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# Cross-cultural interpretations of fraud: An attitudinal study in a Middle Eastern multinational corporation

Douglas Moore Watson

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Cross-Cultural Interpretations of Fraud:  
An Attitudinal Study  
in a  
Middle Eastern Multinational Corporation

by

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M.B.A., University of Utah, 1977  
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Dissertation Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Doctor of Philosophy  
Applied Management and Decision Sciences

Walden University  
August 2000

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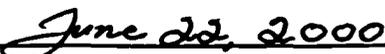
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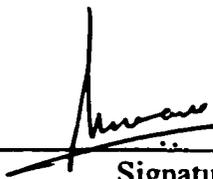
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2000

ABSTRACT

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## ABSTRACT

This research tested the theory that cultural heritage affects attitudes toward business-related fraud and, as a consequence, influences ethical decisions. A sample of 695 white-collar employees from a Middle Eastern multinational corporation (MNC), who represented nine world cultures, were asked to evaluate scenarios describing five business frauds—bribery, conflict of interest, embezzlement, management fraud, and industrial espionage—against a 7-point Likert-type scale that measured levels of approval. Analysis of variance (ANOVA) of the responses revealed those claiming African, Caribbean/South American, European, Middle Eastern, and North American cultural heritage viewed fraudulent behavior with a greater degree of disapproval than did those claiming Asian, Australian/New Zealander, Mediterranean, and Pacific Islander cultural heritage. However, while cultures had dissimilar attitudes to fraud in general, the respondents' attitudes about specific frauds were statistically equivalent when each fraud was individually assessed. In other words, some cultures espoused a less tolerant ethical standard about fraud, but when a particular type of fraud was isolated for personal evaluation, these employees disapproved of the scenarios

with relative equality, regardless of their cultural heritage.

When traditional variables of age, education, gender, and occupation were analyzed, only age revealed significant differentiation.

Finally, comparative analysis of the data revealed that in a multicultural business environment, espoused ethical standards are assimilated by the majority, cultural heritage is diffused, and a corporate culture phenomenon influences attitude formation to ethical dilemmas.

Using these results, MNC managers could introduce a focused fraud awareness program to increase their employees' knowledge base about fraud, resulting in greater recognition of deviant conduct, thereby decreasing the potential for undesirable behavior across cultures while simultaneously providing a multicultural approach to solving ethical dilemmas.

## DEDICATION

Innumerable people contributed to the success of this dissertation and I am deeply indebted to them all. But my wife, Melek, and my daughter, Dilây, are the inspiration that kept the research alive. I dedicate this effort—and all those that will follow—to Melek and Dilây. I hope to return the gift some day!

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## CHAPTER 1

### Introduction to the Study

#### Introduction

This dissertation examines the impact of cultural heritage on frauds that occur in the international marketplace. The key question in any cross-cultural analysis is whether cultures differentiate when faced with the same dilemma. Whereas the literature is rich with references concerning business ethics questions, empirical cross-cultural research dealing with fraud is scarce (Leavitt, 1990, p. 9). Only some business and management literature include fraud concepts as part of the discussion on organizational and individual ethical perceptions. Even fewer resources reveal cross-cultural dilemmas, and many of them rely on Western-oriented principles as the theoretical foundation (Garkawe, 1995, pp. 5-6).

Current criminology literature tends to minimize culture's impact, focusing instead on defining crime and its normative causal factors. Scholars and industry experts have analyzed trends and patterns, concentrating on demographics, costs, types, and methods of fraud. This research correlates cultural aspects of fraud to

traditional fraud definitions, as they apply to international business.

### Organization of the Study

This dissertation is organized into five chapters in addition to a comprehensive list of references and a supporting bibliography. Chapter 1 provides an overview to the research process. It identifies the significance and the theoretical framework of the research, describes the environment where the research occurred, explicates the hypotheses, and defines key terms and assumptions essential to the research.

Chapter 2 provides a comprehensive review of relevant scholarly literature, discusses the origin of fraud definitions, and describes fraud as a business ethical dilemma in a multicultural environment. The review integrates business and management theory into the criminological analysis and provides special attention to the concepts of morality and trust as they impact on multicultural business relationships.

Chapter 3 sets forth the research design for a survey and questionnaire used to collect data to determine a correlation between cultural heritage and fraud crimes. The

population and sampling methodology is discussed, as is the method of data analysis.

Chapter 4 conveys the results of the research, identifying culture's relation to fraud and discussing causal implications of factors such as age, gender, education, and occupation.

Finally, Chapter 5 offers conclusions and recommendations and discusses the feasibility of future research.

#### Significance of the Study

The fact that some people from some cultures may view frauds differently is not a simple case of ignorance of the law or a sudden lapse of ethics. Rather, it may be ingrained in the social nature of human interaction. Culture embraces the customary beliefs, mores and behavioral traits of a society. Fairness, truth and honesty are touted as examples of ethical constructs that cross cultures (Kidder, 1994, pp. 9-10; Okleshen & Hoyt, 1966, p. 537), but these are precisely the key value constructs that fraudsters exploit (Albrecht, Romney, Cherrington, Payne, & Roe, 1988, pp. 37-40).

The Organization for Economic Cooperation and Development (OECD), as part of its effort to quash

international fraud, has discovered that what constitutes fraud in one culture may be considered a legitimate, or at least a quasi-legitimate, business or social practice in another (Donaldson, 1996, p. 53; Yannaca-Small, 1995, pp. 16-17). Moreover, in some legal venues a culture defense for fraud has been successful, complicating conventional ideas of fairness, truth and honesty (Washington State Judiciary, 1995).

There is a concern in the business community that managers do not handle culture-oriented ethical crises well (Bhide & Stevenson, 1990, pp. 128-129). Consequently, from an international business perspective, executives need to be aware of, recognize, and deal with this type of aberrant interaction, which has increased commensurate with the advent of multinational corporations and economic globalization (Donaldson, 1996, pp. 49-50; Lacey, 1994).

This study provides new information that explains how people from various cultures view five very different frauds. Once absorbed, this knowledge will help the international business community to identify means to cope with dilemmas caused by unethical and possible criminal acts committed by employees across cultures. As business continues to intrude into the global marketplace, it is not

unreasonable to believe that fraud-based ethical dilemmas will increase (Yannaca-Small, 1995, pp. 16). By describing evidence of various correlations between cultural heritage and fraud, this study provides insight to something that managers of multinational firms with a multicultural employee base have always believed, but have had no evidence on which to base their "gut feelings."

This research is not designed to attempt to determine if one culture is more predisposed to fraud than another. Nor is it designed to ferret out bias. The purpose is to provide increased knowledge to the international business community about how to cope with dilemmas caused by what some have defined as unethical and/or fraudulent acts, but which are committed by employees across cultures.

#### Theoretical Framework of the Study

This research is grounded in theories of social deviance, specifically differential association, social learning, cultural relevance, and axiology. Deviance theories attempt to answer why people deviate (or do not), or in this case, why a behavior is or is not considered wrong or against the law.

Differential association theory argues that people learn how to engage in deviance and learn how to evaluate

their deviance comparatively according to their associations with criminal or law-abiding behavior (Sutherland, 1940, p. 10-11). Thus, if people change their associations, their behavior will change accordingly.

Social learning theory (SLT) builds on differential association by stating that people not only learn from association, but also from vicarious observation, imitation or behavior modeling (Akers, 1998, p. 75; Williams & McShane, 1998, pp. 56-57). SLT combines Skinner's psychological concepts of operant conditioning and Bandura's behavior modeling with Sutherland's assumption that primary learning transpires in social settings, some of which may happen in subcultural or deviant situations (Akers, 1998, p. 56-57). Thus, SLT says behavior is the result of conditioning that varies with environmental pressures and the consequences attached to alternative behaviors. Deviant behavior occurs when "primary associates" provide positive reinforcement over alternative behaviors (Akers, p. 57).

Cultural relativism is an anthropological concept that states moral obligations are relative to cultural or social conventions or agreements. Trompenaars (1994) describes culture as a dichotomous entity: members of a culture share

beliefs with the culture, but outsiders view the shared beliefs of others differently (pp. 22-23). This becomes an origin point for prejudice and the root of value and norm formation.

Axiology involves the study of attitude and value formation and provides an objective framework for understanding and assessing confrontational values (Hartman, 1996). Decisions and actions involve two elements: factual aspects that can be seen and objectively measured, and intangible aspects that can be felt and known but may not be immediately expressible. In this regard, Greenwald and Banaji (1995) believe that attitudes have predictive behavioral validity in situations where a person clearly perceives the link (p. 7). This is borne out by Izzo (1997) who reports that moral intensity affects the engagement of an ethical decision, and once engaged, a person will follow a behavioral course of action consistent with the ethical perception (p. 7).

This research has been generally informed by each of the cited theories, but is more fully grounded in the relative interpretations of culture's impact on the concepts, ideas and initiatives in Akers's social learning theory (Akers, 1998) and Sutherland's differential

association (Sutherland, 1940), despite the criticism lodged against those theories by such notables as Gottfredson and Hirschi (1990, pp. 75-78).

Akers's and Sutherland's theories express the idea that deviant attitudes are developed through group association, which then provide the basis for personal actions in most situations (Akers, 1998, p. 27-28). Once formed, attitudes last and are difficult to change; they become acculturated (Norland, 1991, pp. 31-32; Petty, Wegener, & Fabrigar, 1997, pp. 611, 629-630). Culture is the medium that perpetuates shared values and beliefs (Hofstede, 1980, p. 25). Hence, people from different cultures—existing in different environments with different sociological pressures—should learn and perpetuate different attitudes to fraud. By extension, when people from different cultures congregate, they bring with them their different learned behaviors, which influence their subsequent actions. Although this assumption is intuitive, it has not been empirically substantiated.

### Background of the Problem

Fraud is normally discussed in terms of crime, and crime is understood in a cultural context. International crime is interpreted nationally by law and culturally by heritage. People interpret crime based on what they believe constitutes crime. Clinard (1968) pointed this out in his classic piece, "Criminal Behavior is Human Behavior":

What is crime to one city, county, or nation may not be to another. What was crime yesterday may not be today, and what people consider crime today may not be tomorrow. (pp. 205-206)

This is not a new issue, but it does pose an intriguing, still unanswered quandary: What is a crime to me may not be a crime to you. The quandary is not with defining crime, per se. Rather, it is in how one goes about interpreting definitions of crime.

However, defining crime is not necessarily straightforward. Caldwell (1965) says crime is "the commission or omission of an act which the law forbids or commands under pain of punishment to be imposed by the state by a proceeding in its own name" (pp. 29-30). Black's Law Dictionary provides a more social explanation, defining crime as a violation of duties that an individual owes to the community, which require the offender to make

satisfaction to the public (Black, 1990, p. 370). Quinney considers crime in the context of its own definition, formed by emerging interests of those in dominant power positions, and changing social conditions and concepts of public interests (cited in Williams & McShane, 1998, pp. 217-218). Smith and Hogan (1983) state that any attempt at a definition of crime must include the act at a time when it is not a crime or exclude it when it is (pp. 17-19). They note that a particular act becomes a crime solely by legal sanctions, and that same act, which was criminal, can cease to be so in the same manner (pp. 17-19). The act does not change in any respect other than that of legal classification. All its observable characteristics are precisely the same before as after the statute comes into force. Smith and Hogan's assertions underscore the quandary: Interpreting fraud's definitions may be relative.

To complicate the situation, all these definitions suffer from the fact that they are Western-oriented. According to Hagan, concepts about crime and deviance cannot be separated from culture (cited in Leavitt, 1990, pp. 9-11). To support this idea, Leavitt cites studies by Quinney, Wildeman, and Orcutt, who discovered that when examined from a relativistic perspective, "crime can be

perceived as a violation of one of a number of possible codes, with the behavior of the offender viewed as the consequence of participation in one of several social worlds" (pp. 11-12).

The cultural nature of crime cannot be discounted, but at the same time, cross-cultural differentiation has not been sufficiently empirically demonstrated (Leavitt, 1990, p. 9). That someone could consider crime in any different fashion than that given by Western-oriented definitions seems intuitively problematic; but again, as reflected in the majority of the literature, that judgment is made against Western cultural standards. Leavitt addressed this idea when he examined the multiplicity of challenges associated with relativism and crime, arriving at the conclusion that cross-cultural comparative analysis is a missing link in criminology (1990, p. 9). That was also Klitgaard's (1998) point when he stated that the biggest mistake in any scientific understanding occurs when one fails to consider cultural sensitivity dynamics: "Only my way of looking at the subject and my means of studying it make sense" (p. 202).

Whereas some scholars (Costello, 1997, pp. 404-405; Gottfredson & Hirschi, 1990, pp. 75-78) have criticized

differential association, social learning, and their theoretical offshoots as different modifications of cultural deviance theory, Akers (1998, p. 90, 104) and Matsueda (1997, pp. 429-431) disagree. Akers (1998) sets out the three criteria of cultural deviance theory:

1. Pro-deviant definitions are perfectly transmitted subcultural values held so strongly that they positively compel a person to violate the law. (p. 103-104)

2. It is impossible for individuals to deviate from the culture or subculture to which they have been exposed; thus there can only be deviant groups or cultures, not deviant individuals. (p. 104)

3. There are no other individual or independent sources of variations in these definitions beyond exposure to the culture of subgroups, and, therefore, cultural definitions are the sole cause of criminal behavior. (p. 104)

Akers (1998, p. 104) asserts that not everyone in a subculture will learn or conform perfectly to the established norms, and consequently, cultural definitions are not the sole motivation for behavior. But culture may influence definitions to describe some behavior. Akers

(1998, p. 104) and Matsueda (1997, pp. 430-431) believe definitions are learned through reinforcement contingencies that are integral to the socialization process. Even though that does not mean that all definitions favorable to fraud become the norm of fraud, it does insinuate that culturally inspired interpretations influence what is and is not defined as fraud.

Understanding how a multicultural environment affects fraud definitions and the attendant underlying attitudes is complex because of the continuing erosion of a universal standard (Joyner & Dettling, 1990, p. 276). The magnitude of the problem becomes very clear when one realizes that in just the last half of the 20<sup>th</sup> century, more than 100 new non-Western States entered the international legal system, bringing with them attitudes starkly at variance with the West (Joyner & Dettling, p. 276). The result is that autonomy and pluralism are challenging established Western ideas of legal and ethical universalism. At the same time there is an upsurge in transnational commerce affecting not just the West, but virtually all world societies. Joyner and Dettling point out that transcultural normative-legal standards based mainly on Western-oriented values do not adequately represent such a diverse, multicultural world

society (pp. 275, 280-281). Consequently, each cultural situation has its own sociolegal implications, and each situation may be interpreted differently, depending on cultural heritage.

This raises the notion that crime is complex behavior composed of two opposing thoughts (Beirne, cited in Leavitt, 1990, p. 13). The first is that crime crosses cultures and is universal. This promotes the belief that most people, regardless of their cultural persuasion, can recognize crime for what it is, and most people generally agree that a certain crime is a crime. The second thought is that crime cannot ultimately be understood apart from the cultural context in which it occurs and generalizations about crime must refer to the culture and subjective values of those who define it. There may be truth in both those thoughts. But because of profound differences across cultures, universality may be the anomaly and not the other way around, especially for some complex issues such as fraud.

#### Problem Statement

Some studies argue that cultures respond to different attitudes and ethical beliefs toward fraud (Bakhtari, 1995; Donaldson, 1996; Whitcolm, Erdener, & Li, 1998). Other

studies report no significant difference among individuals raised in different cultures (Abratt, Nel & Higgs, 1992). And still other studies reveal uncertainty concerning the effects of culture (Whitcomb, Erdener & Li, 1998). This research seeks to develop a clearer understanding of cross-cultural ethical decision making by analyzing attitudes of those who identify themselves with different cultural heritages to determine whether they consider frauds differently with any degree of statistical significance.

#### Purpose for the Study

From a management perspective, this study is significant because it is the first to examine multiculturalism and fraud in a multinational corporation (MNC). By definition, MNCs are companies that implement business strategies in production, marketing, finance, and staffing that transcend national borders (Lacey, 1994). In the MNC environment, one question keeps rising to the surface: How can business executives operating in an international multicultural setting evaluate difficult fraud cases such as conflicts of interest, embezzlement, bribery, management fraud, or even industrial espionage, especially when employees at various levels of the company may view those situations from their own "different"

perspective? Therefore, the purpose of this study is to isolate cultural heritage and determine if it is a causative variable of how and why people form attitudes about fraud.

Harris and Sutton (1995) reported that there is little consensus in the literature as to exactly how people make ethical decisions, except that choice is complex and subject to a great number of interacting factors (pp. 808-809). Some of these factors are culture-based, and others are individual, such as age, gender, education, and occupation. The hypotheses in this study are framed to provide new information to clarify the complexity associated with cross-cultural attitudes and ethical decisions.

Two major hypotheses examined the theory that attitudes about business frauds are influenced by cultural predisposition. The opposing view holds that such ethical choice is universal and that similar attitudes concerning business frauds will be expressed across cultures. Finally, two additional hypotheses tested the theory that individual attributes (age, gender, education, and occupation) influence a person's predisposition toward fraud.

### Hypothesis 1

H<sub>1</sub>: Attitudes to fraud of business professionals employed by a large multinational corporation in the Middle East will vary according to their cultural heritage.

In this hypothesis, the dependent variable is the respondent's attitude to business frauds in general, which is affected by the independent variable, cultural heritage.

### Hypothesis 2

H<sub>2</sub>: Attitudes to bribery, conflicts of interest, embezzlement, management fraud, and industrial espionage of business professionals employed by a large multinational corporation in the Middle East will vary according to their cultural heritage.

In this hypothesis, the dependent variable consists of individual attitudes to five specific frauds and the independent variable is cultural heritage.

### Hypothesis 3

H<sub>3</sub>: Attitudes to fraud of business professionals employed by a large multinational corporation in the Middle East will vary according to their age, gender, education, and employment.

In this hypothesis, the dependent variable is the respondent's attitude to business frauds in general, and

the independent variables are age, gender, level of education, and employment. Traditional criminological studies of fraud have revealed criminogenic correlations to age, gender, education, and occupation (Akers, 1998, pp. 346-348; Geis, 1996, pp. 18-19, 23; Gottfredson & Hirschi, 1990, pp. 160-161, 192-193; Wells, 1997, pp. 29, 36-37, 40-41). This hypothesis and Hypothesis 4 will examine these variables as correlates to fraud definitions both individually and in comparison with cultural heritage.

#### Hypothesis 4

H<sub>4</sub>: Attitudes to bribery, conflicts of interest, embezzlement, management fraud, and industrial espionage of business professionals employed by a large multinational corporation in the Middle East will vary according to age, gender, education, and employment.

In this hypothesis, the dependent variable consists of individual attitudes to the five specific frauds, and the independent variables are age, gender, education, and employment.

#### The Environment of the Study

A survey was administered to a sample of professional employees from a major multinational corporation located in the Middle East. The company agreed to participate in the

research on the condition that neither it, nor any of its employees would be identified. However, despite the fact that anonymity is an important part of the success of this proposed research, it is equally important to understand the environment under which the research occurred.

The company is a major international conglomerate involved in energy production, manufacturing, marketing, and distribution, with headquarters located in the Middle East and operating locations in Asia, Europe, and North America. The company operates state-of-the art engineering, research and laboratory facilities, a world-class supercomputer complex, and an international marketing and distribution network, in addition to its predominance in manufacturing operations (Corporate Records, 1999).

The company is unique in the Middle East in that it has implemented a comprehensive Western-oriented business ethics program, which includes a statement of what constitutes a conflict of interest within this particular business environment, as well as a broad-based explanation of what constitutes good business ethics practices (Corporate Records, 1999). All employees of the company are required to acknowledge in writing their understanding of the company's business ethics policies at the time of

hiring and to periodically reaffirm their understanding. Moreover, persons holding key positions where fraud or corruption could be considered a high threat target (such as procurement and contracting duties) are required to adhere to stricter internal policies. This corporate policy was promulgated to support a general sense of high ethics among all employees. These business ethics and conflict of interest policies are patterned after those found in Western-oriented industry (primarily the United States), and are a direct attempt to instill a Western-oriented ethical philosophy as the business standard for all employees, regardless of cultural heritage.

Culturally, the Middle East is dominated by Islam, which under normal circumstances permeates every feature of business operations (Ali, 1995, p. 8). Although the company is headquartered in the Middle East, it is a multicultural microcosm. Approximately 25% of the company's workforce and 38% of its professional staff consist of expatriates, drawn from some 50 countries (Corporate Records, 1999). company management views expatriate employees as a conduit for technology transfer, and consequently, the company engages in aggressive international recruitment.

According to U.S. Department of State (1999) statistics, approximately 67% of the Middle East workforce is literate. Comparatively, 100% of the company's professional workforce is literate. Of the company's 55,000 employees, 19,011 are professionals (Corporate Records, 1999). The company designates professional from nonprofessional employees much the same as U.S. industry differentiates white- and blue-collar workers. Professional employees are primarily knowledge workers, whereas nonprofessionals fill task-oriented or labor-intensive positions. All company professional employees are college graduates or equivalent, many of whom possess postgraduate degrees (Corporate Records, 1999). Professional employees fill positions in every business specialty, to include production and manufacturing operations, research and development, administration, finance, education, and training, safety and industrial security, engineering, computer operations and applications, air and marine operations, as well as medicine and law (Corporate Records, 1999).

Finally, the official language of the company is English, rather than native Arabic, and all professional employees are required to be fluent (Corporate Records,

1999). Still, because of the multinational mix, more than 10 languages and several dialects are used by employees in both work and personal interaction, interposing significant diversity and providing a unique, culturally rich environment.

#### Limitations of the Study

The research focused solely on employees from one multinational corporation (MNC) located in the Middle East. Generalizations about the results can only be made against the population from which the sample was drawn.

Another limitation is that the research was developed to analyze multicultural populations. Application of this research design against single populations without cultural differentiation may be of limited utility.

#### Definition of Terms Central to the Study

Beirne provided two fundamental statements regarding analysis of any type of criminal behavior: "Firstly, criminal behavior cannot ultimately be understood apart from the cultural context in which it occurs. Second, generalizations about criminal behavior must refer to the cultural and subjective values of those who engage in it" (Quoted in Leavitt, 1990, p.13). Beirne's assertions

highlight the importance for cross-cultural understanding of definitions.

Definitions serve two important purposes in research (Leavitt, 1990, p. 15). First, they limit ambiguity and give meaning to a word or concept. This means once the definition is established the defined term achieves a uniqueness that separates it from comparable ideas. At the same time, definitions establish boundaries or parameters that allow comparative relationships to emerge. Within certain parameters, generalities can be drawn out of the diversity of the defined phenomenon. Following are terms that are relevant to and directly impact this research.

#### Attitude

For the purpose of this research, the term attitude is defined as those favorable or unfavorable dispositions that are implicitly or explicitly expressed toward social objects, such as peoples, places, or policies (Greenwald & Banaji, 1995, p. 7). In order to derive an attitude, a person must learn (mental act) in order to respond (emote). Implicit attitudes operate without conscious control or recognition of the source influence. Explicit attitudes operate directly and consciously. Implicit and explicit attitudes can be the same when a person is both aware of

his attitude and is willing (even at the unconscious level) to reveal the attitude (Greenwald & Banaji, p. 7).

### Attitude Attributes

Attitudes are made up of three integral and measurable attributes known as recognition, feeling, and action (Norland, 1991, pp. 31-32). In this research, attitudes are measured by the relative strength of attribute scores against a 7 point Likert-type scale, where "1" is strong approval/agreement and "7" is strong disapproval/disagreement. An attitude attribute score is the arithmetic mean of the scores for each attribute (see Chapter 3).

- Recognition involves the ability to identify with or accept a specific type of behavior and is an indicator of the knowledge a person has about a subject or idea.
- Feeling incorporates the strength and intensity evoked by and toward a specific type of behavior, and is an indicator how the subject or idea is valued.
- Action equates to an engagement of response resulting in a specific type of behavior, and is an indicator how a person responds to a situation.

## Culture

Culture is defined as those historically transmitted patterns of shared meanings, values, beliefs, assumptions, perceptions, and norms that perpetuate and develop knowledge about attitudes toward life. This definition synthesizes Shweder and Levine's (1985, p. 1-2), which focuses on systemic inherited conceptions expressed in symbolic form, with Hofstede's (1980, p. 25), which emphasizes values as the building blocks of culture. Therefore, cultural heritage includes those formative values, beliefs, assumptions, and perceptions that are retained and that affect behavior in varying degrees throughout life.

## Cultural Relativism

According to relativism theory, the truth of a reality varies depending upon the context in which the reality is viewed (Plog & Bates, in Leavitt, 1990, p. 10; Shweder, 1990, p. 205). Accordingly, culture is one thing to those outside, but quite another thing to those who share. This dualism is expressed subjectively as well as normatively. The ability to view objectively beliefs and customs of other cultures is as important as the ability to recognize that what a culture believes about an act ultimately

determines the objective rightness or wrongness of the act (Leavitt, 1990, p. 10; Wood, 1995). Finally, culture presents itself on different, overlapping levels (Trompenaars, 1994, pp. 8-10). Cultural differences can occur in immediate social situations, such as a gang or a professional group or organization; at a regional level, such as an American declaring, "I'm a Southerner"; or as a world culture, such as an Egyptian declaring to be Middle Eastern. Thus, cultures exist within cultures and cultural persuasions can blend at the overlapping borders, both intellectual and geographical.

#### World Culture

A world culture is a generally homogeneous macrogrouping of the world whose people, in the main, share broad cultural definitions. Eleven world cultures have been identified to be used in this research project: African, Asian, Australian/New Zealander, Caribbean, East European, Mediterranean, Middle Eastern, North American, Pacific Islander (including Filipino), South American, and West European. For an explanation of how the 11 world cultures were derived, see the section on "Derivation of World Culture Clusters" in Chapter 3.

## Fraud

Black's Law Dictionary (1990, pp. 660-661) defines fraud as an intentional perversion of truth for the purpose of inducing another in reliance upon it to part with some valuable thing belonging to him or to surrender a legal right. Putting this into simpler terms, fraud means tricking someone into letting you steal from him or her.

Terms defined in Black's Law Dictionary are based on English common law, which is Western-law oriented and consequently carries all the associated cultural biases (Wells, Bell, Geis, Kramer, Ratley, & Robertson, 1996). However, a comparative analysis of Black's Eurocentric definition reveals an intent that appears to be cross-culturally compatible. For a more thorough explanation why some cultures may interpret fraud differently, see the discussion on the cultural origins of fraud definitions in Chapter 2.

## Business Fraud

Just as all crimes are not frauds, all frauds are not necessarily crimes. As discussed previously, this research is concerned with analyzing dilemmas stemming from differing interpretations of fraud definitions in the business setting. Business fraud means those situations

where employees use their occupation for personal enrichment through the deliberate misuse, misrepresentation, or misapplication of the employing organization's resources or assets (Geis, 1996, p. 4; Sutherland, 1940, pp. 2-4). It is important to realize that even though a fraud may not be codified as a crime, within the realm of business it may carry greater significance to management, the company, the community, and a greater society. This research comparatively examines five frauds:

1. Bribery: Offering, giving, receiving, or soliciting something of value for the purpose of influencing the action of an official in the discharge of his or her public or legal duties. Commercial bribery, as related to unfair trade practices, is the advantage which one competitor secures over fellow competitors by his secret and corrupt dealing with employees or agents of prospective purchasers (Black, 1990, pp. 191-192).

2. Conflict of Interest: In business, a conflict of interest occurs when an employee, manager or executive has an undisclosed economic interest in a transaction that adversely affects the company. It is not necessary that the company actually suffer damages in order for a conflict of

interest violation to be sustained; the effect need only be potentially adverse (Davis, 1995, p. 21).

3. **Embezzlement:** The fraudulent appropriation of property by one lawfully entrusted with its possession. The embezzler must come into possession of the property by virtue of the entrusted relationship and there must be an intentional and fraudulent appropriation or conversion of the property (Black, 1990, p. 522).

4. **Management Fraud:** Violations that may or may not be criminal, that are perpetrated by management or that affect the management or fiduciary process of a company. Management fraud is associated with fiduciary responsibilities by person(s) who enjoy special trust to manage money or property for another and who must exercise a standard of care in such management as imposed by law or contract (Black, 1990, pp. 625-626; Wells et al., 1997, pp. 4-6).

5. **Industrial espionage:** The illegal acquisition, purchase, use, and/or sale of information and/or influence to affect the award of business (Cloughley, 1994; Economic Espionage, 1996).

### Fraud Construct

For the purpose of this research, a fraud construct consists of the three scenarios that measure the attitude attributes to each of the five frauds. Each fraud is assessed by the scores of the three corresponding scenarios, which produce a fraud construct score.

### Assumptions

This research project rests on two fundamental interlocking premises: (a) cultural relativism causes differentiation, and (b) attitudes are culturally shaped. If one accepts these assumptions, it follows that culture helps to define morality (what is considered right and wrong) and that is translated into ethical standards.

## CHAPTER 2

### A Review of the Literature

#### Overview

This chapter reviews relevant criminological theory, as well as current journals and scholarly articles that examine fraud both from a business ethics perspective and as deviant behavior, and analyzes the cultural problems facing those who investigate and adjudicate fraud in the business setting. The review integrates business and management theory into the criminological analysis, giving special attention to the concepts of morality and trust, in order to reveal the manipulative nature of fraud as an ethical dilemma.

#### Criminological Concepts

In the past 10 years, the criminological debate has reduced an unwieldy list of more than 15 major theories of crime causation to two contradictory ideas (Bernard, 1990, p. 326). The first is that crime and deviance is the result of a social process that supports such behavior (Akers, 1998, pp. 50-51). This idea generally clusters differential association, social learning, culture conflict theories, and their derivative socialization typologies. The opposing

idea is espoused by control theorists, who view deviance either as

1. a rejection of social controls associated with attachment, commitment, and involvement with society and belief in societal values (Hirschi, 1969); or as

2. poor self-control, or the shortsighted pursuit of self-interest (Gottfredson & Hirschi, 1990, p. 178).

Sutherland (1940, p. 1, 12) was the first to examine crime in relation to business, suggesting that business crime (fraud) involved social dynamics, which could be explained in terms of differential association.

Extrapolating from theory, differential association posits that fraud is a social phenomenon that is the result of associating counteracting forces: criminal behavior patterns and anticriminal behavior patterns (Matsueda, 1998, p. 432).

McCarthy (1996, p. 135), a proponent of Sutherland's differential association specifically, and the socialization typologies in general, emphasized the role of tutelage as a key influence of introducing criminal behavior. Wells (1997) says the process of association involves learning two essential things: (a) techniques to commit fraud; and (b) fraud attitudes, rationalizations,

and motives (pp. 9-10). A fundamental premise of all socialization typologies is that definitions favorable to crime and deviance are learned, with the concomitant criminal behavior being the result. Interpolating, then, fraud is a function of the learning that usually occurs as a process of intimate personal group communication. If one accepts this theoretical basis, interpreting definitions favorable to fraud is simply a subset of the social learning process.

Gottfredson and Hirschi (1990) argue that such social scientific and popular conceptions of crime are misleading and that crime does not require deprivation or peer influence (p. xv). Nor, they state (p. xv), is crime the result of effort, learned behavior, or frustration. Instead, working from Nye's and Reckless's earlier theories of social control and containment they assert that socialization and motivation play a lesser causal role than does self-control, and emphasize that criminality is choice-driven—the product of low self-control in the face of opportunity (Gottfredson & Hirschi, pp. 85-97, 120). Interpreting fraud favorably, then, is a function of poor self-control and is not affected by cultural heritage or other socialization processes. All that notwithstanding,

self-control theory's premise relies on the idea that the mechanism producing different low self-control rests in different child-rearing practices, something that Akers (1998)—who takes the opposing position—believes to be a most significant sociocultural learning event (p. 39).

Matsueda (1997) sums up the differences between the two dominant theoretical philosophies by answering three questions: (a) whether motivation to crime is constant across persons, (b) whether criminal organization and subcultures are irrelevant to criminality, and (c) whether crime can never be learned or transmitted across individuals. Self-control theories such as those postulated by Gottfredson and Hirschi answer "yes" to each. Differential association and its derivatives answer them with a "no (p.429)."

Even though each major premise puts forward different causative rationale, both fail to satisfactorily address why crime is considered to be crime. Gottfredson and Hirschi (1990) simply say crime is an act of force or fraud undertaken in pursuit of self-interest—a definition that is open to criticism by virtue of its very ambiguity (p. 15). They reject the idea that crime is inferred from the characteristics of offenders or from theories of causation.

Instead, working from their force-or-fraud definition, they seek to find what crime can tell about the criminal (p. 15).

Socialization typologies expressed in the Sutherland tradition focus on criminal behavior rather than the crime act itself, seeking to define crime by assessing the behavior of criminals—a non-definition open to criticism because of its very relativism (Akers, 1998, p. xv-xx). However, one thing most modern criminologists agree upon is that regardless of the comparative, crime and criminality are inseparable from cultural interpretations, and those can vary significantly.

Knight (1998) peripherally examined this phenomenon in his survey of industrial security employees, and found evidence to support the idea that not everyone in the same subculture interprets fraud definitions similarly (pp. 67-68). Knight's study involved interviews and a survey of 115 persons from nine different countries, all of whom worked for the same company in the same location and were employed in similar job responsibilities within the industrial security occupational trade. A major finding was that even though the respondents faced the same day-to-day pressures and were responsible for adhering to and for enforcing the

same business ethics standards, when presented with five situations that described traditional acts of business fraud, 55.6% of them either did not consider the situations to be frauds or were uncertain. The implication is that people, even those whose job it is to know, interpret what constitutes fraud differently, but the results of Knight's study do not explain why.

Cultural determinism may offer at least part of the missing link. A main thesis of this dissertation is that people's definitions of what constitutes deviance, in the context of fraud, correlate not just to their ability to learn—as espoused by Sutherland's differential association (1940, pp. 1-12) and Akers's social learning (1998, pp. 47, 51)—but also to the impact on the learning process resulting from their deep-rooted cultural base. Knight's (1998) respondents represented nine different countries, and possibly an even greater number of cultural heritages. Culture disparity may have contributed to the observed differentiation, but it was not tested.

Watson (1998) provided more information by surveying members of Middle East Region XXXI of the American Society of Industrial Security (ASIS) International, in Manama, Bahrain, posing the question, "Do professional security

practitioners employed by various business enterprises in the Middle East, share common attitudes toward fraud and corruption, even though they represent diverse cultural backgrounds?" Analysis of variance of the responses revealed some differentiation at the .05 level of significance, but sufficient information was not developed to affirm the hypothesis.

Collectively, across cultures the respondents in Watson's (1998) study disapproved of fraud, but Middle Easterners revealed more tolerance in general, with West Europeans, Asians, and North Americans revealing slightly greater degrees of intolerance, in that order. The findings supported the idea that culture does affect the formation of fraud definitions, but they did not provide sufficient information for a conclusive affirmation. Significantly, Watson's research failed to show that a certain cultural group would always see a certain fraud in a certain way. But it did reveal evidence that when grouped according to a world culture, people collectively may not always hold attitudes toward certain frauds the same as, comparatively, others would from different world cultures.

### Cultural Origins of Fraud Definitions

The literature contains anecdotal evidence to support a contention that different world cultures should view fraud definitions differently. Fraud origins follow human social history; consequently, they mirror humanity's historical and cultural split. A review of the history of the origins of fraud laws provides an account of culture's impact on the evolution of definitions favorable to fraud, and how those definitions have been interpreted and codified.

#### The Ancient Laws

Germann, Frank, and Gallati (1970) describe the first known laws simply as tribal customs and codes of conformity, enforced one-on-one for individual wrongs by the tribe or clan when the community was wronged (pp. 39-52). Much of this law was based on believed supernatural dictates, described as ordained from God, passed on orally from generation to generation. As human society matured, so did the structure of law. The taproot of fraud law is buried deep in the cultural triad of the West, the East, and the Middle, where differentiation has evolved over the ages.

The first written law code containing reference to frauds is believed to be Ur-Nammu's Code, written in Mesopotamia around 2050 B.C.E. Ur-Nammu's Code allowed for the "dismissal of corrupt men" and protection of the poor against demands of the rich and powerful (Duhaime, 1998). Other ancient codes, such as the Laws of Hammurabi, prepared by the King of Babylonia (circa 1792-1750 B.C.E.) (Black, 1990, p. 715; King, 1997), and the Twelve Tables of Rome written in 450 B.C.E. (Black, p. 1518; Pennington, 1997, p. 1097), continued to identify frauds mostly in terms of corruption, abuse of power, or influence. Although these ancient codes are considered by some legal historians (Black, p. 715; Germann, Frank & Gallati, p. 39) to be a prime source of modern Western fraud laws, worldwide interpretations of fraud definitions have become more complex and overreaching.

#### Western Fraud Laws

Western law has become the standard in many parts of the world, predominantly Europe, North and South America, and much of Oceania. The ancient codes discussed above underpin Western common law, as distinguished from statutory laws created by a legislative process. Common law is the body of regulatory principles and rules that derive

authority solely from tradition, usage, and the customs of antiquity (Black, 1990, pp. 276-277). Much of Western-oriented fraud laws originated in the common law. For example, the rules of the Law Merchant (law largely based on mercantile customs), which reach back to the dominance of Arab trading, were derived to circumvent inconveniences of common law. In turn, however, they helped to facilitate fraud. One of the first rules of common law is that "a man cannot give what he himself has not" (Bradlee, 1929). This is the forerunner of present-day title searches, whose purpose is to inquire back to original possessors to defeat claims of theft or fraud. The Law Merchant claimed that commercial business "cannot be carried on if we have to inquire into the title of everybody who comes to us with documents of title" (Bradlee, 1929). As a result, unscrupulous merchants peddling falsely or fraudulently acquired goods opened the door to subterfuge, deception, and misrepresentation.

The marketplace has a way of correcting itself. The Hanseatic League (1241 - 1269), an ad hoc consortium of European city-based international merchants, embraced the traditional rules and regulations of Merchants Law to recognize the rights of traders, but used its League unity

to protect against abuse, corruption, and misrepresentation. By virtue of cultural homogeneity, the League eventually came to control trade to and from Europe (Black, 1990, pp. 716-717; Bradlee, 1929). The League has been described as an ancient precursor to today's North Atlantic Treaty Association, with similar, though not as convoluted, ideas of cross-border economic and legal structure, policies, and controls (Scully, 1995, p. 1).

#### Eastern Fraud Laws

Comparatively, Eastern law, which has become the standard in most of Asia and the Indian subcontinent, can also trace its roots to the same Mesopotamian origins. Differentiation, however, is evident in the evolution. The earliest written Eastern legal code may be the Laws of Manu (*Manava Dharma-sastra*), a social offshoot of the Vedas of Hinduism (Duhaime, 1998; Sengel, 1999). Enacted sometime between 1280 and 880 B.C.E., Manu established a sociolegal system, the castes of India, and regulated virtually all facets of subcontinental society (Singh, 1991, p. 392-393). Its legal concepts and practices were weighted significantly to societal obligations over individual conduct (Duhaime, 1998). This concept (societal obligation over individual conduct) is fundamental to modern Asian

law, which has evolved by incorporating philosophies from the dominant societies of China and Japan.

