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Strategies for Developing and Implementing Internal Controls for Mitigating Retail Consumer Fraud

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This is to certify that the doctoral study by

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has been found to be complete and satisfactory in all respects,
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Abstract

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by

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MS, Liberty University, 2016

BS, New England College, 2014

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

The lack of consumer fraud internal controls can destroy a small business. Small retail business owners who do not practice good internal controls are susceptible to early failure. Using the fraud triangle theory, the purpose of this qualitative multiple case study was to explore strategies small retail business owners use to develop and implement internal controls for mitigating retail consumer fraud. Participants consisted of four small retail business owners in the Southeastern United States who practiced effective internal controls. Data were collected from semistructured interviews and financial documents and analyzed using thematic analysis. Three themes emerged: financials, monitoring, and segregation of duties. A key recommendation is for small retail business owners to install security cameras to monitor for fraudulent activity. The implications for positive social change include the potential to increase profits for businesses and add new jobs to employ people in local communities, stimulating the economy.

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Dedication

I dedicate this study to my daughter Tiffany Marie Foye who encouraged me throughout this journey. I also dedicate this study to my Mom and Dad, Coral Patricia Yarosz and Lawrence Charles Yarosz, Jr., who are not here today, but I know how proud they would be of this accomplishment of mine.

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Section 1: Foundation of the Study

Small business ownership is a lifetime dream for many individuals. Retail consumer fraud can destroy small businesses in a short time. A reliable internal control program can assist in detecting and preventing fraud from occurring in businesses. Without proper internal controls, small business owners cannot have successful businesses, leading to median losses of $200,000 per year (Association of Certified Fraud Examiners [ACFE], 2018).

Background of the Problem

Consumer fraud and employee theft are ongoing problems and can affect all businesses. These businesses carry the weight of bad decisions and unethical practices of bad employees for many years (Peters & Maniam, 2016). According to the ACFE (2018), annual fraud cases totaled approximately $7.0 billion. This included small and large business fraud cases. The average median loss for a small business with less than 100 employees was $200,000 per year, almost double that of a larger organization (ACFE, 2018). This high financial cost can be detrimental and cause many small businesses to fail (Kennedy, 2018).

Internal controls are critical for all businesses to help prevent and detect fraud. The type of internal controls depends on the type of business and what their risks are. According to Frazer (2016), small businesses are more vulnerable to theft than large businesses because thieves suspect that smaller businesses do not have the resources for expensive security systems compared to large businesses. An adequate internal controls system should help prevent and detect fraud.

Problem Statement

Fraud is more prevalent than it used to be (Denman, 2019). According to the National Retail Federation (NRF, 2018), of 63 retailers ranging in size from less than 100 to more than 50,000 employees, annual losses from theft, fraud, and other abuses known as retail shrink were $46.8 billion in 2017. The general business problem is that consumer fraud can result in business owners losing revenue without proper internal controls. The specific business problem is that some small retail business owners lack strategies to develop and implement proper internal controls to mitigate consumer fraud.

Purpose Statement

The purpose of this qualitative multiple case study was to explore what strategies some small retail business owners used to implement proper internal controls to mitigate consumer fraud. The target population consisted of owners of four small retail businesses in the Southeastern United States who successfully implemented internal control strategies to mitigate consumer fraud. Contributions to social change included the potential for increased internal controls, which may decrease consumer fraud and revenue loss, allowing businesses to grow. As companies continue to flourish, employment opportunities for people in communities and surrounding areas become available.

Nature of the Study

Three research methods are qualitative, quantitative, and mixed methods. Researchers use the qualitative research method to answer what, why, and how questions, while the quantitative research method involves just what and how questions (Barnham, 2015). The qualitative approach involves identifying and exploring descriptive accounts, similarities, and differences (Park & Park, 2016). Qualitative researchers focus on applied and theoretical findings or discoveries based on research questions via field studies in natural conditions. By contrast, quantitative researchers use hypothesis testing to achieve research goals in controlled and contrived studies (Park & Park, 2016). Using mixed methods requires combining qualitative and quantitative research elements to increase the breadth and depth of understanding (Schoonenboom & Johnson, 2017). The qualitative method was used because I explored business owners' strategies to develop and implement internal controls by collecting data through interviews and documents. Therefore, neither quantitative nor mixed methods were appropriate for my study because I did not use variables or combine quantitative and qualitative methods in the study.

The three qualitative designs I reviewed for my study were case studies, ethnographies, and narrative designs. Researchers use case studies when conducting interviews, data collection, and observation to gain an in-depth holistic view of the research problem (Baškarada, 2014). According to Yin (2018), a case study research design is an in-depth inquiry into a topic or phenomenon within its real-life setting. This inquiry can include people or organizations. Conducting a multiple case study in retail businesses allowed me to analyze business owners' strategies to prevent consumer fraud. Ellis and Levy (2009) said ethnographic research involves an in-depth qualitative investigation of a group of individuals who have been together for a considerable length of time and share a common culture. I did not choose an ethnographic design as I did not base my study on cultural behavior. Participants in a narrative design explain their lived experiences through personal stories (Chinyamurindi, 2016). I did not choose a narrative design as I did not base my study on participants' personal stories. My research study involved interviewing, collecting data, and observing business owners who have successfully implemented internal controls to prevent and detect consumer fraud; therefore, I chose a multiple case study design.

Research Question

What strategies do small retail business owners develop and implement for using proper internal controls to mitigate consumer fraud?

Interview Questions

1. What strategies are currently in place to mitigate consumer fraud from occurring in the business?
2. How does your organization assess the effectiveness of its internal control strategies to prevent and detect employee fraud?
3. What specific internal controls have been the least effective in mitigating consumer fraud?
4. What specific internal controls have been the most effective in mitigating consumer fraud?
5. How, if at all, has your employees' behavior changed with the implementation of the internal control plans?
6. How often are the internal controls reviewed/tested in your business?
7. What, if any, changes have been made to the internal control plans since they were implemented in the business?

8. What additional information would you like to share regarding your successful strategies to prevent and detect employee fraud?

Conceptual Framework

The conceptual framework of this study is Cressey's fraud triangle theory. Omar et al. (2016) said every business transaction is vulnerable to the risk of fraud, and even though an organization may have set proper internal controls, fraud persists. Cressey created the fraud triangle with three vertices: opportunity, which is the occasion for someone to commit fraud because of weak controls, pressure and incentives which drive or inspire a person to commit fraud internally or externally, and rationalization, or the need for ordinary human beings to justify to themselves and others why they did something improper or out of character (Ramamoorti & Epstein, 2016; Zuberi & Mzenzi, 2019). Cressey (1953) said there must be more than just a financial incentive to commit fraud. Cressey (1953) said trusted persons become trust violators when they perceive themselves as having a financial problem. Opportunity, pressure, and rationalization can make consumers commit fraud, but fraud can be prevented and detected with proper internal controls. I chose Cressey's fraud triangle as my conceptual framework for the study because small business owners can apply the theory when developing the framework for their internal control processes. The theory can help small retail business owners understand why consumers engage in fraudulent activities and the importance of developing and implementing internal controls that mitigate fraud.

Operational Definitions

Business ethics: Commonly agreed-upon conduct standards which ensure a company does not negatively impact its stakeholders (Cant & van Niekerk, 2013).

Employee fraud: Is committed against the organization for which the perpetrator works, such as theft of cash, expense reimbursement fraud, payroll fraud, and kickback schemes (Tschakert et al., 2016).

Fraud prevention: Steps to create and maintain a culture of honesty and code of ethics to assess the risk of fraud, develop concrete actions to reduce risk, and eliminate opportunities for fraud (Jalil, 2018).

Fraud triangle: The theory that for fraud to occur, three criteria must be present: perceived pressure, perceived opportunity, and rationalization (Dorminey et al., 2012).

Internal audit department: Separate unit in organizations that supervise internal control functioning and estimating efficiency (Dimitrijevic et al., 2015).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are claims the researcher takes for granted and accepts as accurate without concrete proof (Ellis & Levy, 2009). I assumed that study participants understood employee fraud and answered interview questions honestly. I also assumed participants understood how to strategize and develop internal control plans to detect and prevent fraud from occurring in their businesses. My final assumption was that the participants would be willing to partake in the study to provide their internal control strategies, which may benefit other small businesses in mitigating fraud.

Limitations

Limitations are potential weaknesses or imposed restrictions that are usually out of researchers' control (Theofanidis & Fountouki, 2018). The first limitation was the lack of generalizability. A lack of generalizability may be the result of a small sample size. Another limitation of the study was the potential for researcher bias. Shepperd (2015) defined researcher bias as the combination of research design, analysis, and reporting factors that lead to distorted research findings.

Delimitations

Delimitations are boundaries the researcher sets (Ellis & Levy, 2009). Researchers set limits, so the study's aims and objectives do not become impossible to achieve (Theofanidis & Fountouki, 2018). Delimitations for this study pertain to interviewees, businesses, and locations. Interview participants were owners of four small retail businesses in the Southeastern United States. I only interviewed business owners who knew their organization's internal controls.

Significance of the Study

This study was essential for business owners to discover gaps in internal controls and improve them. Study results may contribute to positive social change by providing business owners with strategies for implementing effective internal controls to prevent and detect fraud, resulting in successful businesses that can increase employment opportunities within the surrounding communities.

