million to youth-owned businesses, and R371 million to businesses in rural towns and villages. This enormous monetary funding helped 74 472 SMMEs, and cooperatives and created and sustained 87 828 jobs (SEFA, 2020). As leaders focus on stabilising their businesses, they should consider how fraud might penetrate their ecosystem, and strategise how to prepare for the disruption it brings (PriceWaterhouseCoopers, 2020). However, some of the borrowed money was intentionally not returned, thus constituted first-party-fraud. Other funds were lost in a form of occupation fraud, this is when some clients were able to access funds, colluded with the employees which led the SOC to lose over R20 million. Lastly, lack of monitoring post-investment or after clients where funded. The negligence caused the SEFA losses in write-offs of impairments. Thus, defeats the mandate of inclusive economic development and participation because its either a business failed due to the lack of monitoring or non-repayment to the SEFA, or spent on personal things than contributing to economic growth of the country.

Research Methodology

According to Mehta (2023), research methodology is the specific procedures or techniques used to identify, select, process, and analyse information about a topic. It refers to the systematic and scientific approach employed to collect, analyse, and interpret data for the purpose of answering research questions.

- **Research Design and Method**

This research was empirical in nature and followed an explanatory research design. Following a mixed method approach, data was collected by means of literature study, questionnaires, and interview schedules. To show how important it is for SEFA to exist and assist SMMEs with funding for inclusive economic growth, primary data and secondary data was collected and presented as evidence pertaining the impact of the SOC to the country. A selection of probability and non-probability sampling methods were used to collect data. The sample consisted of SEFA staff dealing with the direct lending product in the eight SEFA provincial branches within South Africa, namely Limpopo, Mpumalanga, Northwest, Northern Cape, Western Cape, Free State, Eastern Cape and KwaZulu Natal. A mixed analysis was conducted to obtain the outcomes of this study – whereby MS Word (2016) graphs and MS Excel (2016) were used, which were matched with the data collected from the questionnaire survey and interviews.

- **Data Analysis**

A mixed analysis may not be separated but requires the use of quantitative and quantitative data analysis techniques within the same study. There might be a cross-over between case-oriented, experience-oriented, phased, or sequential analysis, but it will still require qualitative or quantitative data analysis terms (Mphidi, 2022). Tables were used and the narrative or storytelling approach while integrating the literature reviewed, survey questionnaires and interview schedules. The feedback from participants were presented in a narrative form and MS Word 3D 100% stacked bar graphs to show the common themes and characteristics from the sampled population, and to give more visual understanding. The interview schedule questions were coded to verify reliability of the answers. Furthermore, all questions in the questionnaire survey were also coded prior to distribution to the respondents and captured by means of MS Word tables. The answers were grouped together during the capturing of the results by combining the sub-questions from the survey questionnaire to ensure reliability of the data.

Research Results and Discussion

Results show that the threat of corporate fraud in the SEFA direct lending product is a reality. Corporate fraud exists because there are opportunities within the business life cycle which can be exploited by internal and external parties. Corporate fraud takes the form of application fraud, first-party-fraud, third-party-fraud, corruption, and occupational fraud. This SOC developed controls to curb corporate fraud, such as policies and procedures. However, feedback from staff members working with the direct lending product suggested that not all employees were familiar with the internal policies and procedures, and the available rules and procedures for reporting fraud were not efficient. The SEFA was indeed mandated to generate economic growth through its financial products and services, and to close the gap of economic exclusion by promoting inclusive economic participation across the country. It includes an overview of the impact of the institution and its mandate for job creation linked to the NDP 2030 for qualifying South African clients. The rise in unemployment from the previous years within South Africa are highlighted, which emphasises why it is essential to evaluate corporate fraud at this agency. Preventing corporate fraud will allow the organisation to thrive and assist qualifying clients to grow economically. The SEFA was established in a legislative sphere with an obligation to abide by regulatory requirements within the financial industry to fight corporate fraud. Internal controls were developed, articulating how fraud should be managed in a fraud prevention policy signed in 2014. This institution has also developed a fraud register and records fraudulent activities on a regular basis for further internal action (Mphidi, 2022). Literature on corporate fraud proves that fraud is a universal problem facing all financial institutions despite the internal controls put in place. The costs of fraud have been highlighted, as well as its negative impact on the economic growth in South Africa.

This research further revealed that the estimated monetary loss due to fraudulent activities in the SEFA's direct lending product amounts to millions of rands which could have been used to help the poor. It was also discovered that this financial institution operates on taxpayers' funds, which is not adequately monitored and therefore has an impact on the country's economic growth through funding. The contribution of the SEFA to improve the economic growth was recognised and an analogy to the business life cycle highlights the impact of this SOC on the economy of the country. Therefore, it was of the essence to examine this organisation's corporate fraud register from inception to get an idea on the type of fraud this SOC has been facing. It was found that the SEFA was in great danger of application fraud, corruption, occupational fraud, and other professional corporate fraudsters targeting the organisation, along with the clientele. The modus operandi of corporate fraud occurs through impersonation, submission of forged documents, and defrauding of clients who already applied for funding and are awaiting the outcome of the application (Mphidi, 2022). Fighting fraud is a complex battle, as the worst enemy of the organisation could be its employees (from management to junior staff). However, it is possible to minimise fraud.

It is important to create an early warning system for effectively managing the risks arising from the business relationship with clients (Agarwal & Sharma, 2014). According to Gerard and Weber (2014), it is also vital to keep in mind that fraud can be committed by those in a close working relationship to employees, which also requires close attention. Neglecting to introduce remedial action will cause even greater damage. The SEFA has approved over R3 billion and disbursed millions (nearly billions) to businesses to facilitate job creation. As a result, this financial institution has already facilitated the creation of more than 312 480 jobs by providing financial assistance to small businesses that meet the mandated criteria. Inadequate knowledge management to internal and third parties was one of the factors raised by the South African Parliament (Mphidi, 2022). While economic growth and development are crucial in addressing the factors which lead to corporate fraud, poorly managed development can itself contribute to increased criminal activities (Pheiffer, 2013).