The Code of Li K'wei is touted as the first Chinese legal code. It dealt with theft, robbery, and general penal rules, and served as the basis for the T'ang Code (Duhaime, 1998). T'ang codified Chinese common law dating to the unity of China in 221 B.C.E. (LaKritz, 1997). Its precepts emphasize a Confucian philosophy of proper conduct, trust and respect that provide the underpinning philosophy that, when eventually blended with 20<sup>th</sup> century Maoism, evolved to modern Chinese business policies (Sengel, 1999; Whitcomb, Erdener & Li, 1998, p. 841).

The Article 17 Constitution (written circa 604) (Duhaime, 1998) is the legal foundation for Japan's cultural heritage that continues today, which emphasizes a tradition that one's existence is dependent on those who are around (Sengel, 1999). Japanese culture—like much of Asia—demands the suppression of antagonistic feelings and requires outward behavior to reflect social harmony, even if inner desires are the opposite. Sengel (1999) explains the dichotomy of this concept of *tatemaie* (social relationships) versus *honne* (one's inner feelings). The two are not supposed to coincide in all cases, but proper

social conduct always takes precedence. One is expected to be aware of a possible discrepancy between outward conduct and inner feelings, and must be able to guess the latter while interacting as if there were no discrepancy. The *honne* to *tatemae* process is one of truth and masked truth. The cultural implications are apparent. A follower of *honne* to *tatemae* could overlook a fraud (say, an act of bribery, embezzlement, or industrial espionage) if its disclosure would disgrace the firm, a relative, or close associate. Overriding cultural mores subjectively and normatively influence the interpretation of fraud definitions. A non-follower could be dismayed by such a lack of ethical standards.

Broadly speaking, Asian culture has shaped an economic-legal policy that emphasizes proper conduct, respect for authority and family, group orientation, and an extended view of time, concepts that are radically different from Western ideas. This, according to Hendon et al., (1998, pp. 25-28), Sengel (1999), Xiaohe (1997a, pp. 1509-1518), and Xing (1995, p.1), causes significant differentiation from Western ways, particularly when interpreting definitions of ethical dilemmas such as business fraud.

### The Idea of Islam

Islam is different from either Western or Eastern-based legal concepts, since it claims no common law origin. The reason has to do with religiosity and consequent cultural shifts. Islam is the last of the great religions, which consist of Buddhism, Christianity, Confucianism, Hinduism, Islam, Judaism, Shintoism, and Taoism, and its tenets incorporate some basic concepts practiced in the West and East, but its approach is rooted in the Middle East. Islamic law, or Shari'a, is entrenched within The Qur'an; the *Sunna* (also called the *Hadith*, or traditions, which include teachings of the Prophet Mohammed not specifically found in the Qur'an), the *Ijma*; or a consensus of the community rendered by *Ulamas*, who are Islam's religious scholars, and finally the *Qiyas*; which is a method of analysis applied by Shari'a jurists to decide new legal principles (Saba, Price, & Muller, 1991, p. 1). Under Islam, religion, law, government, and civil authority are one. Legal scholars (Saba, Price, & Muller, 1991, p. 5; Wiechman, Kendall, & Azarian, 1998) say the strength of Shari'a lies in its freedom to assess frauds according to the instant fraud and not to precedent. Shari'a judges are

free to create new options and ideas to solve new problems or ambiguities associated with the fraud.

Islam places a very high value on public and private image. Islamic lifestyles predominate in the Middle East, and Middle Easterners have certain expectations of normal behavior that are not necessarily held in the West or East and vice versa. Almlhem (1992, pp. 76) and Hofstede (1983, p. 79-86) observe that Middle Eastern culture is collectivist, with more commitment and loyalty to the large group, extended family, tribe, or clan. In that regard, they share Asian and some South American cultural attributes (Almlhem, pp. 85). Middle Eastern culture tends to be more autocratic where subordinates expect and accept unequal distribution of power (Almlhem, p. 82). Middle Easterners are relatively inflexible and risk averse when dealing with uncertainty and change (Almlhem, p. 82). In that regard they share ideals of some East and West European and some South American cultures. Middle Easterners have a different work ethic, placing more value on relationships, security, and quality of life, rather than on assertiveness, advancement, and risk-taking (Almlhem, p. 83).

Shari'a applies only to Muslims. There are civil laws in Muslim nations for Muslim and non-Muslim people (Wiechamn, Kendall, & Azarian, 1998, p. 2). Most people schooled in Western common law have difficulty with that concept. But the concept allows for justice to be administered to a Muslim according to Muslim ideals and for non-Muslims according to another standard.

#### The Clash of Cultures

Although the generic values of fraud as wrong, deceitful, and dishonest appear to cross cultures, much as fairness, truth and honesty do, Leavitt (1990, p. 14-15) indicates that different world cultures may interpret what is wrong differently. Further, Hendon et al. (1998, pp. 25-28), Sengel (1999), and Joyner and Dettling (1990, p. 275) observe that the values underlying Western law—individuality, liberty, equality, and autonomy—are not and never have been core societal values outside of the West. Instead, they constitute lesser transitory values that are instrumental only to the functioning of the modern international economic market, and are imposed on other cultures by the West, which (at least for the past century) has set the world's economic development pace.

Does Fraud Fit in the Body of Criminology Theory?

Because fraud concepts seem to be rooted in cultural heritage and the corresponding definitions seem to be a reflection of a culture's expression, a contentious question is whether fraud should be considered part of the core of accepted criminology theory. Does fraud qualify as crime? Or would society be better served by relegating frauds to a lesser social deviance status?

In a 1993 essay, Cullen and Benson (1993) consigned fraud to the periphery, stating it will not be embraced into the core of knowledge until criminologists believe that fraud is sufficiently relevant (p. 326). Fraud has never commanded the professional respect accorded traditional crimes of vice and violence, first because of its nature as an economic-based event: the poor are infrequently defrauded (Braithwaite, 1989, pp. 335, 337), and the powerful are infrequently punished (Braithwaite, 1991, pp. 45-48). Second, traditional crimes have always been considered more serious by criminologists (Benson, 1994, p. 103), notwithstanding that "the costs of white-collar crime—the violence it entails, the money it transfers illegally, its damage to the moral fabric—may

well outstrip the costs of traditional street crimes”  
(Cullen & Benson, pp. 332-334).

There is a positive trend. At least four good reasons exist why fraud should be part of the core:

1. Current scholarly literature (post-1990), as well as analysis of court referrals and case studies, reveals that fraud is serious and to ignore it is to provide an unbalanced picture of crime (Cullen & Benson, 1993, p. 334).

2. Some disagreement notwithstanding, criminologists generally have accepted fraud as an important area of inquiry for criminology (Gottfredson & Hirschi, 1990, p. 180).

3. Fraud is a growing threat and is not expected to diminish over time. The dimension of the threat has cut across cultures and has shifted to a global dynamic, both in scope and magnitude (Wells, 1998, p. 4).

4. Fraud requires special knowledge to identify, prevent, investigate and adjudicate. It challenges traditional thinking not just about crime, but also about criminality (Cullen & Benson, p. 334; Wells, 1997, pp. 2-4).

In the past 10 years, academia, the government, and private enterprise have all produced serious works that integrate fraud into the general body of criminological knowledge. Akers's (1998) Social Learning and Social Structure: A General Theory of Crime and Deviance, Gottfredson and Hirschi's (1990) A General Theory of Crime, and Braithwaite's (1989) Crime, Shame and Reintegration are examples of recent attempts to find a general theory that can be applied equally to fraud crimes as they can to traditional crimes of vice and violence. Also, since 1990, more than 110 books have been written about fraud crimes and typology, several of which are scholarly texts. The United States federal government has funded a National White Collar Crime Center (NWCCC, 1995), which is a dedicated government clearinghouse designed to provide national support for the prevention, investigation, and prosecution of white collar and economic crimes. The United States Federal Bureau of Investigation (Freeh, 1996), Canada's Royal Canadian Mounted Police (Inkster, 1995), England's Serious Fraud Office (Home Office, 1998), and Japan's Ministry of Finance (Wright, 1997), among others, have elevated fraud crimes—particularly those impacting economic espionage, securities frauds, and international

frauds—to a national priority. On the private front, the Association of Certified Fraud Examiners (ACFE), the premier organization dedicated to the detection, prevention, and investigation of fraud, has grown from a relatively unknown beginning in 1988 to a 25,000+ member international organization with 100+ worldwide chapters located in 50 countries on four continents. In the United States in 1992, the National Consumer's League, America's oldest nonprofit consumer organization, established a National Fraud Information Center to act as the focal point between consumers and law enforcement to improve prevention and enforcement of telemarketing fraud (NFIC, 1998). The NWCCC Internet Resource (NWCCC, 1999) currently lists 324 worldwide website locations that focus on aspects of fraud, and the list continues to grow. Finally, the American Institute of Certified Public Accountants (AICPA), auditing guardians of United States business, published Statement on Auditing Standards (SAS) No. 82, Consideration of Fraud in a Financial Statement Audit, formally acknowledging fraud to be a serious business problem.

#### The Reality of Fraud Crimes

Fraud is an act of temptation, calculation, manipulation, and exploitation—not passion or pride. When a

person who is disposed to fraud recognizes cultural differentiation, he or she may exploit that for benefit. At the same time, a person who is not necessarily amenable to fraud, but who is tempted by large potential gain with little if any associated adverse accountability, may very well rationalize a fraud to completion (Wells, 1997, pp. 10-13). Fraud preys on ignorance, and ignorance is culture-based. Even though generic values that hold fraud as wrong, deceitful, and dishonest seem to cross cultures (Watson, 1998, p. 36), it is not unusual to find—as mentioned by Wells et al., (1996)—that potential victims of frauds may not recognize they have been wronged, deceived, or victimized. Further, as demonstrated by Watson (pp. 34-52) and Knight (pp. 67-68), people may not even consider a specific fraud act to be fraudulent. In simpler terms, not all people understand what constitutes fraud, and the lack of understanding may be correlated to culturally derived definitions, which can lead to differentiation.

#### Motive & Method

Fraud victimizes people by taking advantage of weaknesses in the social systems that people create and use. One prime weakness is greed. Expert analyses (Henderson, 1992, p. 60; McKean, 1993) revealed that greed

is a key player in most major frauds, both by perpetrators and victims. A little greed is necessary for free enterprise. A lot of greed breeds corruption. Braithwaite (1991, pp. 40, 44-45) formed a "needs and greeds" theory of fraud when he suggested that needs are socially constructed as wants that can be satisfied, but greed is an unsatisfiable want—having more leads to wanting more. Braithwaite (pp. 44-45) observed that fraud does not treat all people equally. Greater power and wealth enable greater insatiable wants—or true greed. The impact occurs along a power-wealth continuum; the more powerful or wealthy, the greater the expression of greed.

Greed destabilizes victimization because it is de-personalizing, but not in the traditional sense. The victim of a traditional crime can take solace from peers. It is easy to recognize that you have been victimized when you walk into your home and find your property stolen. Your social circle will commiserate. However, when you voluntarily give up something you value—perhaps in response to excessive greed or some form of trickery—to someone who concocted a scheme to persuade you to do so, you just do not want to believe it, and possibly your peers will respond with ridicule. It is not unusual, that out of

embarrassment or denial, a fraud victim will go so far as to help the perpetrator conceal the act (Wells et al., 1996). Such is the environment of fraud, which is supported by numerous barriers that serve as a buffer, masking the act. It is also another reason why frauds present such difficult business ethics dilemmas.

#### Fraud as a Business Ethics Dilemma

Fraud is the antithesis of good business ethics. At the same time, fraud exploits ethical practices as a perpetration tool. In the United States, business ethics traditionally have been associated with economic values, free enterprise, competition, and such things as avoiding waste and control and management of money and resources. Any analogous "rightness" or "wrongness" was relegated to secondary consideration. It is only since the 1970s that business ethics have become linked with moral principles, creating the problem of business ethical dilemmas (Nash, 1993, p. 21). With globalization, the problem has been compounded as ethical issues have begun to transcend national and cultural barriers.

A business ethics dilemma is not a question of absolutes, nor is it necessarily a situation contesting right versus wrong. It is, according to Donaldson (1996),

more a question of which act is most right (pp. 49, 53). In business, this distinction is particularly significant. Consider these situations: Is it right or wrong for a businessperson to pay an incentive fee of 3% to 5% of the gross value of a contract to an intermediary who promises to intercede to influence bidding practices to undercut competitors? Is it right or wrong to join with other competitors and rotate winning bids in order to share maximized profits among bidders? Is it right or wrong to pay for (or to steal) a competitor's business secrets? Kickbacks, influence peddling, bid fixing and industrial espionage are all technically illegal under most Western law, but in some societies, such acts may be routine business practice (Omestad, 1997, pp. 39-44).

Even though controversy remains, much of the literature affirms that cultures view business ethics differently. China and Japan, who together take the lead in Asian business ethics thought (Takahashi, 1997, p. 33), have always connected some sense of moral rightness with economics. *Jung Ji* in Chinese and *Keizai* in Japanese means to govern the world in harmony and bring about the well-being of the people (Enderle, 1997, p. 1478; Xiaohe, 1997b, p. 8). In Islam, by some interpretations, business is

elevated to the level of a religious duty (Abeng, 1997, p. 50) that links faith, charity, good conduct, fairness and work. At the same time, other Middle Easterners link ethics with *wasta*, or the exercise of family influence as the means to gain economic advantage (Izraeli, 1997, p. 1556). Many African nations, still emerging from historical colonialism, remain a business mystery (Arthur, 1991, p. 500), building ethical standards around the policies of their sometimes-transitory national governments and a diverse society that is highly culture specific (Milanzi, 1997, p. 1549). Latin Americans, faced with entrenched corruption and abject poverty (Arruda, 1997, p. 1), have struggled to introduce traditional ethical values of family unity and Catholic religiosity as business ideals (Enderle, 1997, p. 1478). Europeans, with an environment of blurring cultures, shifting borders, and emergent markets have tried to avoid personal themes and define business ethics in terms of systemic macroissues such as ideological forces, economic development, social power, academics, and multiculturalism (Bohata, 1997, p. 1571; Kohls & Buller, 1994, pp. 32-35; Van Luijk, 1997, pp. 1587-1588).

### The Business of Ethics

Because one's concept of what constitutes ethical behavior differs from another's, how does one—or even should one—differentiate, particularly in an MNC business environment? This concept is more encompassing than the limitation of interpreting fraud definitions discussed earlier. But acts of fraud are among the more difficult dilemmas to conquer. Internationalism and multiculturalism are commonplace, and learning to deal with culturally driven ethical diversity is the new management challenge, particularly when attempting to interpret fraud definitions (Henderson, 1992, p. v). Henderson's observation is that "there is a human tendency...to label our perspective as ethical and the behavior of others as unethical (p. v)."

Business management is a synthesis of ideas about how to effectively plan, organize, and motivate people to achieve some goal or objective (Hampton, Summer, & Webber, 1973, p. 15; Hersey and Blanchard, 1993, p. 5). People bring their culture and their values to the workplace, just as they do to any social setting. Dealing with different values in the workplace is a management concern that has been the subject of a few studies. For example, Kohn examined social class variables on value development and

found that education played a greater role than either job position or salary compensation (cited in Brofenbrenner, 1979, pp. 245-247). Clinard (1968, pp. 16-17), Henderson (1995, pp. 25-26), and Waxman (1995, p. 125) independently correlated social values, diversity, and social deviance in different workplace studies. Goodpaster (1996) found that organizations take on the integrated ideals of their members, which are shaped by internal organizational leadership as well as external market-oriented pressures (pp. 2, 5-7). Hersey and Blanchard (1993) reported that it is very difficult to predict worker behavior from attitudes and values but those attitudes and values most certainly evoke behavior that affects management operations and principles (pp. 135-137).

The consensus of those studies is that deep-seated beliefs form normative social structures, such as subcultures, peer groups, and social classes, with varying standards of conduct, goals, and objectives that may be quite different from others in the society. This creates conflict and controversy as diverse groups are faced with competing ideals and motives. This thought is central to Sutherland's differential association theory, which emphasizes that deviance associated with fraud is primarily

learned from intimate personal groups (Akers, 1998, p. 60; Sutherland, 1940, p. 10-11), but secondary and reference groups such as business and recreational peers are also significant (Akers, p. 60). From a management perspective, this is the birthplace of the ethical dilemma.

### Ethical Dilemmas in a Multicultural Environment

Ethical choice in a multicultural business environment is a complex issue. DeCrew (1990, p. 41) states that research has produced strong evidence that there are no universal principles for establishing moral truths. So although Kohlberg (1976)—famous for his six sequential stages of moral development (pp. 32-35, 53)—may believe that morality can be assessed by a universally comparative scale, understanding and tackling ethical dilemmas may not be as academic as locating a point on a scale. Instead, it must involve working with the “good” in people, whose behavior motives are derived from innumerable sources—some good and some not so good. Donaldson (1996) called this a clash of values, where competing answers possess multivariable values of right (p. 48). For example, Donaldson observes that something as simple as company-hiring practices in a multicultural environment can

become a serious ethical dilemma (pp. 56-57). His case involved preferential hiring practices common in India, where management may elect to hire an applicant over other more qualified applicants simply because the preferred applicant is related to a current employee. In the United States, business ethics and labor laws hold that the job must go to the most qualified applicant; nepotism is forbidden. Yet in India, this is a highly valued employment perk, where successful companies offer the employment opportunity once an employee's child has completed a certain level of schooling. How does an American operating a business in India handle the dilemma?

#### Gauging An Ethical Standard

Marvin Bower, the former manager of McKinney and company, and author of The Will To Lead, is quoted (in Nash, 1993, p. 23) as saying, "There is no such thing as business ethics. There's only one kind—you have to adhere to the highest standards." The term, however, implies two standards, one for business and one for private life. Although Bower's belief is close to an ideal, reality is that business ethics embrace a complex interpretation of personal and organizational ethical standards.

## Business

Business is an organizational subset of society. It is ruled—and exists—by the judgments of society to contribute value to society's social structure. Every business has a purpose, but its purpose is defined differently depending on perspective. Sherwin (1983) explains that business is an equally operating feedback system of owners, employees, and consumers (p. 184). This is a "stakeholder" concept where persons have a stake in the success of the business and each views the purpose of the business according to his or her perspective. Owners' expectations are for the business to yield profits and appreciate capital. Workers see business from the perspective of compensation. Consumers see business in light of receipt of goods and services. These perspectives interrelate. Each can share in the other's concepts, but from an ethical perspective, they can conflict. For example, a worker can be a shareholder and have the expectations of both owner and employee, and at the same time partake of the goods or service produced by the business. Therefore, business as an institution exists to deliver economic performance to society. This is a unique function but one that affects society's value sphere and that inherits significant social responsibility.

Donaldson (1996, p. 49), Nash (1993, p. 23), Paine (1994, p. 107-108), Sherwin (1983, p. 186), and Xiaohe (1997b, p. 2) agree that from a Western perspective, the call for social responsibility relates to integrating ethical values as a part of business. But there are differing explanations of how and where those ethical values fit.

### Ethics

Ethics generally is considered to mean a set of moral principles or rules of conduct recognized with respect to a particular class of human actions or a particular group or culture (Urdang & Flexner, 1973, p. 453). Resnik (1996, p. 1-6) takes that general definition and categorizes ethical constructs into three separate areas of individual standards, group standards, and universal standards, each of which is discussed below.

Individual standards are subjective (Resnik, pp. 1-2), which supports the idea: "Who am I to say what is right or wrong for anyone else? This aspect of ethics introduces personal choice and opinion into the calculation and helps explain moral disagreement about a particular issue. If one subscribes to Gottfredson and Hirschi's idea of low self-control as causal to criminality (1990, pp. 85-86),), fraud criminals surely resort to subjective standards. The

problem with subjectivism is it confuses disagreement on a particular issue with total disagreement. It also undermines the ability to rationally criticize another's conduct. If you do something I believe is wrong, I have no real basis for censure since it is my opinion versus yours.

Group ethical standards are a form of conventionalism (Resnik, p 2-3). What is right or wrong becomes what the particular group dynamic sorts it out to be. Ethics are intersubjective, with the group inculcating culture, social conventions, customs, creeds, and so forth. The challenge with conventionalism is in its relativism. It cannot adequately explain widespread disagreement among different people about standards of conduct, and it provides no basis for criticizing the ethics of another group.

Finally, universal ethical standards correspond to objectivism (Resnik, pp. 3-4). A universalist embraces individual or group standards by attempting to apply a standard absolutely to all people all the time. Resnik (1996, pp. 4-6) says the test of a universal ethic is answered by four questions: (a) What would happen if everyone acted this way? (b) What are the consequences of my actions for all people? (c) Would I want someone else to act this way to me? (d) Could my conduct stand up to a

fully informed public scrutiny? The main problem with objectivism, as depicted by Resnik, is establishing the foundation for the expected standard of conduct and determining what justifies it as the basis. Another problem is defining the method for gaining moral knowledge or for settling moral questions. These are ontological issues that draw their answers from faith and common sense, which are culture-based.

#### Integration Process

Sherwin (1983) believes ethics is the discipline that considers the justifications people offer for the principles and values they hold (p. 186). As noted above, business is an economic institution but one that must be responsive to the value judgments of society. Drucker (1981) says the world is a "society of organizations" (p. 18) and Paine (1994) states organizations play a part in shaping human behavior and values (p. 106). This is a symbiotic relationship. The system exerts power over its members, altering attitudes and behavior by controlling organizational norms. Organizational norms are the formal or informal policies and procedures that help to define organizational membership and that dictate what is

considered acceptable behavior within the organization. Organizational roles are positions acted out by members as a result of expectations derived from norms.

Drucker (1982) believes that business organizations are held to a different standard than are individuals (p. 237-242). There are unique characteristics common to organizational wrongdoing that serve to isolate certain types of deviant behavior from a general set of societal crimes. Most of these are criminologically bundled as fraud or corruption. However, some acts that are legitimate if done by ordinary people become immoral or illegal if done by businesses. Drucker cites the Japan-Lockheed Aircraft company case where Lockheed acceded to Japanese political and organized crime demands for payments to exercise their influence to assure purchase of Lockheed's aircraft over the competition. In that case, Lockheed paid a \$2.1 million bribe to achieve an advantage in the Japanese aircraft market. Had Lockheed not been able to acquire the purchase order, an entire corporate division (the L-1011 Aircraft Division) was destined to bankruptcy—something the Japanese knew and exploited. Comparatively, Drucker noted there is very little difference between Lockheed's act of paying off the Japanese under business duress and a pedestrian handing

over money to a mugger. Yet, no one would consider the pedestrian to have acted unethically.

Cole (1997, Part 4, p. 2), who has studied the evolution of United States business ethics, identified three points that may answer why businesses are held to this different standard. First, ethics in business has become more important as the power of business has increased in scope, both on a national and international scale. Second, the internationalization of business has created a borderless economic force, adding the complexity of cultural determinism to the business ethics equation. Third, the focus of business ethics has shifted from evaluating individual standards to a more complex synthesis of individual ethical issues and company-driven organizational relationships and responsibilities.

#### Casuistry

Drucker (1982), in recognition of that "shift" identified by Cole, says business ethics as they are interpreted by most are not ethics but a form of casuistry (p. 238-239). Casuistry is the application of principles to particular cases of conscience or conduct, or the fallacious application of those principles (Urdang & Flexner, 1973, p. 215). To Drucker, the challenge for

business is to strike a balance between the demands of individual ethics and social responsibility. The problem is, if casuist theory holds, individual ethics must be subordinated to the more general standard of social responsibility. Again, Drucker (1982) cites the Lockheed bribery case as his example (p. 241-242). To save the company (and the 25,000 jobs associated with the L-1011 program), Lockheed needed at least one large order. If Lockheed had abandoned the L-1011 program instead of paying extortion money to the Japanese, the company's earnings, its stock price, and the bonuses and stock options of top management would immediately have risen sharply. Not to pay extortion money to the Japanese would, to a casuist, have been self-serving. Paying the extortion money was a duty and social responsibility to which the self-interest of the company, its shareholders, and its executives had to be subordinated. It was the discharge of social responsibility to keep the jobs of 25,000 people at a time when jobs in the aircraft industry were scarce.

In contrast, Donaldson (1996) uses the same fraud (Lockheed) to explain how personal ethical standards can uphold organizational social responsibility (p. 60).

Donaldson asserts that companies must create a business ethic standard guided by three principles:

1. Respect for core human values—respect for human dignity, respect for basic rights, and good citizenship—that are used to establish a moral threshold for all business activities (pp. 52-53).

2. Respect for local traditions (pp. 52, 55-56).

3. The belief that context matters when deciding what is right and what is wrong (pp. 52, 56-57).

Donaldson (1996) believes that ethics are learned in context of a particular culture (p. 60). His research reveals that business ethics differ among cultures, and respecting difference means recognizing cultural strengths and weaknesses and incorporating them into the moral threshold. In Japan, gift giving, even to an extent that could be considered excessive by United States standards, is considered a traditional and customary practice. But a \$2.1 million "gift" hand-delivered by Lockheed's CEO to gangsters and corrupt politicians is excessive, even in Japanese tradition. The act subverts Donaldson's three principles. It is difficult to imagine how such a payoff could not breach a minimum ethical threshold. Just the sheer size of the payoff—notwithstanding the circumstances

surrounding its delivery—is difficult to accept under any standard. It not only insults the tradition and custom of generosity (the principle behind Japanese gift giving), it also fails any test of context. There can be no reasonable explanation for such an act other than undue influence, which is a scorned behavior.

The complex point is that both Drucker and Donaldson are right in their individual analyses. It is when both explanations are properly blended that a business ethical standard emerges. For business ethics to succeed they must become an integrated part of the organization's process, equalizing individual and group aspects, and particularly they must become embedded in the management practices of the organization. Otherwise, even though a business may tout "ethics" as a standard, if it fails to immerse ethics into day-to-day operations, balancing personal ethics against social responsibility, particularly in management actions, it will fail the test.

So is there a means for gauging what is ethical in business? The literature says yes there is, although the standard is a complex multidisciplinary action involving personal and group dynamics. A follow-up question is whether there can be degrees of ethical right and wrong.

### Are There Degrees of Ethical Right and Wrong?

Things that may be considered ethical by some in certain circumstances may be considered unethical by others under different (or even similar) circumstances. This is not a dilemma. It is what Dunfee and Donaldson call a "moral free space," or a zone of uncertainty where there are no absolutes (Donaldson, 1996, p. 56). To paraphrase Lozano's ideas (1996), MNC business decision-making processes center on those things that are involved in detecting, evaluating, anticipating, and responding to all manner of internal and external expectations involving the company and its interaction with other organizations (p. 231). It is the application of skills that interjects the human element into the business equation. Human skills introduce the need for principles—in the sense of standards of conduct. Trompenaars (1994) found that culture is a key determinant in how managers manage, or in other words, how they introduce their humanness into the business process (pp. 14-21). It logically follows that culture is a key determinant regardless of whether or not the result is considered ethical.

Parsons (in Trompenaars, 1994, p. 10) originally identified five dimensions that describe how people relate

to others. Trompenaars (1994) has taken Parson's concept and correlated it to culture, resulting in a continuum of value orientations that describe how people interrelate and approach moral dilemmas (pp. 10, 31). Each of the dimensions has several relative degrees.

Dimension 1: The continuum of universalism versus particularism (Trompenaars, p. 10, 33). This dimension defines how some judge others' behavior. At one extreme, a universalist believes what is good and right can be defined and is always right. Behavior is either right or wrong and is enforced. At the other end, a particularist focuses on the exceptional nature of personal relationships and present circumstances (pp. 10, 33-34). A particularist will sustain, protect, or discount behavior, depending on the obligations of a relationship, no matter what the rules dictate.

Dimension 2: The continuum of collectivism versus individualism (Trompenaars, p. 31, 53, 62-68). An individualist is oriented to individual interests; activity is accomplished because it is in the individual's interest to do so. Authority is centered on the individual. A collectivist considers the organization first, since the consequences are shared by many individuals and normally

rely on consensus. Individualists hold little allegiance to groups—unless it is in their interest—whereas collectivists will speak as a group.

Dimension 3: The continuum of the neutral versus emotional (Trompenaars, pp. 69-70, 77-78). This dimension examines the range of personal feelings involved in relationships. Members of neutral cultures keep their feelings carefully controlled, objective and detached. Members of emotional cultures readily display emotions and seek means to release their feelings openly.

Dimension 4: The continuum of the specific versus diffuse (Trompenaars, pp. 79, 86, 90-93, 98-99). This dimension examines the degree to which people will engage each other, or how people get involved in relationships. Specific-oriented cultures will segregate task relationships and isolate them from other circumstances. In contrast, in a diffuse-culture one takes his or her position into every circumstance. Diffuse cultures believe that strangers must be orientated, accepted and integrated before business can occur. Specific cultures believe each stranger should share in all aspects and the fewer barriers to communication the better.

Dimension 5: The continuum of achievement versus ascription (Trompenaars, pp. 100-102, 115-116). This dimension describes how cultures bestow status. Every society gives certain members higher status than others. Status is granted by achievement (doing) or by ascription (being). An achievement oriented culture places worth on accomplishment. Ascription oriented cultures accord status by virtue of age, class, gender, family, religion, education, connections, and so forth.

Trompenaar's conclusion is that there are relative degrees of right, which become apparent when evaluated against the dimensional typology. As Resnik found (1996), value orientations dictate how people control actions in response to internal and external expectations of themselves and others (pp. 1-6). People conceivably will interpret ethical definitions differently, depending on their dimensional peculiarities. One can see a parallel with Sutherland's (1940) differential association. Precepts become apparent—fraud definitions are learned based on the interactions one has with others and the values that are received during that interaction—but this time from a cultural perspective.

Donaldson (1996) believes that one can navigate through the cultural dimensions and achieve right decisions by defining a threshold of integrity based on core human values and use this as the standard on which to interpret dilemmas (p. 54). Integrity is more than its standard definition of adherence to moral and ethical principles. It involves recognizing people's basic human rights, accepting the context—or cultural dimension—under which they operate, and integrating that into general business activities.

Context, according to Donaldson (1996) means recognition that values contain elements found in all cultures, and even though differences may be apparent, there may be hidden consensus (p. 56).

The concept of consensus in integrity is important because it provides latitude. Peters (1987) emphasizes that integrity must be absolute (pp. 628-631). But that absolute has to be measured against a predetermined and accepted standard that expresses the idea of consensus. In Peter's view, integrity means consistently living up to commitments, according to the standard. Consistency means perceived equitable treatment. Inconsistencies are quickly translated into abrogation. When faced with gray-area decisions, especially those that are culture-based, one can

analyze the dilemma by trying to find a consistent common ground that meets the integrity baseline.

Paine's (1994) premise is that ethics are inseparable from the management process (p. 106). Her conclusion is that organizational ethics must create a climate that strengthens the relationships and reputations on which the company's success depends. The 1994 Ethics Resource Center survey of United States business supports Paine's assertion (ERC, 1994, 1997; Gerber, 1995, p. 104). The objectives of the study (known as the National Business Ethics Survey—NBES) were to determine the effects of United States ethics programs on employee attitudes and behavior, to provide information to help companies implement effective ethics programs, to contribute to the debate about effective ways to strengthen business ethics, and to identify the major ethical issues facing employees in work-force America. The findings reveal some important facts concerning United States employees' attitudes regarding the importance of ethics and business:

- Two-thirds of the respondents said ethics is not rewarded in United States business (ERC, 1994; Gerber, 104).

- Eighty-two percent said United States managers choose profits over ethics (ERC, 1994; Gerber, 104).
- Twenty-five percent said their companies ignored unethical conduct to meet business objectives (ERC, 1994; Gerber, 104).
- Twenty-nine percent felt pressure to act in ways that violated their companies' standards of conduct (ERC, 1994; Gerber, 104).
- Thirty-one percent reported seeing criminal misconduct at work during the preceding year (ERC, 1994; Gerber, 104).
- Of those who reported seeing misconduct, fewer than 50% actually reported it to the appropriate person in the company (ERC, 1994; Gerber, 104).

Similarly, Badaracco and Webb (1995) interviewed 30 Harvard MBA graduates to obtain their assessment of the status of ethics in business (p. 8). Their research revealed some serious perception problems. The MBA graduates believed that organizational executives are out of touch about ethical issues, that organizational pressures as opposed to individual character flaws lead some people to act unethically, and that employees believed

whistleblowing (reporting organizational impropriety) is a professional hazard. Furthermore, the MBA graduates stated that staff-level employees often receive explicit instructions from managers to do unethical or illegal things such as to ignore kickback schemes or to support cover-ups. But perhaps most significant, a prevailing attitude among the graduates was that questionable behavior does not hurt; in fact, in some cases it seems to accelerate career advancement (1995, p. 8).

In 1997, the ERC underwrote a second survey by the Society for Human Resource Management—SHRM (ERC, 1997). That survey solicited responses concerning the perceptions of business ethics from human resource (HR) professionals in order to learn the relationship between encouragement to commit misconduct and actual rates of misconduct. A key finding was that pressure to commit misconduct does lead to more actual misconduct—regardless of whether the pressure is individually or organizationally inspired. This tends to support the thesis that some individuals will violate rules and laws even with no organizational pressure.

#### The Cost of Unethical Conduct

The flip side of the ethics coin is that unethical conduct affects not just social standards, it is economic

poison. Analyzing strictly from a cost/benefits perspective, Izraeli and Schwartz (1997, p.10), along with three of the Big-6 accounting firms, KPMG (1994, 1995, 1997; Inkster, 1996), Ernst and Young (1996), and Arthur Anderson Worldwide SC (Newman & Kettel, 1998), published studies that show fraud—the ultimate form of an ethical lapse—costs business hundreds of billions of dollars each year.

The Association of Certified Fraud Examiners (ACFE) surveyed 10,000 Certified Fraud Examiners—specialists trained to detect, investigate, and neutralize fraud—to measure, among other things, the cost of fraud (Geis, 1996, p. 35-36). The study analyzed 2,608 fraud cases emanating from all over the world (Geis, 1996, pp. 14, 16-18). The analysis disclosed that about 6% of a company's revenues are lost to all forms of fraud and abuse each year—a figure amounting to more than \$400 billion annually in the United States alone.

KPMG's 1996 International Fraud Report (Inkster, 1996) surveyed almost 4000 companies located in 18 countries representing North America, Asia, Europe, Australia, Africa and the Middle East. That survey found 52% of respondents had experienced fraud in the past year, 48% believed fraud

to be a major problem, and over 50% believed fraud will increase in scope. Extrapolating from that, Izraeli and Schwartz (1997) hypothesize that the same conditions—or worse—exist in the other countries of the world, suggesting that worldwide business-related misconduct is even more pervasive (and hence more costly) than current studies suggest (p. 10).

In the face of these findings, however, the final analysis of any business relationship is the bottom line. Sherwin (1983) says that the institution of business is society's principle mechanism for producing and distributing goods and services (p. 185). If business fails to produce the output expected by society, society will fail. In competitive business, efficiently providing what society values is good business. If costs override benefits, business is bad. The rightness of ethical values notwithstanding, if they negatively impact on the bottom line, they will be discarded, one way or another.

KPMG (1997) reports that business leaders in many countries have been weighing options and are implementing ethics programs because in the long run they have found they save costs. Izraeli and Schwartz (1997, p. 8, 11-13) and Payne, Raiborn, and Askvik (1997, p. 1729) report this

same trend coming from world bodies whose job includes overseeing business practices. It seems that world leadership organizations such as the OECD, the International Chambers of Commerce (ICC), and International Corporate Governance Network (ICGN) believe ethically based business practices will improve the world business society. But they differ on how to interpret what constitutes ethical behavior.

#### Ascribing Multicultural Ethical Standards

In July 1998, the ICGN hosted its third annual meeting in San Francisco, CA, with the purpose to construct a statement of global corporate governance principles. They failed (Taylor, 1998, p. 3). Conference delegates were unable to agree on even innocuous statements and finally accepted only an "exposure draft" of a business code. Because of uncompromising cross-cultural differences, the group was able to focus only on intangibles such as dialogue and awareness among members. First among the criticisms: The proposed statement of principles was overly influenced by United States thinking and failed to take adequate consideration of international differences.

The ICGN is not alone in this challenge. The OECD, working with the ICC, has experienced its own problems

trying to broker international policy against frauds. One example is the challenge OECD undertook to enact the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD, 1997). After considerable negotiation lasting more than 2 years, the Convention was enacted on February 15, 1999. The Convention sets forth a standard to be used to develop national laws to criminalize bribery of foreign public officials in international business transactions and to serve as the basis for effective international judicial cooperation.

Taken at face value, this would seem to be an honorable task; intuitively, no one supports bribery. However, whereas 34 countries (29 OECD member States and 5 non-members) signed on to the Convention, many of those signatories are described as tenuous at best because of differentiation in interpreting definitions of what constitutes bribery (OECD, 1998a, 1998b; TI, 1998a, 1998b). Enactment was a foregone conclusion because by agreement, the Convention was to take effect 60 days after five of the 10 countries with the largest share of OECD exports submitted their ratification, something that has occurred. Still, the whole process is threatened, as it will be imposed by the economically powerful nations on smaller

nations whose governments may hold different ideas on bribery and who choose to operate as though the Convention does not apply.

Transparency International (TI), a nongovernmental coalition created to identify and publicize international fraud and corruption, reported another case that reflects the problems associated with enacting integrity programs in business. The Independent Commission Against Corruption (ICAC) in New South Wales, Australia in 1994 (ICAC, 1994) conducted a survey to determine the kind of conduct public sector employees would judge as corrupt, and to identify those factors that might keep them from reporting it. TI summarized the ICAC survey results as follows:

Individual respondents differed sharply on their views of what was—or was not—corrupt. [It] is important for all who are interested in minimizing corruption to realize that what any one public sector employee understands as 'corrupt' may not be shared by his or her colleagues. This lack of commonality of understanding adds to the difficulty of combating corruption. (TI, 1996)

TI sponsored research (Klitgaard, 1997; TI Source Book, 1996) extended the results of the ICAC survey with the suggestion that corruption and fraud, as global phenomena, are received by the global population with that same lack of ethical commonality.

### Ethics vs. Morals

Is there a difference between ethics and morals?

Mitchell, Daniels, Hopper, Georgo-Falvy, and Ferris (1966, p. 440-445), Shore (1990, p. 166), and Yeager and Kram (1990, p. 140) see close parallels between the two. "Moral" is a conceptual thing. It refers to being concerned with general principles of right and wrong. "Ethics" is applied morality and refers to defining rules of conduct or relating those rules to conduct adjudged right or wrong as they affect a segment of society or culture. The Glossary of Ethical Terms (1996) defines "ethics" as a synonym for "morals," but more specifically, as the study of morals. Morals provide the standard for ethical behavior.

Frequently people think of business ethics in terms of either what is legal or illegal, not so much in terms of what is right or wrong, and less to what is perceived as moral or immoral (Mitchell et al., 1996, p. 439). A business ethic is a statement of the standard of conduct that a business intends to uphold. It is like an umbrella, sheltering the business from the rain of evil. It covers corporate impropriety—those acts perpetrated by persons or groups done to provide a gain to the organization (e.g., hiring illegal aliens at cut rate salary to perform

dangerous tasks), as well as personal impropriety—or acts perpetrated to benefit the individual (e.g., embezzlement). Moral theory encompasses three key elements: questions of reflective choice, guides to right and wrong, and values. These are cognitive, based on conviction, and derived through acculturation.