Contribution to Business Practice

All businesses need proper internal control procedures to run correctly. Small companies have challenges designing effective and efficient internal control systems compared to larger companies due to a lack of resources. Larger companies have the resources to implement controls to prevent and detect fraud that may not be cost-beneficial in smaller businesses, such as having an internal audit department or having sufficient accounting personnel so that the critical functions of authorization, recordkeeping, and custody of assets are segregated (Kramer, 2015). This study involved understanding small retail business owners' strategies to develop and implement internal controls to mitigate consumer fraud and theft.

Implications for Social Change

Study results may contribute to positive social change by showing business owners how strategies to implement proper internal controls can help prevent and detect consumer fraud. A small business with a complimentary internal control program can keep prices comparable with larger companies with which they must compete. Preventing fraud and theft enables leaders to reduce costs to provide employees with salaries and bonuses that would have been reduced due to fraud. Tax revenues from profitable companies lead to goods and services for communities. By hiring within the community, unemployment rates can also decrease.

A Review of the Professional and Academic Literature

The purpose of this qualitative multiple case study was to explore what strategies some small retail business owners used to implement proper internal controls to mitigate consumer fraud. My research may contribute to published literature on detecting and preventing fraud techniques in small retail businesses. The conceptual framework for this qualitative multiple case study was Cressey's fraud triangle theory. Key factors of the fraud triangle theory are pressure (motivation), opportunity, and rationalization (Abdullah & Mansor, 2018). Literature review findings helped explain why and what type of fraud may occur in small retail businesses.

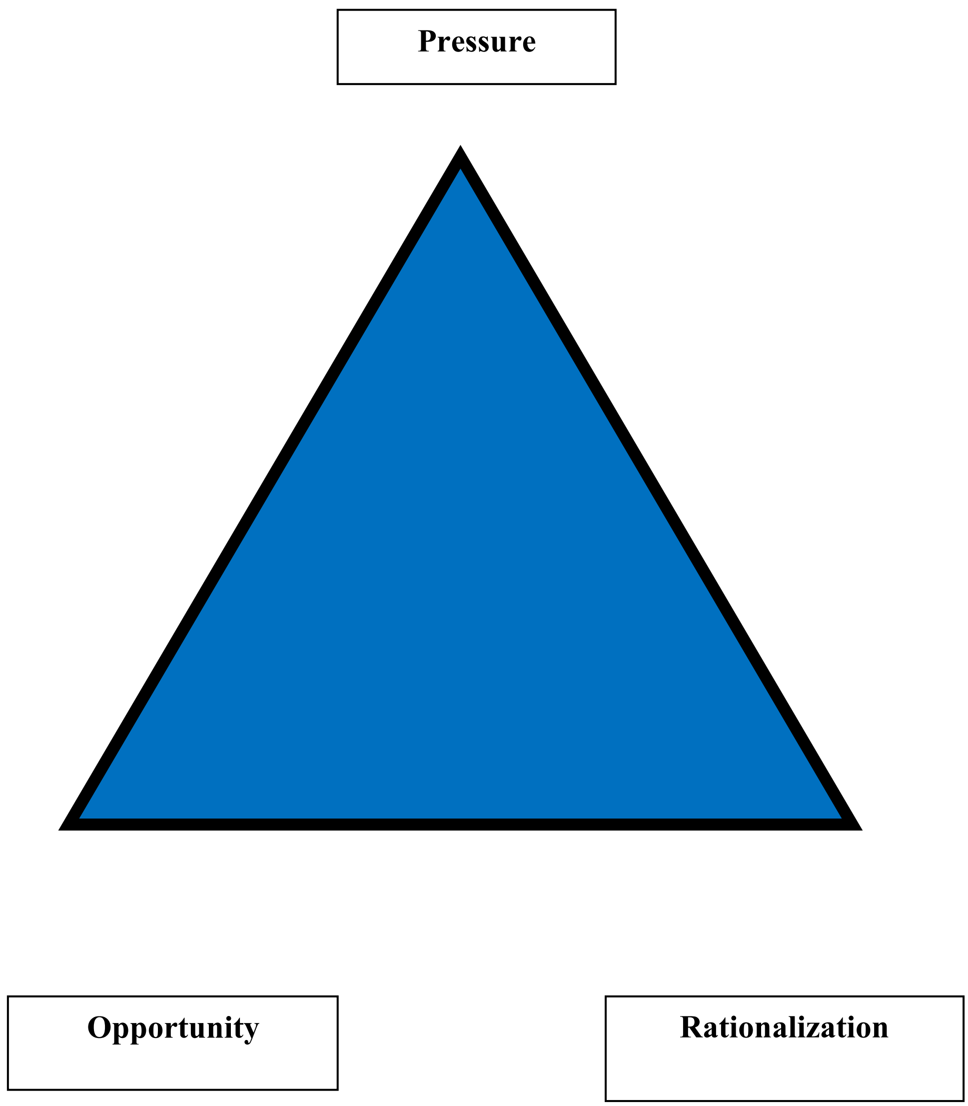
Most research materials were from published and peer-reviewed literature. The literature review included over 70 peer-reviewed scholarly journals, news articles, doctoral dissertations, books, and governmental reports, and 80% of the literature was published between 2018 and 2022. Databases I used to search for literature were: the Walden University Library, Google Scholar, EBSCOHost, ProQuest Central, Sage Journals, Emerald Management, and ScienceDirect. Keywords I used were: *fraud triangle*, *fraud diamond*, *internal controls*, *small retail business*, *fraud theories*, *qualitative research, white-collar crime, general strain theory, ethical climate, routine activity theory, auditors*, *employee ethics, rational choice deterrence theory,* and *material weakness*. I organized the literature review into the following sections: fraud triangle theory, supporting fraud theories, contrasting theories, fraud overview, small businesses, internal controls, and preventing and detecting consumer fraud. Subthemes included white-collar crime theory, general strain theory, ethical climate theory, routine activity theory, rational choice deterrence theory, employee theft, anti-fraud culture, small business fraud, auditors, and material weaknesses.

Fraud Triangle Theory

In researching theories, I identified one primary theory and three other supporting theories related to fraud. The primary theory was Cressey's fraud triangle theory. Three conditions that must be present for fraud to occur are pressure, opportunity, and rationalization (see Figure 1).

Figure 1

Fraud Triangle



Machado and Gartner (2018) defined pressure as motivation, opportunity as chance, and rationalization as the process of justifying the act of fraud. The fraud triangle theory was the most appropriate theory when identifying conditions that are present when fraud occurs. The presence of pressure can be a strong motivation for people to commit fraud. Maragno and Borba (2017) said motivation results from pressure derived from a need to preserve an image of identity and financial needs with incentives that may not be financial. For most offenders, a part of the motivation is the desire for monetary gain; however, incentives such as company environment, including company structure and boss behavior towards coworkers, are considered motivators of a nonfinancial nature (Maragno & Borba, 2017).

The type of climate in an organization may affect the risk of fraud occurring. An instrumental organizational climate is where employees make decisions for their or the organization's best interests, excluding ethical concerns (Murphy & Free, 2016). This climate is associated with incentives and pressures such as a hostile work environment and reputational concerns, whereas it is not associated with the individual incentives of greed or need (Murphy & Free, 2016). Fraud perpetrators in an instrumental climate tend to use rationalizations that are mostly external to themselves, such as arguing that they are helping the company, which is consistent with unethical pro-organizational behavior, or that others in the organization do the same things, which suggests collusion (Murphy & Free, 2016). It is unknown whether only certain types of fraud occur within an instrumental climate without further research; however, organizations with these environments have a greater risk of fraud.

Supporting Fraud Theories

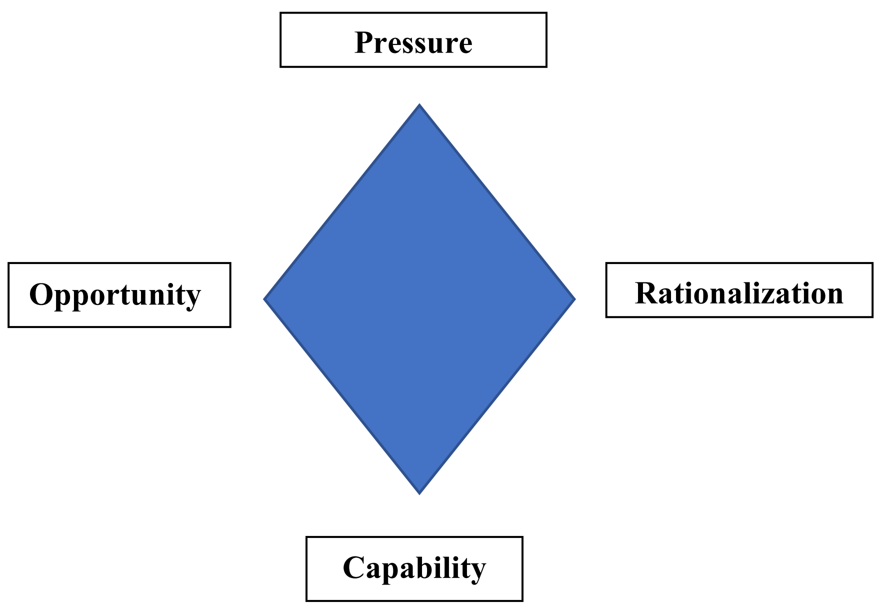
There were three supporting theories I had taken into consideration for this study. The supporting theories were the fraud diamond theory, white-collar crime theory, and general strain theory. I did not choose the three supporting theories as the leading theory, but they were used to provide additional information on fraud research. The fraud diamond theory is an extension of the fraud triangle with capability as a fourth added component. The white-collar crime theory focuses on crimes committed by individuals who are considered management in the company. There is an opportunity for committing a crime, the capability to conceal it, and rationalizing the criminal activity. The general strain theory was used for the study because people commit fraudulent acts due to various strain types in their lives. All three theories added value to the subject of fraud.