This research found that oversight over the SEFA business activities was not productive. Funds have been injected to assist entrepreneurs, but the government did not invest in ensuring the implementation of a strict monitoring plan. This SOC was left to run the business on its own without an independent forensic audit by the government. Some of the PMG Committee members suggested that the SEFA should not audit themselves, and the Auditor-General and the portfolio committee should be the only bodies tasked with such a function. The South African Parliament also highlighted inadequate reporting and stated this agency was using bullying tactics and wasting taxpayers' money, thus they are not helping poor people (PMG, 2017). Some of the developed countries rely on small businesses to generate financial growth, which also applies to South Africa (Mphidi, 2022). A small business is an engine for economic growth (Stan, 2014). Fraud and corruption are strongly interconnected, representing a persistent problem for all countries that impacts financial and economic development. In economic literature, corruption is often associated with bribery for obtaining private advantages that may help businesses to avoid taxation and regulations or to obtain public contracts. Furthermore, corruption harms the development of financial and banking markets and, thus influences economic growth (Bashir et al, 2021). This study considers the need to analyse the risk of corporate fraud in the SEFA as an important condition for ensuring economic upswing in South Africa.

Recommendations

Successful methods to curb corporate fraud include the identification of risks and educational training on how to detect it. Instances of fraud increase despite the measures put in place to uphold the law and encourage economic growth for the country. It is recommended that SOCs reach out to a legitimate target market for local economic growth; and that the SEFA implement best practices as outlined in this study's conceptual framework to pinpoint motives, opportunities, and other contributing factors to minimise corporate fraud, specifically customised for the financial business environment; and economic growth in South Africa. According to Mphidi (2022), best practices to mitigate corporate fraud and prevent the financial losses caused to the economy and the welfare of masses, suggest that SEFA implement the following:

- Consider vetting and conducting a security clearance of criminal records for new and old employees, including previous and new ones which might be unknown to the employer;
- Strictly discourage occupational fraud and promote compliance with legislation and internal policies and procedures. Encourage staff members to exercise professional due care when they conduct business using state funds. Also note and consider the fact that fraud affects all South Africans;
- Reconsider new automated systems to change internal processes to minimise corporate fraud;
- Conduct remedial action on First-Party Frauds (FPFs) and make the post-monitoring programme more efficient;
- Fully disclose reports and misconduct;
- Establish corporate fraud reporting lines;
- Implement compliance-based investigations; and
- Provide wellness support to employees experiencing personal problems which could cause individuals to commit occupational fraud, corruption, and other forms of criminal activities to overcome these challenges.

The prevention of corporate fraud in financial institutions will have a significant effect on the country's economic growth.

Conclusion

This study discovered that over the years the South African Government through the portfolio committee, which is the PMG to oversees the SEFA business activities, were not exercising their powers to get the problem of corporate fraud resolved prior injecting more funds to this SOC. The mandate of the

SEFA to serve as a vehicle and close the gap of historical discrimination to inclusive economic growth through its financial products and services, was supposed to assist the government in ensuring that the previously disadvantaged get an opportunity to participate through developmental credit at a community level, instead of being based in major cities and not at local government. Thus, financial services are still not accessible to the majority of citizens in rural areas. The PMG did not make adequate follow-ups on the lost funds through the regulatory bodies and law enforcement. Official and publicised investigations should have been on the public domain so that victims could feel vindicated and potential clients feel free to approach this SOC for funding. South Africa is a dynamic country with its own personalised lifestyle per area. Financial products and services are not aligned with the lifestyle of local communities. The citizens of the country have a different view of life because they are under the impression that they are in a new democratic era, where there is supposed to be access to things that can better their lives.

The establishment of the SEFA was from a national policy, which makes it the responsibility of the government to have made it possible for SOCs to thrive and serve its mandate to alleviate poverty and create inclusive economic growth. Consequently, the suggestions made in this paper are meant to advise the government of South Africa that enforcement monitoring and evaluation of methodologies on state funds expected to create an impact on citizens lives is key in ensuring that its original mandate, which is to ensure that inclusive economic participation through job creation and supporting the sustainability of SMMEs, is achieved. It is possible to monitor funds, enforce investigations into allegations, and publicly inform the citizens throughout the various processes. This can discourage the actions that can lead to the shame that comes with being caught misusing, trying to defraud this SOC, client, or any potential client for self-benefits than for the vulnerable groups. The beneficiaries of this research include potential victims of corporate fraud, such as the SEFA; entrepreneurs; Small, Medium and Micro Enterprises; the South African Criminal Justice System entities such as the South African Police Service, the courts and the correctional services, regulatory authorities; the South African government and local communities (Mphidi, 2022). This study's recommendations make a valuable contribution as a practical, new framework which could be used to speed up the economic growth process through job creation without the extreme threat of corporate fraud. It would be possible if the South African historical factors, demographics, and acknowledgement of new talent for job creation are considered for economic prosperity and the prevention of corporate fraud.

Acknowledgement

All authors have read and agreed to the published version of the manuscript.

Author Contributions: Conceptualization, DCP. and AJM.; methodology, AJM. and DCP.; validation, DCP. and AJM.; formal analysis, AJM. and DCP.; investigation, AJM. and DCP.; resources, DCP. and AJM.; writing—original draft preparation, AJM. and DCP.; writing—review and editing, DCP. and AJM.

Funding: This research was not funded.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to restrictions.

Conflicts of Interest: The authors declare no conflict of interest.

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