To move from conceptual moral and ethical theory to the practical application of business ethics requires a deliberate bridging step. Jones and Kavanaugh (1996, pp. 511, 522) as well as Mitchell's group study (1996, pp. 440-441) bear this out. They found that causes of unethical business activity are personal and situational. Personal character traits or attributes, such as Machiavellianism, locus of control, or ego strength of decision makers at all levels, affect ethical behavior. Personal values of managers—such as the relative importance of equality, justice, peace, freedom or a comfortable life—are good predictors of both personal and organizational unethical or illegal behavior. Finally, the moral underpinning of personal behavior in all capacities is the key to understanding why people behave the way they do.

### Morality

Morality embodies human values and right conduct and is a philosophical subject that covers three basic perspectives (Wells et al., 1996): the utilitarianistic, the deontologistic, and the relativistic. The purpose in discussing these perspectives is not to strike an inflexible definition or action path, but rather to present viewpoints of appropriate opposing theory in order to correlate this theory to ethical dilemmas involving frauds.

Utilitarianism bases morality on the consequence of actions—conduct should be based on the greatest good to the greatest number of people (Wells et al., 1996). There are two ways to apply utilitarian theory. Act utilitarianism applies moral principles directly to each alternative act in a choice situation. The right act is then defined as that which brings about the best results. Rule utilitarianism looks at the validity of rules of conduct and examines the consequences to determine validity. Right and wrong can then be defined as adhering to or breaking the rule.

Deontology looks at morality from the universalistic perspective of duty, integrity, obligation and right action. Conduct should be measured by its logic and reason,

not by its consequences (Kutnik, 1985, pp. 134-137; Wells et al., 1996). The third theoretical approach, relativism, will be discussed in some detail.

Relativism is considered in some literature (Summers, 1992, for example) to be an intellectual cop-out; but in point of fact, it seems to hold the most complex rationality (Hall, 1991, pp. 100-101; Stewart & Thomas, 1991, pp. 85-87). A socio-anthropologically based theory, relativism espouses the concept that right and wrong often can be differentiated depending on the individual, group, culture, or tradition. Critics of relativism cite its subjectivity—holding a view that the truth of judgments depends whether or not a person believes an act to be right or wrong. This is shallow thinking and reduces relativism to nothing more than personal opinion. Relativism's robustness comes from its conviction that moral judgments reflect the cultural context from which they are derived. This does not mean that relativism rejects the concept of general moral standards for conduct. What it does mean is that those standards can only be applied and understood in terms of a particular cultural context. MacIntyre, a nonrelativist, argues that morality is a social product constructed by people in a particular societal context and

must be understood in relation to those societal contexts (cited in Hall, 1991, pp. 95-97). Durkheim (1911) said, "Morality is the sum total of the inclinations and habits which social life, depending upon the manner in which it is organized, is developed in the conscience of individuals (p. 69)." This implies that moral conduct is a product of both personal conviction and collective behavior, like social norms and sanctions (Hall, p. 96). Hocutt (cited in Stewart & Thomas, p. 85) says that the "proof of [relativism], if the relativist is right, is to be found in the plain facts: Different societies have different moralities and laws, and there exists no morality or law that is demonstrably binding on all societies alike." Contrary to the slant of the other theories, relativism asserts that "norms and mores are determined by cultural indoctrination, and their wide variety attests to the fact that they have no more basis than socialization" (Summers, 1992, p. 2).

The literature supports the idea that human managerial skills introduce an ingrained sense of moral and ethical standards into business. These same skills guide managers as they contend with how people relate to each other across very divergent continuums of behavior. However, throughout

the literature, one fact keeps pressing forward: The key to success in any situation involving business ethics is managing trust. Trust is a most difficult social concept to understand, and yet it is one of the most significant in terms of exacting social relationships. When one segment of a trusting partnership violates trust, the system breaks.

#### The Cultural Nature of Trust

Trust is an enigma. Its complexity exists on personal and organizational relationship levels, involving among other things, choice, reliance, expectation, risk, power, security, and vulnerability. It exists in degrees and its meaning may change with context. According to McAllister, (1995, p. 24), trust is cognitive in that each individual chooses whom to trust and under what circumstances. Similarly, trust is affective, as it embodies emotional bonds between persons. In both instances trust correlates to personal integrity, but at the same time it can be based solely on self-interest. Opportunistic trust breakers rely on others' trust.

Trust means different things depending on the nature of the qualifying factors. To compound the situation, meaning varies between language and culture. We know when we trust something, but trying to explain what it is we

know becomes more difficult with analysis. Hosmer (1995) said that trust is embedded in informal social relationships and the obligations those relationships incur; trust in past actions leads to trust in the future (p. 383).

Brien (1998) described certain distinguishable properties that are held in a trusting situation (pp. 398-399). Brien considered trust to be predispositional, meaning one learns how to trust and distrust based on experiences, culture, and socialization (p. 399). Trust is indexical in that its meaning changes from context to context (Barnes, 1987, p. 111; Little & Fearnside, 1997, p. 15). Trust also exists in degrees along a wide continuum (Brien, p. 399; Little & Fearnside, 1997, p. 15). It is rare when one experiences total trust or total distrust. The degrees of trust are measurable based on experience and consequence. Trust builds upon itself—as an interpersonal process it becomes sensitive to its own acceptance and, therefore, fluctuates in strength (Brien, p. 399). Finally, trust is both rational and nonrational (Brien, p. 398-399). Rational trust means that it occurs as trusters choose actions on their relative empirical support: beliefs, desires, and evidence based on past experience. Nonrational

trust (derived from a philosophical perspective) is equated to the more intense religious and ideological commitment that overrides traditional rationale judgment.

#### What is Trust?

Trust, in the aggregate, does not seem to be synonymous with anything but itself (Little & Fearnside, 1997, pp. 5). Traditional words that may be found as substitutes possess some attributes of trust, but on closer examination, each fails to capture trust's breadth of meaning.

Faith is trust, but of a selective type that is uncompromisable and goes beyond justification. Faith, according to Little and Fearnside (1997), is profound and structural, with a core belief to be defended at all cost (pp. 4-5). This is too narrow a concept to encompass the broad perspective required of trust.

Confidence is a form of trust that is derived from an acceptance of empirical evidence (Brien, 1998, p. 398; Little & Fearnside, p. 5). Confidence requires that one have information about the abilities of another that gives you reason to believe that something expected will happen. It is the receipt of the information that grounds the predisposition. Trust is more than confidence in that it

does not require information in all instances, such as faith. Accordingly, one can trust without confidence, which may come in time as one learns.

Reliance is a form of trust similar to but different from confidence in that one's expectations are dependent upon the success of another's actions (Brien, 1998, p. 398; Hosmer, 1995, p. 381). Trust, however, carries with it a more powerful condition: the psychological impact of vulnerability—the truster is vulnerable to the actions and choices of the trustee and accepts that vulnerability.

Dependence is another type of trust where the truster experiences a state of being influenced, determined, or supported by another person or thing. It exists by virtue of a necessary relationship. However, one can trust without incurring a dependent relationship (Hosmer, p. 382).

Baier (in Koehn, 1996, p. 183) defined trust as a truster's expectation of, or reliance on, being the recipient of the trusted party's good will. Fukuyama (in Koehn, 1997, p. 1) considered trust to be "the expectation that arises within a community of regular, honest, and cooperative behavior, based on commonly shared norms, on the part of the other members of that community." Both

those definitions embrace the idea of a cooperative relationship as the basis for trust.

Koehn (1996) takes exception to the notion of cooperative relationships (pp. 183-184) and supports his criticism through an analysis of three essential features. First, both definitions seem to treat trust as exclusively interpersonal, a concept that ignores self-trust. Koehn observes that self-trust may be considered the basis for interpersonal trust, and to ignore it as a premise is faulty.

Second, Koehn (1996) says the definitions rely on what he calls cronyism, but what may be better explained as acculturalism (pp. 183-184). Fukuyama and Baier believe trust flourishes when the trusters share the same values, norms and traditions. Koehn says this unnecessarily restricts the definition by ignoring trusting relationships that are valued but occur outside the circle of shared norms. For example, Koehn says we may trust persons who do not share our norms because they are willing to disagree with us when they think we are in error. If the truster recognizes that disagreement has value, then he/she may trust a person with different norms, values, or traditions. Although that contention is logical and should be

considered in the aggregate, Fukuyama's focus on community, commonly shared norms, and cooperative behavior should not be lost in the analysis.

In his book, Trust: The Social Virtues and the Creation of Prosperity (1995, p. 26), Fukuyama states that trusting relations are essential in order to form a healthy and prosperous civil society. Middle Eastern tribal relations illustrate Fukuyama's assertions. In some Middle Eastern societies the tribe holds exclusive social, economic, and political authority (Nyrop, 1977, pp. 10-12). Favorable business transactions, just like friendly social contacts, have been dismissed solely because of suspicion rising from tribal rivalries (Al Turki, 1998). In an expatriate business society—one where foreign workers voluntarily elect to work and reside in a country different from their own—members from similar cultures tend to seek out and socialize together. This culture-oriented trust widens as access to one's own culture decreases (Al Turki, 1998).

The third and final point made by Koehn (1996) is that neither Baier's nor Fukuyama's definition of trust totally explains normative philosophical issues involved in the act of trusting (irrespective of Baier's grounding in normative

philosophy). The definitions say to expect good will, but they do not explain what good will is (pp. 183-184). Koehn believes that any definition of trust must include "the trustor's expectation of being the recipient of the trustee's continuing good will" (p. 184). Continuance, according to Koehn, forces the trustor to incur the responsibility or obligation to continue good will into the future. Another key point is the nature of the expectation surrounding the trustor's and the trustee's interaction. Trust, Koehn says, resides in the willingness to reconsider expectations by engaging in self-critical evaluation and value disagreement to act in a manner consistent with continuing relations (p. 185).

Koehn's views are shared by others, including Hosmer (1995), who emphasized the point by quoting Golembiewski and McConkie that, "there is no single variable which so thoroughly influences interpersonal or group behavior as does trust" (pp. 379). At the same time Hosmer noted that there is no agreement on a single definition for trust (379-383). Most definitions are based on an underlying assumption of a cooperative moral duty owed by both trustors and trustees. Seizing on this idea, Hosmer synthesized several popular concepts taken from

organizational theory and then correlated them to normative philosophical concepts of rightness, justness, fairness and good will to come up with his version.

Trust is the expectation by one person, group or firm of ethically justifiable behavior—that is, morally correct decisions and actions based upon ethical principles of analysis—on the part of the other person, group, or firm in a joint endeavor or economic exchange. (p. 493)

This definition incorporates many of the attributes discussed before such as belief, confidence, reliance and dependence, but adds the element of protecting rights and interests of all parties to the trust contract. Moreover, Hosmer (1995) suggests that protecting rights and interests means that the truster has to combine—not substitute—rights and interests of the trustee with his/her own, which is accomplished by merging normative philosophical terms like right, just, fair, and good will, which are based on ethical analysis resulting in morally correct decisions and actions (p. 388). Therefore, according to Hosmer, by focusing on the overall good of society, and not necessarily solely on the interests of a person or a group within society the interests of each and all are automatically protected (p. 493).

Correlating Trust, Ethics, and Morality to Fraud

Sutherland (1940) said that financial loss caused by fraud crimes is less important than the damage it causes to social relations (p. 5). Fraud violates trust and consequently creates distrust, lowering social morale and producing social disorganization. Baird and St-Amand (1995) confirmed Sutherland's findings during their examination of trust in Canadian organizations (Part 1, p. 2). They affirmed the commonly held view that trust is an essential element in any organization's success, and they discovered that traditional organizational trust-makers are eroding. Noer (1997) agreed, stating that ideas of lifetime employment, organizational loyalty, and workplace security are disappearing (p. 7). Worker loyalty is shifting from the organization to the individual; the workforce is better educated, more knowledgeable, ethnically diverse, less dependent, and therefore less trusting.

Whereas work force trust may be deteriorating as a result of business decisions, at the same time internal and external forces are exploiting business control weaknesses for personal and professional profit. Independent studies addressing business fraud (Geis, 1996; Inkster, 1996, pp. 4; 513-514; KPMG, 1994, pp. 1, 10-14) indicate deceitful

business practices are reported only when the victim company elects to do so. Consequently, business leaders find themselves existing in an environment of eroding trust where corrupt practices can prevail and often are rewarded.

### The Value of Trust

Bhide and Stevenson (1990) note that in the business world, concepts of trust, integrity, and virtue would be empty if distrust and impropriety were not financially rewarding (p. 128). This is because value is not merely monetary. Human nature is moral, and trust based on morality instead of self-interest holds special value. Brien (1998) says that businesspeople act the way they do because the values they possess give them the force to believe in and act out what they think to be right and good (p. 405). The concepts of right and good carry considerable weight in the business world, a thesis supported by Bhide and Stevenson (1990, pp. 128-129) and Barnes (1981, p. 111).

Right and good can also be equated to reputation, something that carries intrinsic value in the business world. Businesspeople value their reputations, not just for financial gain but also because of personal pride. For most people, an attack on their professional competency is the

same as a personal affront—something to protect and defend. As Bhide and Stevenson (p. 127) say, it is not unusual for businesspeople who are facing risky business situations to judge trustworthiness by gut feelings that are bolstered by the public reputation of their target. Reputations are built on a foundation of honesty, which helps one navigate through the murky world of commerce. People generally honor obligations because they believe it is right to do so, but not necessarily because it is good business (Barnes, 1981, pp. 111-112).

Intriguingly, trust does not have to equate to honesty, goodness or virtue to have value—this depends on the end pursued by the trusting individuals. For example, a jailhouse “trusty” survives by wily and sometimes amoral exploitation of his/her trusted positions with both the jailhouse guard force as well as with fellow inmates. Trusties become so because the guard force “trusts” them to do special tasks or favors—some of which may not be legitimate and might be considered distasteful by others (informing on inmate activities, performing housekeeping chores for the guards, and the like). At the same time, inmates use the trusty as their informal conduit to the guard force, prison management and others. Both entities—

the guards and the inmates—allow and often encourage a trusty's activities because the trusty fulfills certain valued needs for both parties. Trustees operate in an environment of risk because they may be arbitrarily accused of dishonesty or disloyalty by either side, with potentially dangerous consequences. Trustees survive in both camps because they tolerate the actions—but each within its own certain boundary.

#### Trust and Tolerance: A Counterbalance

Trust is an essential element in business success (Baird & St-Amand, 1995, Part 1, p. 2), and at the same time trust presupposes accepting risk (Brien, 1998, p. 399). One intriguing outgrowth of risk-taking is the belief that under certain circumstances, trust violations, especially those affecting business relationships, mitigate tolerance—if not acceptance—of fraud, both by victims and bystanders, which leads to a deterioration of general business ethics (Wells, 1997, pp. 524-525; Bhide & Stevenson, 1990, pp. 122-127). Tolerance involves an indulgence for beliefs or practices differing from or conflicting with one's own; it is an affective condition that builds over time. Tolerance is an important piece of the trust puzzle. Robinson (1996) called it a

counterbalance for morality (pp. 580, 595). If a one breaches a trust, that can be an immoral or unethical act, but how the trusting person will respond depends on tolerance. In business relationships, a prior level of trust will tend to moderate a violation of that trust, consistent with the level of prior trust that was achieved. Employees with a low level of initial trust experience a greater decline in trust following a perceived trust violation than do employees with high initial trust (Robinson, p. 595).

Brockner, Tyler, and Cooper-Schneider (reported in Robinson, pp. 595-596), found that despite an employee's positive prior attitude, if the employee ultimately interprets an employer's actions in a negative light, the prior positive attitude will be strongly and negatively affected. Robinson's and Brockner, Tyler, and Cooper-Schneider's studies are not contradictory. People want to retain beliefs and attitudes about being able to interpret trusting situations, but when trust is betrayed, prior beliefs and attitudes help to mediate tolerance. Whereas forgiveness is not a business trait, Barnes (1981, p. 127) and Bhide and Stevenson (1990, p. 128) believe tolerance for infractions seem to be. Robinson (1996) says, "trust

may beget trust not only by influencing the trusting behavior of each party but also by influencing each party's perceptions of the other's behavior" (p. 591). And, in each case, trust is compromised. This is the foundation a fraudster cultivates in order to commit fraud (Wells et al., 1996).

The basic precept of fraud is to violate a trust to gain something of value. Because trust is such a multi-definitional concept, it becomes highly exploitable and dependent on circumstances, situations, and context. The important result of this discussion is the cause of ethical malfeasance in any setting can usually be traced to one of two things: (a) an organizational ethical failure, or (b) a personal ethical failure.

#### Précis

This chapter reviewed the literature to identify evidence about culture's interlocking role with fraud in the business setting. It is remarkable that, comparatively speaking, in the vast field of criminology, there is such a limited amount of original research correlating culture to fraud (Cullen & Benson, 1993, pp. 329-331). That there is a limited amount of scholarly research about fraud can be explained because the typology of fraud has only recently

been seriously considered as a core criminological subject. Even though recent evidence indicates that fraud is beginning to take its place in the core, many in the profession have yet to reconcile where fraud fits. Cullen and Benson (p. 336) observe that when tasked, most students of criminology can usually come to a shared understanding to define classic crime. However, in the same circle, defining what constitutes fraud remains a point of contention.

That there is so little information about culture and fraud can be similarly explained by the fact that within the criminology profession there exists a stigma against culture conflict theories—dominated by the concern over cultural deviance, as mentioned above (Akers, 1998, ch. 4). Even so, many experts believe fraud definitions ultimately are shaped by culture (Benson & Moore, 1992, p. 266). Part of the solution involves examining attitudes—a values and norms assessment. To understand how different groups arrive at different values and norms requires one to understand the genesis of the questioned conduct. Ethical conduct, particularly business ethics, is driven by the interrelationships of morality and trust. The influencing

events can be internal or external to the culture, and can have both a direct and indirect impact on behavior.

At the simplest business level—single person owner/operator—ethical conduct is a relatively easy step, since the person and the business are one; the assumption is that the business ethic is a manifestation of the personal ethic. As the business grows, expands, and evolves in complexity, so does the ability to simply assign moral or ethical constructs. That seems intuitive.

Business at its most complex is a multinational corporation with multiple international locations and operations and a multicultural employee force. In such instances the transitional step is seriously difficult. For a business ethic to work in that environment, it follows that the ethical stance must consider a multicultural approach.

It is certainly conceivable that business leadership can impose a moral or ethical standard as part of the formal business structure. This is the concept Almhelm (1992) talked of when he analyzed "corporate culture" dynamics in a multicultural environment. But according to Luthans (1992), adherence to such a standard remains within the purview of the multicultural informal power bases of

the business to accept it, adopt it, and engage it (pp. 363-364). Finally, Falkenberg and Herremans (1995, pp. 134-135), Hall (1991, pp. 97-99), and Morrison and Robinson (1997, p. 226) are in agreement that a forced ethical standard in the end fails unless it embodies an accepted foundation of trust and morality.

As the economic engine for society, business is most successful when it operates within the guidelines established by society. Society's values are derived from the culture in which they occur. Misconduct, or operating outside society's value guidelines, can be a detriment to business, especially when that misconduct dips to the level of fraud. A multicultural societal problem demands a multicultural solution.

Scully's (1995) study on multiculturalism revealed that emphasizing cultural differences may exacerbate intergroup enmity and lead to social breakdown (pp. 1, 8). It is not necessary to emphasize cultural differentiation, but it is necessary to understand it. A lack of knowledge about cultural differences will lead to misjudgment. Sigmund Freud, the founder of psychoanalysis, and August Comte, father of modern sociology, both suggest in their writings that knowledge is the impetus for societal

development; without knowledge there is no threat, there is no urge (Freud, 1961, pp. 59-61; Johnson, 1975, pp. 7-8; Nisbet, 1969, p. 187). Acquisition and application of new knowledge—or old knowledge in new ways—is, according to Comte, absolutely necessary for societal development theory to grow, expand, and evolve, so that humankind can gain more understanding of humankind. Comte saw no other cause of social change (Martineau, 1855, pp. 43-47).

The question remains, is cultural heritage causal to a person's change process in identifying, accepting or rejecting fraud definitions? One way to attempt to answer that question is through empirical research. The following chapter describes the research design and methodology to measure respondents' attitudes to fraud crimes and correlate those findings to cultural heritage.

## CHAPTER 3

### Methodology

#### Research Design

This was a quantitative study that included a survey of a randomly selected sample to verify four hypotheses that relate definitions of and attitudes toward fraud to cultural heritage. As stated in the Chapter 1, the hypotheses are as follows:

H<sub>1</sub>: Attitudes to fraud of business professionals employed by a large multinational corporation in the Middle East will vary according to their cultural heritage.

H<sub>2</sub>: Attitudes to bribery, conflicts of interest, embezzlement, management fraud, and industrial espionage of business professionals employed by a large multinational corporation in the Middle East will vary according to their cultural heritage.

H<sub>3</sub>: Attitudes to fraud of business professionals employed by a large multinational corporation in the Middle East will vary according to their age, gender, education, and employment.

H<sub>4</sub>: Attitudes to bribery, conflicts of interest, embezzlement, management fraud, and industrial espionage of

business professionals employed by a large multinational corporation in the Middle East will vary according to age, gender, education, and employment.

The instrument consisted of 15 scenarios designed to assess the respondents' attitude attributes of recognition, feeling or action. The scenarios were chosen from actual fraud investigation case histories. Eight professional fraud investigators—who represent five different world cultures (Asian, Caribbean, Middle Eastern, North American, West European), whose individual credentials include post-graduate education, and who each have an average of 21+ years experience investigating frauds in an international environment—evaluated each scenario for content. Using their expertise, the researcher sanitized the scenarios to eliminate reference to a specific culture in an attempt to reduce content bias; generalizations were used if needed. Any similarity to actual people, companies, or events is purely coincidental.

Scenarios selected to measure recognition required the respondent to be able to distinguish subtle nuances of the type of fraud. Feeling scenarios were selected because some aspect of the fraud portrayed mollifying circumstances that

could affect or mitigate the fraudulent act. Action scenarios were selected because the situation called for an overt decision by the respondent to explain how he/she would react under the proposed circumstances.

#### Derivation of World Culture Clusters

This study examined employee attitudes from one company. The company hires from 50 different countries. These countries were grouped to correspond to the 11 defined *world cultures*. The 11 world cultures were independently derived specifically for this research by the author and were based on a synthesis of Hofstede's (1980), Sullivan's (1991), and Trompenaars' (1994) culture formation methodology. That synthesis was integrated with how Progressive Vision (PV) (1996) categorized various cultures of the world. PV is a Christian religious organization that has engaged in international proselytism to advance their causes. Consequently, PV is attuned to differences in cultural attitudes, which guide their proselytistic marketing strategy.

Intuitively, people associate their culture from a close-knit inner circle of influence, outwardly with others who share beliefs, ideals, and so forth (Trompenaars, 1996,

pp. 24-28). The idea of a world culture, and the eventual 11 categories used in this research, is an approximation of those broad-based outer circles of influence.

To test the acceptability of the culture categories to respondents, a series of interviews were conducted of persons from many different countries: Australia, Bahrain, China, Cuba, Egypt, England, Ethiopia, Greece, India, Japan, Korea, Lebanon, Pakistan, Philippines, Saudi Arabia, Scotland, Thailand, Turkey, and the United States. Each provided their individual assessments, which were considered when formulating the culture classification. Additionally, two test groups were administered prototypes of the questionnaire during development to identify their acceptance of the world culture categories. This process of interviewing and testing eventually resulted in the identification of the 11 separate world cultures. These were then retested using the same test groups to eliminate situations where respondents had difficulty finding a culture fit, until compatibility was reached.

Cultural variations were categorized in terms of 12 possible responses: African, Asian, Australian/ New Zealander, Caribbean, East European, Mediterranean, Middle

Eastern, North American, Pacific Islander (including Filipino), South American, West European, and other. Since cultural heritage cannot be assigned by one to another (Trompenaars, 1994, pp. 5-7), cultural attribution was by means of respondent self-identification as part of the questionnaire's demographic collection process.

#### Instrumentation

Harris (1990, pp. 741-750) recommended the use of scenarios to measure attitudes because they allow the survey administrator to introduce background information and other critical detail to place the posed ethical dilemmas in a proper context. This technique, while an explicit method of attitudinal data collection (Greenwald & Banaji, 1995, p. 19) in that it requires a direct response from the participants, at the same time provokes implicit responses (Greenwald & Banaji, p. 20) to the scenarios, as the participant wrestles with each dilemma.

The questionnaire and cover transmittal letter were presented in Arabic and English, which are the two most common and accepted languages of the company. Translation from English to Arabic was an exacting process to ensure not only that the content was literally correct, but most

importantly that the meaning was correct. A copy of the questionnaire and the transmittal cover letter is attached as Appendix 1.

The questionnaire consisted of two parts. Part 1 contained the 15 scenarios and the instructions covering how to answer each. Part 2 consisted of five demographic questions that were used for analytical purposes, as well as additional instructions, and concluding remarks.

The scenarios were grouped according to the attitudinal attribute, by the fraud construct (see Figure 1); the respondent answered the recognition scenarios first, then the feeling scenarios, and finally the action scenarios, in the order of bribery, conflict of interest, embezzlement, management fraud, and industrial espionage. Figure 1 shows how the scenarios were sequenced in the questionnaire. The letter (i.e., "A", "B", "C", through "O".) was the sequence order of the questionnaire.

Fraud Construct	Scenario		
	Recognition	Feeling	Action
Bribery	A	F	K
Conflict of Interest	B	G	L
Embezzlement	C	H	M
Management Fraud	D	I	N
Industrial Espionage	E	J	O

Figure 1. Fraud scenario sequencing.

The second part of the questionnaire contained demographic information. Only five demographic questions were asked—one culture question and four others covering age, gender, education, and occupation. The latter four categories are traditional measures used in criminological research and were collected for comparative purposes with previous research; they may be helpful in any future research spawned as a result of this project.

Demographic questions were placed last in the questionnaire because they can be considered relatively threatening, since they request personal information (Alreck & Settle, 1995, pp. 144, 153-154). The positioning of these questions was also deliberate. Alreck and Settle (1995) found that most respondents who begin a questionnaire are likely to complete it, and therefore will furnish demographics (p. 144). The first two demographic questions (Age and Gender) were relatively nonthreatening. They were followed by the most important demographic question designed to elicit cultural heritage. The last two questions (concerning education and occupation) were less threatening.

### Measurement Scale Design

The respondents were asked to judge the scenarios against a 7-point Likert-type summated scale. Alreck and Settle (1995, p. 267-268) and Mitchell and Jolley (1996, p. 448-450) agree that summated rating scales are useful in assessing behavioral research, especially attitudinal research. The questionnaire was pretested as part of the design process, which revealed respondents preferred a 7-point scale because it provided more refined degrees of choice.

For those scenarios designed to measure the attribute of recognition, a score of 7 reflected significant intolerance to the facts as described. A score of 1 indicated the respondent did not recognize the fraud, and consequently approved of the scenario. Similarly, scenarios designed to capture feeling were constructed so that a score of 7 indicated rejection of any mitigation and intolerance to the fraud. A score of 1 indicated the respondent held strong feelings that the act should not be considered a fraud. Action scenarios required a personal decision by the respondent. A score of 7 indicated the respondent would take decisive action against the fraud. A

score of 1 indicated the respondent would take action that would ignore, support, or endorse the act. One scenario (Scenario M) was a score reversal scenario: In this case, a score of 1 indicated strong attitudinal action response; a score of 7 rejected the action. Compilation was adjusted accordingly.

#### Questionnaire Instructions

Instructions tell the respondent how to process the relevant questions. Some type of response instruction is required in any type of survey, regardless of how it is administered. The complexity of the instructions depends on the type of questions presented. For example, in this questionnaire (Appendix 1) there were several types of instructions: some told the respondent about the questionnaire, some explained the respondent's requirements in answering scenario questions and different instructions for demographic collection, others explained the measurement scale, and finally, some instructions explained how to return the questionnaire.

This questionnaire contained two types of questionnaire instructions: informational and guidance. Informational instructions identify the questionnaire as

anonymous and thank the participant for his/her participation. Guidance instructions reveal that the questionnaire is in two parts (Scenario and Personal Information), and provide some brief information about each part. These instructions put the participant at ease and described the task at hand.

According to Alreck and Settle (1995), the more complex the scaling technique, or the less sophisticated the respondent population, the more elaborate the instructions (p. 160). For this instrument and survey, the target population was well educated; most speak, read and write more than one language; and all consider themselves professionals. Consequently, the response instructions were relatively straightforward. Also, the measurement technique (Likert-type summated scale) was self-explanatory.

#### Scenario Data Coding

Precoding is a process that facilitates data collection, retention, and interpretation. This survey used a spreadsheet format for recording precoded data. Response codes and format codes were organized to facilitate data collection. Each question was assigned a response code that corresponded to the collection column for the data

spreadsheet. Format codes were placed in small type on the far right border of the questionnaire. Each possible response was coded to correspond to the data entry columns on the spreadsheet, labeled "A" through "T," to correspond to the questionnaire's 20 questions.

The spreadsheet format was selected because the questionnaire was relatively simple and the statistical tools used in analysis (Microsoft® Excel® with WinStat® for Excel®) were compatible with spreadsheet statistical analyses.

The final type of coding in this questionnaire was the case number. Every returned questionnaire was assigned a unique case number. If an error or problem was ever uncovered, the data can always be traced to the original questionnaire.

### Instrument Validity and Reliability

#### Validity

The instrument was more than 3 years in the making, and progressed through many phases that critically examined the construction, phraseology, linguistics, format, and measurement method in order to create a valid and reliable instrument. Each step in the development process was

completed with assistance and continuing advice from Dr. Aqueil Ahmad, Walden University Mentor and Dissertation Committee Chair, as well as from outside experts from the company, academia, and the profession.

To offset potential respondent bias, the fraud scenarios were selected and evaluated by professional experts and were then evaluated by a group of volunteers for consistency and accuracy. The purpose was multifold. First, the scenarios had to be representative of the fraud and the attitude to be measured. Second, this scenario representation had to be identically conveyed both in Arabic and English. Third, the scenarios had to be easily conveyed to laymen not necessarily familiar with fraud crimes. Fourth, they had to be culturally benign.

To encourage response, the questionnaire transmittal letter was carefully constructed to embrace environmental sensitivities. Commitments were received from the company regarding confidentiality and anonymity.

External validity involves generalizing how conclusions drawn from the study would hold up for others in other places and at other times. This survey was limited to employees from one single company. Generalizations and

survey conclusions were intended to remain invariant with replication of sampling from within that company, at a particular point in time.

The instrument was independently validated by outside experts. Moreover, as part of the formal agreement to obtain approval to survey company employees, the company required their public relations, personnel, law, and human resource development departments to evaluate and assess the instrument and proposed methodology for appropriateness and academic soundness. This evaluation also considered cultural bias, legal questions, employee relations problems, as well as traditional academic requirements. The instrument and methodology met the company's requirements and scrutiny.

#### Reliability

The instrument was constructed with application consistency in mind, and various tests for reliability were built into the process. The scaling method (Likert-type, 7 gradients) was selected because the literature cites it as a well-established method to assess attitudes (Munshi, 1990; Sisson & Stocker, 1989, p. 81). The 7-point gradient scale was selected over a 3-, 5-, or 9-point scale to

coincide with recommendations provided by interviews with pilot test respondents.

A test-retest reliability process was completed twice with a group of volunteers at different times, but keeping the location and participants the same, to evaluate equivalence of response. Respondents either provided identical answers the second time around, or consistently answered within at least one gradient score for each of the 15 scenarios, essentially maintaining their relative scores over the two tests. Posttest interviews with the test group participants indicated they believed the relevant questions were fairly constructed to measure the desired attitudinal attributes of recognition, feeling, and action.

Consistency reliability was tested using split-half analysis and Pearson's product moment correlation (Pearson's  $r$ ). Multiple tests were conducted. First, the data was split and case records #1-#208 were compared to case records #209-#416. The split-half analysis resulted in a positive correlation (Cronbach's  $\alpha$  = .7406 for the top half versus  $\alpha$  = .7220 for the bottom half) indicating relative data consistency. Next, the mean score for each fraud construct was computed according to the individual case

records by scenario "A" through scenario "O." The case records were given an odd/even split and the split-halves compared, using Pearson's  $r$ , to correlate each construct with the other. This test revealed consistency in responses to the 15 fraud scenarios, with a Cronbach's  $\alpha=.9940$ .

#### The Population and Sample

Much of validity and reliability has to do with sample derivation. The sample was a random selection, independently and statistically derived, using accepted statistical methodology. It is important to the research concept that this was not a representational survey of the company, but rather a representational survey of the culture clusters within the company's employee base.

The target company has 55,732 employees, of whom 19,011 were selected to participate in this survey by virtue of their job position as a professional employee (Corporate Records, 1999). As mentioned in the Introduction, the decision was made to restrict the survey population to the company's professional staff. This decision was made for the following reasons:

1. At the heart of fraud is a breach of trust or a failure of a fiduciary duty (Wells, 1997, p. 10).

Consequently, fraud is normally committed by trusted professional employees with access to resources, rather than blue-collar or task-oriented employees.

2. Perpetrators of business fraud target and exploit administrative and professional positions that manage, control or supervise business resources (Wells et al., 1996).

3. The company desires its professional employees to have a 4-year baccalaureate degree or equivalent; thus, the expectation is that the target population has the formal education necessary to understand the situations set forth in the scenarios (Corporate Records, 1999).

4. All professional employees are required to have a high degree of fluency in English; several speak, read and write both English and Arabic. Employees categorized as nonprofessionals may not read or write either English or Arabic (Corporate Records, 1999).

5. The company's professional employees are hired from 50 different countries representing nine world cultures, which produced a rich target population for the research (see Figure 2) (Corporate Records, 1999).

### Method of Selecting the Sample Size

Because of the disparate population, the sample was derived using disproportionate stratified allocations from population clusters. Stratified sampling requires advanced information about the population prior to implementing the sampling process. Its purpose is to improve estimates of means of proportions. Israel (1992, p.5) suggested that a stratified sample is generally more accurate than a random sample because each stratum is well represented in the sample. Sufian (1998, pp. 53-59) also recommended this method as a satisfactory way to make meaningful comparisons among widely disparate populations.

<b><u>WORLD CULTURE</u></b>	<b><u>POPULATION</u></b>
African	182
Asian	1532
Australia/New Zealand	132
Middle Eastern	11739
Mediterranean	12
North American	2533
Pacific Islander	1610
South American	13
European	1258

Figure 2. Gross population clusters.

The stratification process included preselection of sample clusters, corresponding to requisite culture clusters identified in the company's employee base. The company sorted their professional employees into culture

clusters, using national origin as a start point, which is part of the company's personnel database. This procedure identified approximately how many employees fit into each world cluster and provided a subset population to serve as a baseline for the stratified sampling technique.

Cluster sampling was necessary because of an anomaly in the population. An estimate from the company's personnel department indicated that up to 33% of the employees hired from North America and 10% of employees hired from Europe had different cultural roots (Corporate Records, 1999). This is caused in part because the company varies pay scales based on nationality (Corporate Records, 1999), and consequently it is financially advantageous for a prospective employee to be hired under the U.S., Canadian or European pay scale rather than as an expatriate from another country. So persons interested in being hired by the company who are from Middle Eastern, South American, and Asian cultures intentionally attempt to obtain citizenship or residency in the U.S., Canada, or Europe to increase their income potential.

The intent of the sampling was not to capture a representation of the company's population; rather, it was

to capture a sufficient sample of the variety of cultures within the company's general professional population for statistical comparison. Accordingly, the method of selecting the sample required a 3-part process:

1. The population was clustered, based on national origin. In this case, 50 different countries were identified.

2. The 50 countries were categorized according to the 11 categorized world cultures. In this case nine separate cultures were identified.

3. The culture clusters were designated as Primary Sampling Units (PSU) (see Figure 2) and a stratified sample was taken from each.

Stratification compensated for the hiring anomaly identified above, and also served to normalize the disparate ratio of employees from different culture PSUs (Figure 2). In order to capture an equivalent sampling of North Americans and Europeans, special weighting was given to that cluster. Some other clusters, such as South American and Mediterranean, were sampled by census because they were small in comparison to the overall population. Since it was possible that the small PSUs, such as

Mediterranean and South American, could have had more actual responses than their original sample cluster, as a result of fallout from the North American cluster, another analytical dimension, postsurvey stratification, was used to group the responses.

Postsurvey stratification means that for measurement and analysis, the completed surveys were clustered according to the cultural heritage selected by the respondent, which may actually differ from the culture group under which the respondent was selected to participate in the survey. It would have been a simple process to obtain a statistical sampling of the population (necessitating 392 respondents to attain a 95% confidence level with a  $\pm 5\%$  precision). However, using traditional selection processes would not have produced a representative sampling of the different cultures.

#### The Sample

Because of the heterogeneous nature of the population, it was decided to survey a sample of 695 employees, consisting of 75 from each culture cluster (Figure 2), except for the Middle Eastern, North American, European, Mediterranean, and South American clusters. A sample of 100

was taken from the Middle Eastern population to compensate for the percentage of that population that at any one time would not be available to respond to the survey because of business assignments. A sample of 180 was taken from the North American cluster, and a sample of 90 was taken from European cluster to compensate for the hiring anomalies mentioned previously. Because of their small numbers, Mediterranean and Caribbean/South American clusters were taken by census.

#### The Method of Analysis

Satisfactory results using analysis of variance (ANOVA) of summated means can be achieved with few respondents (Fitch, 1999, p. 49). However, better results are achieved when the numbers of respondents in each culture cluster are relatively equal (Sufian, 1998, pp. 64-65). The intent was to obtain a minimum target return of 25 respondents for each culture cluster, which was attained in all but one cluster.

A respondent's general attitude to a specific fraud is reflected as the computed score of the fraud construct. To avoid measurement bias, rather than ask a single question to elicit an attitudinal response, it was decided to

analyze responses against the three attributes of an attitude, sum the means, and analyze the variance of the summed means. This method created a multiple measure of the construct, which served to bolster construct validity. For example, a person's attitude score for bribery was the sum of his/her responses to scenario A, F, and K; for conflict of interest, it was the sum of the scores for scenarios B, G, and L, and so forth (see Figure 3). Comparing summated scores among the five fraud constructs reflected the person's individual differences toward different fraud crimes.

Fraud Construct	Scenario		
	Recognition	Feeling	Action
Bribery	A	F	K
Conflict of Interest	B	G	L
Embezzlement	C	H	M
Management Fraud	D	I	N
Industrial Espionage	E	J	O

Figure 3. Fraud scenarios construct matrix.

Figure 3 reveals another analytical capability. An individual's ability to recognize, empathize and act toward fraud were obtained by computing the sum of the scores of responses to the three attributes. Recognition scores were obtained by summing the response scores of scenarios A-E, feeling scores were obtained by summing the response scores

of scenarios F-K, and action scores were obtained by summing the response scores to scenarios K-O. The value in measuring these scores was it provided an assessment of attitudinal rationale.