Fraud Diamond Theory

As illustrated in Figure 2, the fraud diamond is like the fraud triangle with one additional attribute. The three necessary fraud mechanisms are pressure, opportunity, and rationalization. Pressure involves the need for money, the opportunity is the likelihood of not getting caught, and rationalization is how one justifies the fraudulent act (Utomo et al., 2021). Capability is confidence and the capacity to commit and conceal fraud (Omukaga, 2021). Wolfe and Hermanson (2004) said the fraud triangle could be enhanced to improve fraud prevention and detection by considering personal traits and abilities that play a significant role in determining whether fraud may occur. When incorporated into the fraud triangle, capability creates the diamond (Yendrawati et al., 2019). Capability components are position/function, brains, confidence/ego, coercion skills, effective lying, and immunity to stress, which can be significant risk factors for fraud (Harrison & Dilla, 2020; Wolfe & Hermanson, 2004). Direct observation of a person is one of the best ways to analyze capability, but listening to how others talk about this person can provide additional information. When observations result in concerns about a particular person's abilities, a solution is to create more robust controls, increased audit testing, and a rotation of routine duties. All four components of the fraud diamond are relevant for fraudulent actions.

Figure 2

Fraud Diamond



White-Collar Crime Theory

White-collar crime complemented the fraud triangle. The three elements of Cressey's fraud triangle are opportunities, motivations, and rationalizations; however, there has to be more than just a financial incentive to commit fraud (Cressey, 1953, as cited in Schuchter & Levi, 2015). Fraudsters who never intended to commit fraud honestly believe their behavior is not criminal (Cressey, 1953); however, opportunity alone is obligatory for fraudulent behavior with no pressure, incentive, or rationalization. Two general types of white-collar crimes are those committed by companies and their managers to achieve the goals of the business (corporate crimes) and offenses committed by individuals that may or may not involve organizational or business resources but tend to be motivated by self-interest, such as embezzlement or income tax fraud (Simpson, 2011). White-collar crime and corporate fraud can occur while examining the surrounding environment and conditions that can lead to unethical behavior of fraud and corruption (Lehnert et al., 2016). White-collar crime is rarely detected, while white-collar criminals are easy to find; white-collar crime does not occur privately; it takes place on the job (Gottschalk, 2018; Marriott, 2018). White-collar crime data for fraud, forgery, counterfeiting, embezzlement, and other offenses are located in Uniform Crime Reports; data are further broken down by sex, age, and race of the arrestee (Simpson, 2011). The Uniform Crime Reports Program compiles official crime data in the United States and is published by the Federal Bureau of Investigation (FBI). Henning (2008) said there are eight moral norms of white-collar crime: cheating, deception, stealing, coercion, exploitation, disloyalty, promise-breaking, and disobedience. Most white-collar crimes are committed by males who dominated the workplace in previous historical periods and had higher occupational positions in companies (Holtfreter, 2015; Homer, 2020). White-collar crime is not gender-specific, and females are typically underrepresented in white-collar offenses (Bonny et al., 2015; Dearden & Gottschalk, 2021). White-collar crime is committed by men and women and is not easily detected.

Studying actual criminals is a way to research why white-collar crime is committed. Gottschalk (n.d.) said crime only occurs when it is the most attractive option among alternatives during decision-making processes to reach goals. Pressure, opportunity, and incentive are relevant triggers but are not mandatory for committing a white-collar crime (Schuchter & Levi, 2015). From offenders' perspectives, leaks in organizations and the absence of transparency and lack of control due to weak compliance, auditing, or management accounting offer possibilities for fraud (Schuchter & Levi, 2015). Lack of controls within organizations among higher authorities seems to be a trigger for fraud to occur.

Motivations for committing crimes include need, greed, fear of failing, revenge, thrill, and keeping the business in the face of competition (economic survival). White-collar crime offenders can be employees or owners of businesses who have access to company assets. Asset misappropriation is the theft of an entity's assets in an organization (Kumar & Hicks, 2018). Mui and Mailley (2015) said scenarios of asset misappropriation were by external perpetrators (offenders), employees, management, and board and governing bodies.

General Strain Theory

The general strain theory provided insight into why consumers commit fraud. People have strains in their lives. Strains refer to disliked events and conditions that are most likely to result in crime when they are high in magnitude, seen as unjust, associated with low social control, and create some incentive or pressure for criminal coping (Gottschalk, 2021; Thaxton & Agnew, 2018). General strain theory describes when people engage in crime because they experience certain strains or stressors (Agnew, 2015; Kölbel & Herold, 2019). Individuals who have experienced one or more strain events are more likely to feel depression and anger and engage in forms of abnormal or risky behaviors (Greco & Curci, 2017; Herda & McCarthy, 2018).

Strains include the inability to achieve valued goals such as monetary success and status, negative treatment experiences, verbal and physical abuse, and loss of valued possessions (Agnew, 2015). Stressful and strain-filled events create crime; stress is an adverse effect that leads to the possibility of crime (Huck et al., 2017). Strains lead to negative emotions, such as anger, frustration, and depression, creating pressure for corrective action, and crime is one possible response (Andon & Free, 2020; Daniels & Holtfreter, 2019; Thaxton & Agnew, 2018). Crime may be an outlet to reduce or escape abusive parents, seek revenge against sources of strain or related targets, and alleviate negative emotions (Agnew, 2015). Huck et al. (2017) said deviance is committed by those who perceive the opportunity to engage in these behaviors, with opportunity being the most potent factor in determining whether a person was partaking in deviant behavior. Business owners must be trained to recognize signs of strain and stress in their employees and assist them in preventing destructive behavior such as fraud.

Contrasting Theories

Three theories reviewed but not used in the study are ethical climate theory, routine activity theory, and rational choice deterrence theory. These three theories all relate to fraud; however, the fraud triangle theory was the research's overall choice. I did not choose the ethical climate theory because the study is not based totally on fraud due to ethical issues. I did not select the routine activity theory, which is more relevant to criminal fraud by motivated perpetrators seeking targets to commit crimes. I did not choose rational choice deterrence theory because it is more applicable to the fraudster rationalizing the benefits and calculating the cost of being caught, which is not the study's focus.

Ethical Climate Theory

The ethical climate theory was developed by Victor and Cullen in 1988, encompassing two dimensions: an ethical approach dimension and a referent dimension (Ahmad et al., 2014). In everyday life, we judge the rightness and wrongness of actions by their conformity to principles, and the appeal to principles plays a significant role in practical ethics (Spielthenner, 2017). Fraud is not about stealing money or merchandise but can mean being untruthful or deceitful. Harrison et al. (2018) discussed how behavioral theories develop an ethical decision-making model that describes how psychological factors affect the development of unethical intentions to commit fraud. An ethical approach dimension involves the decision-making processes, namely, egoism or maximizing self-interest, benevolence or maximizing joint interests, and principle, while a moral referent dimension consists of an individual, local, and cosmopolitan reference

(Ahmad et al., 2014). Newman et al. (2017) conducted a study of significant research on ethical climate and provided a detailed and focused review of empirical work on the antecedents and ethical climate outcomes. There are many definitions of ethical climate: the shared perception of what is correct behavior and how ethical situations should be handled in an organization, prevailing perceptions of typical organizational practices and procedures that have moral content and provides the context in which ethical behavior and decision-making occur (Newman et al., 2017). Many organizations do not want to believe they are subject to fraud from their owners' and employees' ethics violations. The past business scandals have brought the need for ethics an essential topic for many organizations. Below is a further discussion on ethical climate theory and fraud.

Ethical fading, narcissism and Machiavellianism can all lead to fraudulent actions in a business. Domino et al. (2015) explored ethical climate and the impact on organizational commitment to provide information about the environment fit for employees who can potentially commit fraud or act ethically at their companies. To justify our ethical decisions, we apply ethical principles as a strategy. Rees et al. (2019) argued that ethical fading is when individuals do not see the ethical implications of the situation or their action while unknowingly engaging in behavior that contradicts their values without realizing that they are doing so. Ethical fading is still the result of unethical behavior, although it was not intentional. Important cues that affect ethical fading are high-stakes incentives where the more significant the motivation there is to lie; the more likely one is to do so; losses where behavior in the face of losses may be unintentional; power where one is more likely to lie; and competition when unethical behavior is high to use for one's advantage (Rees et al., 2019). Narcissism-motivated individuals act unethically for their benefit, while Machiavellianism-motivated individuals act unethically and alter their perceptions about the opportunities to deceive others (Harrison et al., 2018). The manipulative behaviors of persons to most likely commit acts of fraud include psychopathy, narcissism, and Machiavellianism, referred to as the Dark Triad (Harrison et al., 2018). Cressey's (1953) fraud triangle theory focuses on three elements in place for people to commit fraud: an unshareable need; an opportunity; and a verbalization resulting in fraud prevention being a significant challenge for any organization because human beings are imperfect and good people act against their ethical values (Kirsch, 2018). This paragraph was about persons committing fraud due to ethical issues. The following section will be about the ethics cube and how persons can be a victim of fraud.