Recognition scores indicate the degree to which the respondent understands that the scenario is describing a fraud. Each of the recognition scenarios contained references to the elements that make up the fraud depicted in the scenario. For example, Scenario A (see Appendix 1, Questionnaire) involved bribery. In business, commercial bribery, as related to unfair trade practices, is the advantage one competitor secures over competitors by secret and corrupt dealing with employees or agents of prospective purchasers (Black, 1990, pp. 191-192). Commercial bribery to a businessman is equally as damaging as bribery is to a public official. Therefore, a respondent's degree of approval or disapproval of this scenario reflected recognition of the situation as one indicative of commercial bribery.

Feeling scores indicate the strength and intensity that a respondent has to the circumstances depicted in the scenario. For example, scenario G (see Appendix 1) depicted

a conflict of interest situation where the perpetrator allowed family relationships to influence his business dealings. According to Xiaohe (1997b, p. 2), Ali (1995, pp. 7-31), and Arruda (1997, p. 1), in some Asian, Middle Eastern, and South American societies, family ties take precedence over other motivations, sometimes to the detriment of ethics. Instances of nepotism that may be considered offensive in some societies are considered obligatory in others (Donaldson, 1996, pp. 56-57). Supporting the family, as part of the status-giving function of family, may take precedent over other control systems, including the law. In other cultures (e.g. Western, European, and some African), the importance of family holds a different meaning (Queen & Haberstein, 1967, pp. 3-14). This measurement question forced the respondent to assess feelings of family against the constraints of a conflict of interest.

Action scores revealed whether or not the circumstances depicted in the scenarios would motivate the respondent to some type of action. For example, Scenario O (see Appendix 1) measured how a respondent would react to a potential breach of trust situation. Trust is a powerful

motivator and correlates to personal integrity, but at the same time it can be based solely on self-interest—opportunistic trust breakers rely on others' trust (McAllister, 1995, p. 24). Fukuyama (1995) observed that culture plays an enormous part in day-to-day trust situations (p. 26).

A person's recognition scores may be high (close to 7), whereas that same person may have low feeling and action scores. Such a situation would indicate that the respondent recognizes fraud in general, but is more tolerant or accepting of the fraud behavior. The same type of analysis can be applied to any variation in attribute and construct scores.

World culture analysis follows the same general course. This analysis provides a general attitude score by culture, as well as an intraconstruct score by culture. This applies equally when analyzing data against the other demographic variables—age, gender, education, and occupation.

The fraud construct matrix (Figure 3) was used to guide the analysis of the responses for each fraud type, as well as scores computed within the various fraud

constructs. The scenarios were organized by fraud type and when the data was compiled, the results were correlated to the fraud. Using the Likert-type 7-point scale, the highest degree of approval/agreement for a fraud construct was a summed score of 3 (one point for each scenario response); the highest degree of disapproval/disagreement was a summed score of 21 (7 points for each scenario response).

#### Comparison Methods

ANOVA was the primary means used to analyze key data. The responses to the scenarios for each fraud were summed and a mean derived, which was then compared by fraud type and also by culture. The assumption was that the reason one group has a higher mean score than another was because they were from different cultures. The score represented the dependent variable—the thing being caused or affected. Culture is the independent variable, the thing that was affecting the other. The greater the difference between group scores meant the less likely it was that the difference resulted from sampling error. The smaller the difference, the greater the probability it happened by chance.

Because the study was not attempting to identify the specific attitudes held in general by the company, it was not necessary to weight of the means (Israel, 1992, p. 6) to form a combined estimate for the population, irrespective of the population's heterogeneity.

The prime analytical tool (ANOVA) was supplemented by posthoc tests for test score reliability. The Bartlett test was used to determine equal variances. Any significant variance between culture cluster subsets was measured using either the Least Significant Difference (LSD) or the Duncan multiple comparison tests.

#### Analytical Methods Considered but Rejected

Although analysis of the distribution within a group is interesting and useful both for information and as a validity check (chi-square), this research was interested in comparative analysis of differences among the averages of many specific groups. ANOVA, a subset of regression, is specifically designed for this. If the means actually vary more than one would expect from sampling variation, there is reason to believe the variability is due to some of the groups (cultures in this case) in the population having different means. Posthoc multiple comparison analysis

identifies which groups of means differ. ANOVA does this better than any other analytical tool (Sisson & Stocker, 1989, pp. 81, 85).

Multiple mean comparisons using t tests was rejected because the possibility of committing a type-1 error in the analysis increases significantly (Schumaker, 1996) with multiple group comparisons. Other general linear models, regression and correlation, are useful when measuring the direction/degree of influence the independent variable has on the dependent variable (Stockburger, 1996), but this was not the focus of this study.

The next chapter discusses the results of the research. It contains the step-by-step analytical process used to measure respondents' attitudes to fraud and correlates those findings to cultural heritage and the other descriptors—age, education, gender, and occupation.

## CHAPTER 4

### Results

#### Introduction

The purpose of this dissertation was to examine the interrelationships between cultural heritage and people's perception of what constitutes fraud. The analysis used to determine this relationship is presented in this chapter in three incremental steps. The first step outlines aggregate statistical data concerning both the respondents and their responses and includes demographic descriptors in a series of tables and figures. The second step involves manipulating, verifying, and reconciling the data, and describes various building blocks for the explication of the hypotheses. The third step discusses the hypothesis validation process, which reveals a series of criminogenic correlations.

#### Data Collection

Four hundred and sixteen (416) participants from the sample of 695 responded to the survey, amounting to a 60% response rate. Of the 416 respondents, one declined to identify a cultural heritage, five declined to identify a level of education, three declined to identify an

occupation, and one declined to report gender. Where appropriate, those records are not factored into the relevant analytical computations.

### Cultural Heritage

The respondents were categorized into 9 of the 11 cultural heritages. Table 1 reflects the statistical breakdown of the respondent population according to cultural heritage in raw numbers and as a percentage of the respondent population. Caribbeans and South Americans provided the fewest number of responses, totaling 12, which accounted for only 3% of the returns. For the purpose of analysis, these two culture groups were combined. Even though their numbers are limited, their responses are included for comparison.

Europeans returned 12.5% of the responses. Two of the European respondents listed their cultural heritage as East European. The rest responded as West Europeans. For analytical purposes, the two were combined into one category, European. The other culture groups that responded were: Africans (7%), Australian/New Zealanders (9%), Asians (14%), Mediterraneans (5%), Middle Easterners (20%), North Americans (17%), and Pacific Islanders (11.5%). The high ratio of Middle Easterners and North Americans was probably

the result of the stratified sampling, mentioned in Chapter 3. Although the skew is present, it does not significantly impact the primary analytical technique.

Table 1

Respondent Culture Cluster Distribution

<u>Culture Cluster</u>	<u>Number</u>	<u>Percent</u>
African	29	7%
Australian/ New Zealander	36	9%
Asian	57	14%
Caribbean/ South American	12	3%
European	52	12.5%
Mediterranean	23	6%
Middle Eastern	85	20%
North American	73	17%
Pacific Islander	48	11.5%

Note. Percentages are rounded. N=415. One respondent did not provide a culture.

Age Distribution

Seventy-two percent of the respondents were 41 years old or older (Figure 4). This skew in age distribution corresponded to what would be expected for persons,

particularly expatriates, performing jobs at the technical, professional, and managerial levels.

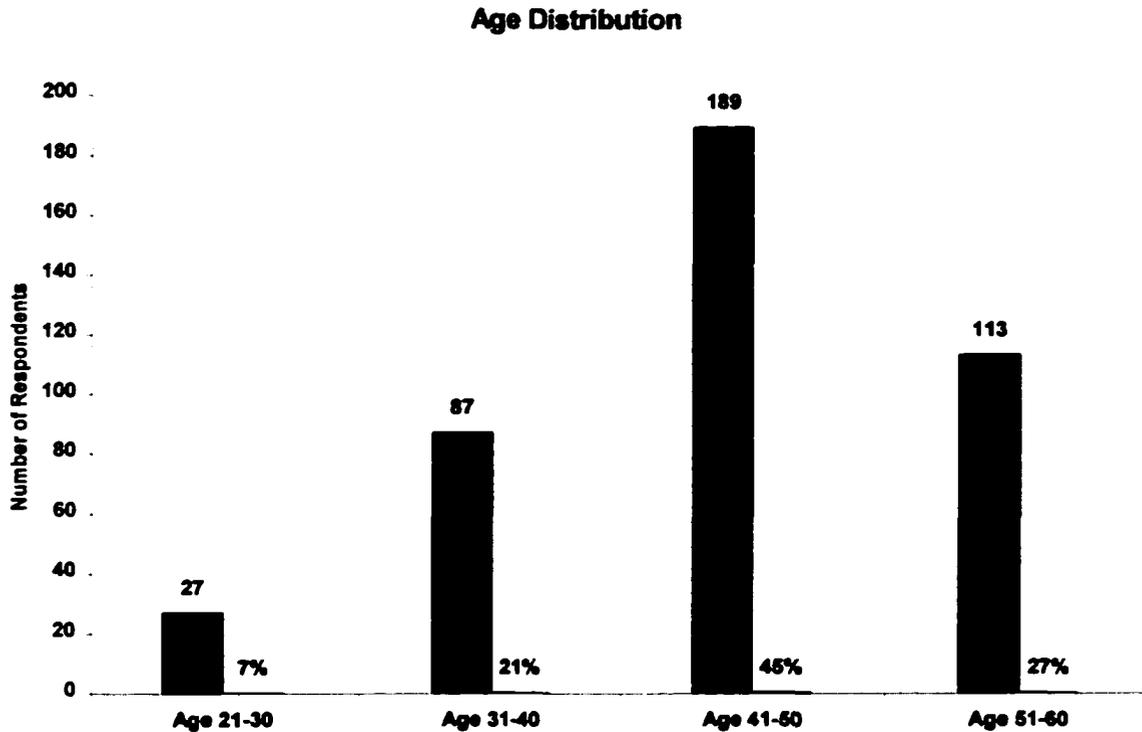


Figure 4: Respondent age distribution.

#### Education Distribution

Eighty-one percent, or 335 of the respondents who provided education information, claimed to have a baccalaureate college degree or higher education. The fact that 18% of the respondents do not possess a college degree is interesting since the company's expectation is that the professional grade employees be degreed. Those that do not possess academic credentials must compensate with extensive

professional experience or other specialized training. Figure 5 reflects the respondent distribution sorted according to level of education.

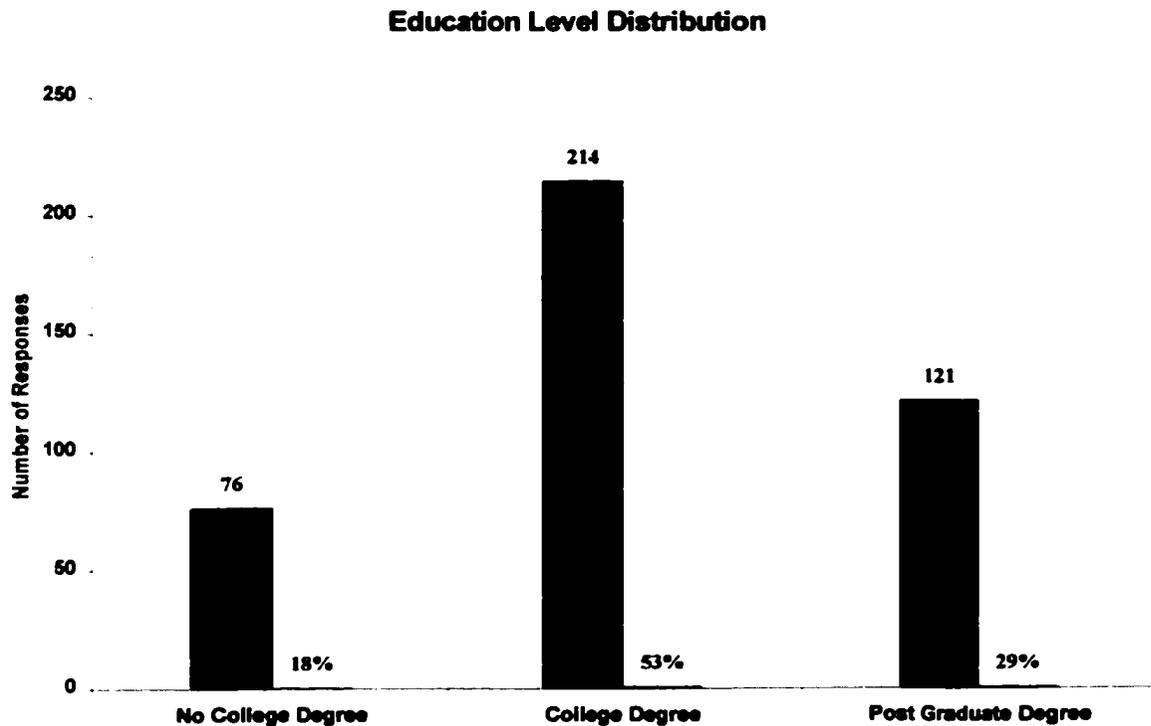


Figure 5. Respondent education level distribution.

#### Gender Distribution

Three hundred and sixteen males responded, which is 76% of the total. Ninety-nine females responded (24%). This is interesting since the gross population gender ratio of the company at the time of the survey was 1757:19,011 or approximately 9% female (Figure 6). Of the responding females, 96.9% claimed cultural heritages other than Middle

Eastern, indicating a greater proportion of females were from the expatriate population.

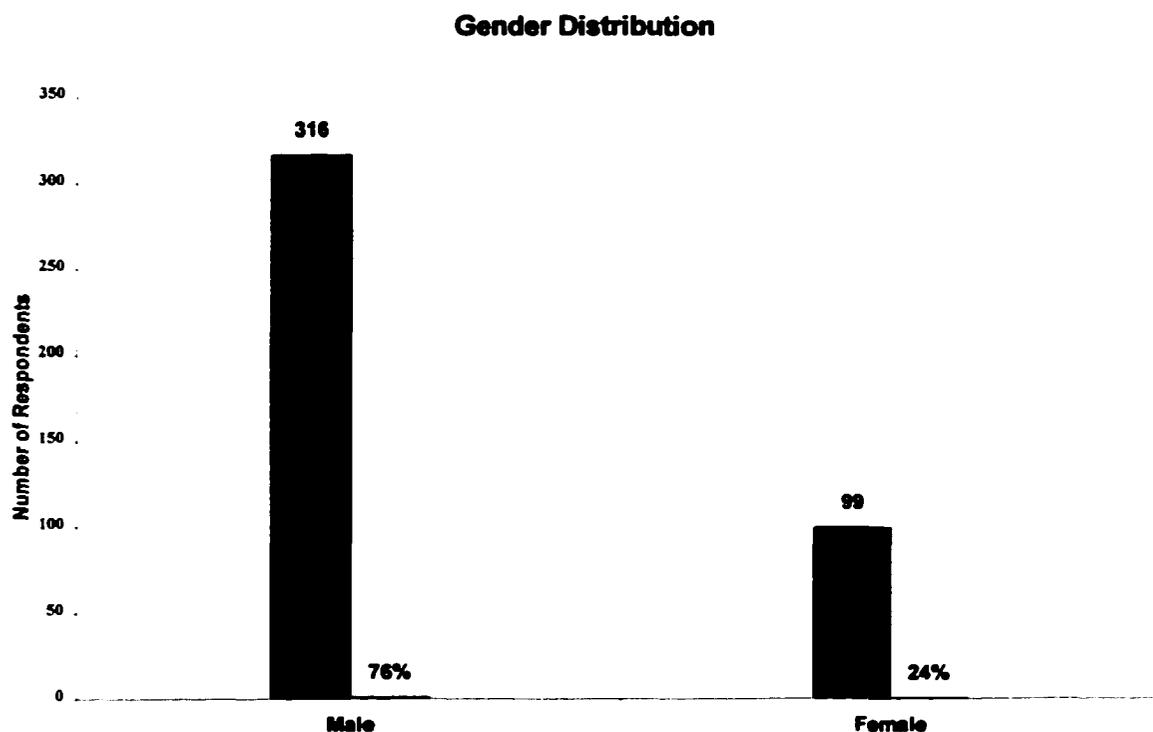


Figure 6. Respondent gender distribution.

#### Occupation Distribution

Respondents identified their occupation according to the categories reflected in the questionnaire. By self-disclosure, respondents grouped themselves into four general categories: management, technical, professional, and administrative. Twenty-four (6%) identified themselves as holding upper-management positions, 45 (11%) identified themselves as holding mid-level management positions, 206 respondents (50%) held technical occupations, 99 (24%) held

professional jobs, and 39 respondents (9%) claimed administrative positions. Figure 7 depicts this distribution. The high number of respondents who claimed technical positions is in line with the company's workforce structure, inasmuch as the company engages in high technology research and development, exploration, manufacturing, and distribution operations.

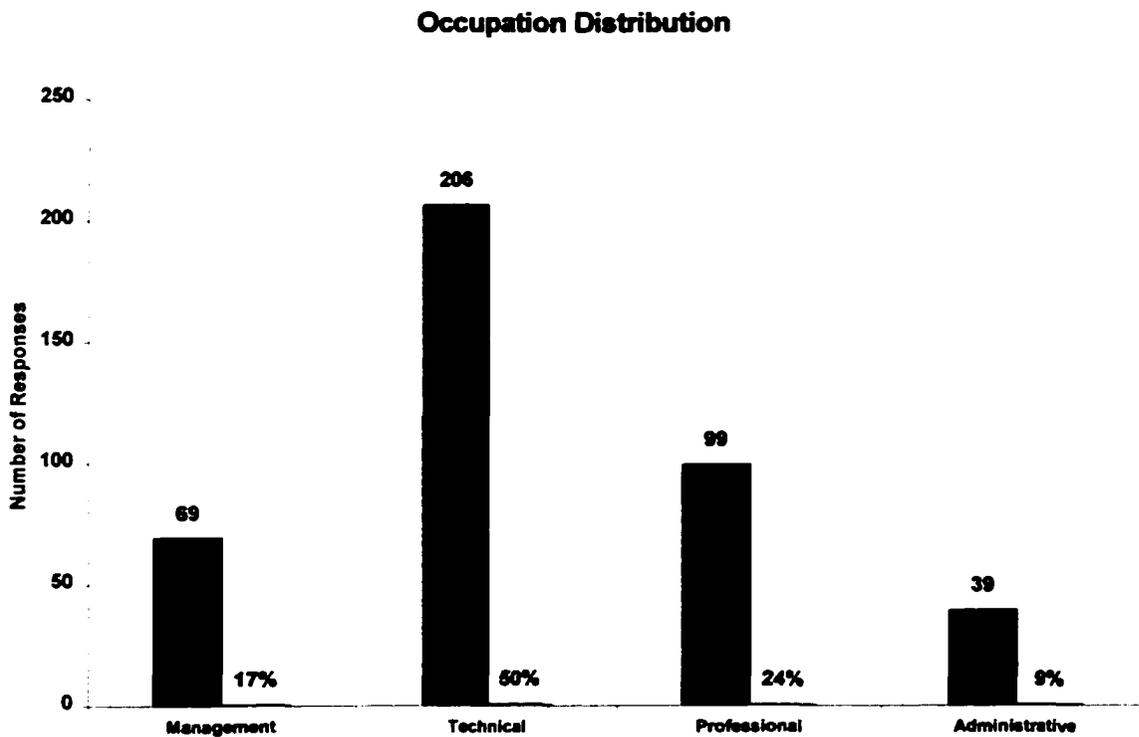


Figure 7. Respondent occupation distribution.

#### Analysis

Raw score responses to the scenarios were summed and the means of the score sums were computed. Both the raw

scores and the means of the summed scores were used to evaluate the attitude attributes of recognition, feeling, and action, and to examine responses to the five fraud constructs of bribery, conflict of interest, embezzlement, management fraud, and industrial espionage. Several data spreadsheets were created as the source for analytical charts and tables that are described in the following paragraphs. Table 2 provides the standard descriptors for the numerical raw scores, which will be used throughout this dissertation.

Table 2

Descriptors Assigned To Raw Scores

---

<u>Score</u>	<u>Descriptor</u>
1	Strong Approval/Agreement
2	Approval/Agreement
3	Slight Approval/Agreement
4	Uncertain
5	Slight Disapproval/Disagreement
6	Disapproval/Disagreement
7	Strong Disapproval/Disagreement

---

The responses given by the 416 respondents were sorted according to the case record number assignment, and the

mean scores and standard deviations were computed for each respondent and for each scenario. The computed scores ranged from a mean score of 2.9333 to a mean score of 7.000. In this study, a mean score of "1" signified that the respondent answered every scenario with the maximum expression of approval or agreement to the scenarios. A mean score of "7" signified that the respondent answered every scenario with the maximum expression of disapproval or disagreement to the scenario.

Figure 8 depicts the range of responses by fraud scenario and by attitude attribute. Figure 8 is useful because it provides a quick, unprocessed description of response differentiation. For example, 14 respondents strongly approved of scenario A and recorded a "1" on their questionnaire, whereas 126 strongly disapproved of the same scenario and recorded a "7." This provided the researcher the ability to engage in a scenario-by-scenario analysis, which provided a different perspective than the fraud construct or attitude attribute analyses.



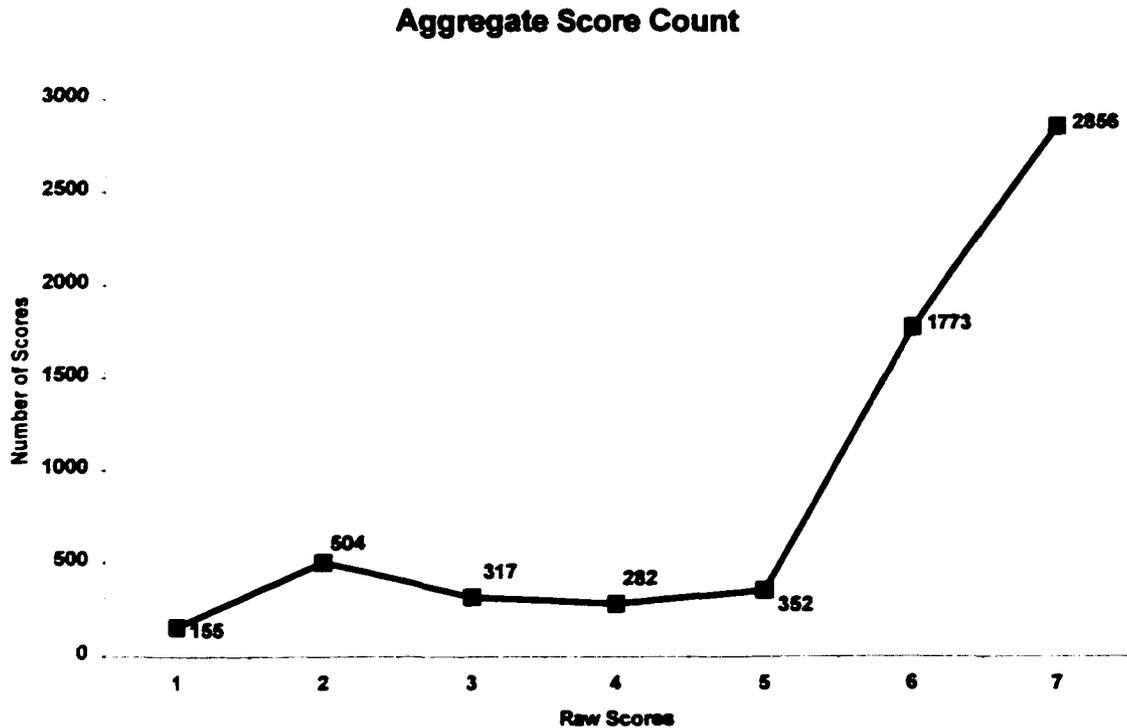


Figure 9. Number of raw score responses.

Figure 9 refined the data shown in Figure 8, to provide a comparison of the general trend of the respondents' attitudes to fraud by charting the number of times a score was answered. Of the 6239 answers provided by all respondents to all scenarios, 155 answered with a "1" (Strongly Approve); 504 answered with a "2" (Approve); 317 answered with a "3" (Slightly Approve); 282 answered with a "4" (Uncertain); 352 answered with a "5" (Slightly Disapprove); 1773 answered with a "6" (Disapprove); and, 2856 answered with a "7" (Strongly Disapprove). As is obvious from the figures, a significant number of the

respondents disapproved or disagreed with the scenarios. When analyzed, this general trend appeared in the three attitude attributes, across all culture groups, and when compared by age, education, gender, and occupation. Generally speaking, the majority of this respondent group agreed about what is taboo or wrong.

#### Analysis of the Fraud Constructs

The data was compiled to reflect the responses to the five fraud constructs. A fraud construct score is the combination of the scenario scores for the individual frauds. Appendix B contains the fraud construct data. Scenarios A, F, and K combine to form the bribery construct; scenarios B, G, and L combine to form the conflict of interest construct; scenarios C, H, and M combine to form the embezzlement construct; scenarios D, I, and N combine to form the management fraud construct; and scenarios E, J, and O combine to form the industrial espionage construct.

The data in Figure 10 was extracted from Appendix B, and compares the means and standard deviations of the attitude attribute raw scores. Figure 10 shows that the respondents disapproved most of the industrial espionage

scenarios, followed in order by conflict of interest, embezzlement, management fraud, and bribery.

The attitude attributes were scored for each fraud type. Standard deviation scores were computed to show response consistency. Construct response consistency is important because it provides additional information about the construct scores.

	Bribery	Conflict	Embezzle	MgtFraud	IndEsp	Attitude Dimension
Recognition	4.8822	6.1731	6.5913	3.9976	5.4351	5.4159
	2.0448*	1.3475*	0.8309*	2.089*	1.7426*	0.5272*
Feeling	5.4303	5.9639	6.2813	6.2933	6.6322	6.1202
	1.8196*	1.3465*	1.2243*	1.1066*	0.9452*	0.3318*
Action	5.7644	5.4120	4.4856	5.8510	6.4736	5.5973
	1.7989*	1.6829*	2.1056*	1.4618*	0.9048*	0.4484*
Construct Mean	5.3590	5.8497	5.7861	5.3806	6.1803	
Construct StDev	1.8877*	1.4590*	1.3870*	1.5525*	1.1975*	

Figure 10: Mean score responses to frauds by attitude attribute. (Standard deviations denoted by asterisks.)

The respondents were inconsistent in their answers to the bribery questions with standard deviation scores ( $\sigma$ ) close to 2 ( $\sigma \approx 2$ ) for each of the three attitude attributes. The greatest inconsistency occurred in the recognition attribute, which indicated several of the respondents did not understand the complexity of the bribery scenarios. This is reflected in the inconsistency reflected in the responses to the feeling and action scenarios. In contrast,

the respondents recognized and disapproved of the conflict of interest scenarios, but at the same time tolerated them, as indicated by lower feeling and action scores.

Embezzlement, however, received strong disapproval scores for recognition and feeling, which indicated that the respondents considered embezzlement wrong. But at the same time some ambivalence was revealed because they were relatively uncertain about taking strong action. The management fraud scenario scores showed the respondents were uncertain about that fraud type, but when they did recognize the fraud, their scores showed disapproval both in feeling and action. Finally, the respondents disapproved of industrial espionage, held strong feelings about that, and would take strong action against the fraud.

Appendix B contains the fraud construct scores. Construct scores are the combined attribute scores for recognition, feeling and action for each fraud. Table 3 was prepared to reflect relevant descriptive statistics about the constructs.

Table 3

Descriptive Statistics of Fraud Construct Score Sums

	<u>Bribery</u>	<u>Conflict</u>	<u>Embezzle</u>	<u>MgtFraud</u>	<u>Ind Esp</u>
Valid Cases	416	416	416	416	416
Mean	16.0769	17.5361	17.3582	16.1418	18.5409
St.Err.	0.1949	0.1495	0.1297	0.1521	0.1199
Variance	15.8013	9.2999	7.0015	9.6208	5.9790
St.Dev.	3.9751	3.0496	2.6460	3.1017	2.4452
Minimum	5	5	9	3	5
Maximum	21	21	21	21	21
Range	16	16	12	18	16
Median	17	18	17	16	19

Respondents answered bribery scenarios with the greatest amount of inconsistency as reflected by the high standard deviation. They responded to the embezzlement scenarios with the lowest range (9 to 21), and the lowest standard deviation, which reflects strong group consistency. Management fraud scenarios received the widest range of responses and the lowest median score, indicating the respondents were somewhat ambivalent about this fraud type, which may be a reflection of a lack of knowledge.

Industrial espionage was the most disapproved of the frauds, and apparently was considered to be the most threatening of the frauds, which is indicated by the high mean and median scores.

These responses were subjected to ANOVA at the .05 level of significance, which revealed critical differences (see Appendix C). Aggregate scores for bribery and management fraud were significantly different from those for embezzlement and conflict of interest scores, and industrial espionage scores were significantly different from the other four. This analysis confirmed that the respondents were most disapproving of industrial espionage, followed by for conflict of interest, and embezzlement. Furthermore, they disapproved of those frauds significantly differently than they did for management fraud and bribery.

#### Results of Hypothesis Testing

Hypotheses 1 and 2 addressed the question whether cultural heritage influenced formation of fraud definitions. The first hypothesis examined the influence of culture on attitude formation toward fraud in general; the second hypothesis looked at whether cultural heritage influenced attitudes toward the five specific frauds.

## Analysis of Cultural Heritage

### Hypothesis 1

**H<sub>1</sub>:** Attitudes to fraud of business professionals employed by a large multinational corporation in the Middle East will vary according to their cultural heritage.

The respondents' fraud construct scores were compiled and compared according to the individual culture clusters. The mean was computed from the summed scores for each culture. This is referred to as the culture cluster score. For comparative purposes, an aggregate mean score for the population was also computed, and is called the fraud mean.

Cultural Differentiation. Figure 11 reflects the comparison between the respondents' general fraud scores and their claimed cultural heritage. The fraud mean score line (dotted black trend line intersecting the bar scores) in Figure 11 graphically displays the relationship between variations in attitudes toward fraud according to cultural heritage.

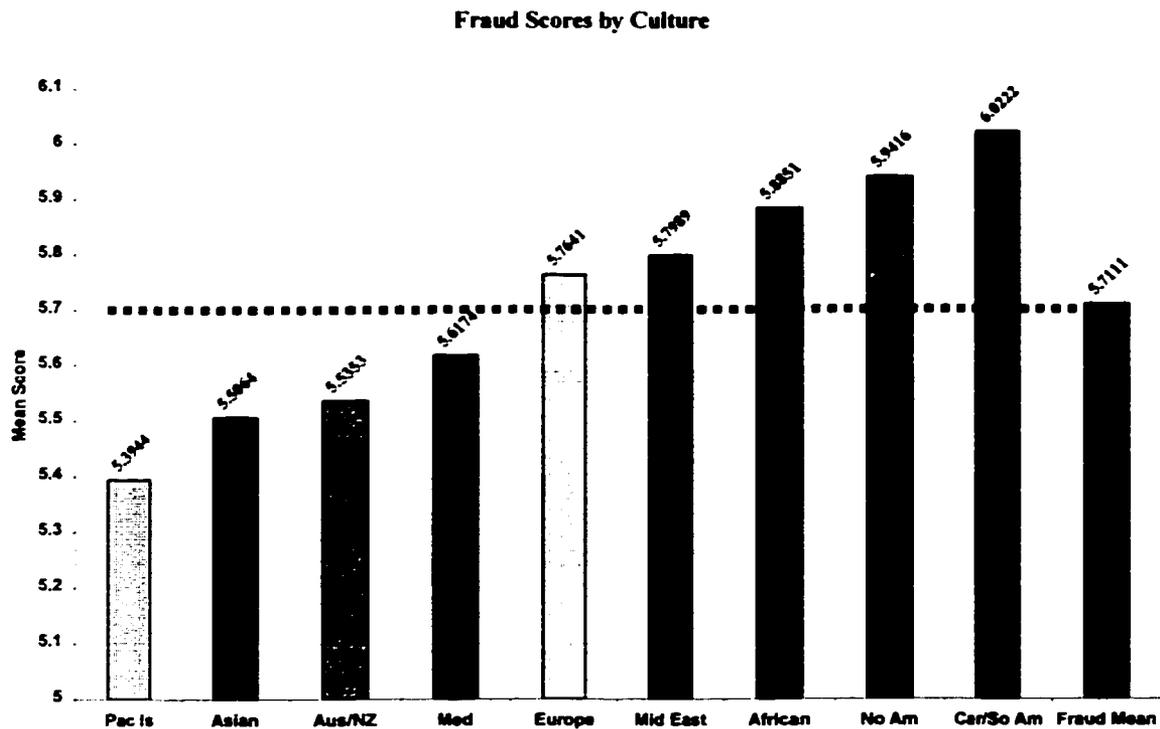


Figure 11: Differentiation of fraud construct scores by culture.

Although all the cultures recorded varying attitudes toward fraud to some extent, four cultures—Pacific Islanders, Asian, Australian/New Zealander, and Mediterranean—significantly differed in their degree of approval from the others (Figure 11). At the other end of the scale, African and North American respondents were significantly more disapproving of fraud than the others. This was affirmed when the data was subjected to ANOVA at the .05 level of significance (see Appendix D). Because the Caribbean/South American culture cluster had a low number

of respondents (only 12 when the desired number was 25), the significance of this culture's scores are suspect, and are included for comparison only.

Notwithstanding those findings, analysis of variance of the responses for each of the culture clusters revealed the North Americans were observably more disapproving to fraud compared to Asians, Australians/New Zealanders, and Pacific Islanders. ANOVA confirmed that Africans and Middle Easterners were more disapproving of fraud compared to Asians and Pacific Islanders, and Europeans were more disapproving of fraud in comparison to Pacific Islanders.

One feature of ANOVA is that it allows for subset comparison. In this instance, four separate subsets of equivalency emerged: (a) North Americans and Caribbean/South Americans; (b) Africans and Middle Easterners; (c) Asians, Australians/New Zealanders, and Europeans; and (d) Pacific Islanders (Appendix D). This showed that even though there is differentiation among cultures, that differentiation may not necessarily amount to an isolation of each culture from the other. Instead, what appeared was a tendency of some cultures to view fraud similarly.

### Attitude Analysis

Analyzing the attitudes of the respondents to the fraud constructs was an important feature of this study. As previously noted, each respondent's attitude score is a measure of the sum of the five scenarios that make up the three attributes of recognition (scenarios A - E), feeling (scenarios F - J), and action (scenarios K - O). Descriptive statistics of the total populations' attitude scores are reflected in Table 4. An attribute score of "5" would mean the respondent strongly approved of the attribute, whereas a score of "35" would mean the respondent strongly disapproved. So if a respondent's score for the recognition attribute was "5," that would mean the respondent completely approved of those scenarios that were crafted to measure an ability to recognize the fraud. Thus, a score of "5" would indicate that the respondent either did not recognize the scenarios as frauds or held aberrant attitudes to fraud. Conversely, a recognition score of "35" would indicate strong recognition of the scenarios as frauds, and strong disapproval of those frauds. The same analogy applies to the feeling and action attribute scores.

The data in Table 4 supports the previous findings that the respondents generally understood that the scenarios imparted wrong or improper behavior, disapproved of the behavior, and would take action against it.

Table 4

Descriptive Statistics of Attitude Attributes

---

	<u>Recognition</u>	<u>Feeling</u>	<u>Action</u>
Valid Cases	416	416	416
Mean	27.0793	30.6010	27.9736
St. Error	0.2430	0.2101	0.2161
Variance	24.5648	18.3560	19.4282
St. Dev.	4.9563	4.2844	4.4077
Minimum	11	11	11
Maximum	35	35	35
Range	24	24	24
Median	27	31	28

---

The respondents' attitude scores were compiled and compared according to culture. The mean was computed from the summed scores. Table 5 shows the relationship of the different cultures according to their attitude scores. Only North American and Caribbean/South American scores were

statistically significant when subjected to ANOVA at the .05 level of significance (see Appendix E), and then only in comparison to Pacific Islanders.

Table 5

Respondent Aggregate Attitude Scores by Culture

<u>Culture Cluster</u>	<u>Recognition</u>	<u>Feeling</u>	<u>Action</u>	<u>Mean</u>
African	27.4138	32.2759	28.5862	<b>29.4253</b>
Australian/ New Zealander	25.5000	30.2222	27.3056	<b>27.6759</b>
Asian	26.1228	29.4386	27.0351	<b>27.5322</b>
Caribbean/ South American	29.4167	32.2500	28.6667	<b>30.1111*</b>
European	27.5385	30.7885	28.1346	<b>28.8205</b>
Mediterranean	26.7826	29.0870	28.3913	<b>28.0870</b>
Middle Eastern	26.9529	31.1176	28.8471	<b>28.9725</b>
North American	29.2877	32.2055	27.6301	<b>29.7078*</b>
Pacific Islander	25.1458	28.0000	27.7708	<b>26.9722*</b>

Note. Culture clusters denoted by an asterisk (\*) had statistically significant attitude attribute score variances.

Table 5 shows just how close the attitude attribute scores were between the individual cultures. This means that even though some cultures differentiated in their attitudes toward fraud (see in Figure 11), that differentiation became more discriminate when attitudes

were examined according to the individual attributes of recognition, feeling and action. Taken together, these findings revealed sufficient evidence to partially affirm Hypothesis 1.

### Hypothesis 2

**H<sub>2</sub>:** Attitudes to bribery, conflicts of interest, embezzlement, management fraud, and industrial espionage of business professionals employed by a large multinational corporation in the Middle East will vary according to their cultural heritage.

This hypothesis examined whether or not a statistically significant relationship existed between a respondent's cultural heritage and resultant attitudes concerning the five specified frauds. A fraud construct score consists of the mean of the sum of the three scenario raw scores for each of the attitude attributes (one scenario for recognition, one scenario for feeling, and one scenario for action). The fraud construct score was used to compare how different cultures separately viewed the different frauds.

The scores were compiled for each of the five frauds and collated according to the nine cultures. The scores were analyzed using ANOVA at the .05 level of significance. Analysis revealed no statistical relationship between cultural heritage and the individual frauds. Even though

Pacific Islanders showed a general pattern of greater approval of the scenarios across the construct hierarchy, that difference was not statistically significant for either of the frauds. ANOVA results are set forth in Appendix F through Appendix J, for bribery, conflict of interest, embezzlement, management fraud, and industrial espionage.

Table 6 shows the similarities of the fraud construct scores compiled according to culture. This finding is interesting because, as previously reported, five cultures significantly differed from other cultures in their approval toward fraud in general. However, when the five frauds were analyzed separately, that differentiation did not appear.

Table 6

Differentiation of Fraud Construct Mean Scores by Culture

<u>Culture Cluster</u>	<u>Score Analysis</u>				
		<u>Bribe</u>	<u>ConInt</u>	<u>Embez</u>	<u>MgtFrd</u>
African	<b>Mean</b> 5.6552 <i>StDev</i> 1.6799	<b>6.1609</b> 1.3193	<b>5.7931</b> 1.2489	<b>5.2874</b> 1.4027	<b>6.5287</b> 0.9121
Australian/ New Zealand	<b>Mean</b> 4.9630 <i>StDev</i> 1.9569	<b>5.5278</b> 1.5953	<b>5.7685</b> 1.2727	<b>5.2685</b> 1.3130	<b>6.1481</b> 1.0205
Asian	<b>Mean</b> 5.0234 <i>StDev</i> 1.9758	<b>5.8304</b> 1.5146	<b>5.6433</b> 1.4510	<b>5.0117</b> 1.7691	<b>6.0234</b> 1.3717
Caribbean/ So. American	<b>Mean</b> 5.7778 <i>StDev</i> 1.6896	<b>6.1667</b> 1.1607	<b>5.9722</b> 1.1126	<b>5.8611</b> 1.4160	<b>6.3333</b> 1.2112
European	<b>Mean</b> 5.4808 <i>StDev</i> 1.8875	<b>5.8077</b> 1.4218	<b>5.9103</b> 1.2976	<b>5.4423</b> 1.4313	<b>6.1795</b> 1.0871
Mediterranean	<b>Mean</b> 5.1449 <i>StDev</i> 1.9261	<b>5.7246</b> 1.7222	<b>5.8116</b> 1.3941	<b>5.7500</b> 1.6772	<b>6.3611</b> 1.0533
Middle East	<b>Mean</b> 5.4667 <i>StDev</i> 1.8476	<b>5.9830</b> 1.4466	<b>5.9490</b> 1.3668	<b>5.3137</b> 1.5171	<b>6.2824</b> 1.0586
No. American	<b>Mean</b> 5.8128 <i>StDev</i> 1.5181	<b>5.9406</b> 1.1919	<b>5.7215</b> 1.2144	<b>5.9772</b> 1.2040	<b>6.2557</b> 1.1138
Pacific Is.	<b>Mean</b> 4.8819 <i>StDev</i> 2.0308	<b>5.5833</b> 1.5412	<b>5.5694</b> 1.5158	<b>5.0625</b> 1.6532	<b>5.8750</b> 1.3759

Note. Data was obtained from Appendix B. Scenarios A, F, and K concern bribery; scenarios B, G and L concern conflict of interest; scenarios C, H and M concern embezzlement; scenarios D, I, and N concern management fraud; and scenarios E, J, and O concern industrial espionage. No statistical differentiation was observed.

### Traditional Crime Correlates

Hypotheses 3 and 4 tested the data against traditional crime correlates of age, education, gender, and occupation. Hypothesis 3 considered the data in relation to fraud attitudes in general. Hypothesis 4 took the analysis an additional step to determine whether the traditional demographic variables differentiated attitudes toward the five specific fraud types identified earlier.

#### Hypothesis 3

**H<sub>3</sub>:** Attitudes to fraud of business professionals employed by a large multinational corporation in the Middle East will vary according to their age, gender, education, and employment.

The Age Variable. The survey respondents were grouped into four different age categories: 21–30, 31–40, 41–50, and 51–60. As was previously noted in Figure 4, the majority of respondents were over 41 years old. However, sufficient responses were received from the other categories for statistical comparative purposes.

Responses were sorted by age and the results were compiled for statistical manipulation. Mean construct scores were computed according to the individual age groups. The aggregate score for all respondents is included as the fraud mean trend line (Figure 12).

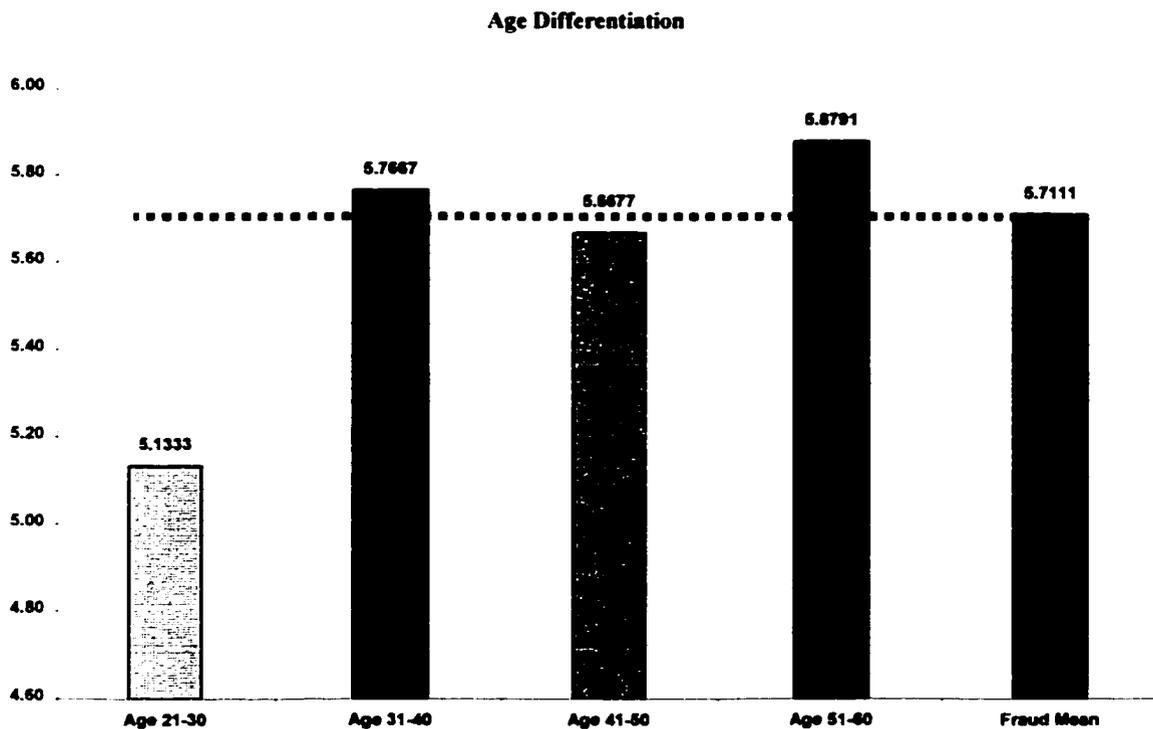


Figure 12. Age Differentiation.

ANOVA ( $\alpha=.05$ ) revealed statistically significant differences for age group 21-30 in comparison to the other three age groups (Appendix K). The mean scores and standard deviations show that age group 21-30 answered all scenarios with a greater degree of approval across the construct hierarchy, and particularly for bribery and management fraud.

Figure 12 shows the consistency of responses by those over age 31. This, coupled with the ANOVA results (Appendix K), suggests that those respondents aged 21-30 were more

tolerant of fraud in general than any of the other age groups. Therefore, Hypothesis 3 is affirmed when age is considered as a correlate of fraud.

The Education Variable. Respondents were grouped into three levels of education. The first group included those with no college education. The second group was comprised of college graduates. The third group contained those respondents who claimed a post-graduate degree.

The respondents' construct scores were compiled and compared according to the education groups. The mean was computed from the summed scores, which was compared against the aggregate score for all respondents, known as the fraud mean (Figure 13).

This data was subjected to ANOVA ( $\alpha = .05$ ) and the results were nonsignificant. Although Figure 13 depicts a visible trend between each of the education levels, the variances were not sufficient to rule out chance. (ANOVA results are recorded in Appendix L.)

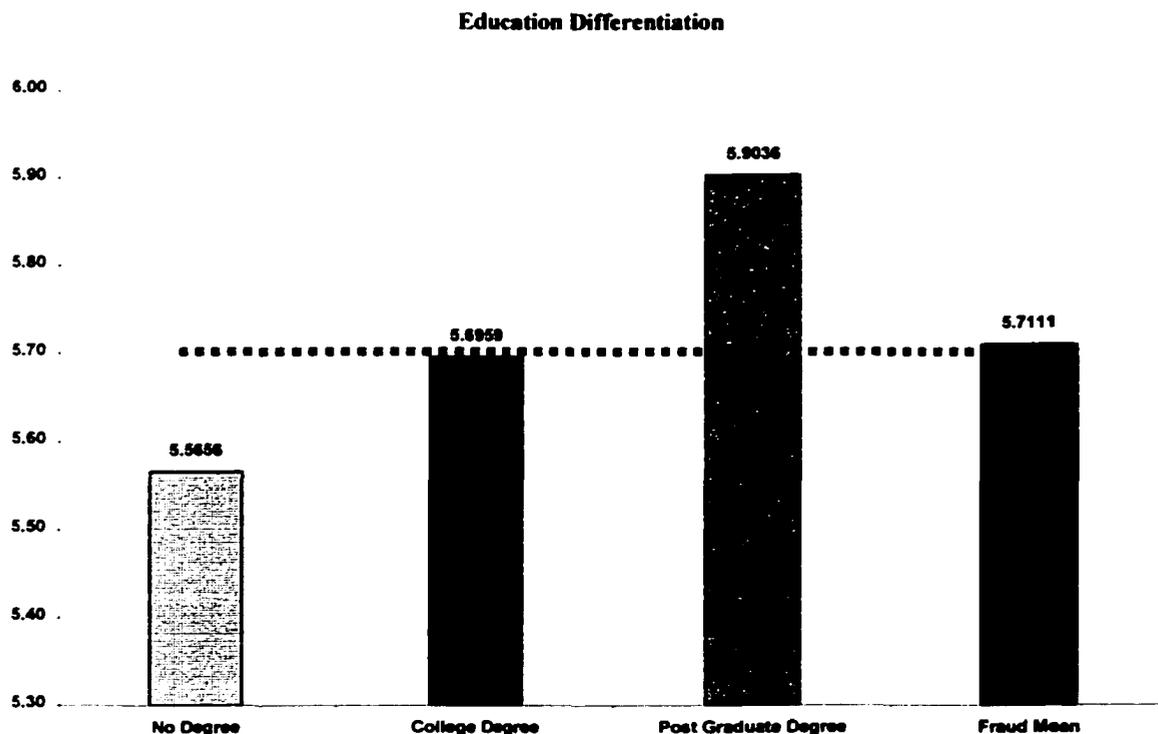


Figure 13. Education level differentiation.

Gottfredson and Hirschi (1990) believe education is not a predictor of crime, but it does correlate with people who end up being involved in crime (p. 163).

Those who do not do well in school will be little restrained by the long term of potential rewards the school offers, and those with little self-control will have difficulty satisfying the academic and deportment requirements of the school in return for its long term benefits. The result, of course, is that delinquents will tend to avoid and eventually to leave in favor of less restrictive environments. (Gottfredson & Hirschi, p. 163)

This idea offers a possible explanation for the lower score (5.5656) by those who claimed no degree. Those who

quit educational pursuits (for whatever reason) may be more disposed to fraud as another method to achieve status or reward. The parallel to Merton's strain theory is evident (Williams & McShane, 1998, pp. 114, 122). Strain theory says that deviance may result when society holds out the same goals to all its members without giving them equal means to achieve (Williams & McShane, pp. 114, 122). The lack of integration between what the culture calls for and what the structure permits causes deviant behavior.

The data was sorted to determine if differentiation existed between graduates and nondegree respondents (72% versus 18% of the responses). An independent  $t$  test (.05 level of significance) (see Appendix M) was used to compare mean scores, but the differentiation was not statistically significant.

Figure 13 shows that those respondents who claimed post-graduate degrees recorded the highest scores (5.9036), indicating they held the greatest disapproval for the fraud scenarios. However, when compared with the nongraduates using an independent  $t$  test (.05 level of significance) the degree of difference between these two mean scores also was not statistically significant (see Appendix N).

This information supports rejection of Hypothesis 3 when education is considered as a correlate of attitudes toward fraud in this study.

The Gender Variable. The respondents' fraud construct scores were compiled and compared according to gender. Seventy-six percent were male, and 24% were female. The mean score was computed from the summed scores of each fraud construct. For comparison purposes, the aggregate score for all respondents was included in the analysis as the fraud mean (Figure 14). The difference in mean scores between the genders was slight, and when subjected to an independent  $t$  test ( $\alpha = .05$ ) they were not statistically significant (see Appendix O).

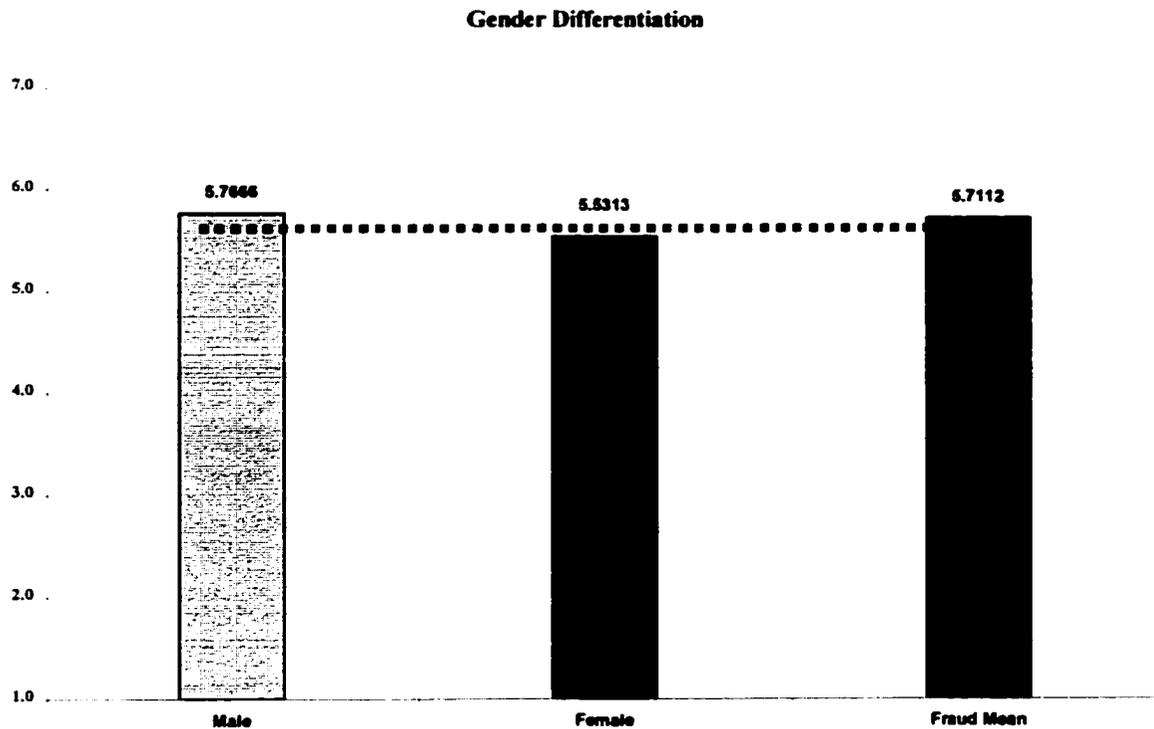


Figure 14. Gender Differentiation.

These findings generally support results reported by Jones and Kavanaugh (1996, pp. 511, 522) and Harris (1989, p. 236), who found no correlation between gender and ethics. Hypothesis 3 is rejected, when gender is considered as a correlate to fraud attitude formation.

The Occupation Variable. Wells (1997) states that a relationship exists between position in a company and the level of fraudulent activity that may occur in a company: the greater the access to things of value, the greater the amount of damage (pp. 29, 36-37). Wells considers this a

reflection of opportunity and fraud. Geis (1996) discovered that most fraud perpetrators do not hold management or ownership positions within companies (pp. 18-19). However, when management does commit fraud, the results can be devastating, with losses four times greater than employee fraud, and four times again that figure when owners perpetrate fraud (pp. 18-19).

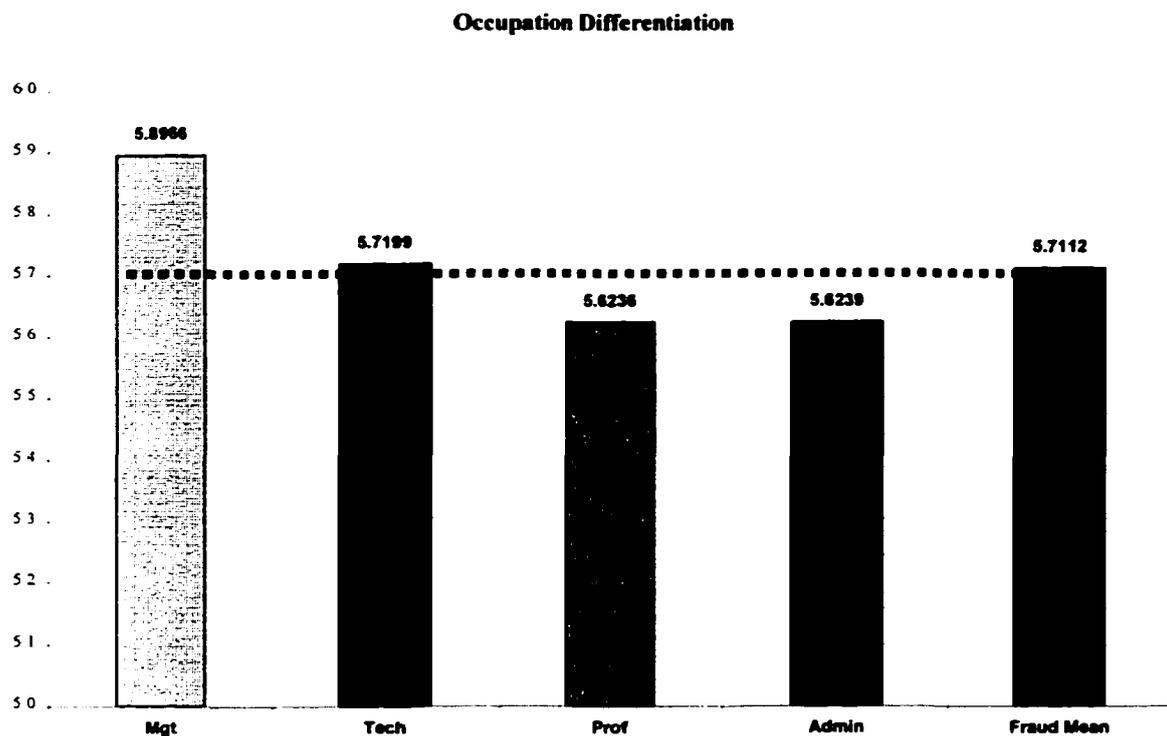


Figure 15. Occupation Differentiation.

As previously noted, in this study four categories of employment were analyzed: 17% of the respondents held managerial positions; 50% claimed technical jobs; 24% were

professional employees; and 9% were administrative staff. The respondents' construct scores were compiled and the means were computed from the summed scores according to their occupations. The results were compared across the constructs. The aggregate score for all respondents, known as the fraud mean, is reflected in a trend line (Figure 15).

As seen in Figure 15, persons claiming management positions recorded the highest mean scores (5.8966), indicating the greatest degree of disapproval of the scenarios. The comparatively low mean score (5.6239) recorded by professionals is noteworthy. Professionals, who in this study included doctors and nurses, security practitioners, auditors, lawyers and accountants, are usually judged by their profession's ethical codes and enjoy a stereotype of holding themselves to a higher moral plane (Jones & Kavanaugh, 1996, pp. 511, 522). By examining the score relationships, it was apparent that although management's scores were consistently higher for each fraud, the degree of differentiation was small. When the scores were analyzed using ANOVA ( $\alpha = .05$ ), they were not statistically significant (see Appendix P). This means that occupation may not be relevant as a correlate of attitudes

toward fraud in this study. Therefore, Hypothesis 3 is rejected for occupation.

#### Hypothesis 4

**H<sub>4</sub>:** Attitudes to bribery, conflicts of interest, embezzlement, management fraud, and industrial espionage of business professionals employed by a large multinational corporation in the Middle East will vary according to age, gender, education, and employment.

This hypothesis expands on the information reported in Hypothesis 3 by examining the respondents' scores to the five specific frauds according to the traditional crime correlates of age, education, gender, and employment. The method used to answer this hypothesis involved interpretation of the means and standard deviations of the scenario scores of each of the fraud constructs. As mentioned above, the measure of a respondent's attitude to a fraud is the combination of the scores that make up the attributes of recognition, feeling, and action toward the specific fraud. Even though ANOVA provides a strong measure of general differentiation, a more refined examination, called intercell analysis, helped to explain the relationship among the attribute scores and hence, how a respondent formed the attitude by showing what was more

important in the attitude formation process: recognition, feeling, or action.

Intercell analysis compared how the respondents answered each attribute category. The mean scores and standard deviations were compiled for each of the frauds, and that result was associated with the particular statistical correlate (age, education, gender, and occupation). Figures 16 through 19 depict the general trends; to complete the analysis, Appendixes Q through T provide detailed information concerning the individual attribute scores.

The Age Variable. The survey respondents were grouped into four age categories: 21-30, 31-40, 41-50, and 51-60. By comparing the means and standard deviations of the

	<b>Bribery</b>	<b>Conflict</b>	<b>Embezzle</b>	<b>MgtFraud</b>	<b>IndEsp</b>	<b>Mean/StDev</b>
<b>Age 21-30</b>	<b>4.2099</b>	<b>5.3457</b>	<b>5.6420</b>	<b>4.8148</b>	<b>5.6543</b>	<b>5.1333</b>
	<i>2.0959</i>	<i>1.7760</i>	<i>1.7125</i>	<i>2.1102</i>	<i>1.8314</i>	<i>1.9052</i>
<b>Age 31-40</b>	<b>5.4253</b>	<b>5.9256</b>	<b>5.8812</b>	<b>5.3295</b>	<b>6.2720</b>	<b>5.7667</b>
	<i>1.8870</i>	<i>1.4985</i>	<i>1.6188</i>	<i>2.0093</i>	<i>1.2675</i>	<i>1.6562</i>
<b>Age 41-50</b>	<b>5.2875</b>	<b>5.7425</b>	<b>5.7407</b>	<b>5.3651</b>	<b>6.2028</b>	<b>5.6677</b>
	<i>1.9617</i>	<i>1.5696</i>	<i>1.7995</i>	<i>1.8300</i>	<i>1.2912</i>	<i>1.6904</i>
<b>Age 51-60</b>	<b>5.7021</b>	<b>6.0914</b>	<b>5.8230</b>	<b>5.5811</b>	<b>6.1976</b>	<b>5.8791</b>
	<i>1.8036</i>	<i>1.3215</i>	<i>1.7929</i>	<i>1.8463</i>	<i>1.4723</i>	<i>1.6473</i>
<b>Mean</b>	<b>5.1562</b>	<b>5.7763</b>	<b>5.7717</b>	<b>5.2726</b>	<b>6.0817</b>	
<b>StDev</b>	<i>1.9371</i>	<i>1.5414</i>	<i>1.7309</i>	<i>1.9489</i>	<i>1.4656</i>	

Figure 16. Age as a correlate of fraud. (Standard deviations denoted by italics.)

scenario scores associated with age, it is immediately apparent that respondents in age group 21-30 differed in their responses to each of the fraud constructs (see Figure 16). However, striking differentiation occurred in the bribery and management fraud constructs. Analysis of the scores (see Appendix Q), revealed significant differences in standard deviation scores for bribery ( $\sigma = 2.0959$ ) and management fraud ( $\sigma = 2.1102$ ). These scores indicated that younger respondents had a wider score spread when answering those scenarios than did those aged 31 and over. The same basic pattern was found throughout each specific fraud construct for age group 21-30. Even though the younger respondents' scores were inconsistent, their overall scores revealed a greater degree of approval for the scenarios than did the other age groups.

ANOVA ( $\alpha = .05$ ) (see Appendix K) disclosed statistical differentiation for age group 41-50 when compared against the other age groups. The intercell relationships (see Appendix Q) for this age group isolated the inconsistency of responses by those 41-50 ( $\sigma = 1.9617$ ) answering the scenarios for bribery. Additionally, their overall scores revealed a greater degree of approval for the bribery scenarios than did the age groups other than the 21-30

group. Therefore, Hypothesis 4 can be affirmed when age is considered a correlate of attitude toward specific frauds. Respondents aged 21-30 were more approving for each of the frauds in this study, and the respondents aged 41-50 were more approving of bribery for all but the 21-30 year olds.

The Education Variable. ANOVA ( $\alpha = .05$ ) disclosed no significant difference when education was introduced as a variable (Appendix L). Even though the ANOVA results were not statistically significant, when the means and standard deviations of the construct scores were studied (as reflected in Appendix R), some relevant separation can be observed in the respondents' reaction to scenarios covering offenses involving management fraud. Those who claimed no college education recorded lower scores for management fraud than the other frauds, indicating a greater degree of approval for that type of fraud (Figure 17). Moreover, the intercell analysis of the data shown in Appendix R revealed low recognition scores (3.100) coupled with high standard deviation ( $\sigma = 2.1893$ ) scores. This means that the "no college" group of respondents not only answered inconsistently to that scenario, but their mean score was lower than the other groups, indicating a lack of general understanding about that fraud type.

It is worth noting that almost all respondents recorded lower scores when answering the recognition scenario for management fraud (See Appendix R). At the same time, within that fraud construct, those claiming higher education levels (post-graduates) seemed to recognize the management fraud concepts more than their counterparts did. Recognition as an attitude attribute is directly correlated with what a person knows about the subject (Alreck & Settle, 1995, pp. 10-13).

	<b>Bribery</b>	<b>Conflict</b>	<b>Embezzle</b>	<b>MgtFraud</b>	<b>IndEsp</b>	<b>Mean/StDev</b>
<b>No College</b>	<b>5.5833</b>	<b>5.7167</b>	<b>5.9333</b>	<b>4.9000</b>	<b>6.1000</b>	<b>5.6467</b>
	<i>1.7878</i>	<i>1.6984</i>	<i>1.4598</i>	<i>2.1839</i>	<i>1.3985</i>	<i>1.7057</i>
<b>Some College</b>	<b>5.1726</b>	<b>5.5893</b>	<b>5.6310</b>	<b>5.1190</b>	<b>5.9107</b>	<b>5.4845</b>
	<i>1.9759</i>	<i>1.5528</i>	<i>1.7009</i>	<i>1.8822</i>	<i>1.5509</i>	<i>1.7325</i>
<b>College Grad</b>	<b>5.2350</b>	<b>5.8920</b>	<b>5.8205</b>	<b>5.3205</b>	<b>6.2115</b>	<b>5.6959</b>
	<i>1.9731</i>	<i>1.5101</i>	<i>1.7146</i>	<i>1.9291</i>	<i>1.3284</i>	<i>1.6911</i>
<b>Some PG</b>	<b>5.2011</b>	<b>5.6609</b>	<b>5.7529</b>	<b>5.4828</b>	<b>5.9713</b>	<b>5.6138</b>
	<i>2.0201</i>	<i>1.5930</i>	<i>1.8062</i>	<i>1.8364</i>	<i>1.5373</i>	<i>1.7586</i>
<b>Post Grad</b>	<b>5.6722</b>	<b>6.0358</b>	<b>5.8154</b>	<b>5.5978</b>	<b>6.3967</b>	<b>5.9036</b>
	<i>1.7589</i>	<i>1.3630</i>	<i>1.8272</i>	<i>1.8003</i>	<i>1.1668</i>	<i>1.5833</i>
<b>Mean</b>	<b>5.3729</b>	<b>5.7789</b>	<b>5.7906</b>	<b>5.2840</b>	<b>6.1180</b>	
<b>StDev</b>	<i>1.9032</i>	<i>1.5434</i>	<i>1.7017</i>	<i>1.9264</i>	<i>1.3964</i>	

Figure 17. Education as a correlate of fraud. (Standard deviations denoted by italics.)

Irrespective of those findings, when analyzing the education variable, management fraud seems to be statistically insignificant and an anomaly. Accordingly,

education as a correlate of specific fraud definitions cannot be affirmed, and Hypothesis 4 is rejected.

The Gender Variable. Most scholars agree that male criminality exceeds female criminality both in scope and magnitude (Gottfredson & Hirschi, pp. 144-145). However, the question has been raised whether gender correlates with fraud or a criminal attitude (Akers, 1998, p. 328). Harris's (1989) and Jones and Kavanaugh's (1996) studies revealed no such correlation and this study affirmed those findings.

	<b>Bribery</b>	<b>Conflict</b>	<b>Embezzle</b>	<b>MgtFraud</b>	<b>IndEsp</b>	<b>Mean/StDev</b>
<b>Male</b>	<b>5.4483</b>	<b>5.9456</b>	<b>5.7975</b>	<b>5.4124</b>	<b>6.2289</b>	<b>5.7666</b>
	<i>1.8994</i>	<i>1.4343</i>	<i>1.7849</i>	<i>1.8712</i>	<i>1.3189</i>	<i>1.4772</i>
<b>Female</b>	<b>5.0640</b>	<b>5.5354</b>	<b>5.7542</b>	<b>5.2795</b>	<b>6.0236</b>	<b>5.5313</b>
	<i>1.9829</i>	<i>1.6643</i>	<i>1.6492</i>	<i>1.9311</i>	<i>1.4987</i>	<i>1.5140</i>
<b>Mean</b>	<b>5.2561</b>	<b>5.7405</b>	<b>5.7758</b>	<b>5.3460</b>	<b>6.1262</b>	
<b>StDev</b>	<i>1.9411</i>	<i>1.5493</i>	<i>1.7171</i>	<i>1.9011</i>	<i>1.4088</i>	

Figure 18. Gender as a correlate of fraud (standard deviations denoted by italics).

Even in the contentious constructs of bribery and management fraud—where many respondents recorded the most deviation in scores—males and females responded remarkably similarly (Figure 18). The data was compared using an independent  $t$  test (Appendix N) (where  $\alpha = .05$ ), which showed no statistical differentiation. This finding is confirmed by an examination of the intercell relationships

set forth in Appendix S. The findings are compatible with Akers's (1998) assertion that an individual's behavior is shaped by situational experiences of life, regardless of gender (p. 328). The presumption is that the males and females of the surveyed company were equally subjected to the same socialization pressures and therefore had a similar basis from which to form attitudes to the frauds. Accordingly, Hypothesis 4 is rejected where gender is considered a correlate of fraud definitions.

The Occupation Variable. Much like the gender correlate, no substantive difference emerged when the data was analyzed by occupation and compared individually to the five fraud constructs (Figure 19). This is intriguing because of the diverse respondent population. Spitzer's studies of deviance formation indicate that from an economic deterministic position, differentiation can be class-based (Williams & McShane, 1998, p. 207). Accepting that a person's occupation can be a reflection of socioeconomic position, Spitzer's premise can be extended to say that those from different socioeconomic influences should view deviance differently (Spitzer, in Williams & McShane, 1998, p. 232-233). The expectation would be that differentiation regarding fraud attitudes should occur in

an environment that is stratified both economically and socially, such as with this study, especially since there is such a strong expatriate influence. However, no such differentiation occurred.

	<b>Bribery</b>	<b>Conflict</b>	<b>Embezzle</b>	<b>MgtFraud</b>	<b>IndEsp</b>	<b>Mean/StDev</b>
<b>Mgt</b>	<b>5.6667</b>	<b>5.9758</b>	<b>5.8309</b>	<b>5.6812</b>	<b>6.3285</b>	<b>5.8966</b>
	<i>1.7681</i>	<i>1.4361</i>	<i>1.8448</i>	<i>1.7939</i>	<i>1.2021</i>	<i>0.2722</i>
<b>Tech</b>	<b>5.3333</b>	<b>5.9229</b>	<b>5.7977</b>	<b>5.3689</b>	<b>6.1764</b>	<b>5.7199</b>
	<i>1.9161</i>	<i>1.4321</i>	<i>1.7296</i>	<i>1.8753</i>	<i>1.3734</i>	<i>0.3634</i>
<b>Pro</b>	<b>5.2424</b>	<b>5.6667</b>	<b>5.7475</b>	<b>5.3030</b>	<b>6.1582</b>	<b>5.6236</b>
	<i>1.9971</i>	<i>1.6357</i>	<i>1.7783</i>	<i>1.9406</i>	<i>1.4041</i>	<i>0.3712</i>
<b>Admin</b>	<b>5.3419</b>	<b>5.7436</b>	<b>5.8205</b>	<b>5.1111</b>	<b>6.1026</b>	<b>5.6239</b>
	<i>1.9571</i>	<i>1.5820</i>	<i>1.5899</i>	<i>1.9510</i>	<i>1.3858</i>	<i>0.3952</i>
<b>Mean</b>	<b>3.8951</b>	<b>3.9733</b>	<b>4.0785</b>	<b>3.8677</b>	<b>4.1065</b>	
<b>StDev</b>	<i>1.8779</i>	<i>2.3156</i>	<i>2.1465</i>	<i>1.8767</i>	<i>2.6021</i>	

Figure 19. Occupation as a correlate of fraud. (Standard deviations denoted by italics.)

Examination of the intercell score data set forth in Appendix T revealed consistent scoring both within the individual fraud constructs and across the construct hierarchy of the five frauds. These findings corroborate the ANOVA tests (where  $\alpha = .05$ ) (see Appendix O). Accordingly, Hypothesis 4 is rejected for the occupation variable.

#### Summary of Results

Several notable facts resulted from this study. The respondents viewed frauds differently. They disapproved of

industrial espionage most, followed by conflict of interest, embezzlement, management fraud, and bribery. The phenomenon of fraud was disapproved of by 79.8% of the respondents, with 57.3% of those strongly disapproving. Caribbean/South American, North American, African, Middle Eastern, and European cultures viewed fraud with a significantly greater degree of disapproval than did Mediterraneans, Australian/New Zealanders, Asians, and Pacific Islanders. This was in contrast to the findings of Gottfredson and Hirschi (1990, p. 178), who report no evidence that attitudes toward crime vary from culture to culture. In contrast, when the individual frauds were each examined according to cultural heritage, this study found no significant difference. In other words, some cultures did assess fraud differently, but when they were faced with a particular fraud type, they universally disapproved with relative equality, regardless of their cultural heritage.

When the responses were compared according to traditional variables of age, education, gender, and occupation, the results revealed little differentiation, both for fraud in general and for the specific fraud types, except for age. Respondents younger than 31 years old answered the scenarios with the greatest degree of approval

across the fraud construct hierarchy. The under-31 age group was particularly tolerant of bribery and management fraud. Those in age group 41-50 also were measurably more tolerant of bribery than were the age groups 31-40 and 51-60. Education, gender, and occupation revealed no substantive correlation with fraud when measured at the .05 level of significance, or with the specific frauds of bribery, conflict of interest, embezzlement, management fraud, or industrial espionage.

Accordingly, the results supported Hypothesis 1, giving reason to believe that cultural heritage does have an effect on how some people form attitudes to fraud in general. However, Hypothesis 2 was rejected, since the data revealed no significant differentiation in attitudes toward the individual frauds types, according to cultural heritage. Hypothesis 3 and 4 could be supported only for age as a correlate of fraud, particularly when bribery was involved. This information carries with it some important implications both for criminology and for business. The following chapter will discuss these implications and will offer recommendations for future research.

## CHAPTER 5

### Conclusions and Recommendations

#### Conclusions

Cross-cultural fraud is one of the more understudied subsets of criminology, yet modern business, which suffers losses of about 6% of total annual revenue to fraud, considers it to be a serious concern (Geis, 1996, pp. 14, 16-18). For MNC managers, as well as others who encounter the impact of multiculturalism in business, the concepts and ideas from this study can become a means to social change. To do so, present-day crime theories, which continue to treat fraud as a fringe subject, need to be set aside, and the problem needs to be approached with a different perspective. International fraud is not simply a function of the traits of capitalism, or what Coleman (in Benson & Moore, p. 266) terms a "culture of corruption." Left unchecked, international fraud can become a powerful threat to economic stability (OECD, 1998b; Yannaca-Small, 1995, pp. 16-17).

Fraud has been explained in terms of economic exploitation, in Marxist fashion, fostering an economic theory of crime (Spitzer, in Williams & McShane, 1998, p.

231). However, the Marxist idea fails because fraud occurs all over the world, in all societies, regardless of the economic or political persuasion (Omestad, 1997; Transparency International, 1998). Gottfredson and Hirschi's (1990) general theory, where crimes of all context are explained in terms of low self-control, fails under scrutiny because it refuses to consider "unique, specific cultural motives," particularly involving white-collar crimes (Benson & Moore, 1992, p. 252). Even though Akers's social learning theory and Sutherland's differential association tackle the cultural interrelationships of fraud straight on, both theories are criticized for the ambiguity linked to cultural relativism (Akers, p. 105).

So what this dissertation has undertaken is to combine two relatively contentious but inextricably linked subjects to determine if one (culture) can be statistically correlated to the other (fraud). Even though the findings are mixed, there are substantive conclusions that are transferable to real-world application.

#### Research Limitations

Before discussing the implications of this research, it is beneficial to review the limitations. This study

attempted to intentionally extricate culturally considered responses. Whereas some evidence has emerged, it is not clear-cut and may be subject to an interpretation bias where there is no equivalent knowledge base with which to draw comparisons.

The respondents identified themselves with nine world culture groups: Africans, Asians, Australian/New Zealanders, Caribbean/South Americans, Europeans, Mediterraneans, Middle Easterners, North Americans, and Pacific Islanders. These are artificial, but only in the sense that the survey required the respondents to categorize themselves according to definitions set forth in the survey.

The respondents were afforded a twelfth option of "Other," with the opportunity to write in their culture. Seventeen respondents used the option, but this did not impact the results. Ten elected to express their religious preference as a heritage precursor, such as African-Muslim or Islamic-Middle Eastern. Four others wrote in European countries and three identified Asian countries.

Trompenaars' cross-cultural studies (1994), building on Hofstede's (1980, 1983), offer some generalizations that have been used by others (Almhelm, 1992) to explicate

cultural relationships. Trompenaars (1994) believes that people in different geographical regions organize themselves to increase their problem-solving effectiveness (p. 25) and, in the process, form attitudes that become ingrained as a culture. The culture can change when the group realizes that old ways do not work and community survival is threatened (p. 26). However, as evidenced by this study, cultural heritage is more than a problem solving exercise. It encompasses a symbiotic relationship of shifting attitudes that is usually a subconscious act. In normal circumstances, most people do not stop to consider that their actions may be culturally formed (Trompenaars, 1994, p. 23); they just act. Some people may never have stopped to reconcile their culture and may never have considered that cultures not only share values and norms, but they also differentiate.

Even though the respondents assigned themselves to a certain culture and thus believed themselves to be part of that particular cultural heritage, there is no valid anthropological crosscheck. Consequently, implications from this study attributed to cultural heritage using comparatives other than the world culture concept espoused by this study must be an inferential extension and not

unequivocal. Any conclusions stemming from this research, therefore, can be applied only to this particular research. That notwithstanding, comparing these findings to non-related research may be valuable for abstract assessment, and if actualized, should prove particularly useful as another management tool in the MNC environment.

Finally, this research used the technique of analyzing the definition formation process by evaluating the three attributes of an attitude. The first two attributes, recognition and feeling, are directly expressible. When the respondents answered the recognition and feeling scenarios, they were able to directly articulate their approval or disapproval. However, answers to the action attribute are an abstract *projection* of potential action since the respondents did not actually do anything. Those answers represent the respondents' *perception* of a correct action. The distinction is made that there can be dissimilar results between what someone *discerns* to be a proper action, and what one *actually* does. The importance of this phenomenon is underscored by the implications discussed below. More than anecdotal evidence is available to indicate that people's actions tend to conform culturally.

### Implications

As previously defined, cultural heritage includes those formative values, beliefs, assumptions, and perceptions that are retained and that affect behavior in varying degrees throughout life. Kidder (1994) observed that the values of the individual cultures differ when evaluated separately from culture to culture, but when groups from many cultures gather together—either by preference or not—a multicultural synthesis occurs and a new, albeit loosely comprised, culture breaks out (p. 8). When a single culture falls to multicultural influences, the associated values and beliefs that perpetuated and developed knowledge about that one culture also become diffused. This is one of the implications of this study.