The ethics cube is like the Rubik's cube as it has six components. The components consist of professional, family, everyday ethics, personal interests, allegiances, and opportunity, further broken down into lust, gluttony, greed, sloth, wrath, envy, and pride (Lopez, 2017). Each face of the ethics cube displays its attributes; however, it is disarranged when not all six faces are in the ideal state because of ethical dilemmas and conflicts among its components (Lopez, 2017). The ethics cube components describe how a person can fall victim to fraud. Being a victim of fraud is the opposite of committing fraud. Elicitation arousal is a fraud tactic used on targets of all ages, with the older adults being more susceptible to being tricked in the fraudulent scheme (Kircanski et al., 2018). Kircanski et al. (2018) focused on how older adults are more emotionally susceptible to being victims of fraud than younger adults because they are more trusted (Segal et al., 2021; Shao et al., 2019) and cannot sense the negativity in fraudsters. Older adults find it harder to overcome the losses when dependent on fixed incomes. In conclusion, persons commit fraud in a business and against vulnerable people.

Routine Activity Theory (RAT)

Another contrasting theory is the RAT. RAT crime occurs when three factors converge: motivated offenders, suitable targets, and an absence of capable guardians where offenders are assumed to exist and act with rational, criminal intent (Clare et al., 2017; Drawve et al., 2017; Korgaonkar et al., 2021; Nikitkov et al., 2014; Pratt & Turanovic, 2016). A suitable target provides instant profit to offenders; proficient guardian absence examples are police, locks, alarm system and the likely offender is the person present to commit the crime (Argun & Dağlar, 2016). RAT suggests that if all three elements are available, the chances for crime increase; conversely, if one of these elements is absent, opportunities for crime decrease (Argun & Dağlar, 2016). Nikitkov et al. (2014) compared RAT to the fraud triangle, where RAT assumes the presence of a motivated, rational offender while the fraud triangle's focus is an analysis of the offender's psychological state, cognitions about, and motivations for crime. Nikitkov et al. suggest that mundane, online auction, predatory crime is consistent with the market's success where predatory crime arises in new and prosperous markets. As routine activities change, there is an expectation of changes in crime patterns. Suppose a population has general changes in regular activities at different times of the day, days of the week, or months of the year. In that case, this will affect target suitability and guardianship, and such changes in routine activities are unlikely to change offender motivations (de Melo et al., 2018). For example, an employee will most likely steal from an employer when inventory is high, when left alone in the business with no leadership, and during holidays there is a lot of cash flow. The study by de Melo et al. (2018) discovered that season changes significantly impacted crimes to commit theft related to routine activity theory due to the increased cost of living motivating the perpetrator to steal.

Rational Choice Deterrence Theory

The rational choice deterrence theory was used to provide insight into the social behavior of criminals. The theory of rational choice deterrence is the most rapidly developing social theory and research, which advances the ability to test complex models of criminal behavior and the criminal justice system (Akers, 1990). Rationality is a concept whose interpretation is susceptible to personal preference, idiosyncratic explication, and widespread misunderstanding and has produced countless varieties of meaning (Van Gelder, 2013). The deterrence doctrine theory applies utilitarian philosophy to crime and has been the most researched criminology topic since the late 1960s (Akers, 1990). Akers (1990) discussed how deterrence and rational choice theory is not a general or complete representation of criminal behavior; however, the fear of legal punishment in deterrence theory and the reward to cost balance in rational choice theory is subsumable to the general differential reinforcement formula in social learning theory. An individual will rationalize the potential benefits of committing a crime while, at the same time, calculating the cost of potentially being detected (Moody et al., 2018). Willison et al. (2018) said factors of an individual that include deterrence sanctions are part of deciding to become involved in crime at the “initial involvement” stage. Therefore, predicting that if the expected utility of illegal actions exceeds that of the legal alternatives, an individual will be more likely to later engage in a specific crime. Steele (2015) applied the rational choice theory to different offenses where individuals maximized their gain by making things go smoothly while managing others’ perceptions, understanding the consequences, but not thinking about them (Suh et al., 2019). Even though jail time is a deterrent, some offenders believe they can cope with prison if caught. In conclusion, deterrence does not have much of an impact on an individual committing fraud.

Fraud Overview

As with all fraud, the fraud triangle is the model utilized in analyzing fraud occurrences in an organization. Huang et al. (n.d.) stated that the most critical dimension is pressure/incentive, with the least being attitude/rationalization. Anyone can commit fraud, and no place of any size is safe from fraud. Fraud can be perpetrated by individuals who are acting alone or in groups (Maulidi, 2020). Five common misconceptions small business owners have when it comes to fraud are that they have complete control over their business, their company is so small, it is not at risk, their loyal employees would not commit fraud, they do not need internal controls, and fraud would not cost their business very much (Gagliardi, 2014). Most companies do not want to admit their employees would be disloyal and commit fraud. Further reading provides types of fraud in businesses.

Two basic fraud categories can have a disastrous effect on a business. The categories are fraudulent financial reporting and asset misappropriation, which occurs when a party misuses or steals a company’s assets (Bunn et al., 2019; Utami et al., 2019). Fraud affects the business partners, employees, investors, society, and government in a broader sense, such as the country’s economy (Atagan & Kavak, 2018). Professional fraud is neglecting a person’s job duties and achieving personal wealth by intentionally using the employers’ assets for personal benefit (Atagan & Kavak, 2018; Owusu et al., 2021). Internal employee fraud is also known as occupational fraud (Davis & Harris, 2020; Kagias et al., 2021). Raval (2018) developed a model that explains the role of human desires, intentions, and actions in the indulgence of, or resistance to, the act of financial fraud, which is evidenced by religion, philosophy, sociology, neurology, behavioral economics, and social psychology supports the disposition-based fraud model (DFM). The DFM's two primary components are disposition and temptation, where the perpetrators’ character or disposition colors all aspects of their physical, mental, moral, and spiritual life (Raval, 2018). Disposition makes them either give in or resist a temptation made up of circumstances represented by stimuli (Raval, 2018). Criminality is one of the most worrying phenomena affecting economic development and social well-being and results in business consumer fraud (Speziale, 2014). Speziale (2014) focused on the influence of the unemployment rate on crime and whether unemployed individuals excluded from legal income opportunities are more inclined to commit crimes than those with a job. Theft, fraud, and robbery are crimes considered to determine an individual's motivations to execute a specific offense of social and economic features (Speziale, 2014). Misrepresentation or deceit is a characteristic of fraud (Huber, 2017). They are essential for companies of all sizes but tend to be less prevalent in small, private companies with few employees (Kapp & Heslop, 2011).

Contract fraud is yet another example of how a small business can lose everything due to fraud. In the article, Horan (2016) revealed how a small veteran-owned business was taken advantage of by another business owner by using him to bid on federal projects that are set aside for eligible service-disable veteran-owned small businesses (SDVOSBs). This scheme is called 'rent-a-vet,' and the small business was not the first victim of this scheme where the fraudster forged the small business's signature on the contract (Horan, 2016). When fraud occurs involving contracts, the fraudulent party or parties may end up in jail, and the contract is void. The only thing constant in fraud is change, as it is a dynamic process that is multilayered and penetrates business procedures, while the fraudsters always find new methods to commit fraud and cover their traces (Vousinas, 2019). In some cases, to reveal fraud, forensic accountants or fraud investigators conduct research, investigations, audits, and controls to find evidence of fraud (Atagan & Kavak, 2018). These investigations are necessary when fraud is hidden in records and not easy to find.

Having some internal controls for any size business is essential. Of the three primary factors attributed to fraud, limited powers and too much trust contribute to small business fraud, with inadequate employee prescreening as the lesser of the three (Bunn et al., 2019). Anti-fraud or internal controls provide necessary checks and balances to help businesses prevent or detect fraud and safeguard assets (Bruwer et al., 2019). The top five essential measurements are: poor performance, need for external financing, financial distress, insufficient board oversight, and competition or market saturation (Huang et al., n.d.). Even with only a few employees, there are many internal controls a small business can have to prevent and detect fraud in high-risk areas such as cash and payroll. In conclusion, all businesses should have internal control to protect against fraud.

Employee Theft

Employee theft is one of the most devastating crimes committed against any business, whether large or small, described by Kennedy (2018) as theft of cash, time, raw materials, finished goods, and intellectual property. Other forms of theft are depositing funds in a personal account, stealing computer data, and acquiring merchandise without paying for it. Employees steal cash and goods from businesses but take consumer computer data and identities. Throughout the country, disloyal employees steal company data from a computer on their way out the door to a new job (Levy, 2016). Employees stealing company data is due to a lack of internal controls. Corporate identity theft and database breaches are large-scale issues affecting businesses today regarding their business results and reputations, which affect millions of consumers (Levy, 2016). Employee theft occurs at checkout, sales floor, and during customer service (Shapiro, 2019). Retail shrink, a form of inventory loss, is due primarily to employee theft and shoplifting and is a significant concern for retailers (Jensen et al., 2019).

Employee theft in the workplace occurs for many reasons. Peters and Maniam (2016) said employee theft in businesses today is not uncommon and has far-reaching impacts on the company, substantially impacting its cost performance metrics and the employee workforce's overall morale. Bonny et al. (2015) conducted a study on offenders' motivation and the workplace organizational factors leading to theft and fraud. In the study by Bonny et al., the primary interest was the gender makeup of the factors that motivate offenders to commit fraud in their workplace. Many reasons lead an employee to commit theft or fraud in their workplace. Some of the behavioral red flags of perpetrators are living beyond means, financial difficulties, control issues, close association with a vendor, divorce/family problems, and complaints of inadequate pay, leading to an employee committing fraudulent acts (Denman, 2019; Peters & Maniam, 2016; Wilkie, 2019). Organizations are generally aware of and increasingly concerned about the magnitude of the threat posed by their business insiders regarding employee fraud and theft (Willison et al., 2018). According to the Occupational Fraud and Abuse report, small organizations are more vulnerable to fraud than larger businesses due to the lack of anti-fraud controls (Small business and fraud, 2018). Evaluating an organization and what factors may cause an employee to commit fraud in a company can provide the small business owner a closer look at their internal controls and what may be lacking. Employee theft can have an extreme effect on a small organization's day-to-day business due to the resources available to cover expenses than a larger organization with more funds. Nearly all fraud perpetrators spend their gains rather than save them. Azam (2018) noted that when an employee shows signs of a lifestyle more extravagant than his salary can support, it is time to look more closely at their job responsibilities and controls. Team awareness, management support, and cross-functional team audits are a few ways that could positively impact the business in terms of fraud and theft (Levy, 2016). To conclude, no company is safe from theft, even with some internal controls.

Anti-Fraud Culture

Fraud is one of the main problems in most businesses and creates challenges for business owners to detect and prevent fraud. N’Guilla Sow et al. (2018) noted that a company must build and preserve a culture of honesty for its organization to survive. Anti-fraud awareness is an effort to raise awareness about the importance of fraud prevention by all related parties in an organization (Jalil, 2018). Senior management must lead by example and adopt an ethical tone in all their communications and actions, along with all organizational levels having an active role to play by using transformational leadership to promote subordinates' moral development and align individual and organization interests (Peltier-Rivest, 2017). Management is responsible for promoting ethical values (DeSteno, 2019) and expectations of openness in their employees to prevent them from committing fraud. Employees of companies that encourage ethical thinking generally experience more significant cognitive dissonance about committing corruption (Peltier-Rivest, 2017). Predators are more likely to target organizations where they perceive they are more likely to commit fraudulent acts and conceal it because of their prior fraud experience and not being deterred by anti-fraud controls (Hermanson et al., 2017). Bierstaker (2009) examined the differences in owners and employees’ attitudes about fraud across different cultures, provided theories as to why these differences exist, gave recent examples of cultural differences in ethical perceptions from practice, and made recommendations as to how companies can address this issue. Several elements are essential for deterring and preventing fraud in creating a thriving anti-fraud culture (Button & Brooks, 2009). The features required are to create an anti-fraud culture, gain the support of the public, get the message to fraudsters that they will be caught, strengthen controls in response to emerging threats, comply with existing controls, and fraud-proof new programs (Button & Brooks, 2009). Bierstaker also discussed improvements to their anti-fraud programs based on the country and culture in which they operated and suggested future research opportunities. New research can provide businesses with recommendations for anti-fraud controls.

Small Businesses

Small businesses are an essential part of the world's economy. The definition of a small business has changed over the years, with the Small Business Administration (SBA) revising its standards based on reports by the Government Accountability Office (GAO), adjusting the size standards of employees and annual receipts (Anastasia, 2015). The number of employees in a small business is less than 500 people. Anastasia (2015) wrote that a small business is an entity created to make a profit, is located in the United States, pays taxes, uses American products, materials, and labor, and is independently owned and dominant in its fields. The number of small businesses in the United States is about 27 million and accounts for 50% of the gross domestic product; however current trends indicate a decline in small business ownership and growth with the closing of retail shops and other small business ventures (Bonsu & Kuofie, 2019). Starting in 2015 and due to online shopping, many physical retail stores in the United States began closing, which brought about the term “retail apocalypse” (Helm et al., 2018). As brick-and-mortar stores disappear, so will jobs; however, job growth will increase as e-commerce expands (Helm et al., 2018). As with large businesses, fraud is just as prevalent in the small business world.

Small Business Fraud

No business is too large or small to avoid employee fraud and theft. According to the Occupational Fraud and Abuse report, small organizations are more vulnerable to fraud than larger businesses due to the lack of anti-fraud controls (Small business and fraud, 2018). Stone (2016) stated that the median fraud losses were identical for small and large businesses; the small business’s impact was more severe. Employee theft is one of the most devastating crimes committed against any business, whether large or small, described by Kennedy (2018) as theft of cash, time, raw materials, finished goods, and intellectual property. Employee theft can have an extreme effect on a small organization’s day-to-day business due to the resources available to cover expenses than a larger organization with more funds. Most people think employees steal cash and assets, but the theft of time (Evangelista & Brophy, 2020) or nonproductivity is a problem for small businesses and often goes unnoticed (Cash Handling, 2018; Glodstein, 2017). The case study by Glodstein (2017) involved an employee who would come in late, sleep during working hours, spend excessive time on their phone, and leave early. This type of activity is embezzlement, where misappropriating some other value entrusted to one’s care, custody, or control, which kept control of the business while the owner was away (Glodstein, 2017). A business needs to have internal controls over its employees' time and plan what to do if they catch their employees cheating on their time. Glodstein (2017) raised the question if an employer catches their employee stealing cash or goods or stealing time, would they treat both situations the same, and if not, what is the difference between them? Small business fraud is the result of the lack of internal controls. The following paragraph discusses focusing on internal controls by the small business owner.

Vargas-Hernandez et al. (2016) focused on small businesses and their lack of competition due to the lack of internal controls. Evaluating an organization and what factors may cause an employee to commit fraud can provide the small business owner a closer look at their internal controls and what may be lacking. Small companies are necessary to create jobs, contribute to the local economy, and be more competitive if they have internal control systems collated with the organizational culture, which is a behavior belief pattern. The leading, motivating factor is the opportunity to commit the theft, where personal characteristics such as living beyond one's means did not contribute significantly to employee theft (Yekini et al., 2018). Values shared by members are what people say, do, and think in the organization (Vargas-Hernandez et al., 2016). Yekini et al. (2018) found that employee theft did not always result in job loss, reduced trust, and salary. Still, the employer independently bears the consequences of employee theft, for money, opportunity, the likelihood of not getting caught, and rationalization, the justification of the fraudulent act. The three necessary mechanisms of the fraud triangle for fraud to occur are pressure, the need for money, opportunity, the likelihood of not getting caught, and rationalization, the justification of the fraudulent act (Small business and fraud, 2018). There is a fourth term, capability: having confidence and capacity to commit and conceal the fraud makes the triangle a diamond (Small business and fraud, 2018). All or some of the fraud and diamond triangle components are present for fraud to occur.

Auditors

Auditors, whether internal or external, play an essential role in assessing fraud in a business. As highlighted in SAS No. 99/AU Section 316, auditors are required to make a fraud risk assessment for each engagement and are encouraged to frame their fraud risk assessments around the elements of the fraud triangle; therefore, auditors assess whether management has the incentive, opportunity, and the attitude to commit fraud (Trompeter et al., 2013). An auditor’s role does not explicitly include the prevention of audits, but they are responsible for monitoring the smooth-running business (Ergin & Erturan, 2019). Financial fraud is a critical problem for external auditors because of the potential legal liability arising from the failure to detect false financial statements and the possible damage to professional reputation resulting from the public’s dissatisfaction (Huang et al., n.d.). An external auditor is a party considered to have an independent attitude to revealing fraud committed by a company (Apriliana & Agustina, 2017). Tschakert et al. (2016) discussed how internal auditors should consider a red flags analysis of their organization's warning signs that fraud could occur. When designing detection systems, it is essential to consider who can quash a red flag within the organization or cause a potential inquiry by internal auditors to be redirected (Wolfe & Hermanson, 2004).

Tschakert et al. noted financial statement red flags could be uncovered by; examining the relationship of present-year account balances with nonfinancial information; comparative analysis of account balances from the current year to prior years; comparative analysis of account balances and ratios to industry benchmarks; and unusual or unexpected balances or transactions in accounts, transaction listings, journals, or senior-level management journal entries. Financial audits do not always disclose fraudulent activity in a business. The following paragraph discusses the ethics audits.

Ethics audits are just as essential to a business as financial audits. Hofmann (2019) noted that although an ethics audit may not have disclosed inappropriate behavior in an organization, the absence of an ethics audit increases the likelihood that improper conduct may not be identified. Ethics audits can also help identify endemic issues that have not received adequate attention, such as sexual harassment, use of inappropriate language, and other forms of misconduct, which often go unreported for fear of retribution and increase a business's liability (Hofmann, 2019). These different forms of bad behavior by employees may lead to employee fraud. Kranacher and Stern (2004) stated that auditors need to understand the psychology of individuals' behavior and the environment in which they operate to control fraud. The typical undergraduate auditing class has focused on identifying errors and omissions that might materially affect the financial statements, with only cursory coverage of fraud (Kranacher & Stern, 2004). After earning bachelor's degrees, 47% of accounting students proceeded to accounting firms as either accountants or auditors, not following up with graduate degrees or certificates and forfeiting valuable opportunities because most universities teach fraud detection skills and advanced auditing at the graduate level (Sahloul et al., 2019). Additional training was needed for auditors to learn more about detecting and preventing fraud. A more significant educational background will help auditors recognize and assess the pressures that can lead to fraud, obtain the necessary information, organize and evaluate the data, and report fraud investigations (Kranacher & Stern, 2004). Auditors should be trained in conducting financial and ethics audits.