This study examined how cultural heritage affects fraud attitude definition formation. What was found as a result, however, is that the culturalization process is complex, with no apparent absolutes. People claiming different cultural heritage do differ in how they approve of fraud in general. But what is equally significant is how these same people universally evaluated specific frauds. Analysis of the results indicates that these respondents' cultural heritage may be influenced—in Kidder (1994)

fashion—by an over-arching “corporate culture” that tends to absorb diverse attitudes to a more universal standard of behavior (p. 8).

The respondents’ relative delineation of attitudes toward the different frauds appears to be a reflection of the company’s ethics as much as the respondents’ claimed cultural heritage. A company’s ethic is integral to its corporate culture. A corporate culture consists of shared assumptions, beliefs, and values of the company that nurture and encourage individual employee’s emotional attachment, commitment, identification, and feelings for the company, so that when they make decisions and choose alternatives about the company, they take into account the company’s goals and objectives (Almhelm, 1992, p. 54). A corporate culture assists employees in making sense of their actions by providing justification for their behavior (Almhelm, 1992, p 55). Consequently, corporate cultures can guide employees to “right” behavior, just as they can to “wrong” behavior; this is how we do things in this company. This directly relates to a respondent’s *perception* of a correct action, as discussed above.

The aggregate results—or those that impact on the respondent group as a whole irrespective of demographic

variables—provide a measure of how things are done in the surveyed company. Almost 80% of the responses (4981 out of 6239) reflected disapproving attitudes to fraud in general. As a group, the respondents were most disapproving of industrial espionage, followed by conflict of interest, embezzlement, management fraud, and bribery. Both of these findings—the negative general attitude to the scenarios, and the hierarchical ranking of frauds—are important from the company's perspective.

As noted in Chapter 1, the company has adopted a Western-oriented business ethics policy as part of its corporate socialization process. In turn, this affects the company's authority system and the employees' view of the company's mission, vision, and values (Trompenaars, 1994, pp. 152-153). Whereas about 80% of the responses reflected a negative disposition to fraud, slightly more than 20% were either ambivalent to or agree with the scenarios. The implication is much like a two-edged sword: Most employees know what constitutes fraud, and if confronted with such impropriety, will take measures to deter, or if necessary report acts of fraud; but at the same time, a large minority (1258 responses out of 6239) might not.

Almhelm (1992, p. 76-77, 80) studied corporate cultures and management-subordinate work relations in the Arab world and concluded that Middle Eastern-managed companies located in the Middle East impart culture characteristics that parallel the Arab culture. Al-Turki (1998) and Trompenaars (1994, p. 152-153) believe that the corporate socialization process is shaped by the greater culture in which the company is located. But in this study involving a multicultural MNC located and operating in the Middle East, that standard does not hold up. The Middle East management stereotype is risk-averse, autocratic, and nepotistically influenced (Almhelm, p. 76); a prime motivator is "saving face" or avoiding "shame" (p. 92). If the Middle Eastern cultural stereotype was a strong influencing factor in this study, this should have been reflected in the survey responses. It was not. Scenario D offered a risk-averse approach to the dilemma. The respondents answered D with a disapproving score of 6.1878 (standard deviation ( $\sigma$ ) of 0.2571). Scenario N reflected an opportunity to bow to an autocratic situation. The respondents answered N with a score of 6.5358 ( $\sigma = 0.2631$ ). Scenario G introduced nepotism as a motivator. The respondents answered G with a score of 6.6009 ( $\sigma = 0.1187$ ).

Scenario L introduced the concepts of shame and face-saving. The survey respondents answered L with a score of 5.8973 ( $\sigma = 0.3390$ ). If a Middle Eastern cultural influence had been present, it would have been reasonable to expect uncertain scores or some degree of approval (scores  $<4$ ). Instead, what emerged is evidence that the cultures have more or less assimilated, much as predicted by Kidder (1994, pp. 8-9).

Because the company has implemented a Western-oriented business ethics policy and supports anticorruption measures, the bribery construct scores were intriguing. The logical expectation would be that employees who support the company should hold strong disapproval to corrupt situations. The results do not reflect this. Only the North Americans and Caribbean/South Americans disapproved of the bribery scenarios (scores  $>4$ ) (See Table 6). The implication, which is supported by low scores for the recognition attitude attribute, is that the company employees may not understand the intricacies involved with commercial bribery and may not recognize corrupt practices involving bribes, kickbacks, and gratuities as well as they do the other frauds. Moreover, in many cultures, payments for influence and such are a part of business, are

expected, and are not necessarily considered evil or deviant (Donaldson (1996, pp. 49, 53).

Intercultural differentiation can spawn discontent where some members pass blame on another's culture. There is evidence that such occurred during this study. When the questionnaires were returned, they were each assigned a specific case number. Several respondents contributed unsolicited but useful comments as parenthetical notes.

- (Questionnaire #2): "If management did not encourage, employee has right to remain silent."
- (Questionnaire #24): "[Questions like these] should not be discussed!"
- (Questionnaire #64): "My answers were influenced by working for [the company] specifically."
- (Questionnaire #123): "Do you think the viewpoints I have are the reason I have not been promoted?"
- (Questionnaire #260): "There are so many ways to decorate the truth."
- (Questionnaire #363): "Dear sir, Many of your question scenarios are illegal in your own country and it is disturbing that you make them ethical decisions when in

fact they are illegal decisions whether to break the law or not.”

Additionally, the following are representative of several unsolicited and anonymous comments received by the author during the survey period.

- “How can you dare ask these questions of insult and crime in a Muslim country (Unsolicited telephone call)?”

- “Dear Mr. Watson, Having signed the [company] ethical operations letter, as all [company] employees did. I do not see how you expect us to answer your questions which contain a lot of unethical behavior.” (Unsigned handwritten anonymous letter submitted in a questionnaire return envelope, but without a completed questionnaire.)

Part of the rationale for these reactions may be that even though the company’s business ethics policies support anticorruption, the company does not overtly engage in a structured awareness program. The Association of Certified Fraud Examiners (ACFE) believes that awareness programs, coupled with an anonymous reporting mechanism, such as EthicsLine® fostered by the ACFE, together form an effective deterrent (Geis, 1996, p. 38).

However, to be effective, a fraud awareness program must educate employees about the threat and actively involve them in the awareness process by presenting realistic and relevant material that directly relate to their employment. Relatively few business frauds are discovered through traditional auditing controls, which is the technique most managers rely upon (Geis, 1996, p. 36). Actually, most fraud is uncovered because of tips and complaints from employees (Geis, p. 36). Therefore, an aggressive awareness program becomes a force multiplier in fraud deterrence and detection.

Implications of Cultural Heritage. The interest in correlating fraud attitudes to cultural heritage stems from the heterogeneous nature of the company's workforce, consisting of more than 50 countries comprising 11 world cultures. A question spawned from results of this research is whether MNCs with a multicultural workforce should consider special measures in their ethics policy, taking into account any such diversity. This question cannot be answered unless one can state with some degree of authority that cultures do or do not differentiate. This research does provide statistically relevant evidence that certain cultures do hold different attitudes to fraud than do

certain other cultures, but the implication of the correlation warrants close scrutiny.

Trompenaars (1994, pp. 27-28) states that cultures are distinguished from each other by the differences in shared meanings the members expect from and attribute to their collective environments. It is the *differences* rather than the *similarities* that stand out in cross-cultural research, and occasionally, although perhaps unintentionally, minority differences receive exaggerated emphasis. Recall that Caribbean/South Americans, North Americans, Africans, Middle Easterners, and Europeans were different in that they were more disapproving of fraud in general when compared to the others. However, as noted before, the differences in responses between cultures were not necessarily universal; some cultures responded similarly, creating cultural spheres of influence.

Appendix D reveals statistical evidence that North Americans' and Caribbean/South Americans' attitudes to fraud are similar, as are Africans' and Middle Easterners'. Europeans, Mediterraneans, Australians/New Zealanders, and Asians have similar attitudes, whereas Pacific Islanders' attitudes to fraud are relatively isolated. Figure 20 is a graphic representation of the clustering similarities. This

shows that even though there is difference among cultures, that difference may not necessarily amount to isolation of each culture from the other. Instead, what appears is a tendency—supported by statistical analysis—that some cultures view fraud similarly as do some other cultures.

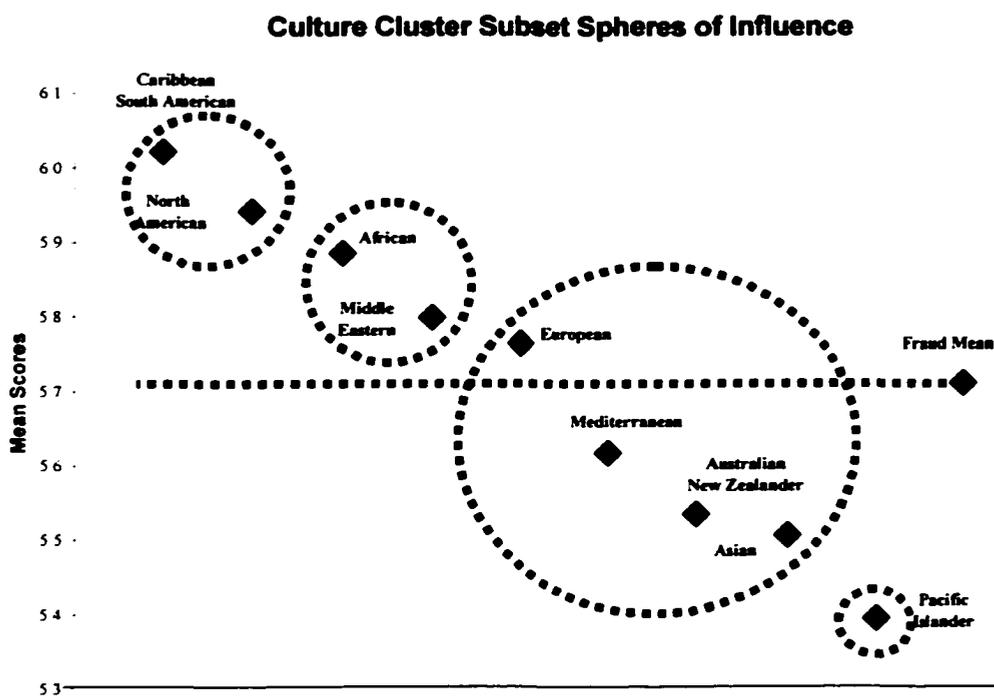


Figure 20. Spheres of Cultural Similarity.

Furthermore, even though individual cultures differed in their attitudes about fraud in general, when the scores are isolated and compared for differences in core attitude attributes of recognition, feeling, and action, and against specific, individual fraud crimes, there is no statistical difference. Figure 21 emphasizes this phenomenon. The

graphic is an expanded version of the raw score analysis shown in Figure 9, but this time it shows the relationships between the nine culture groups, compared against the trend line for the aggregate scores. A quick view indicates that there is little differentiation among the nine world

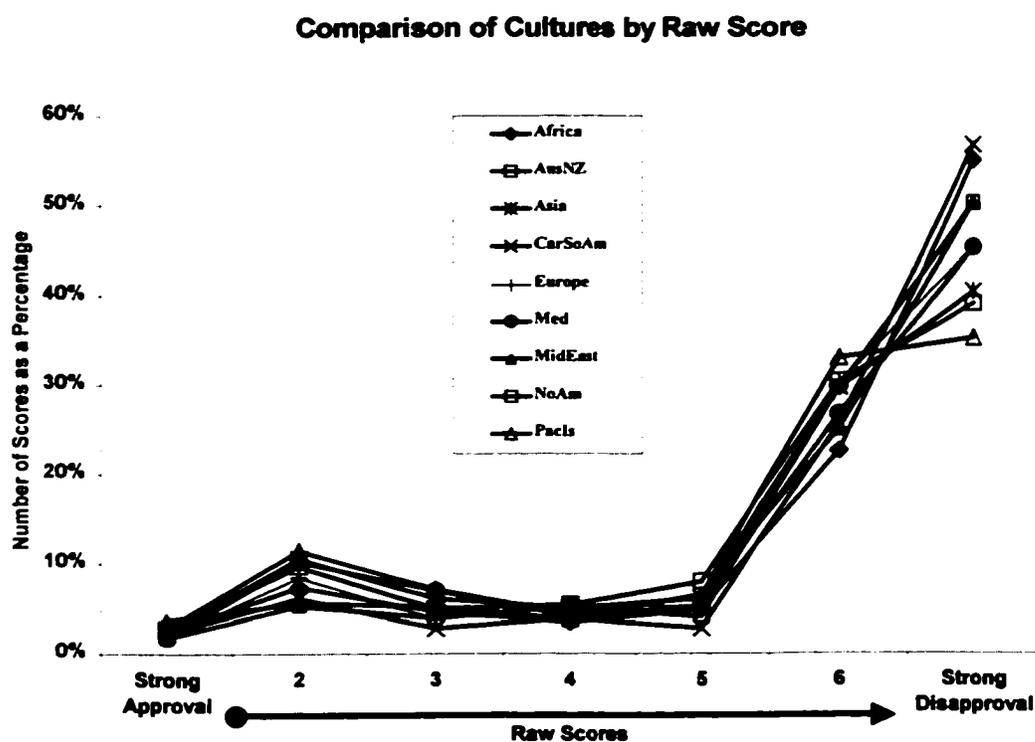


Figure 21. Cross-cultural comparisons of scenario scores.

cultures in how they answered the questionnaire.

When differences can be isolated and compared, they can be managed. In this case, the company can now state with some degree of certainty that although some employees

express differing degrees of disapproval to fraud, the workforce as a whole has similar attitudes to fraud.

The Implication of Age Differentiation. Respondents who were under 31 years old were found to be more approving of frauds in general, and more approving of bribery specifically. Scholars generally agree that there is some correlation between age and fraud (Akers, 1998, pp. 346-358; Gottfredson & Hirschi, 1990, pp. 192-193). However, there are differences of opinion. Akers (p. 358) believes the age-deviance relationship is not clear-cut. Even though younger people may act more vicariously in certain situations than older people do, it is the differential peer associations at different ages—not just the age—that influence deviant behavior. Peer associations change with age, and Akers (p. 357) found that these changes “closely parallel the age-pattern of changes in crime.” Simply being a certain age does not mean someone is more disposed to fraud than one of a different age.

Gottfredson and Hirschi (1990), however, report that the United States Uniform Crime Report trend statistics compiled for 1981 and 1985 show that arrest rates for fraud peak in the late teens and early twenties and then decline (pp. 192-193). These statistics show that by age 41 the

rate of fraud arrests declines to half of its peak value. Wells (1997) also reported a strong relationship between age and employee theft (a form of business fraud), with younger offenders dominating (p. 29). Correspondingly, Geis (1996) reported that persons 41 and older cause almost 80% of losses to companies by fraud (p. 24). The implication is that even though fewer people 41 and over commit fraud, the damage they do is considerably greater than fraud committed by those under 41.

In this study, the age group 41-50 was more approving of the scenarios than all but those under 31 years old, for all but management fraud. (Management fraud's approval scores correlate to age in that older respondents disapproved more than younger respondents.) This is significant since the 41-50 age group accounts for 45% of the total respondent population. Also, 74.6% of the 41-50 age group are expatriate employees. Al-Turki (1998) points out that money is a prime motivation for expatriates to seek employment in the Middle East. Managers of Middle Eastern companies are concerned that expatriate employees (who may have no permanent cultural connection) may be more susceptible to the temptations of short-term fraud (Al-Turki, 1998). Al-Turki (1998) also said that it was his

experience that some expatriates tend to "look the other way" when discovering impropriety by local nationals, because they do not want to become involved in controversy for fear that it may affect their employment.

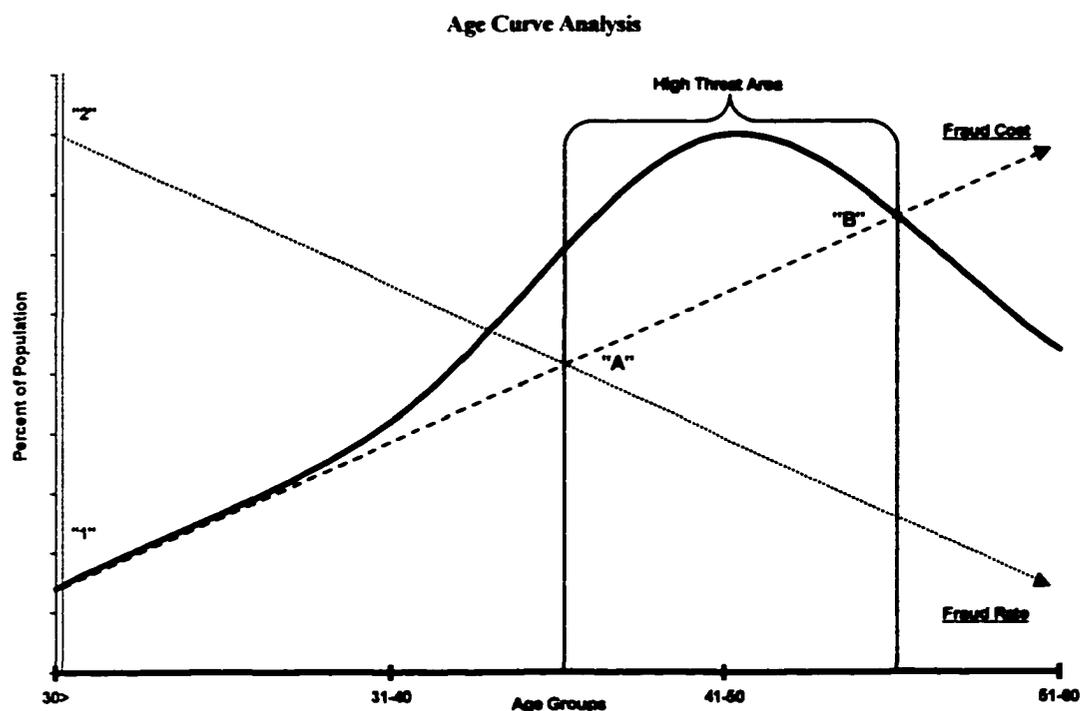


Figure 22. Fraud rate to fraud loss.

Irrespective of motivations, Geis (1996) observed that an inverse relationship applies to an age-to-loss fraud differential (p. 21). Figure 22 reveals a potential threat area. Figure 22 is constructed by overlaying the mean age distribution curve of the survey's respondent population. Point "1" is the X-axis point of the youngest employee

category, in this case those employees 30 and under. Point "2" is the X-axis point of the age group with the most representation, in this case the 41-50 year group. Point "A" on the chart is where cost of fraud and the fraud rate intersect the age distribution curve, or a fraud "break-even point," where case rate results in the greatest cost. Point "B" is the intersect where the optimum maximization ends; at this point fewer people lowers the potential overall costs of fraud even though the frauds may cost more.

The potential threat includes the area where the cost of fraud and the rate of fraud are maximized; in this case it is age group 41-50. What this means is even though younger people may commit more fraud and older people may commit the more expensive frauds, the age group identified as a potential threat will do the most damage.

Figure 23 reflects the population breakout between the threat age group and the respondent population according to culture clusters. A quick look reveals that—Middle Easterners notwithstanding—the potential threat population roughly corresponds to the population distribution of the survey. This means that any management actions taken to

counter the potential threat population will reasonably reach a representative proportion of the total population.

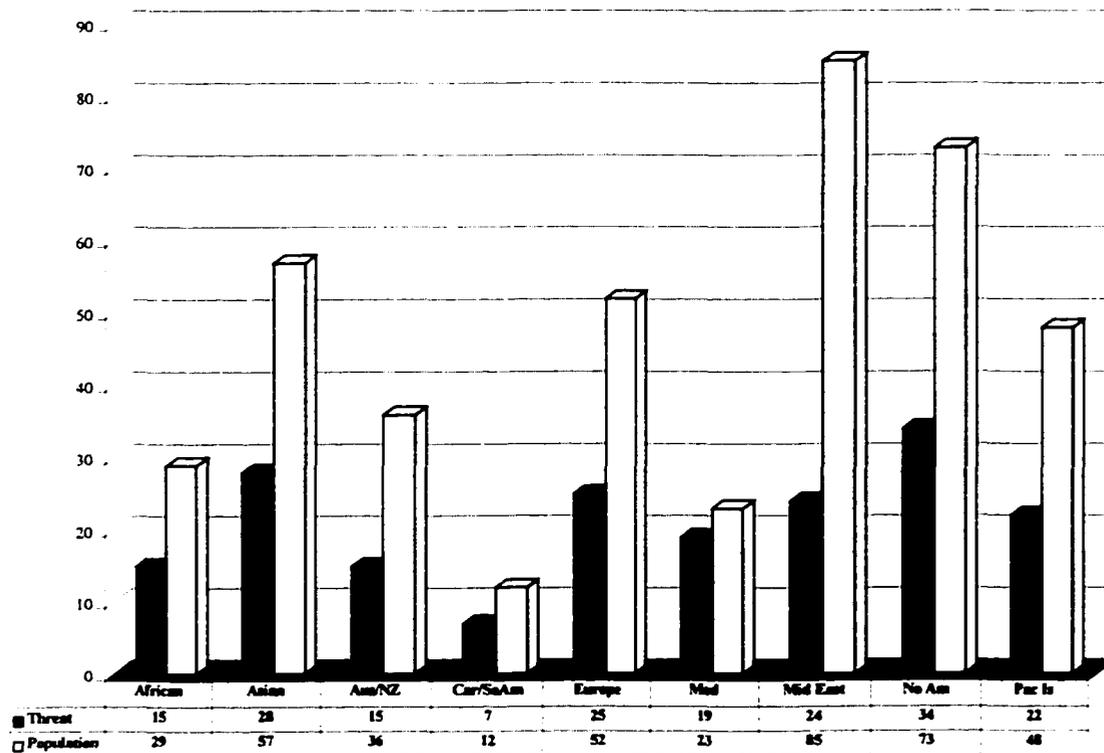


Figure 23. Threat area to the total population.

### Recommendations

This study was concerned with determining if a measurable relationship could be established between cultural heritage and fraud. It also compared and contrasted traditional crime correlates with the disclosures of the survey respondents. The findings may provoke as many questions as they answer, warranting

additional research. Recognizing and dealing with the relationship between culture and fraud is something that is confronting almost all modern businesses and is expected to increase in scope and magnitude over time, especially concerning MNCs with a multicultural employee force that engage in international commerce (Geis, 1996, p. 36).

Future studies should be undertaken in multinational companies located in other areas of the world. Because culture influences every part of everything, it would be empirically interesting to replicate this study in an African, Asian, Caribbean, European, Mediterranean, North American, South American or Pacific Islander locale and compare the results, which may produce a different view of the impact of multiculturalism on fraud. Such an effort might clarify two things. First, it might provide more information on the influence of corporate cultures on employees' expression of their cultural heritage. Second, such a study would add to the knowledge base of the association of cultural heritage to fraud and business ethics. This study has shown that such a relationship exists.

To obtain a clearer idea of culture's impact on fraud the action attitude attribute needs to be pragmatically

explored. This study reveals how people would like others to believe they would act under specified circumstances. However, experience alone provides anecdotal evidence that what people say they would do is not always what they end up doing, particularly when faced with ethical choices. Cultural pressures merely compound dilemmas.

A comprehensive qualitative study of documented MNC business fraud cases could provide considerable insight. The study would have to glean cultural data from the records and/or through interviews of the perpetrators to identify any correlation.

One final thought: Twenty percent of the responses to the scenarios (1258 responses of 6239) were either uncertain or approving of fraud (see Figure 9). Is this an acceptable number? Gottfredson and Hirschi (1990) believe that white collar occupations, "tend to demand characteristics inconsistent with high levels of criminality" (p. 191). This means that employees holding positions such as those who contributed to this study should have a relatively low propensity to crime, and by extension, to fraud (p. 191). The 20% number does not mean that 20% of the company's employees are prone to commit fraud crimes, but it does indicate attitudes that are at

variance to what the majority of the company employees consider to be wrong behavior. The logical conclusion is the company should consider increased awareness training, particularly targeted at any potential threat group. A structured program would increase the knowledge base, resulting in greater recognition of potentially deviant conduct across cultures. The learning process also can instill a sense of commitment, leading to an actualization of antifraud knowledge.

An effective awareness program also acts as a deterrent. People who may become disposed to fraud learn that those who work with or supervise them know what constitutes fraud. This decreases the window of opportunity, since the possibility of discovery is increased. After considerable research, the ACFE has concluded that a lack of knowledge about fraud by employees ultimately contributes to its occurrence and adds to its cost (Geis, 1996, p. 35).

Within multicultural business environments, part of any fraud awareness program should include cultural sensitivities. Identifying the correlation of culture with fraud will assist executives concerned with international

commerce, particularly those managing businesses with a multinational, multicultural employee base.

In the end, it seems that things may not always be as they seem to be. Much like "Mr. West" in this political satire from Malaysia (Figure 24), who accuses the "East" of corruption, while he secretly receives his own piece of the action; a lot may depend on your perspective!

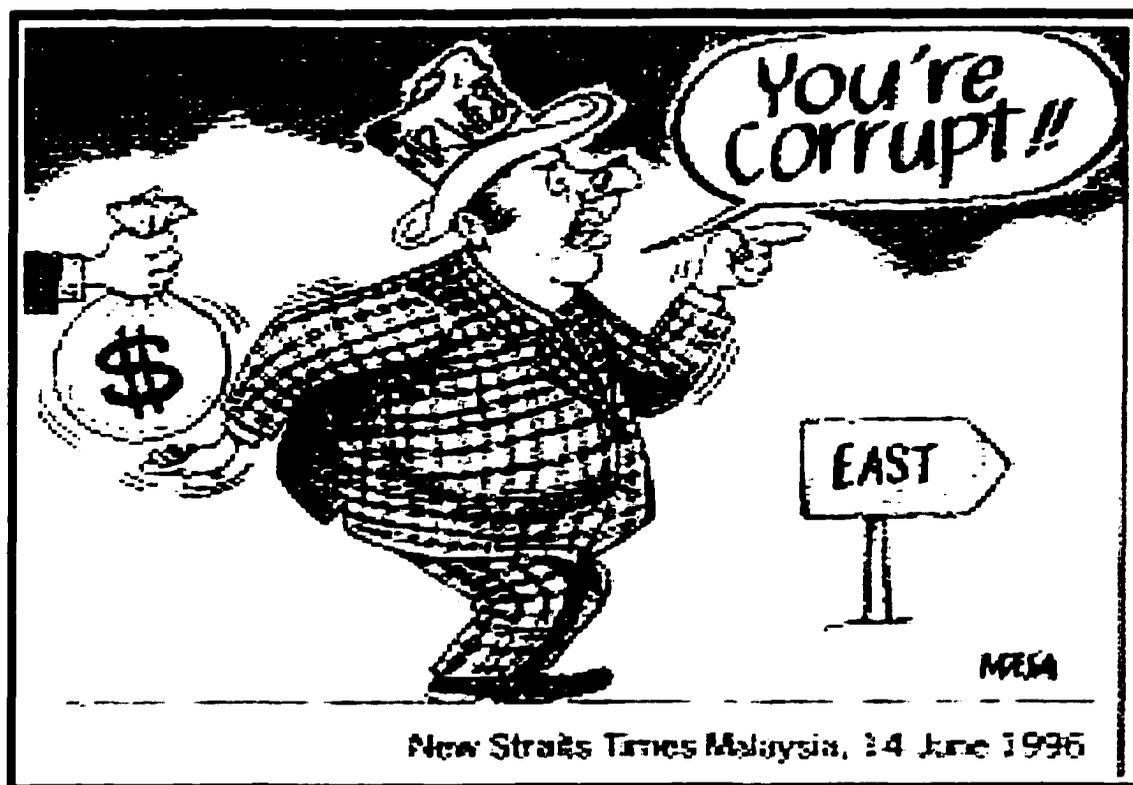


Figure 24: Corruption © New Straits Times, 14 June 1996 (with permission).

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## APPENDIXES

## Appendix A

Cover Letter and Questionnaire (English and Arabic Versions)

**DOUGLAS M WATSON**  
**PO Box 5712**  
**DHAHRAN 31311 SAUDI ARABIA**

*[insert date]*

Dear Professional Colleague:

An interesting proverb reads, "The human mind is like a parachute—to be useful, it needs to be open." You are one of those open-minded individuals whose help I genuinely need to complete an exciting research project about international business practices. I am asking you to share your opinion by completing the attached questionnaire. You have the choice of using the Arabic or English version.

The whole process should take only about 20 minutes of your time, but those 20 minutes are very important. This project is part of my Ph.D. dissertation in Applied Management and Decision Sciences from Walden University, Minneapolis, MN, USA ([www.waldenu.edu](http://www.waldenu.edu)). The purpose of my dissertation is to explore how cultural factors influence individuals' perceptions of what constitutes good business practices. The survey will address controversial ethical issues involved with gift giving, misappropriation, conflicts of interest, favoritism, and information protection. This project is the culmination of more than 3½ years of on- and off-campus study. The results should be interesting.

Please mail the completed questionnaire back to me through Saudi Aramco local mail by *[insert date]*, using the attached envelope. A return address or postage is not necessary.

I want to assure you personally that your input will remain totally confidential and anonymous. It will be used solely for research purposes. I have asked for and received full support and permission from the Company to conduct this survey in this manner. At the conclusion of my dissertation, I will provide any respondent who asks with a copy of the summary of the results. In a way, each of you will co-own my dissertation.

In the spirit of our Corporate Values of *Fairness & Integrity*—You can make a difference!

  
**DOUGLAS M. WATSON, CFE**  
**Dhahran, Saudi Arabia**

Attachment:  
 Questionnaire

RESPOND TO: P.O. Box 5712  
 Dhahran 31311  
 Email: [watsondm@aramco.com.sa](mailto:watsondm@aramco.com.sa)

## QUESTIONNAIRE

This questionnaire is **anonymous**. The fact that you have been selected to participate will be held in strict confidence. Your participation is **very important**, and will directly contribute to the success of the research.

### *INSTRUCTIONS FOR PART ONE*

In this questionnaire, you are asked to evaluate 15 short scenarios that depict some aspect of business practice found all over the world. The scenarios are presented in three sets of five questions. Please follow the instructions when providing your response.

***1. These first five cases depict actual situations. Evaluate the facts, and respond with your degree of approval or disapproval, according to the scale provided. Because these are situational, different people may interpret them in a different way. Indicate your response by circling the number that corresponds best to your assessment.***

#### SCENARIO A:

A construction company has not been able to penetrate the marketplace to win contracts, in spite of the fact that the company is technically and operationally competent. After several frustrating months, the company's sales manager is approached by a prominent local businessman who, in the strictest confidence, offers to use his influence to help the company win contracts. The businessman guarantees success in return for 3%-5% of the face value of any future contracts awarded to the company. The company sales manager accepts the arrangement, and wins the next available contract.

***Do you approve or disapprove of the arrangement?  
Circle the number that most closely matches your answer.***

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>A</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove	

#### SCENARIO B:

A public relations firm uses photographic supplies everyday. In the past, all film products were purchased by competitive bid, which is management's policy. This year, a supervisor in the procurement office arranged a long-term special purchase agreement to buy all film products at a competitive price from a local company that, unknown to management, is owned by the supervisor's wife.

***Do you approve or disapprove of the supervisor's arrangement?  
Circle the number that most closely matches your answer.***

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>B</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove	

**SCENARIO C:**

A new employee accompanies his boss on a business trip. The employee observes his boss inflate his tips and collect extra receipts to be filed with his expense report. His boss explains that he considers the expense account to be an unofficial company bonus.

*Do you agree or disagree with the boss?  
Circle the number that most closely matches your answer.*

c

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Agree	Agree	Slightly Agree	Uncertain	Slightly Disagree	Disagree	Strongly Disagree

**SCENARIO D:**

Ten companies traditionally have competed against each other for bids, but lately, even those who win contracts make almost no profit. The company owners meet to discuss the situation. As a result of their discussions, they come to an agreement to share business information and collaborate on future bids in order to maximize profits and ensure a fair work distribution for each cooperating company.

*Do you approve or disapprove of the agreement?  
Circle the number that most closely matches your answer.*

D

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

**SCENARIO E:**

Three companies competed for a very technical, expensive purchase order. The bids were sealed—no company was to know the bid of the others. Two bidders—Company A and Company B—offered bids that cost more, but were state-of-the-art. Company C bid lowest, but offered a less advanced system. After the bidding process was complete, but before the bid was awarded, Company C secretly learned that their bid was not competitive. So, they offered a new high-tech proposal that was equal to the competition and guaranteed the new offer as a replacement for their original bid, but with the same low price.

*Do you approve or disapprove of Company C's competitive bidding strategy in this situation?  
Circle the number that most closely matches your answer.*

E

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

2. The next five scenarios offer an explanation or excuse why some people or organizations become involved in some business practices. After evaluating the facts of each case, please give a response that best matches the way you feel about the situation, according to the scale. Remember, there is NO one right answer.

**SCENARIO F:**

An employee who has the ability to select which vendor will supply his company with products has let it be known that, price and product being equal, his decision to purchase from a particular vendor can be swayed by the receipt of a gift, which will be donated to a local charity.

*Do you approve or disapprove of the employee's offer?  
Circle the number that most closely matches your answer.*

F

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

**SCENARIO G:**

An engineer employed by Company T is involved in writing technical specifications for an industrial services contract. One of the prospective bidders employs the engineer's father. The engineer writes the contract specifications to favor his father's company, knowing that this will help his family, who are poor. His father's firm wins the contract and the engineer's father is promoted as a result.

*Do you approve or disapprove of the engineer's actions?  
Circle the number that most closely matches your answer.*

G

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

**SCENARIO H:**

An employee is responsible for a Company expense fund valued at US \$10,000. Over the past three months the employee's father died and his wife was diagnosed with cancer. These family tragedies created enormous personal debt. The employee's credit line is completely used up and he is desperate. As a last resort, he decides to borrow from the fund. He creates the necessary documents to reconcile the account and takes the money, promising himself to return it as soon as possible.

*Do you approve or disapprove of the employee's decision?  
Circle the number that most closely matches your answer.*

H

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

**SCENARIO I:**

An employee of Company F owns a separate company that is not associated with Company F in any way. The employee is upset with Company F because he believes he is underpaid for the work he is expected to do. He decides that Company F's compensation justifies his work for only five of the normal eight work hours each day. He spends the other three hours of each working

day on tasks involving his other company. He justifies this with the statement: a fair day's work for a fair day's wages.

***Do you agree or disagree with the employee's decision?  
Circle the number that most closely matches your answer.***

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Agree	Agree	Slightly Agree	Uncertain	Slightly Disagree	Disagree	Strongly Disagree

### **SCENARIO J:**

Company X provides janitorial services to several major corporations. They also offer an unadvertised sideline—selling business information. Specially trusted members of the janitorial staff are trained by Company X to screen trash from executives' trash cans, and collect useful business information to be sold to competitors.

***Do you approve or disapprove of Company X's business sideline?  
Circle the number that most closely matches your answer.***

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

3. These final five situations ask you to describe how YOU would act if—hypothetically—you were placed in these circumstances. These are situational and may be interpreted by some people differently. Using just the facts presented, please indicate how would YOU respond under these circumstances, using the accompanying scale.

### **SCENARIO K:**

This year, you take over responsibility for evaluating the Company *W*'s contract performance. *W* is a high value contractor for your firm. Shortly after being given that responsibility, *W*'s Marketing Manager invites you to a business luncheon where he explains that every year *W* receives several free tickets to special events to give out as tokens of appreciation to business associates. He offers tickets for World Cup finals for you and your family—promising no strings attached.

***Should you accept or not accept the Marketing Manager's offer?  
Circle the number that most closely matches your answer.***

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Would Accept	Probably Would Accept	Might Accept	Uncertain	Might Not Accept	Probably Would Not Accept	Would Not Accept

### **SCENARIO L:**

Last year, you turned in a co-worker who was getting kickbacks in return for favoring certain vendors. The co-worker was punished. Your management did not criticize you, but they also did not thank you. You came away from the incident with the feeling that management would rather

you had not reported it. Last week, you discovered a situation where another co-worker is obviously favoring one vendor even though his prices are higher than the competition. You do not report the matter.

***Do you agree or disagree that the action of not reporting the matter is correct?  
Circle the number that most closely matches your answer.***

L

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Agree	Agree	Slightly Agree	Uncertain	Slightly Disagree	Disagree	Strongly Disagree

**SCENARIO M:**

You discover that a co-worker has falsified invoices to make it appear that payments are being made to a vendor. With a little bit of checking, you learn that the vendor has no accounts and no orders from your company. You report your findings to the police.

***Do you agree or disagree that you would report the matter to the police?  
Circle the number that most closely matches your answer.***

M

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Agree	Agree	Slightly Agree	Uncertain	Slightly Disagree	Disagree	Strongly Disagree

**SCENARIO N:**

A large furniture conglomerate is considering the purchase of the local furniture store that employs you as a salesman. During your normal daily work, you discover information that your store Manager adjusted the books to reflect a higher profit history than is actually true, thereby raising the apparent value of the furniture store. You point out the discrepancy to your Manager, who tells you to concentrate on sales, not accounting.

***Do you approve or disapprove of your Manager's actions?  
Circle the number that most closely matches your response.***

N

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Approve	Approve	Slightly Approve	Uncertain	Slightly Disapprove	Disapprove	Strongly Disapprove

**SCENARIO O:**

You are a research scientist employed by Company Z, a high-tech firm, and you are engaged in a confidential proprietary project. Your friend, a self-styled marketing consultant for a competing firm, asks you to explain your project, promising to keep it confidential—just between the two of you. Trusting your friend's discretion, you discuss the details of your research.

***Do you agree or disagree that you should discuss your research?  
Circle the number that most closely matches your response.***

O

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Agree	Agree	Slightly Agree	Uncertain	Slightly Disagree	Disagree	Strongly Disagree

### ***INSTRUCTIONS FOR PART TWO***

This part of the questionnaire requests very brief information about you. For each question, please check ONE block next to the answer that BEST MATCHES you or your experiences.