Internal Controls

No organization is free from fraud, and businesses, whether large or small, need to implement internal controls to detect and prevent fraud from occurring in their workplace. Even though some fraud might not be material enough to be noticed, the motivation for conducting it exists, especially when the internal systems have some leakage (Fitri et al., 2019). All organizations should know the symptoms of fraud and be able to react when fraud occurs. Research on internal controls and consumer fraud is widespread, and businesses can gain insight into incorporating internal controls into their business. There should be no reason any business is not able to have some internal controls. A well-functioning internal control system is essential for a company to initiate, authorize, record, process, and report external financial data reliably per generally accepted accounting principles (Kanagaretnam et al., 2016). Adequate internal controls signal higher management ability, increase investment and operation efficiency, reduce corporate risk, and protect investors' interests (Wang et al., 2019). Many organizations have excellent internal controls; however, there may be a lack of oversight in the executive departments of an organization, as discussed in the next paragraph.

The occupational community of an organization is susceptible to committing fraud. Campbell et al. (2016) defined the occupational community of an organization as the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and other executives who are the decision-makers. Campbell et al. (2016) identified specific characteristics of occupational communities as members who have esoteric knowledge, special skills and expertise, complete work under extreme conditions, sometimes facing danger or unusual demands, a distinction between insiders and outsiders, and members are their primary reference group, sharing common standards and values. The occupational community members make decisions and do not always comply with reporting standards, best practices, industry norms, and legislation (Campbell et al., 2016). Internal control weaknesses can have a significant impact on the product market competition for an organization. Also, product market competition may cause inefficiency in a firm's operation and information processing and weaken corporate controls (Kim & Kim, 2017). Many of the scandals in the past years of questionable accounting practices and corporate wrongdoing have been attributed to the lack of adequate internal controls within the organizations (Kanagaretnam et al., 2016). Kanagaretnam et al. (2016) discussed how the Sarbanes-Oxley Act (SOX), along with related regulations in other countries, emphasizes an internal control process effected by an entity's board of directors, management, and other personnel, is designed to provide reasonable assurance regarding the achievement of objectives (according to the Committee of Sponsoring Organizations (COSO) framework in the United States). SOX's primary purpose was to improve the quality of financial reporting by ensuring internal sound control over financial reporting and achieving financial strength (Kim & Kim, 2017). The regulations required management to disclose any internal control deficiencies when processing their financial statements. Depending on the seriousness of the internal control problem, it can be a material weakness, significant deficiency, or control deficiency; however, a material weakness can be a combination of significant deficiencies resulting in the likelihood that a material misstatement of the annual or interim financial statements will not be detected or prevented (Kanagaretnam et al., 2016). All levels of an organization should have a proper internal controls system to help detect and prevent fraud.

Small Business Internal Controls

Internal controls in a small business are crucial in preventing and detecting fraud. Small businesses lacked the resources, expertise, and experience to successfully implement security and control systems, making them natural targets for theft and fraud (Stone, 2016). Small businesses had a limited number of employees, hindering their ability to implement internal controls such as segregation of duties and independent reconciliation (Fish et al., 2021; Stone, 2016). Implementing an internal control system can be very costly for any organization, and implementation costs should not exceed the benefits of having control (Bilgi et al., 2017). The modern understanding of internal control in business is system-oriented; however, in practice, it is the responsibility of all employees, beginning with management, who design, implement, and maintain controls, to the staff, who execute various control activities, including accounting, financial and other reporting (Bilgi et al., 2017). Bilgi et al. (2017) stated that managers play a leading role in developing internal controls for each activity in their organization (Troi, 2018). Overall, practicing internal controls is dependent on everyone in the organization.

Businesses utilize various types of internal controls depending on the type of business. An example of one kind of internal control system was a gun shop locking up all guns at the end of the workday in safes in the case of a robbery after the store is closed. Some jewelry stores would only allow customers to handle one piece of jewelry at a time and must be in the store employees' view, along with all the jewelry cases locked at all times. An effective internal control system over financial and managerial reporting can still reduce the risk of inaccuracies and mistakes in an organization's financial statements (Bilgi et al., 2017). There is no guarantee that accounting, financial, and managerial reporting will never contain material errors or be influenced by negligence in a control system. Having a sound internal control system can make it more difficult for fraudulent actions to occur.

Material Weaknesses

A material weakness in a business is a deficiency or combination of deficiencies from the lack of proper internal controls. Three internal control types are material weakness, significant, and control deficiency (Kanagaretnam et al., 2016). Caplan et al. (2018) defined how internal controls' material weaknesses can indicate management competence deficiencies. The Sarbanes-Oxley Act of 2002 (SOX) put essential requirements on management and auditors regarding internal controls, requiring the disclosure of any material weaknesses identified by management or detected by auditors in the annual report (Sun, 2018). A material weakness determines how auditors base their opinion on a business's internal controls' effectiveness. For the auditor to test the controls and determine how the deficiencies occurred, management must provide the material weakness evidence. Most material internal control weaknesses exist in smaller, younger, financially weaker, more complex, and rapid-growth companies experiencing restructuring (Sun, 2018). The management is responsible for designing and implementing an effective internal control plan to correct the material weaknesses that management or the auditors identified.

Preventing and Detecting Consumer Fraud

Preventing and detecting fraud is a systematic process in all businesses. Tschakert et al. indicated that fraud prevention and early detection were essential and critical to prevent fraud from growing and intensifying into an expensive investigation leading to damage to the organization. Wolfe and Hermanson (2004) stated that a key to mitigating fraud is to focus particular attention on situations offering, in addition to incentive and rationalization, the combination of opportunity and capability. In other words, Wolfe and Hermanson (2004) asked, "Do we have any doorways to fraud that people can open with the right set of keys"? The experts estimated that the fraud revealed is a small part of all the actual fraud; therefore, the main effort is on prevention (Jalil, 2018). A business must have ensured they had internal controls in place to detect and prevent fraud from occurring (Rashid et al., 2022). Gonzalez and Hoffman (2018) discussed how continuous auditing increases the coverage and frequency of analysis of a business's activities and is advertised as a powerful fraud deterrence and detection technique. In preventing fraud, there were recommended steps and controls a business could take. Knowledge is power.

According to Ciardullo and Davies (2016), business owners knowing could identify where their processes and procedures lacked and implement preventative measures and controls against fraud. Peters and Maniam (2016) stated that corporate fraud and employee theft affect almost any business type in this world's business environment. These businesses carried the weight of 'bad decisions' and bad employees' unethical practices for many years. There is more than one way to help detect and prevent fraud in an organization.

Internal controls do not have to be expensive to prevent fraud. Frazer (2016) noted that small companies are more vulnerable to theft than large businesses because thieves suspect that small companies cannot afford an expensive security system. Internal control measures did not detect losses after they occurred (Frazer, 2016; Treadwell, 2021). Eliminating fraud risk was impossible in a small business with too few people to do everything (Ciardullo & Davies, 2016). Tschakert et al. (2016) described employee fraud as the most frequent type of fraud against an organization being theft of cash, expense reimbursement, payroll fraud, and kickback scheme. Behavioral red flags that persons who commit fraud exhibit are: living beyond one's means, financial difficulties, close association with a vendor or customer, control issues and not sharing duties, wheeler-dealer attitude, irritability, suspiciousness, and defensiveness, addiction problems, refusal to take vacations, lack of authority complaints, excessive gambling, increased smoking, and making excuses for missing documentation, shortages, and finding scapegoats (Jacobs, n.d.; Tschakert et al., 2016). The procurement-to-pay process is widespread and tough to prevent and detect when it comes to fraud (Locati, 2017).

Some examples of this fraud were fake invoices, bank accounts belonging to friends and family, and over-billings (Graycar, 2019). If these schemes undiscovered over a long period, the amount lost could devastate a small business. One of the main internal controls to help detect and prevent this type of fraud was the segregation of duties, which required the financial transactions' responsibilities to be divided amongst several employees to oversee all entries. Vendor selection is crucial to a business, and a robust selection process would ensure no conflict of interest (Locati, 2017). By having tight controls, a company had a greater chance of detecting fraud and less opportunity for fraud to occur. Internal controls are based on the needs of the business and the type of fraud that may occur.

Three types of people commit fraud. Asselstine (2019) defined the 10-80-10 rule of fraud as containing three categories of people: 10% would always be honest regardless of the situation; 80% of the population would only be as honest as the situation dictated, and the remaining 10% were inherently corrupt and would readily steal or commit fraud. Organizations needed to keep this 80% of the population from committing fraud by creating ways to mitigate the risk of fraud occurring in their business. A best practice to encourage employees from committing fraud was by providing them with flexible goals and clear guidelines, communicating openly, being sensitive to different work styles, encouraging teamwork, and promoting the diversity of perspectives and skills (Peltier-Rivest, 2017). Mintchik and Riley (2019) discussed how companies must continue to focus on how and why employees commit fraud and how they can push their understanding of why their employees commit fraud. Fraud rationalization is a category of why consumers commit fraud. The four broad categories of fraud rationalization are: focus on the mission, focus on responsibility, focus on the consequences of the act, and focus on the victim (Mintchik & Riley, 2019). Making small businesses more resilient to fraud could provide real benefits to their owners and the overall economy. Still, small businesses frequently lack the resources and the expertise to fight fraud (Hess & Cottrell, 2016). Most fraud threats for small businesses come from employees, vendors, customers, and the internet (Hess & Cottrell, 2016). Along with a business's internal controls, some employees are loyal to the organization and will come forward to report fraud.

Fraud can go on for years before being noticed; however, most fraud is reported by other employees through managers (Peters & Maniam, 2016). Brown et al. (2016) discussed how whistleblowing is a powerful fraud discovery mechanism (Said et al., 2018) and how personal and contextual factors can impact the intent of whistleblowing. Many accountants detected fraud in their clients' businesses but chose not to blow the whistle for several reasons (Smaili & Arroyo, 2019; Taylor, 2018). Brown et al. (2016) described this act of not reporting the fraud as fallacious silence, meaning the individual contributed to the ongoing fraud. In another study, Seitz et al. (2015) focused on the implications of the ethical dilemmas connected with whistleblowing and whether it was proper to offer monetary financial awards to persons who reported violations of internal controls and financial statement fraud. The justification of the monetary awards to whistleblowers was to increase the number of whistleblowers coming forward and reporting fraud and violations, decrease the number of investors affected by the corporations' misconduct, and decrease financial losses (Seitz et al., 2015). Of the three comprehensive studies, more positive consequences were those situations where the whistleblower received financial compensation for reporting the fraudulent activity, and no monetary compensation offerings resulted in coworkers not reporting violations (Seitz et al., 2015). Most employees were hesitant to report fraud when they knew it was happening because of fear of reprisals (Nawawi & Salin, 2019; Todd, 2021). Ethics training should be a requirement in all organizations to educate employees on fraud and provide encouragement to report unethical practices without fear of retaliation (Jannat et al., 2022; Latan et al., 2019). In a final analysis of fraud capability by Wolfe and Hermanson (2004), recent legislation, increased enforcement, regulatory oversight, broader controls, improved auditing standards, and sophisticated monitoring technology were all steps in the right direction. Lastly, some of the most commonly utilized fraud detection methods were tips by insiders or outsiders, management review, internal audit, by accident, account reconciliation, document examination, external audit, confession, and surveillance or monitoring (Simha & Satyanarayan, 2016). Future research and whistleblower protections would prompt employees to report fraud in their organizations.

Transition

Section 1 included the background of the problem, general and specific business problems, purpose of the study, research and interview questions, and the conceptual framework. I also presented in Section 1 operational definitions, assumptions, limitations, delimitations, and the significance of the study. In the review of the professional and academic literature, I included discussions based on various fraud theories and the importance of internal controls to prevent and mitigate consumer fraud. The study's central research question is: What strategies do small retail business owners develop and implement for using proper internal controls to mitigate consumer fraud?

In Section 2, I discussed the researcher's role, study participants, purpose, and strategies some business owners may use to implement proper internal controls to prevent consumer fraud. Section 2 also explains the qualitative research method and design that was appropriate for exploring what strategies small business owners use to detect and prevent consumer fraud. Additionally, I discuss population and sampling, ethical research, data collection instruments and techniques, and data analysis. Lastly, I address reliability and validity methods.

Section 3 includes study results, findings, applying professional practice, implications for social change, and recommendations for action and further research. Additionally, Section 3 contains reflections on my experience as a researcher and the study's conclusions.

Section 2: The Project

In Section 2, I discuss the methodology used to explore strategies used by some small retail business owners to help detect and prevent consumer fraud. In this section, I address the purpose statement, role of the researcher, participants of the study, research method, research design, population, and sampling. Finally, in Section 2, I address ethical research procedures, data collection instruments, data collection and organization techniques, data analysis, reliability, and validity of the study.

Purpose Statement

The purpose of this qualitative multiple case study was to explore what strategies some small retail business owners used to implement proper internal controls to mitigate consumer fraud. The target population consisted of owners of four small retail businesses in the Southeastern United States who successfully implemented internal control strategies to mitigate consumer fraud. Contributions to social change include the potential for increased internal controls, which may decrease consumer fraud and revenue loss, allowing businesses to flourish. As companies continue to grow, employment opportunities for people in the surrounding communities become available.

Role of the Researcher

The leading role in a research study is the researcher. My roles as the researcher in the study included organizer, interviewer, data collection agent, analyst, interpreter, and reporter. As the researcher, I was responsible for the findings, the participants, collecting the data, analyzing the data, and presenting the findings.

My research topic was familiar because internal controls have been a part of my everyday work life as an accountant/auditor for the federal government. For 10 years, I worked part-time as an inventory counter for a large company, where I would physically bring a team into various businesses to count inventories. Many of these businesses did not have proper internal controls, and the loss of stock was proof that changes were needed to prevent business losses. I have always enjoyed researching discrepancies in financial records and inventory to discover why the deviation is sometimes fraud. My knowledge from past experiences involving retail businesses and fraud may assist me with understanding their business processes. The selection process for participants was random and did not involve any preexisting relationships. I conducted semistructured interviews using open-ended questions to collect, analyze, and report data from four small retail business owners regarding their internal controls and how they helped detect and prevent fraud from occurring in their businesses.

Ethical conduct in research rests largely on researchers, and understanding how they perceive and enact their role in research is paramount (Cumyn et al., 2019). According to Anabo et al. (2019), human ethics is broad in scope and is subject to overarching human rights principles. In this study, I followed guidelines for protecting human research participants by the National Commission for the Protection of Human Subjects and Biomedical and Behavioral Research. Regarding *The Belmont Report*, applied ethical principles must be in place when working with human subjects. Belmont protocol includes obtaining informed consent from participants to ensure respondents are fully aware of relevant research information. I assured participants of the confidentiality of their participation in the research study by following *Belmont Report* protocol.

Overcoming biases is imperative when completing a qualitative multiple case study. While studying human behavior in particular cultural settings, the researcher should be aware of cultural biases that prevent the projection of their values, whether intentional or not (Karagiozis, 2018). As a researcher, it was essential for me to mitigate bias and view data through an objective lens. Wadams and Park (2018) identified questions, sampling, conceptual, and anticipated outcome biases as the four commonly recognized types of researcher bias in qualitative research. According to Wadams and Park, question bias is seen in a comparative sample design or the use of nonequal samples where potential bias occurs during the sampling choice. Conceptual bias may occur when the researcher tends to over-justify their data by extrapolating their findings to fit the concept or theory being investigated. Anticipation bias is often experienced when once the idea is mentioned, it cannot be removed from your consciousness. I used the same interview protocol (see Appendix A) with all participants and asked the same open-ended questions to mitigate bias. I recorded semistructured interviews and transcribed them. I used member checking after data were collected and analyzed for accuracy and credibility.

Participants

The purpose of this qualitative multiple case study was to explore what internal control procedures small retail business owners used to detect and prevent consumer fraud from occurring in their business. Participants in this study were small retail business owners with experience in developing and implementing internal controls for mitigating retail consumer fraud. Participants responded to the interview questions (see Appendix B) and the central research question. Businesses were located in the Southeastern United States and had 100 or fewer employees. I obtained approval from Walden University's Institutional Review Board (IRB) before contacting prospective participants.

I searched the Chamber of Commerce website for a list of retail businesses. I also searched for local companies through the American Express Shop Small and Data Axle website. I wanted to ensure I could conduct face-to-face interviews with owners. I physically visited potential retail stores, explained my study's purpose, and provided a consent form to explain what participants could expect from the interviews. Purposedly selected participants understood the subject of internal controls in retail businesses and experienced detecting and preventing consumer fraud. The consent form included a personal introduction and an explanation of my institution, the study's intent, and participant requirements. Participants understood they could withdraw at any stage of the research process, and refusing to participate would not be detrimental to existing networks and opportunities. I ensured participants were fully aware privacy and confidentiality were protected. Yin (2018) said nearly all case studies are about human affairs, and it is the researcher's job to protect the participant from harm.

A relationship is formed between the researcher and participants when conducting a study. The initial relationship that exists between the qualitative researcher and participants is most important to their work, and depending on the type of research they do, they must cultivate relationships with their participants for them to be able to gather necessary data (Thurairajah, 2019). I do not frequent many small retail businesses, so there was little chance of familiarity with places with owners who agreed to participate in my study. Building rapport is of crucial importance in terms of creating circumstances for a good research interview; it requires optimal communication skills from the researcher to connect with the interviewee, explicitly appreciate their input, show respect, be curious, and most importantly, listen (de la Croix et al., 2018). Moreover, I expected to build relationships with businesses beginning with initial visits, which should help gain their trust that this experience would be positive for them and the community. I maintained constant communication with participants throughout the study.

Research Method and Design

Research Method

Three possible methods for the research study are qualitative, quantitative, and mixed methods. Qualitative research is a form of social action in how people interpret their experiences, understand individuals' social reality, and are interested in people's beliefs, experiences, and meanings from their perspective (Mohajan, 2018). Quantitative research methods are used to test conceptual models and understand the relationships between variables, establish the effectiveness of a particular treatment, or measure the opinions or views of a specific group, while mixed methods combine both qualitative and quantitative methods into a single study (Christenson & Gutierrez, 2016). Qualitative research considers the natural contexts in which individuals or groups function to provide an in-depth understanding of real-world problems (Korstjens & Moser, 2017). Qualitative methods commonly used are individual and focus group interviews, participant observations, ethnography, and several other approaches (Hamilton & Finley, 2019).

The methodology chosen for the research study was qualitative. Busetto et al. (2020) defined qualitative research as the study of the nature of phenomena, including their quality, different manifestations, the context in which they appear, or the perspectives from which they are perceived, but excluding their range, frequency, and place in an objectively determined chain of cause and effect. Qualitative research is characterized by its aims, which relate to understanding social life aspects, and its methods, which generate words, rather than numbers, as data for analysis (McCusker & Gunaydin, 2015). Qualitative was the proper method to answer the central research question: What strategies do small retail business owners develop and implement for using proper internal controls to mitigate consumer fraud?