- 1. Age:**
- 1  Under 21 Years
  - 2  21 – 30 Years
  - 3  31 – 40 Years
  - 4  41 – 50 Years
  - 5  51 – 60 Years
  - 6  Over 60 Years

- 2. Sex:**
- 1  Male
  - 2  Female

- 3. *Culture* means those shared meanings, values, and beliefs that reflect your attitudes toward life. *Heritage* means your family ancestral history. Please place a check in the ONE square that describes the region of the world that you believe best represents your *cultural heritage*?**

- |   |   |
|---|---|
| 1 <input type="checkbox"/> African                  | 7 <input type="checkbox"/> Middle Eastern                         |
| 2 <input type="checkbox"/> Australian/New Zealander | 8 <input type="checkbox"/> North American                         |
| 3 <input type="checkbox"/> Asian                    | 9 <input type="checkbox"/> Pacific Islander (Include Philippines) |
| 4 <input type="checkbox"/> Caribbean                | 10 <input type="checkbox"/> South American                        |
| 5 <input type="checkbox"/> East European            | 11 <input type="checkbox"/> West European                         |
| 6 <input type="checkbox"/> Mediterranean            | 12 <input type="checkbox"/> Other (Identify) _____                |

**4. What is your education?**

s

- 1  Some High School
- 2  High School Graduate
- 3  Some College
- 4  College Baccalaureate Degree
- 5  Some Post-Graduate Work
- 6  Post Graduate Degree

**5. What best describes your current job?**

t

- 1  Top Management
- 2  Middle Management
- 3  First Level Management
- 4  Technical (Academician, Computer Specialist, Engineer, Scientist, Etc.)
- 5  Professional (Finance, Law, Logistician, Medical, Security, Etc.)
- 6  Office Administration

**This completes the survey. Your response is extremely significant, and I appreciate the fact that you have taken your valuable time to help me complete this study.**

**Now, please place your response in the return envelope and return your information to me.**

**Again, thank you for your assistance!**

دوغلاس واتسن  
ص.ب : ٥٧١٢  
الظهران - المملكة العربية السعودية

عزيزي الزميل المهني :

هناك مثل جميل يشبه العقل بالبشري بالمظلة حيث يقول : « إن العقل البشري شبيه بالمظلة - ليكون مفيداً يجب أن يكون منفتحاً ». وأنت واحد من ضمن الأفراد الذين يملكون عقولاً منفتحة والذين أطلب بصدق مساعدتهم في إنجاز مشروع بحث مثير حول ممارسة الأعمال على نحو عالمي . وانتى أرجو المشاركة بأفكارك وذلك بإكمال الاستبيان المرفق ، ولك مطلق الحرية في الرد على الاستبيان باللغة العربية أو اللغة الإنجليزية .

تستغرق مجمل عملية الرد على الإستهبيان ٢٠ دقيقة تقريباً من وقتك ، ولكن هذه الدقائق هامة جداً . المشروع جزء من رسالتي للحصول على شهادة الدكتوراه في الإدارة التطبيقية وعلوم اتخاذ القرار من جامعة والدن ، مينابولس بالولايات المتحدة الأمريكية . (www.waldenu.edu) والغرض من رسالتي هو معرفة كيف تؤثر العوامل الثقافية في مقدرات الأفراد في مايمكن أن يشكل ممارسات عملية جيدة. ويعالج المسح مواضيع أخلاقية مثيرة للجدل مثل تقديم الهدايا والاختلاس وتعارض المصالح والمحسوبية وحماية المعلومات .

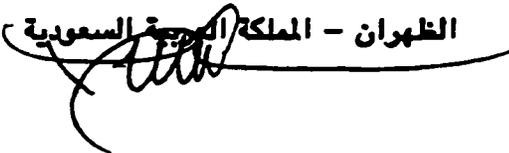
المشروع تتويج لأكثر من ثلاث سنوات ونصف من الدراسة في الحرم الجامعي وخارجه . وستكون النتائج ممتعة .

فضلاً يرجى إعادة الإستهبيان لي بعد إكماله عبر البريد الداخلي لشركة أرامكو وذلك قبل ١ يونيو ١٩٩٩ مستخدماً المظروف المرفق ، ولايتطلب الأمر طابع بريد أو عنوان مرسل. وأود أن أؤكد لك بأن مشاركتك ستبقى سرية ومجهولة ، وستستخدم فقط لأغراض البحث . لقد طلبت موافقة الشركة على القيام بهذا البحث وحصلت على موافقة ودعم الشركة على ذلك . وبعد الفراغ من الرسالة سأقدم لأي شخص شارك في الإستهبيان نسخة من ملخص النتائج إذا طلب ذلك . ويصفه ما فإن أي واحد منكم سيكون شريكاً في رسالتي .

ووفقاً لقيم الشركة في الأمانة والإستقامة - قد يكون لمشاركتك تأثيرها .

دوغلاس واتسن

الظهران - المملكة العربية السعودية



## الاستبيان

هذا الإستبيان بدون توقيع . ستبقى حقيقة كونك من المختارين للمشاركة في هذا الاستبيان سرية تماما . إن مشاركتك هامة جدا وستساهم بصورة مباشرة في إنجاح هذا البحث.

### تعليمات للجزء الأول

المطلوب في هذا الجزء من الاستبيان تقييم ١٥ مشهداً تصور بعض ممارسات الأعمال التي تحدث على نطاق العالم . وقد تم تقديم المشاهد في ثلاث مجموعات تشمل كل مجموعة خمس أسئلة . يرجى التقيد بالتعليمات عند تسجيل الإجابة .

١- تصور الحالات الخمس الأولى مواقف حقيقية . قِيم العقائق ثم سجل استجابتك بالموافقة أو الاعتراض وذلك حسب المقياس المقدم لك . وحيث أن هذه المواقف ظرفية لبعض الأشخاص سيفسرونها بطريقة مختلفة . ضع دائرة على الرقم الذي يمثل تقييمك أفضل تمثيل .

### الحالة الأولى :

لم تتمكن إحدى شركات المقاولات من دخول السوق لتفوز بأي عقود وذلك بالرغم من كون الشركة مؤهلة فنياً وتشغيلياً لذلك . وبعد عدة شهور من الإحباط اتصل بمدير المبيعات في الشركة أحد رجال الأعمال المحليين الهامين ، ويسرية بالغة ، عرض أن يستخدم نفوذه لمساعدة الشركة في الحصول على المقاولات . وقد تعهد رجل الأعمال بالنجاح في مقابل الحصول على ٣٪ - ٥٪ من القيمة الاسمية لأي عقد يمنح للشركة . وقد قبل مدير مبيعات الشركة هذا الاتفاق وفاز بالمقاولات المتوفرة .

هل تقر أو ترفض هذا الاتفاق ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

٧            ٦            ٥            ٤            ٣            ٢            ١

أقر بقوة    أقر    أقر على نحو ما    غير متأكد    أرفض على نحو ما    أرفض    أرفض بقوة

### الحالة الثانية :

تستخدم شركة علاقات عامة مواد التصوير بصفة يومية . وفي السابق كانت سياسة الإدارة تأمين جميع مستلزمات الأفلام عن طريق مناقصات تنافسية . ولكن هذا العام قام أحد المشرفين في مكتب المشتريات بترتيب اتفاق شراء طويل المدى لشراء جميع منتجات الأفلام بسعر تنافسي من شركة محلية . ولكن من غير علم الإدارة فالشركة مملوكة لزوجته ذلك المشرف .

هل تقر أو ترفض هذا الإتفاق الذي رتبته المشرف ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

٧            ٦            ٥            ٤            ٣            ٢            ١

أقر بقوة    أقر    أقر على نحو ما    غير متأكد    أرفض على نحو ما    أرفض    أرفض بقوة

**الحالة الثالثة :**

وافق موظف جديد رئيسه في رحلة عمل . وقد لاحظ الموظف أن رئيسه يببالغ في البقشيش ويحصل على إيصالات إضافية ترفق مع تقرير المصروفات . أوضح له رئيسه بأنه يعتقد بأن حساب المصروفات هو مكافأة غير رسمية من الشركة .

هل توافق أو تعارض تصرف الرئيس ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

٧ ٦ ٥ ٤ ٣ ٢ ١  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة الرابعة :**

كانت عشر شركات تتنافس تقليدياً مع بعضها على المناقصات ولكن مؤخراً حتى تلك التي تفوز بالمناقصات لا تحقق أرباحاً . ولقد اجتمع مالكو الشركات لبحث الوضع . وكننتيجة لاجتماعهم هذا توصلوا لاتفاق لتبادل المعلومات عن الأعمال وأن يتعاونوا مستقبلاً في المناقصات وذلك من أجل تحقيق أرباح أعلى ولضمان توزيع عادل لعمل الشركات المتعاونة .

هل تقر أو ترفض هذا الإتفاق ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

٧ ٦ ٥ ٤ ٣ ٢ ١  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة الخامسة :**

تنافست ثلاث شركات على أمر شراء فني جدا ومكلف . وكانت المناقصات مغلقة ومختومة بحيث لاتعرف أي شركة عن عطاءات الآخرين . ولقد قدمت شركتان ( أ ، ب ) مناقصات تكلف أعلى ولكنها تمثل أحدث منتج . ولقد قدمت شركة (ج) مناقصة أقل ولكن بنظام أقل تقدماً . وبعد أن اكتملت اجراءات تقديم المناقصات ولكن قبل ترسية المناقصة علمت شركة (ج) بصورة سرية أن عطاها غير منافس . ولهذا فقد قدمت عرضاً جديداً عالي التقنية معادل للمنافسة وضمنت بأن العرض الجديد هو بديل للعطاء القديم ولكن بنفس السعر القديم المنخفض .

هل تقر أو ترفض هذا الإتفاق ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

٧ ٦ ٥ ٤ ٣ ٢ ١  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

٢- الحالات الخمس التالية توضح أو تقدم تبريراً لماذا يقدم بعض الأفراد أو الشركات على بعض الممارسات في مجال الأعمال. بعد تقييم حقائق كل حالة وضع استجابتك مستخدماً المعيار الموجود ليعطي أفضل تقييم لموقفك . تذكر أنه لا يوجد إجابة واحدة صحيحة.

#### الحالة السادسة :

أحد الموظفين الذين لهم القدرة على تحديد البائع الذي يمد شركته بالمنتجات قد جعل موقفه معروفاً من أنه في حالة تكافؤ البضاعة وتساوي السعر فإن قراره بالشراء من أحد البائعين يمكن تغييره باستلام هدية يمكن التبرع بها لجهة خيرية محلية .

هل تقر أو ترفض سلوك هذا الموظف ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

#### الحالة السابعة :

أحد مهندسي شركة (ت) كان مشتركاً في وضع المواصفات الفنية لعقد خدمات صناعية. وأن والد هذا المهندس يعمل في إحدى الشركات التي يتوقع أن تتقدم للمناقصة . ولقد وضع المهندس المواصفات بحيث تحابي الشركة التي يعمل بها والده ، مدركاً بأنه بهذا السلوك يساعد أسرته الفقيرة . ولقد فازت الشركة التي يعمل بها والده بالمقد ونتيجة لذلك تمت ترقية والده .

هل تقر أو ترفض سلوك هذا المهندس ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

#### الحالة الثامنة :

موظف مسئول عن صندوق مصروفات الشركة بمبلغ ١٠٠٠٠ دولار أمريكي وخلال الشهر الثلاث الماضية توفي والد الموظف وتم تشخيص حالة زوجته بأنها سرطان. ولقد تسببت هذه المأساة العائلية في ديون كبيرة. ولقد استنفد الموظف حدود السلف وأصبح في وضع بانس. وكخيار أخير قرر أن يستل من الاعتماد. ولقد حرر المستندات لمطابقة الحسابات وأخذ المبلغ ، واعدأ نفسه بإعادة المبلغ بأسرع ما يمكن .

هل تقر أو ترفض سلوك هذا المهندس ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة التاسعة :**

يملك أحد موظفي شركة (ف) شركة خاصة منفصلة ليست لها أي علاقة بشركة (ف). لكن هذا الموظف كان غير راضٍ عن العمل في شركة (ف) حيث يعتقد بأن راتبه أقل من العمل المطلوب منه . ولقد قرر أن المقابل الذي تدفعه له شركة (ف) يبرد العمل خمس ساعات فقط من ساعات العمل الثماني في كل يوم عمل . وبذلك أصبح يقضي الساعات الثلاث الباقية من كل يوم في إنجاز مهام تتعلق بشركته الخاصة . ولقد برد هذا التصرف بمقولة : العمل العادل نظير الأجر العادل.

هل توافق أو تعارض تصرف هذا الموظف ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة العاشرة :**

تقدم شركة (ص) خدمات النظافة لعدد من الشركات الكبرى . ولكنهم يقدمون خدمة أخرى غير معلنة - هي بيع معلومات الأعمال. يتم تدريب بعض موظفي شركة (ص) الموثوق بهم على فحص سلال المهملات الخاصة بالتنفيذيين في الشركة التي يخدمونها وجمع أي معلومات مفيدة ليتم بيعها للشركات المنافسة .

هل تقر أو ترفض نهج شركة (ص) في القيام بالعمل الثاني غير المعلن؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة  
٣- المطلوب منك في الحالات الخمس الأخيرة أن توضح كيف ستصرف - فرضاً - إذا وضعت في هذه الظروف بالضبط. هذه أحوال ظرفية يمكن تفسيرها بصورة مختلفة من قبل بعض الأشخاص مستخدماً الحقائق المقدمة لك فقط، فضلاً يرجى توضيح كيف ستكون استجابتك تحت هذه الظروف مستخدماً المعيار المقدم لك.

**الحالة الحادية عشر :**

هذا العام كنت مسئولاً عن تقييم أداء شركة (س) وهي مقاول مهم جداً لشركتك . بعد فترة قصيرة من تسلمك مسئولية التقييم ، دعا مدير المبيعات في شركة (س) لغذاء عمل، حيث أوضح لك أنه وفي كل عام تحصل شركته على عدد من التذاكر المجانية لمشاهدة مباريات كأس العالم وذلك لتوزيعها كعلامة تقدير للأشخاص المرتبطين معها بأعمال. ولقد عرض أن يمنحك تذاكر لك ولأسرتك - واعداً بأنه لا توجد أي التزامات نظير ذلك .

هل تقر أو ترفض نهج شركة (ص) في القيام بالعمل الثاني غير المعلن؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقر بقوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة الثانية عشرة :**

في العام الماضي اكتشفت أن أحد زملائك في العمل يستلم رشايي مقابل تفضيل بائعين معينين . ولقد تمت معاقبة زميلك . ولكن الإدارة لم تنتقدك كما لم تشكرك على ذلك التصرف . ولقد خرجت من هذه الحادثة بشعور أن الإدارة كانت تفضل أنك لم تبلغ عن الحالة . وفي الأسبوع الماضي اكتشفت حالة قام فيها زميل في العمل بمحاباة بائع معين بالرغم من أن أسعاره أعلى من المنافسة . لم تبلغ عن الحادثة .

هل توافق أو تعارض أن عدم الإبلاغ عن الموضوع كان عملاً صحيحاً ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقرب قوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة الثالثة عشر :**

اكتشفت أن أحد زملائك في العمل قد زود فواتير بحيث يبدو الأمر وكأنه قد تمت دفعات لأحد البائعين . ويقليل من المراجعة علمت أن البائع المعني ليست لديه حسابات لديكم كما أنه لم تتم أي أوامر من شركتكم له . وقد أبلغت هذه المعلومات للشرطة .

هل توافق أو تعارض الإبلاغ عن الموضوع للشرطة ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقرب قوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة الرابعة عشر :**

تدرس إحدى كبرى شركات الأثاث شراء محل أثاثي محلي تعمل فيه أنت كموظف تسويق . وأثناء عمك اليومي العادي اكتشفت معلومات تشير إلى أن مدير المحل قد عدل الدفاتر بحيث تعكس ربحية أعلى من الوضع الحقيقي ، وبذلك يرفع من القيمة الظاهرية للمحل . وقد وضحت هذه المخالفة لمديرك والذي طلب منك أن تركز على المبيعات ولا شأن لك بالحسابات .

هل تقر أو ترفض أفعال مديرك ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقرب قوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

**الحالة الخامسة عشر :**

إنك عالم أبحاث تعمل لدى شركة (ك) وهي شركة تعمل في التقنية العالية ، وكنت مشتركاً في مشروع سري للشركة . طلب منك صديقك ، وهو استشاري مبيعات لشركة منافسة أن تشرح له المشروع الذي تعمل فيه ، واعدأ إياك بأن يبقى الأمر سراً ومحسوراً بينك وبينه فقط . ثقة منك في تعهدات صديقك بحثت معه تفاصيل مشروع بحثك .

هل تقر أو ترفض بحث مشروع بحثك مع صديقك ؟

ضع دائرة على الرقم الذي يمثل إجابتك أفضل تمثيل :

١ ٢ ٣ ٤ ٥ ٦ ٧  
أقرب قوة أقر أقر على نحو ما غير متأكد أرفض على نحو ما أرفض أرفض بقوة

## تعليمات للجزء الثاني

في هذا الجزء من الاستبيان المطلوب معلومات موجزة جداً عن شخصك . ضع علامة في المربع الذي يشير إلى الإجابة التي توافقتك أو تناسب تجاريك على نحو أفضل .

### ١- العمر

- أقل من ٢١ عام
- ٢١-٢٠ سنة
- ٢١-٤٠ سنة
- ٤١-٥٠ سنة
- ٥١-٦٠ سنة
- أكثر من ٦٠ سنة

### ٢- النوع

- نكر
- أنثى

٣- تشير الثقافة إلى القيم والمعتقدات والأهداف التي تعكس مواقفك تجاه الحياة والإرث يشير إلى التاريخ الأسري لأسلافك . فضلاً يرجى وضع علامة في المربع مقابل الإقليم الذي يمثل ميراثك الثقافي أفضل تمثيل.

- |   |   |
|---|---|
| الشرق الأوسط <input type="checkbox"/>                 | أفريقيا <input type="checkbox"/>                  |
| أمريكا الشمالية <input type="checkbox"/>              | استراليا/نيوزيلندا <input type="checkbox"/>       |
| جزر الباسيفيك (تشمل الفلبين) <input type="checkbox"/> | آسيا <input type="checkbox"/>                     |
| أمريكا الجنوبية <input type="checkbox"/>              | جزر الكاريبي <input type="checkbox"/>             |
| غرب أوروبا <input type="checkbox"/>                   | شرق أوروبا <input type="checkbox"/>               |
| أخرى (حدد) <input type="checkbox"/>                   | حوض البحر الأبيض المتوسط <input type="checkbox"/> |

### ٤- المستوى التعليمي

- تعليم ثانوي
- الشهادة الثانوية
- تعليم جامعي
- خريج جامعي
- دراسة فوق الجامعية
- شهادة فوق الجامعية

### ٥- المستوى التعليمي

- إدارة عليا
- إدارة متوسطة
- مستوى أول في الإدار
- فني ( أكاديمي /مهندس/ اخصائي حاسب آلي /عالم ...الخ)
- مهني ( مالية /قانون /طبية/ أمن /امدادات
- إدارة مكاتب

هذه هي نهاية البحث . إنني أقدر حقيقة كونكم قد اقتطعتم من وقتكم الثمين لمساعدتي لإكمال هذه الدراسة ، وإن مشاركتكم هامة جداً .

والآن يرجى وضع الإجابات في المظروف المرفق وإعادتها .

مرة أخرى شكراً لكم للمساعدة ...

Appendix B

Data Sorted by Fraud Construct According to Case Record

Bribery			Conflict of Interest			Embezzlement			Management Fraud			Industrial Espionage			Other			Sum	Rate	Sum									
Remarks A	Remarks B	Remarks C	Remarks D	Remarks E	Remarks F	Remarks G	Remarks H	Remarks I	Remarks J	Remarks K	Remarks L	Remarks M	Remarks N	Remarks O	Remarks P	Remarks Q	Remarks R	Remarks S	Remarks T	Remarks U									
6	7	7	20	7	7	6	20	7	7	1	15	7	6	7	20	4	1	11	2	3	1	6.333	1.5430	19					
6	7	5	18	7	7	1	17	7	1	7	17	2	7	7	16	5	2	7	6	2	2	5.9333	1.7915	15					
7	7	7	21	7	7	7	21	7	7	5	19	6	7	7	20	4	1	3	4	6	5	6.7333	0.5936	20					
3	7	6	18	7	6	1	16	7	6	7	20	7	7	6	20	3	1	8	5	4	4	5.8667	1.7265	18					
6	5	6	17	6	6	2	14	7	4	4	15	2	5	6	15	5	7	4	16	3	2	1	6	5	5.0000	1.5584	15		
4	6	3	15	7	6	7	17	7	6	4	17	6	6	5	17	4	7	6	17	4	1	3	6	4	6	5.0000	1.4541	16	
6	7	7	20	7	7	6	20	7	7	5	19	2	6	7	15	6	7	7	20	3	2	11	4	5	7	6	6.2667	1.3345	19
7	3	3	15	3	7	7	17	7	6	7	20	3	7	6	16	1	7	7	15	5	1	7	4	4	8	5	5.0000	2.1314	16
3	5	7	15	7	4	3	14	7	6	2	15	2	6	7	15	2	6	6	14	3	2	9	5	4	9	8	4.8667	1.9952	15
6	6	7	19	7	5	6	18	6	6	4	16	2	6	6	14	5	7	6	18	5	2	2	3	5	10	5.6667	1.2910	17	
7	7	7	21	7	7	6	20	7	7	5	19	7	7	7	21	4	2	2	4	2	2	4	2	11	6	10	6.0000	0.5666	20
6	7	7	20	7	7	7	21	7	7	2	16	7	7	7	21	7	7	7	21	3	1	3	6	3	12	6	6.0000	1.2964	20
7	7	6	20	2	6	4	12	7	7	4	18	2	6	3	11	2	7	5	14	4	2	3	2	6	13	5.0000	2.0000	15	
2	3	7	12	7	6	6	19	6	6	5	17	2	6	5	13	6	6	7	19	4	1	3	4	6	14	6	5.3333	1.6762	16
1	6	2	11	6	6	3	15	7	7	7	21	2	6	6	14	6	7	7	20	5	1	11	3	4	15	5	5.0000	1.9022	16
7	6	7	20	6	7	7	20	7	7	4	18	3	7	7	17	6	7	7	20	4	1	1	6	4	16	6	6.3333	1.2444	19
2	7	7	16	6	7	4	17	7	7	1	13	2	6	4	12	6	7	7	20	4	1	3	5	4	17	6	5.3333	2.1602	16
5	7	6	18	6	7	6	19	7	7	2	16	2	7	7	16	6	7	7	20	5	1	1	6	3	18	6	5.9333	1.7099	18
6	6	7	19	6	6	6	18	6	7	2	15	6	6	6	18	6	7	6	19	5	1	8	5	3	19	6	5.9333	1.1629	18
7	7	7	21	7	7	7	21	7	7	6	20	4	7	7	18	7	7	7	21	5	1	8	5	4	20	7	6.7333	0.7900	20
2	7	6	20	6	6	6	18	6	7	5	18	4	6	6	16	7	7	6	20	4	1	8	6	5	21	6	6.1333	0.8330	18
3	2	3	6	7	4	2	13	7	7	7	21	2	6	7	15	7	7	7	21	3	2	2	5	3	22	6	5.6667	2.3745	15
3	7	7	17	7	7	4	18	6	7	5	18	4	7	7	17	6	7	7	21	5	1	3	6	4	23	6	6.6667	1.3070	18
7	7	7	21	7	7	7	21	7	7	7	21	6	7	6	19	7	7	7	21	5	1	3	6	4	24	6	6.6667	0.3519	21
1	7	7	15	7	7	7	21	7	7	7	21	1	7	7	15	1	1	7	9	3	1	3	6	3	25	5	5.0000	2.7664	16
5	6	6	17	7	7	6	20	7	7	4	18	2	7	6	15	6	7	7	20	3	1	7	3	4	26	6	6.0000	1.4142	18
7	7	7	21	7	7	7	21	7	7	2	16	7	7	7	21	7	7	7	21	5	1	8	4	4	27	6	6.6667	1.2910	20
6	7	6	19	6	7	7	20	7	7	6	20	3	7	7	17	6	7	7	20	4	1	1	4	5	28	6	6.0000	1.9556	19
7	7	7	21	7	7	7	21	7	7	1	13	7	7	7	21	7	7	7	21	3	1	8	6	2	29	6	6.0000	1.5491	20
5	7	7	19	7	7	5	19	7	7	7	21	2	6	7	15	7	7	7	21	4	2	2	4	5	30	6	6.3333	1.3973	19
3	6	7	16	7	7	6	20	6	7	7	20	4	6	6	16	7	7	7	21	3	2	2	4	4	31	6	6.2000	1.2071	19
7	7	6	20	6	7	6	19	7	7	6	20	4	6	7	17	6	7	6	19	4	1	10	4	4	32	6	6.3333	0.8165	19
7	7	7	21	7	5	6	18	7	6	2	15	6	6	6	18	6	7	7	20	4	1	11	5	4	33	6	6.1333	1.3020	18
7	7	7	21	7	7	4	18	7	7	7	21	2	7	7	16	7	7	4	18	5	1	11	6	4	34	6	6.2667	1.5796	19
2	2	7	11	6	6	7	19	6	6	6	14	2	6	2	10	6	7	7	20	3	1	3	6	4	35	6	4.9333	2.1865	15
7	6	7	20	7	6	6	19	7	7	7	21	4	7	7	18	6	7	7	20	4	1	9	7	6	36	6	6.3333	0.8330	20
4	7	7	19	2	4	7	13	7	7	1	13	4	4	7	15	7	7	7	21	5	1	8	6	5	37	5	5.6667	2.0999	16
6	5	6	17	7	6	3	16	6	6	5	17	6	4	6	16	7	6	7	20	4	1	6	6	2	38	5	5.7333	1.0990	17
6	6	7	19	6	6	7	19	7	7	2	16	6	7	2	15	6	7	7	20	4	1	1	6	5	39	5	5.9333	1.6676	18
3	7	7	17	7	7	6	20	7	7	6	20	6	7	2	13	6	7	7	20	5	1	8	4	5	40	6	6.1333	1.5523	18
7	7	7	21	7	7	7	21	7	7	1	13	4	7	7	18	7	7	7	21	3	1	8	6	4	41	6	6.0000	1.6010	19
3	6	7	16	2	6	6	14	7	3	2	12	3	7	5	13	3	3	7	13	5	1	7	6	4	42	6	6.6667	1.9001	14
7	7	7	21	7	7	6	20	7	7	6	20	7	7	7	21	7	7	7	21	4	1	11	6	4	43	6	6.6667	0.3519	21
3	1	7	11	6	4	7	17	7	7	2	16	1	7	7	15	7	7	7	21	5	1	1	6	4	44	5	5.3333	2.4103	16
3	7	4	14	2	7	7	16	7	6	2	15	1	6	7	14	7	7	7	21	5	1	1	4	4	45	5	5.3333	2.2573	16
3	6	7	16	7	2	6	15	7	5	6	18	2	6	3	11	6	7	5	18	3	1	9	4	5	46	5	5.0000	1.8205	16
2	2	6	10	2	5	7	14	3	6	2	11	1	6	6	13	7	7	7	21	4	1	1	6	5	47	6	6.0000	2.2920	14
6	7	6	19	7	7	3	17	7	7	3	17	7	7	6	20	7	6	7	20	5	1	8	5	4	48	6	6.2000	1.3731	19
6	3	7	16	7	7	7	21	7	7	7	21	4	7	7	18	7	7	7	21	4	1	8	4	4	49	6	6.6667	1.2459	19
6	7	7	20	6	6	5	17	6	7	4	17	2	7	6	15	4	7	7	18	5	2	6	6	4	50	5	5.0000	1.4736	17
6	3	2	11	5	6	3	14	6	7	1	14	4	6	7	17	5	7	6	18	3	1	8	4	5	51	4	4.9333	1.9074	15
3	3	1	7	5	6	4	15	6	6	2	14	4	6	6	16	4	6	7	17	2	2	3	3	6	52	4	4.0000	1.7647	14
1	7	7	15	7	6	6	19	7	6	4	17	2	7	6	15	7	7	7	21	3	2	11	3	6	53	5	5.0000	1.9346	17
2	3	6	11	7	6	6	19	7	7	6	20	6	6	6	16	7	7	6	20	4	1	11	7	4	54	5	5.6667	1.4573	18
3	7	7	17	7	7	7	21	7	7	7	21	7	7	7	21	5	7	5	17	3	1	8	3	5	55	6	6.0000	1.1832	19
1	6	7	14	7	7	6	20	7	7	5	19	6	7	7	20	7	7	7	20	2	1	7	3	5	56	6	6.2000	1.5675	19
6	6	6	18	7	6	7	20	7	6	6	19	2	7	6	15	6	7	6	19	5	2	11	3	6	57	6	6.6667	1.2220	18
4	5	7	16	7	4	4	15	7	7	4	18	4	7	2	13	6	7	6	19	4	2	2	3	6	58	5	5.0000	1.6300	16
4	6	1	11	6	6	6	18	6	6	2	14	2	6	7	13	2	7	7	16	4	2	2	3	6	59	4	4.9333	2.1702	15
2	6	7	15	6	6	6	18	6	6	2	14	2	6	6	14	6	6	6	18	4	1	8							

Appendix B

Data Sorted by Fraud Construct According to Case Record

5	7	6	18	7	6	3	16	6	7	2	15	3	6	6	15	4	7	6	17	4	1	8	5	4	61	5.0000	1.4380	16
7	7	7	21	7	7	6	20	7	7	7	21	7	7	7	21	7	7	7	21	5	1	6	4	62	6.9333	0.3582	21	
7	7	7	16	7	7	7	21	7	7	2	16	7	7	7	21	7	7	7	21	5	1	8	4	63	6.6667	1.7910	20	
6	6	6	19	7	7	6	10	5	6	4	15	2	6	6	14	3	7	7	17	4	2	11	4	64	4.8000	2.1112	14	
6	6	6	18	7	6	5	18	6	7	2	15	2	7	6	15	3	7	7	17	3	2	7	2	65	6.2667	1.7799	19	
6	6	6	14	6	6	2	14	6	6	6	18	6	6	6	18	6	6	6	18	4	1	8	4	66	5.5333	1.7674	17	
6	6	6	15	6	6	4	16	7	6	6	19	2	6	6	14	6	7	6	19	3	1	11	3	67	5.5333	1.4075	17	
6	6	6	17	7	6	6	19	7	6	4	17	2	7	6	15	7	7	6	20	4	1	1	4	68	5.8667	1.3550	18	
7	7	7	18	7	7	7	21	7	7	1	15	7	7	7	21	7	7	7	21	4	1	3	5	69	6.2667	1.9445	19	
7	6	7	20	7	7	7	21	7	6	1	14	6	7	7	20	7	7	7	21	4	2	5	6	70	6.0000	1.5492	19	
6	7	7	20	7	7	7	21	7	7	7	21	5	7	7	19	6	7	7	20	5	2	11	3	71	6.7333	0.5936	20	
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6	7	6	19	7	7	6	20	7	7	7	21	7	7	7	21	2	7	7	16	4	2	8	5	78	6.4667	1.3020	19	
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7	7	2	16	7	7	6	20	7	7	6	20	7	7	6	20	7	7	7	21	4	1	3	6	80	6.4667	1.3020	19	
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1	2	3	4	7	7	2	16	7	4	4	13	1	2	7	10	4	7	6	17	4	1	3	4	88	4.2667	2.3745	13	
7	7	7	18	7	6	4	17	7	7	2	16	6	6	2	14	6	6	7	19	5	1	8	3	89	5.4667	1.9591	18	
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6	6	6	18	6	6	5	17	7	6	6	19	6	6	6	19	6	6	6	18	5	1	7	6	91	6.0000	0.3700	18	
6	6	6	18	7	7	6	20	7	7	2	16	6	6	6	18	3	7	7	17	4	1	9	5	92	5.9333	1.4064	18	
6	6	6	18	7	7	7	21	7	7	6	20	2	6	6	14	6	7	7	20	3	1	7	2	93	6.7000	1.2649	19	
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6	7	7	20	7	7	6	20	7	7	2	16	3	7	3	13	6	7	6	19	3	1	3	4	101	5.8667	1.7265	18	
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7	7	7	17	6	7	6	19	7	7	2	16	6	6	6	18	6	7	6	19	4	1	9	9	103	5.9333	1.4064	18	
2	7	7	16	7	7	7	21	7	4	1	12	2	7	7	16	2	7	7	16	4	1	3	4	104	5.0000	2.4142	16	
7	7	7	21	7	7	6	20	7	7	7	21	4	7	7	18	7	7	7	21	4	1	7	5	105	6.7333	0.7900	20	
7	6	7	20	7	6	7	20	7	7	7	21	2	7	7	16	7	7	7	21	3	1	7	4	106	6.5333	1.3020	20	
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7	6	7	20	7	7	7	21	7	7	2	16	3	7	7	17	2	7	7	16	3	1	7	4	114	6.0000	1.9272	18	
4	7	7	18	7	7	6	20	7	7	1	15	7	7	4	18	7	7	7	21	4	1	8	6	115	6.1333	1.7674	18	
4	6	4	14	6	6	4	16	6	6	4	14	4	5	4	13	4	6	6	16	5	1	8	6	116	5.0000	1.0000	15	
7	7	2	16	2	6	6	14	7	7	6	20	1	5	2	8	7	6	7	20	4	1	7	4	117	5.2000	2.2424	16	
6	2	7	15	7	6	7	20	7	7	7	21	6	7	7	20	6	7	7	20	5	1	11	4	118	6.0000	1.2904	19	
1	2	7	10	7	7	7	21	7	7	7	21	7	7	7	21	7	7	7	21	4	1	9	6	119	6.2667	1.9445	19	
2	3	7	12	3	7	7	17	6	7	6	19	3	6	6	15	2	2	7	11	4	1	9	3	120	4.9333	2.1202	15	
7	7	6	20	7	6	6	19	7	7	7	21	2	6	7	15	7	7	7	21	4	2	8	6	121	6.0000	1.2904	19	
2	2	7	11	7	7	2	16	6	7	1	14	6	7	7	20	2	7	7	16	5	2	8	5	122	5.1333	2.4746	15	





Appendix B

Data Sorted by Fraud Construct According to Case Record

6	6	7	19	6	7	6	19	6	3	5	14	4	5	5	14	6	7	7	20	2	2	3	3	5	250	5.7333	1.1429	17
7	7	7	21	7	7	7	21	7	7	7	21	7	7	7	21	7	7	7	21	3	1	1	6	5	251	7.0000	0.0000	21
2	6	7	15	7	7	6	20	7	7	1	15	5	6	2	13	7	7	6	20	5	1	3	4	6	252	5.5333	1.0999	17
7	7	7	21	7	7	7	21	7	7	7	21	7	7	7	21	7	7	7	21	4	1	6	6	5	253	7.0000	0.0000	21
5	7	7	19	7	7	7	21	7	7	2	18	7	7	7	21	7	7	7	21	5	1	11	6	5	254	6.5333	1.3550	20
7	6	6	19	6	2	5	13	6	7	6	19	6	6	6	18	1	7	7	17	3	1	9	4	5	255	5.7333	1.4376	17
7	7	7	21	7	7	7	21	7	7	1	12	1	7	4	12	1	7	7	21	4	1	5	3	4	256	5.0000	2.2104	17
2	2	2	6	2	2	2	6	6	2	6	14	6	3	6	15	4	2	4	10	2	2	3	3	3	257	3.0000	1.7647	10
2	5	3	10	2	6	6	14	7	7	6	20	5	6	6	17	5	7	6	18	4	4	6	4	6	258	5.2667	1.6676	16
6	3	4	11	7	7	2	16	7	7	2	16	2	7	2	11	2	7	6	15	4	2	11	5	5	259	4.7333	2.3135	14
7	7	7	21	7	7	7	21	7	7	5	19	3	7	7	17	4	7	7	18	3	2	7	5	4	260	6.2667	1.3345	19
3	1	5	9	6	3	4	13	4	6	6	16	2	6	7	15	6	7	6	19	2	2	7	4	4	261	4.0000	1.8593	14
7	7	7	21	6	7	6	19	6	4	3	13	7	6	6	19	5	7	6	18	3	1	9	4	4	262	6.0000	1.1952	18
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2	5	7	14	7	5	6	18	7	7	4	18	2	7	5	14	4	7	7	18	2	2	9	4	5	265	5.6667	1.8074	18
6	6	4	18	7	6	6	19	6	6	2	14	6	6	6	18	5	7	7	18	4	2	8	6	4	266	4.7333	1.2790	17
2	1	3	8	7	6	7	20	7	7	7	21	1	7	7	13	7	7	7	21	3	1	7	4	4	267	5.5333	2.4162	17
2	7	3	12	7	6	1	14	7	6	7	20	7	7	7	21	7	7	7	21	3	1	8	4	4	268	5.0667	2.0656	18
6	4	3	12	7	6	6	19	6	7	4	17	2	1	6	11	6	7	6	19	4	1	7	4	2	269	5.2667	1.6242	16
2	6	7	15	6	7	4	17	7	7	7	21	6	7	7	20	7	7	7	21	4	2	6	5	4	270	6.2667	1.4376	18
2	6	7	15	7	7	7	21	7	7	7	21	6	7	7	20	6	7	7	20	4	2	6	6	5	271	6.6667	1.3020	18
7	6	1	14	7	5	5	17	7	3	5	15	4	7	6	17	2	7	6	15	4	1	6	4	4	272	5.2000	1.9346	16
7	2	7	16	4	4	6	14	7	7	4	18	3	3	7	13	4	6	6	16	4	1	11	3	4	273	5.1333	1.7674	15
3	2	3	8	6	5	6	17	7	7	7	21	7	7	6	20	7	7	6	20	4	1	3	4	5	274	5.7333	1.7099	17
6	7	7	20	7	7	6	20	7	7	6	20	6	7	6	19	7	7	7	21	5	1	7	4	4	275	6.6667	0.4000	20
7	7	7	21	7	7	7	21	7	7	4	18	7	7	7	21	7	7	7	21	3	1	7	4	3	276	6.0000	0.7746	20
5	3	7	15	6	6	6	18	6	6	6	18	2	6	6	14	6	6	6	18	4	1	6	6	4	277	5.5333	1.3020	17
6	6	7	19	6	7	7	20	7	7	6	20	3	6	7	16	2	7	7	16	3	1	3	6	4	278	6.0667	1.5337	18
7	6	7	20	6	6	6	18	7	7	3	16	6	6	6	18	6	7	6	19	4	1	7	6	4	279	6.0667	1.2220	18
7	6	7	20	7	7	6	20	7	7	2	16	6	7	6	19	7	7	7	21	3	1	7	5	3	280	6.0000	1.2964	19
2	3	7	12	7	6	6	19	7	7	3	17	2	7	6	15	7	7	7	21	4	1	11	4	4	281	5.0000	1.9920	17
7	6	2	12	2	6	6	14	7	7	7	21	6	3	6	13	6	7	7	20	4	2	11	4	6	282	5.6667	1.7992	17
7	1	7	15	7	7	7	14	7	6	7	20	2	6	6	14	3	7	6	16	3	1	7	4	4	283	5.6429	2.0499	16
7	6	7	20	7	7	6	20	7	7	2	14	6	6	2	14	6	6	2	19	5	1	8	4	4	284	5.9333	1.6676	18
3	6	6	15	6	6	6	18	6	6	4	14	4	6	6	16	6	6	6	18	4	2	8	6	4	285	5.5333	0.9904	17
2	6	7	16	7	6	3	18	7	7	7	21	3	7	7	17	7	7	7	21	3	1	7	3	4	286	6.0667	1.6242	18
2	5	7	14	7	6	7	20	7	7	6	20	3	7	6	16	6	7	6	19	5	1	3	6	4	287	5.9333	1.5337	18
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7	7	7	21	7	7	7	21	7	7	1	15	7	7	7	21	7	7	7	21	3	1	7	4	5	291	6.0000	1.5492	20
6	6	6	18	7	6	5	18	7	6	2	15	2	6	6	14	3	7	7	17	4	2	3	3	6	292	5.6667	1.7265	16
6	3	7	16	6	6	6	18	7	7	3	18	5	6	7	18	6	7	7	20	3	2	7	3	5	293	5.0667	1.5055	18
6	7	2	15	6	7	2	15	7	7	7	21	3	7	7	17	7	7	7	21	5	2	10	6	5	294	5.9333	1.9074	18
7	7	7	21	7	7	7	21	7	7	7	21	6	7	7	20	7	7	7	21	3	2	2	3	6	295	6.9333	0.2502	21
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7	5	5	17	6	5	6	17	6	6	3	15	3	7	5	15	4	7	7	18	5	1	7	6	4	297	5.6667	1.3550	16
2	2	7	11	7	6	2	15	6	6	6	18	4	6	2	12	6	6	7	19	4	1	9	4	4	298	5.0000	2.0000	15
2	7	3	12	7	6	6	19	7	7	1	15	6	4	6	18	7	6	6	19	4	1	3	5	4	299	5.0000	1.9567	16
3	7	6	16	5	6	2	13	6	7	4	17	2	6	6	14	4	7	6	17	3	2	11	4	6	300	5.1333	1.7265	15
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6	2	7	15	7	6	7	20	7	7	6	20	5	7	6	18	3	7	7	17	3	1	7	5	3	303	6.0000	1.5204	18
6	2	5	13	6	6	2	14	6	5	2	11	6	6	6	18	5	6	6	17	4	2	9	4	4	304	5.0000	1.6036	15
5	7	7	19	7	7	3	17	7	6	1	14	4	7	7	18	7	7	6	20	4	1	1	6	3	305	5.0667	1.8665	18
6	6	6	18	6	6	6	18	6	6	3	15	6	6	6	18	1	6	6	15	4	1	7	3	3	306	5.0000	1.0556	17
7	2	7	16	7	7	7	21	7	7	7	21	5	7	7	19	3	7	7	17	2	1	7	4	4	307	6.2667	1.6242	19
4	6	3	13	7	4	6	17	7	6	4	16	4	6	6	16	6	6	6	18	4	1	9	4	4	308	5.0000	1.2421	16
7	7	4	18	7	7	4	18	7	6	2	15	6	7	5	18	6	7	7	20	5	1	11	5	4	309	5.9333	1.5337	18
3	2	6	11	6	6	6	18	7	6	6	19	1	6	2	9	6	7	7	20	4	1	9	4	4	310	5.1333	2.0307	15
7	7	7	21	7	7	7	21	7	7	5	19	7	7	7	21	7	7	7	21	5	1	3	3	4	311	6.		

Appendix B

Data Sorted by Fraud Construct According to Case Record

5	1	3	9	3	5	7	13	4	7	5	16	1	6	7	7	20	4	1	7	6	4	313	4.9333	2.1293	13
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6	7	4	1*	7	7	7	21	7	7	4	18	7	7	7	21	6	7	7	7	7	4	315	6.6667	1.0601	19
2	5	3	10	5	3	4	12	6	2	5	13	3	3	3	9	3	6	6	6	6	5	316	3.9333	1.4376	12
5	7	5	1*	5	7	6	18	6	7	6	19	3	6	6	13	6	7	5	16	4	4	317	5.0000	1.0013	17
2	6	1	9	2	2	2	6	6	6	2	14	4	6	6	16	6	6	6	18	4	2	318	4.2000	2.0771	13
6	6	5	1*	6	7	5	18	7	7	6	20	2	7	6	15	2	7	6	15	4	1	319	5.6667	1.6330	17
7	7	6	20	7	7	7	21	7	7	7	21	6	7	7	20	7	7	7	21	4	2	320	6.8667	0.3519	21
7	7	7	21	7	7	7	21	7	7	6	20	7	7	7	21	7	7	7	21	4	1	321	6.9333	0.2502	21
6	6	7	19	6	6	6	18	7	6	7	20	2	6	6	14	7	6	6	19	3	1	322	6.0000	1.1951	18
1	6	6	13	7	5	5	1*	6	7	2	15	1	7	7	13	4	7	6	1*	3	2	323	5.2667	1.9445	16
7	6	7	20	7	7	7	21	7	7	7	21	7	6	7	20	6	6	6	18	5	1	324	6.6667	0.4000	20
6	6	7	19	4	6	1	11	7	7	4	18	6	7	2	15	6	7	7	20	2	1	325	5.5333	1.9223	17
2	2	7	11	6	3	6	13	7	6	6	19	2	2	7	11	6	6	6	19	4	1	326	5.0000	2.1044	13
2	6	4	12	7	7	6	20	7	6	4	1*	1	2	2	3	6	7	7	20	4	1	327	4.9333	2.1190	13
2	3	6	11	7	7	6	19	7	7	7	21	3	7	6	16	6	7	6	19	4	1	328	5.7333	1.6676	17
7	3	7	1*	7	6	7	20	7	7	6	20	4	7	7	18	7	7	7	21	3	2	329	6.4000	1.2421	19
6	3	1	10	6	3	6	13	5	2	6	13	2	6	6	14	3	3	7	11	4	2	330	4.3333	1.9510	13
6	2	2	10	6	3	5	14	6	2	6	14	3	6	7	16	2	6	6	11	4	2	331	4.3333	1.9149	13
3	6	3	12	5	5	7	1*	7	7	7	21	6	2	7	15	5	7	3	15	2	1	332	5.3333	1.7995	16
1	1	3	5	1	1	1	9	7	7	6	20	1	7	7	13	1	7	7	13	3	2	333	4.2667	2.9391	11
6	7	6	19	7	7	6	20	7	7	7	21	2	6	3	11	5	7	7	19	5	1	334	6.0000	1.5504	18
1	2	7	12	6	1	7	14	6	3	6	13	5	5	7	1*	2	7	6	13	4	2	335	4.8667	2.0999	13
3	6	2	11	2	3	6	10	6	2	2	10	3	6	6	13	6	6	6	18	4	2	336	4.2667	1.9445	13
6	6	7	19	7	7	7	21	7	7	7	21	6	7	7	20	2	7	7	16	2	2	337	6.6667	1.3020	19
2	3	6	11	5	5	3	13	6	6	4	16	4	6	5	13	5	6	6	1*	5	1	338	4.9333	1.2320	13
3	2	5	10	3	3	3	13	6	5	4	13	4	5	6	13	6	6	6	18	4	2	339	4.7333	1.2799	14
3	6	5	14	5	6	4	13	6	6	3	13	6	6	6	18	6	6	6	18	5	1	340	5.3333	1.1127	16
2	6	7	13	6	6	6	18	7	7	3	1*	3	6	7	16	6	6	6	18	3	2	341	5.6000	1.5946	17
7	6	7	20	7	6	6	19	7	6	6	19	2	7	6	13	7	7	6	20	3	2	342	6.2000	1.2649	19
7	6	6	19	7	7	6	20	7	6	6	19	2	6	7	13	6	7	6	19	3	2	343	6.1333	1.2459	18
7	6	6	19	7	6	6	19	7	6	1	14	1	7	6	14	6	6	7	19	2	2	344	5.6667	1.9510	17
7	6	7	20	7	7	7	21	7	7	7	21	2	7	7	16	7	7	21	4	2	9	345	6.6000	1.2904	20
7	6	7	20	7	7	6	20	7	7	6	20	3	7	7	1*	6	7	7	20	3	1	346	6.6667	1.0601	19
6	5	5	16	6	6	6	18	6	6	6	18	4	6	7	1*	5	6	6	1*	4	2	347	5.7333	0.7037	1*
2	3	6	11	5	3	6	14	7	7	6	20	6	6	7	19	6	7	6	19	4	2	348	5.5333	1.5976	17
7	7	7	21	7	7	7	21	7	7	4	18	7	7	7	21	7	7	7	21	5	2	349	6.0000	0.7746	20
7	7	7	21	7	7	4	18	7	7	1	15	7	7	4	18	7	7	7	21	4	1	350	6.2000	1.7009	19
6	6	6	18	6	6	5	1*	6	6	3	15	3	6	5	14	5	7	5	1*	4	1	351	5.4000	1.1212	16
7	7	7	21	7	7	7	21	7	7	1	13	7	4	7	18	7	7	7	21	4	1	352	6.0000	1.6010	19
5	7	7	19	7	5	5	1*	6	7	7	20	5	6	6	1*	7	7	7	21	5	1	353	6.2667	0.8037	19
5	5	7	1*	7	6	6	19	7	6	1	14	7	7	7	21	7	7	6	20	4	1	354	6.0667	1.5796	18
2	2	3	*	2	2	4	8	3	5	3	11	2	3	5	10	4	3	5	12	3	1	355	3.2000	1.1464	9.6
2	4	5	11	3	4	4	11	5	3	2	10	3	5	6	14	6	4	6	16	5	1	356	4.1333	1.3550	12
6	3	2	11	6	5	2	13	7	5	2	14	7	5	5	1*	7	7	7	21	4	1	357	5.0667	1.9445	13
7	7	7	21	7	7	7	21	6	7	3	16	6	7	7	20	7	7	7	21	4	1	358	6.4000	1.0350	20
3	5	6	14	6	6	4	16	6	6	5	1*	3	7	5	13	6	7	6	19	4	1	359	5.4000	1.2421	16
7	7	7	21	7	7	4	18	7	7	6	20	2	7	7	16	7	7	7	21	3	1	360	6.0000	1.4541	19
2	7	6	13	6	7	6	19	7	7	2	16	6	7	7	20	7	2	7	18	4	1	361	5.7333	1.9000	1*
3	6	6	13	7	6	2	13	7	7	1	15	7	6	6	19	6	7	7	20	4	1	362	5.6000	1.9567	1*
4	7	2	13	7	7	2	16	7	7	1	13	6	7	6	19	2	7	7	16	3	1	363	5.2667	2.3442	16
2	3	2	*	7	6	2	13	4	6	6	16	6	3	6	13	4	7	2	13	4	1	364	4.0000	1.9567	13
2	2	7	11	6	7	6	19	7	6	6	19	3	6	2	11	7	7	6	20	4	1	365	5.3333	1.9001	16
3	2	5	10	2	6	7	13	7	5	3	13	3	6	3	12	6	7	7	20	5	1	366	4.6667	2.1269	14
7	7	7	21	7	7	5	19	7	7	7	21	7	7	7	21	7	7	7	21	5	1	367	6.8667	0.5164	21
6	5	6	1*	6	6	3	13	6	6	4	16	6	5	6	1*	6	7	6	19	4	1	368	5.6000	0.9054	1*
7	6	6	19	7	7	6	20	7	7	2	16	7	7	7	21	7	7	7	21	5	1	369	6.6667	1.3020	19
2	6	5	13	3	5	5	13	6	3	5	14	2	5	6	13	2	6	7	13	4	2	370	4.3333	1.6847	12
5	4	6	13	7	6	4	1*	7	6	2	13	6	7	6	19	2	7	6	15	4	1	371	5.4000	1.6010	16
6	7	7	20	7	7	6	20	7	7	2	16	7	7	7	21	2	7	6	13	5	1	372	6.1333	1.7265	18
7	7	7	21	7	7	7	21	7	7	7	21	2	7	7	16	6	7	7	20	4	1	373	6.6000	1.2904	20
3	2	2	7	5	4	6	13	6	6	6	13	2	5	5	12	4	7	5	16	2	1	374	4.5333	1.6417	14
5	7	6	16	7	6	6	19	7	7	7	21	6	7	6	19	4	7	6	1*	3	1	375	6.1333	1.1072	18



## Appendix C

Analysis of the Variance of Fraud Constructs

## Variables

	<u>Mean</u>	<u>Variance</u>	<u>N</u>		
Bribery <sup>1</sup>	16.0688	1.1680	9		
Mgt Fraud <sup>1</sup>	16.1762	0.9655	9		
Embezzlement <sup>2</sup>	17.3796	0.1673	9		
Conflict <sup>2</sup>	17.5676	0.4612	9		
Ind Espionage <sup>3</sup>	18.5759	0.3204	9		
		Degrees			
	<u>Sum of</u>	<u>of</u>	<u>Mean</u>		
	<u>Squares</u>	<u>Freedom</u>	<u>Square</u>	<u>F</u>	<u>P</u>
Between Groups	39.3965	4	9.8491	15.9765	6.8E-08
Within Groups	24.6590	40	0.6165		
Total	64.0555	44	1.4558		

## Bartlett-Test for homogeneity of variances

	Chi-	Degrees	P
	square	of	
		Freedom	
	8.8495	4	0.0650

## Multiple comparisons

Method: LSD Sig: .05

	(Mean)	Bribery	MgtFraud	Embezzle	Con of Int	Ind Esp
Bribery	16.0688	----	0.7481	0.7481	0.7481	0.7481
MgtFraud	16.1762	no	----	0.7481	0.7481	0.7481
Embezzle	17.3796	yes	yes	----	0.7481	0.7481
Con of Int	17.5676	yes	yes	no	----	0.7481
Ind Esp	18.5759	yes	yes	yes	yes	----

Note. Post hoc test Fisher LSD (Least Significant Difference) was used to determine which group means differ significantly from which other group means. ANOVA subsets designated by notes: 1 (Bribery, Management Fraud), 2 (Embezzlement, Conflict of Interest), and 3 (Industrial Espionage). Computations made using WinStat®, © 1999, Robert K. Fitch.

## Appendix D

Analysis of Variance of Attitudes to Fraud by Culture**Analysis of Variance**

**Variables:** African  
 Australian/New Zealander  
 Asian  
 Caribbean/South American  
 European  
 Mediterranean  
 Middle Easterner  
 North American  
 Pacific Islander

	Sum of Squares	Degrees of Freedom	Mean Square	F	P
<b>Between Groups</b>	15.2341	8	1.9043	3.9655	0.0002
<b>Within Groups</b>	194.9627	406	0.4802		
<b>Total</b>	210.1967	414	0.5077		

Bartlett-Test for homogeneity of variances

Chi-square	Degrees of Freedom	P
19.1626	8	0.0140

Multiple comparisons

**Method:** Duncan      **Sig (p):** 0.05

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

	(Mean)	Pac Is	Asian	Aus/NZ	Med	Europe	Mid East	African	No Am	Car/SoAm
<b>Pac Is</b>	5.3944	----	0.2669	0.3162	0.3759	0.3038	0.2790	0.3688	0.2949	0.5174
<b>Asian</b>	5.5064	no	----	0.2900	0.3542	0.2843	0.2598	0.3525	0.2772	0.5040
<b>Aus/NZ</b>	5.5352	no	no	----	0.3636	0.3109	0.2948	0.3787	0.3148	0.5227
<b>Med</b>	5.6174	no	no	no	----	0.3411	0.3371	0.4139	0.3629	0.5504
<b>Europe</b>	5.7641	yes	no	no	no	----	0.2396	0.3324	0.2690	0.4861
<b>Mid East</b>	5.7989	yes	yes	no	no	no	----	0.2930	0.2288	0.4571
<b>African</b>	5.8851	yes	yes	no	no	no	no	----	0.2990	0.4922
<b>No Am</b>	5.9416	yes	yes	yes	no	no	no	no	----	0.4243
<b>Car/SoAm</b>	6.0222	yes	yes	no	no	no	no	no	no	----

**Subset 1:** North American  
 Central/So. American

**Subset 2:** Middle Easterner  
 African

**Subset 3:** Pacific Islander

**Subset 4:** Asian  
 Australian/New Zealander  
 Mediterranean  
 European

Note. Duncan post hoc test for significance was used to determine which group means differ significantly from which other group means, resulting in four subsets: 1) North American and Central/South American; 2) Middle East and African; 3) Asian, Australian/New Zealander, Mediterranean and European, and 4) Pacific Islanders. Computations made using WinStat®, ©1999, Robert K. Fitch

## Appendix E

Analysis of Variance of Fraud Attribute Scores**Analysis of Variance**

Variables: Africa  
 Aus/NZ  
 Asia  
 CarSoAm  
 Europe  
 Med  
 MidEast  
 NoAm  
 PacIs

	Sum of Squares	Degree of Freedom	Mean Square	F	P
Between Groups	37.1406	8.0000	4.6426	1.7785	0.1257
Within Groups	70.4811	27.0000	2.6104		
Total	107.6217	35.0000	3.0749		

Bartlett-Test for homogeneity of variances

Chi-square	Degree of Freedom	P
2.2267	8	0.9733

Multiple comparisons

Method: Duncan      Significance (p):      0.05

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

(Mean)	PacIs	Asia	Aus/NZ	Med	Europe	MidEast	Africa	NoAm	CarSoAm	
PacIs	26.9722	----	2.3441	2.4628	2.5389	2.5931	2.6349	2.6661	2.6911	2.7111
Asia	27.5322	no	----	2.3441	2.4628	2.5389	2.5931	2.6349	2.6661	2.6911
Aus/NZ	27.6759	no	no	----	2.3441	2.4628	2.5389	2.5931	2.6349	2.6661
Med	28.0870	no	no	no	----	2.3441	2.4628	2.5389	2.5931	2.6349
Europe	28.820513	no	no	no	no	----	2.3441	2.4628	2.5389	2.5931
MidEast	28.972549	no	no	no	no	no	----	2.3441	2.4628	2.5389
Africa	29.425287	no	no	no	no	no	no	----	2.3441	2.4628
NoAm	29.707763	yes	no	no	no	no	no	no	----	2.3441
CarSoAm	30.111111	yes	no	no	no	no	no	no	no	----

Note. Duncan post hoc test for significance was used to determine which group means differ significantly from which other group means, resulting in two subsets: 1) North American and Central/South American; 2) others. Statistical differentiation occurred only when compared to Pacific Islanders. Computations made using WinStat®, ©1999, Robert K. Fitch.

## Appendix F

Analysis of Variance of Bribery by Culture

## Analysis of Variance

Variables: African  
 Aus/NZ  
 Asia  
 Car/SoAm  
 Europe  
 Med  
 MidEast  
 NoAm  
 PacIs

	Sum of Squares	Degree of Freedom	Mean Square	F	P
Between Groups	3.1148	8.0000	0.3893	1.0596	0.4315
Within Groups	6.6140	18.0000	0.3674		
Total	9.7288	26.0000	0.3742		

## Bartlett-Test for homogeneity of variances

Chi-square	Degree of Freedom	P
4.4524	8.0000	0.8142

## Multiple comparisons

Method: Duncan      Significance (p):      0.0500

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

(Mean)	PacIs	Aus/NZ	Asia	Med	MidEast	Europe	African	Car/SoAm	NoAm
PacIs	4.8819	----	1.0398	1.0916	1.1232	1.1450	1.1617	1.1731	1.1819
Aus/NZ	4.9630	no	----	1.0398	1.0916	1.1232	1.1450	1.1617	1.1819
Asia	5.0234	no	no	----	1.0398	1.0916	1.1232	1.1450	1.1731
Med	5.1449	no	no	no	----	1.0398	1.0916	1.1232	1.1617
MidEast	5.4667	no	no	no	no	----	1.0398	1.0916	1.1450
Europe	5.4808	no	no	no	no	no	----	1.0398	1.1232
African	5.6552	no	no	no	no	no	no	----	1.0398
Car/SoAm	5.7779	no	no	no	no	no	no	no	----
NoAm	5.8128	no	no	no	no	no	no	no	no

Subset 1:  
 PacIs  
 Aus/NZ  
 Asia  
 Med  
 MidEast  
 Europe  
 African  
 Car/SoAm  
 NoAm

Note. Duncan post hoc test was used to determine which group means differ significantly from which other group means. No significant differentiation observed.  
 Computations made using WinStat®, ©1999, Robert K. Fitch.

## Appendix G

Analysis of Variance of Conflict of Interest by Culture

## Analysis of Variance

Variables: African  
 Aus/NZ  
 Asia  
 Car/SoAm  
 Europe  
 Med  
 MidEast  
 NoAm  
 PacIs

	Sum of Squares	Degree of Freedom	Mean Square	F	P
Between Groups	1.2452	8.0000	0.1556	0.7738	0.6305
Within Groups	3.6208	18.0000	0.2012		
Total	4.8660	26.0000	0.1872		

## Bartlett-Test for homogeneity of variances

Chi-square	Degree of Freedom	P
3.6597	8.0000	0.8832

## Multiple comparisons

Method: Duncan      Significance (p):      0.0500

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

(Mean)	Aus/NZ	PacIs	Med	Europe	Asia	NoAm	MidEast	African	Car/SoAm
Aus/NZ	5.5278	----	0.7694	0.8077	0.8310	0.8472	0.8596	0.8680	0.8745
PacIs	5.5833	no	----	0.7694	0.8077	0.8310	0.8472	0.8596	0.8680
Med	5.7246	no	no	----	0.7694	0.8077	0.8310	0.8472	0.8596
Europe	5.8077	no	no	no	----	0.7694	0.8077	0.8310	0.8596
Asia	5.8304	no	no	no	no	----	0.7694	0.8077	0.8310
NoAm	5.9406	no	no	no	no	no	----	0.7694	0.8310
MidEast	5.9830	no	no	no	no	no	no	----	0.7694
African	6.1609	no	no	no	no	no	no	no	----
Car/SoAm	6.1667	no	no	no	no	no	no	no	no

Subset 1:  
 Aus/NZ  
 PacIs  
 Med  
 Europe  
 Asia  
 NoAm  
 MidEast  
 African  
 Car/SoAm

Note. Duncan post hoc test was used to determine which group means differ significantly from which other group means. No significant differentiation observed.  
 Computations made using WinStat®, ©1999, Robert K. Fitch.

## Appendix H

Analysis of Variance of Embezzlement by Culture

## Analysis of Variance

Variables: African  
 Aus/NZ  
 Asia  
 Car/SoAm  
 Europe  
 Med  
 MidEast  
 NoAm  
 PacIs

	Sum of Squares	Degrees of Freedom	Mean Square	F	P
Between Groups	0.4460	8.0000	0.0558	0.0394	1.0000
Within Groups	25.4501	18.0000	1.4139		
Total	25.8961	26.0000	0.9960		

## Bartlett-Test for homogeneity of variances

Chi-square	Degrees of Freedom	P
1.5553	8.0000	0.9918

## Multiple comparisons

Method: Duncan      Significance (p):      0.0500

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

	(Mean)	PacIs	Asia	NoAm	Aus/NZ	African	Med	Europe	MidEast	Car/SoAm
PacIs	5.5694	----	2.0398	2.1414	2.2032	2.2460	2.2788	2.3013	2.3185	2.3318
Asia	5.6433	no	----	2.0398	2.1414	2.2032	2.2460	2.2788	2.3013	2.3185
NoAm	5.7215	no	no	----	2.0398	2.1414	2.2032	2.2460	2.2788	2.3013
Aus/NZ	5.7685	no	no	no	----	2.0398	2.1414	2.2032	2.2460	2.2788
African	5.7931	no	no	no	no	----	2.0398	2.1414	2.2032	2.2460
Med	5.8116	no	no	no	no	no	----	2.0398	2.1414	2.2032
Europe	5.9103	no	no	no	no	no	no	----	2.0398	2.1414
MidEast	5.9490	no	no	no	no	no	no	no	----	2.0398
Car/SoAm	5.9722	no	no	no	no	no	no	no	no	----

Subset 1: PacIs  
 Asia  
 NoAm  
 Aus/NZ  
 African

Note. Duncan post hoc test was used to determine which group means differ significantly from which other group means. No significant differentiation observed. Computations made using WinStat®, ©1999, Robert K. Fitch.

## Appendix I

Analysis of Variance of Management Fraud by Culture

## Analysis of Variance

Variables: African  
 Aus/NZ  
 Asia  
 Car/SoAm  
 Europe  
 Med  
 MidEast  
 NoAm  
 PacIs

	Sum of Squares	Degrees of Freedom	Mean Square	F	P
Between Groups	2.8697	8.0000	0.3587	0.2250	0.9814
Within Groups	28.6924	18.0000	1.5940		
Total	31.5621	26.0000	1.2139		

## Bartlett-Test for homogeneity of variances

Chi-square	Degrees of Freedom	P
2.6967	8.0000	0.9519

## Multiple comparisons

Method: Duncan      Significance (p): 0.0500

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

(Mean)	Asia	PacIs	Aus/NZ	African	MidEast	Europe	Med	Car/SoAm	NoAm	
Asia	5.0117	----	2.1658	2.2737	2.3394	2.3848	2.4197	2.4435	2.4617	2.4758
PacIs	5.0625	no	----	2.1658	2.2737	2.3394	2.3848	2.4197	2.4435	2.4617
Aus/NZ	5.2685	no	no	----	2.1658	2.2737	2.3394	2.3848	2.4197	2.4435
African	5.2874	no	no	no	----	2.1658	2.2737	2.3394	2.3848	2.4197
MidEast	5.3137	no	no	no	no	----	2.1658	2.2737	2.3394	2.3848
Europe	5.4423	no	no	no	no	no	----	2.1658	2.2737	2.3394
Med	5.7500	no	no	no	no	no	no	----	2.1658	2.2737
Car/SoAm	5.8611	no	no	no	no	no	no	no	----	2.1658
NoAm	5.9772	no	no	no	no	no	no	no	no	----

Subset 1:  
 Asia  
 PacIs  
 Aus/NZ  
 African  
 MidEast  
 Europe  
 Med  
 Car/SoAm

Note. Duncan post hoc test was used to determine which group means differ significantly from which other group means. No significant differentiation observed. Computations made using WinStat®, ©1999, Robert K. Fitch.

## Appendix J

Analysis of Variance of Industrial Espionage by Culture

## Analysis of Variance

Variables: African  
 Aus/NZ  
 Asia  
 Car/SoAm  
 Europe  
 Med  
 MidEast  
 NoAm  
 PacIs

	Sum of Squares	Degrees of Freedom	Mean Square	F	P
Between Groups	0.8931	8.0000	0.1116	0.2726	0.9669
Within Groups	7.3722	18.0000	0.4096		
Total	8.2654	26.0000	0.3179		

## Bartlett-Test for homogeneity of variances

Chi-square	Degrees of Freedom	P
3.5384	8.0000	0.8962

## Multiple comparisons

Method: Duncan      Significance (p):      0.0500

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

(Mean)	PacIs	Asia	Aus/NZ	Europe	NoAm	MidEast	Car/SoAm	Med	African	
PacIs	5.8750	----	1.0978	1.1525	1.1858	1.2088	1.2265	1.2386	1.2478	1.2550
Asia	6.0234	no	----	1.0978	1.1525	1.1858	1.2088	1.2265	1.2386	1.2478
Aus/NZ	6.1481	no	no	----	1.0978	1.1525	1.1858	1.2088	1.2265	1.2386
Europe	6.1795	no	no	no	----	1.0978	1.1525	1.1858	1.2088	1.2265
NoAm	6.2557	no	no	no	no	----	1.0978	1.1525	1.1858	1.2088
MidEast	6.2824	no	no	no	no	no	----	1.0978	1.1525	1.1858
Car/SoAm	6.3333	no	no	no	no	no	no	----	1.0978	1.1525
Med	6.3611	no	no	no	no	no	no	no	----	1.0978
African	6.5287	no	no	no	no	no	no	no	no	----

Subset 1:  
 PacIs  
 Asia  
 Aus/NZ  
 Europe  
 NoAm  
 MidEast  
 Car/SoAm  
 Med

Note. Duncan post hoc test was used to determine which group means differ significantly from which other group means. No significant differentiation observed. Computations made using WinStat®, ©1999, Robert K. Fitch.

## Appendix K

Analysis of Variance of Age

**Variables:** Age 21-30  
 Age 31-40  
 Age 41-50  
 Age 51-60

	<b>Sum of Squares</b>	<b>Degrees of Freedom</b>	<b>Mean Square</b>	<b>F</b>	<b>P</b>
<b>Between Groups</b>	1.6374	3	0.5458	2.9763	0.0628
<b>Within Groups</b>	2.9341	16	0.1834		
<b>Total</b>	4.5716	19	0.2406		

Bartlett-Test for homogeneity of variances

<b>Chi-square</b>	<b>Degrees of Freedom</b>	<b>P</b>
2.8344	3	0.4179

Multiple comparisons

**Method:** LSD                      **Significance (p):** 0.05

Critical differences in mean between group pairs (upper right)  
 and calculation of significances (lower left):

	<b>(Mean)</b>	<b>Age 21-30</b>	<b>Age 41-50</b>	<b>Age 31-40</b>	<b>Age 51-60</b>
<b>Age 21-30</b>	5.1333	----	0.5742	0.5742	0.5742
<b>Age 41-50</b>	5.6677	no	----	0.5742	0.5742
<b>Age 31-40</b>	5.7667	yes	no	----	0.5742
<b>Age 51-60</b>	5.8791	yes	no	no	----

**Subset 1:** Age 31-40  
 Age 51-60

**Subset 2:** Age 21-30  
 Age 41-50

## Appendix L

Analysis of Variance of Education by Fraud Constructs

**Variables:** No Degree  
College Degree  
Post Grad

	Sum of Squares	Degrees of Freedom	Mean Square	F	P
<b>Between Groups</b>	0.2906	2	0.1453	1.0371	0.3842
<b>Within Groups</b>	1.6810	12	0.1401		
<b>Total</b>	1.9716	14	0.1408		

Bartlett-Test for homogeneity of variances

Chi-square	Degrees of Freedom	P
0.2163	2	0.8975

Multiple comparisons

**Method:** LSD      **Significance (p):** 0.05

Critical differences in mean between group pairs (upper right)  
and calculation of significances (lower left):

	(Mean)	College		
		No Degree	Degree	Post Grad
<b>No Degree</b>	5.5656	----	0.5158	0.5158
<b>College Degree</b>	5.6959	no	----	0.5158
<b>Post Grad</b>	5.9036	no	no	----

**Subset 1:** No Degree  
College Degree  
Post Grad

## Appendix M

t-Test (independent) Graduates Versus Non-GraduatesSignificance **0.9500**

	<b>N</b>	<b>Mean</b>	<b>Conf. (±)</b>	<b>Std. Error</b>	<b>Std. Dev.</b>
NonGrad	2	5.5656	0.8107	0.0811	0.1147
Grad	3	5.7378	0.3710	0.0862	0.1494
entire sample	5	5.6689	0.1897	0.0683	0.1528

F-Test:

<b>F</b>	<b>P</b>
1.6970	0.9541

t-Test:

<b>Variance Estimate</b>	<b>T</b>	<b>Degrees of Freedom</b>	<b>P</b>
Pooled	-1.3592	3	0.2672
Separate	-1.4546	3	0.2489

## Appendix N

t-Test (independent) Non-Graduates vs. Post Graduates

	N	Significance		Std. Error	Std. Dev.
		Mean	95% Conf. (±)		
No Degree	5	5.5656	0.4778	0.1721	0.3848
Post Grad	5	5.9036	0.4002	0.1441	0.3223
entire sample	10	5.7346	0.2712	0.1199	0.3791

F-Test:	F	P
	1.4258	0.7394

t-Test:	Degrees of Freedom		
Variance Estimate	T		P
Pooled	-1.5056	8	0.1706
Separate	-1.5056	7.7609	0.1717

## Appendix 0

t-Test (independent) Gender

	N	Mean	Significance		
			95%	Conf. (±)	Std. Error
Male	5	5.7665	0.4272	0.1539	0.3441
Female	5	5.5313	0.4703	0.1694	0.3788
entire sample	10	5.6489	0.2596	0.1148	0.3630

F-Test:	F	P
	1.2119	0.8567

t-Test:	T	Degrees of Freedom	P
Variance Estimate			
Pooled	1.0278	8	0.3341
Separate	1.0278	7.9272	0.3344

## Appendix P

Analysis of Variance of Occupation

**Variables:** Mgt  
Tech  
Pro  
Admin

	Sum of Squares	Degrees of Freedom	Mean Square	F	P
<b>Between Groups</b>	2.2346	3	0.7449	0.6620	0.5874
<b>Within Groups</b>	18.0032	16	1.1252		
<b>Total</b>	20.2378	19	1.0651		

Bartlett-Test for homogeneity of variances

Chi-square	Degrees of Freedom	P
0.5390	3	0.9102

Multiple comparisons

**Method:** LSD                      **Significance (p):** 0.05

Critical differences in mean between group pairs (upper right)  
and calculation of significances (lower left):

	(Mean)	Pro	Admin	Tech	Mgt
<b>Pro</b>	16.8707	----	1.4223	1.4223	1.4223
<b>Admin</b>	16.8718	no	----	1.4223	1.4223
<b>Tech</b>	17.1596	no	no	----	1.4223
<b>Mgt</b>	17.6899	no	no	no	----

**Subset 1:** Pro  
Admin  
Tech  
Mgt

## Appendix Q

### Analysis of Age by Fraud Construct

	Bribery	Conflict	Embezzle	MgtFraud	IndEsp	Mean/StdDev
21-30	4.2099	3.3687	3.4420	4.0140	3.4543	5.1333
	2.0959	1.7760	1.7125	2.1102	1.8314	1.9052
31-40	3.4393	3.9256	3.0012	3.3295	4.2720	5.7667
	1.8870	1.4985	1.6188	2.0093	1.2675	1.6562
41-50	3.3073	3.7025	3.7007	3.3651	4.2028	5.6677
	1.9617	1.5696	1.7995	1.8300	1.2912	1.6904
51-60	3.7021	4.0914	3.0230	3.8011	4.1976	5.8791
	1.8036	1.3215	1.7929	1.8463	1.4723	1.6473
Mean	3.1562	3.3928	3.0311	3.3828	4.1024	
StdDev	0.1241	2.2375	2.1728	1.7751	2.4838	

Count	27	27	27	Sum	27	27	27	Sum	27	27	27	Sum	27	27	27	Sum	27	27	27	Sum
Mean	3.9630	3.9259	4.7407	12.6296	5.5556	5.2222	5.2593	16.0370	6.0741	6.0000	4.8519	16.9259	3.0370	5.6667	5.7407	14.4444	4.0741	6.4815	6.4074	16.9630
StdDev	2.0472	1.8796	2.3137		1.6486	1.8046	1.9134		1.6155	1.4412	1.8335		1.7427	1.7759	1.6075		1.8999	1.3408	1.0099	
ConMean	4.2099				5.3457				5.6420				4.8348				5.6543			
ConstDev	2.0959					1.7760			1.7125				2.1102				1.8314			
		Bribery			Conflict				Embezzle				Mgt Fraud				Ind Espionage			
Count	87	87	87	Sum	87	87	86	Sum	87	87	87	Sum	87	87	87	Sum	87	87	87	Sum
Mean	5.2069	5.2299	5.8391	16.2759	6.3448	5.8621	5.5698	17.7767	6.6437	6.2989	4.7011	17.6437	3.3678	6.5402	6.0805	15.9885	5.5172	6.7816	6.5172	18.8161
StdDev	1.9715	1.9151	1.7177		1.3014	1.4877	1.6054		0.6985	1.2115	1.9477		2.0180	0.7895	1.2503		1.6486	0.7690	0.8050	
ConMean	5.4253				5.9256				5.8812				5.3295				6.2720			
ConstDev	1.8870				1.4985				1.6188				2.0093				1.2675			
		Bribery			Conflict				Embezzle				Mgt Fraud				Ind Espionage			
Count	189	189	189	Sum	189	189	189	Sum	189	189	189	Sum	189	189	189	Sum	189	189	189	Sum
Mean	4.7778	5.4021	5.6825	15.8624	6.1111	5.9259	5.1905	17.2275	6.5608	6.2434	4.4180	17.2222	4.1270	6.1323	5.8360	16.0952	5.5450	6.6032	6.4603	18.6085
StdDev	2.1222	1.8093	1.8378		1.3774	1.3702	1.7792		0.8646	1.2816	2.1610		2.0460	1.2066	1.4438		1.6517	0.9145	0.8901	
ConMean	5.2875				5.7425				5.7407				5.3651				6.2028			
ConstDev	1.9617				1.5696				1.7995				1.8300				1.2912			
		Bribery			Conflict				Embezzle				Mgt Fraud				Ind Espionage			
Count	113	113	113	Sum	113	113	113	Sum	113	113	113	Sum	113	113	113	Sum	113	113	113	Sum
Mean	5.0265	5.9912	6.0885	17.1062	6.2920	6.2832	5.6991	18.2743	6.7257	6.3982	4.3451	17.4690	4.4956	6.5221	5.7257	16.7434	5.5133	6.6018	6.4779	18.5929
StdDev	1.9108	1.4970	1.5616		1.2151	0.9303	1.4692		0.4864	1.0735	2.1908		2.1218	0.8029	1.5994		1.8083	1.0048	0.9829	
ConMean	5.7021				6.0914				5.8230				5.5811				6.1976			
ConstDev	1.8036				1.3215				1.7929				1.8463				1.4723			
		Bribery			Conflict				Embezzle				Mgt Fraud				Ind Espionage			

Total Count: 416/416



## Appendix S

### Analysis of Gender By Fraud Construct

	Bribery	Conflict	Embezzle	MgtFraud	IndEsp	Mean/StDev
<b>Male</b>	5.4483	5.9456	5.7975	5.4124	6.2289	5.7666
	1.8994	1.4343	1.7849	1.8712	1.3189	1.4772
<b>Female</b>	5.0640	5.5354	5.7542	5.2795	6.0236	5.5313
	1.9829	1.6643	1.6492	1.9311	1.4987	1.5140
<b>Mean</b>	5.2561	5.7405	5.7750	5.3460	6.1262	
<b>StDev</b>	1.9411	1.5493	1.7171	1.9011	1.4088	

<b>Male</b>																					
Count	316	316	316	Construct	316	316	315	Construct	316	316	316	Construct	316	316	316	Construct	316	316	316	Construct	
Mean	4.9130	5.5063	5.8956	16.3669	6.2532	6.1234	5.4603	17.0369	6.6266	6.3681	4.4177	17.3924	4.1772	6.3259	5.7342	16.2373	5.5918	6.4424	6.4525	10.6067	
StDev	2.0494	1.8194	1.6935		1.2621	1.1794	1.6857		0.8203	1.1598	2.1579		2.1113	1.1119	1.5365		1.6755	0.9268	0.9666		
ConMean	5.4483				ConMean	5.9456			ConMean	5.7975			ConMean	5.4124			ConMean	6.2289			
ConStDev	1.8994				ConStDev	1.4343			ConStDev	1.7849			ConStDev	1.8712			ConStDev	1.3189			
	Bribery	Conflict	Embezzle		Mgt Fraud	Ind Espionage															
<b>Female</b>																					
Count	99	99	99	Construct	99	99	99	Construct	99	99	99	Construct	99	99	99	Construct	99	99	99	Construct	
Mean	4.6768	5.1818	5.3333	15.1918	5.9091	5.4444	5.2525	16.6061	6.4949	6.0808	6.6869	17.2626	3.4444	6.1818	6.2121	15.0304	6.9293	6.5960	6.5455	10.0707	
StDev	2.0345	1.8147	2.0504		1.5720	1.6854	1.6803		0.8497	1.3974	1.9307		1.9231	1.0914	1.1273		1.8495	1.0091	0.6742		
ConMean	5.0640				ConMean	5.5354			ConMean	5.7542			ConMean	5.2795			ConMean	6.0236			
ConStDev	1.9829				ConStDev	1.6643			ConStDev	1.6492			ConStDev	1.9311			ConStDev	1.4987			
	Bribery	Conflict	Embezzle		Mgt Fraud	Ind Espionage															

Note: Record 130 declined to identify gender. Not included in analysis.  
 Total Count: 415/416



## CURRICULUM VITA

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