The results would not be the same for the central research question using a quantitative or mixed method. Mixed methods research follows a systematic inquiry process to collect and integrate multiple viewpoints by collecting quantitative and qualitative data within a single study to describe, explain, or understand a phenomenon (Gallant & Luthy, 2020). Unlike quantitative research, which follows set rules and data collection processes are well established, qualitative research does not follow methodological blueprints (Ellis, 2019). Qualitative research is characterized by flexibility, openness, and responsivity to context; the steps of data collection and analysis are not as separate and consecutive as they tend to be in quantitative research (Busetto et al., 2020). The qualitative research nature is unique; choices of what data to collect, how to collect the data, and interpret the data (Ellis, 2019). The quantitative and mixed methods were unsuitable for this study because I would not be doing hypothesis testing, collecting numerical data, or exploring a complex research question. The qualitative methodology was appropriate for this study because I explored small retail businesses' strategies to develop and implement internal controls for mitigating fraud.

Research Design

There are several choices of research design for the researcher to select from depending on the type of study. Yin (2018) defined a research design as the logical sequence that connects the empirical data to a study's initial research questions and conclusions. A researcher should base the research design on the nature of the research problem, the research question, and the scientific knowledge the researcher seeks (Korstjens & Moser, 2017). I reviewed three research design choices: case studies, ethnographies, and narratives. An ethnographic approach is related to studying relationships between people and several aspects of their life, such as socio-political, culture, and history (Harwati, 2019). In ethnography, a researcher uses the data collected to document the participants' lives, understand the individuals' experiences, and interpret the behaviors shaped by their cultural context (Edmonds & Kennedy, 2019). For the study, I was not looking to obtain details about the participants' culture or history, so the ethnographic perspective is not the correct research design. A narrative research approach focuses on the story as the inquiry's focus (Korstjens & Moser, 2017). Marsh et al. (2018) addressed how narratives explore commonly discussed topics such as difficult life transitions and stories that evolve as part of everyday conversations. The narrative research approach was inappropriate for the study because I was not looking for a business story. Still, I was interested in how the business was helping to mitigate consumer fraud.

I chose a qualitative multiple case study for the design. A case study involves a thorough, in-depth analysis of an individual, group, or other social units (Korstjens & Moser, 2017). Mohajan (2018) stated a case study is used in quantitative and qualitative studies depending on its purpose. A single case study is more beneficial because it is less expensive and time-consuming, whereas multiple case studies are costly, time-consuming, but strong and reliable (Mohajan, 2018). A researcher selecting multiple cases must carefully select the individual case studies that predict similar or contrasting results but for anticipatable reasons (Yin, 2018). The multiple case study was the correct research design for my research because I intended to receive the viewpoints of the owners of four small retail businesses on how they developed and implemented internal controls to help mitigate consumer fraud.

Data saturation is when the data has been collected or analyzed, and further data collection and analysis are unnecessary (Saunders et al., n.d.). Tran et al. (2016) also defined data saturation as the point in data collection and analysis when new information produces little or no change to the codebook (the codebook representing the collection of codes that links expressions found in the text abstract constructs identified by the researchers). To reach data saturation, I interviewed four small retail business owners until there was sufficient data, no additional information was provided, replication of the study could occur, and no new codes or themes emerged. I employed member checking by providing the participants with a summary of their interview responses and continued to conduct interviews until no new information emerged.

Population and Sampling

The population for the study was owners of four small retail businesses in the Southeastern United States. This qualitative multiple case study explored strategies small retail business owners used to detect and prevent consumer fraud. I chose purposeful sampling for this study. Purposeful sampling is widely used in qualitative research to identify and select information-rich cases to help identify individuals or groups of individuals with experience with the subject of interest (Palinkas et al., n.d.). The sample population was small; however, in a multiple case study, a researcher carefully selects samples based on predicting similar results from the data collected; the possibility of replication is more significant with two or more cases (Yin, 2018). A researcher purposefully selects samples they believe can be the most fruitful in answering the research question with the potential participants' qualities that may affect the contribution they can provide to the study (Farrugia, 2019). Sample adequacy in qualitative inquiry pertains to the appropriate sample composition and size (Vasileiou et al., 2018). A population is the “universe of units of analysis” from which a sample can be drawn; however, in qualitative research, the unit of analysis does not have to be the same as the unit from which the information is collected (van Rijnsoever, 2017). The owners of four small retail businesses was the most suitable for the study since they were responsible for developing their internal controls. They were able to answer the central research question.

Data saturation is where the researcher knows they have a sense of completion. A general statement of inductive qualitative research about sample size is that the data collection and analysis should continue until the point at which no new codes or concepts emerge, but also that no new codes that signify new properties of uncovered patterns occur (van Rijnsoever, 2017). Data saturation means collecting qualitative data to achieve a sense of closure because new data yield redundant information (Moser & Korstjens, 2018). I conducted face-to-face semistructured interviews in the setting of the participants' choice. I accommodated by phone or ZOOM if a face-to-face interview was unavailable. I interviewed all participants by asking them the same eight open-ended questions. I reached data saturation by member checking and when no new themes or codes emerged from the interviews' collected data.

Ethical Research

The researcher's responsibility is to ensure the participants receive the utmost ethical and transparent treatment during and after the study. Ethics is one of the fundamental components of a professional's identity. Ethics reflects a combination of values, character traits, and principles that guide people's proper behavior in their work (Sabar & Ben-Yehoshua, 2017). In researching humans, respect for human dignity requires investigators to obtain informed consent (Mumford, 2018). Informed consent is an agreement between researchers and their studied population to ensure that participants have the relevant details before agreeing to participate in a study (Sabar & Ben-Yehoshua, 2017). For the informed consent process, the study aims, methods, anticipated benefits, potential risks, the right to refuse to participate, and the ability to withdraw at any time without reprisal are discussed with the participants (Kaewkungwal & Adams, 2019). Ethics is a priority for the researcher when conducting the study and working with the participants.

Walden University has established research ethics rules, institutional regulations, and practices that researchers must follow when conducting a research study. Walden University requires the research proposal to be submitted to the Internal Review Board (IRB), requesting approval to conduct a doctoral research study. Upon approval, I provided the approval number 04-23-21-0975857, and the date approved 04-23-2021. I searched for small retail businesses in the Southeastern United States region. I emailed the companies to request their assistance in my research. The email contained an invitation letter (Appendix C) describing my research study and a proposal for participation by the owner. Participation was strictly voluntary, and a $20.00 gift card was offered or provided as compensation. An informed consent letter was signed, which included confidentiality of all information and interview materials, the right to withdraw at any time, and participants' consent to participate in the study. The informed consent letter stated the requirement for recording the interview. Miracle (2016) discussed the importance of efforts to protect the research participants’ confidentiality and anonymity. I created a pseudonym system in place of the participants’ names to ensure their identities (B1, B2, etc.). I was the only one who knew the actual names that belong to each code. All interviews were stored as anonymous on my personal computer and backed up on a secure Universal Serial Bus (USB) external drive to ensure the confidentiality and the rights of the participants are protected, which is my ethical responsibility. Five years after the approval of my research study, I will destroy all the collected data.

Data Collection Instruments

The data collection instruments consist of various forms of data. The researcher is a qualitative research study's primary data collection instrument (Yin, 2018). The researcher collects data by using audio recordings and transcripts from in-depth, face-to-face or semistructured interviews, field notes, video recordings, structured interview questionnaires containing open comment items, case study notes, images, documents, diaries, and observation notes (Barrett & Twycross, 2018; DeVaney et al., 2018). The qualitative researcher gains access to the participants' natural environment and is the leading research instrument used to collect and analyze data (Clark & Vealé, 2018). I was the primary data collection instrument for this qualitative research study by conducting semistructured interviews.

Preparation is the key when planning the data collection process. The importance of a protocol indicated by Yin (2018) is to keep the researcher targeted on the case study topic. Yin noted that good preparation begins with the desired skills and values on the part of the case study investigator with the following five topics: ask good questions, be a good listener, stay adaptive, have a firm grasp of the issues, and conduct research ethically. Using an interview protocol (Appendix A), I introduced the study, timeframe, privacy and confidentiality of the participants' responses, recording of the interviews, and informed consent requirements. I continued by conducting a face-to-face semistructured interview by asking each participant eight open-ended questions (Appendix B). Open-ended questions frequently used in semistructured interviews give more leeway to the respondents who can share their knowledge based on their cognitive frameworks by providing an in-depth understanding of the qualitative study (Puyvelde, 2018; Zulkipli & Baba, 2018). I was very selective in choosing my interview questions, along with being approved by my academic instructors. The four small retail business owners were asked how they related to the internal controls implemented and how they helped mitigate consumer fraud. Research participants have an opportunity to reveal their perspectives about the phenomenon under investigation without the researcher imposing any predetermined concepts and opinions on them (Azungah, 2018). I used the protocol as a guide to stay on track and set the foundation for each participant to collect the most reliable and accurate data from each interview. I repeated the protocol for all four participants to ensure everyone was provided equal treatment throughout the study.

The data collected must be reliable and valid. To enhance reliability and validity or trustworthiness, I used member checking of the study's findings. Member checking is a researcher's technique for exploring the credibility of results by taking ideas back to the research participants for their confirmation and accuracy of their responses (Birt et al., n.d.; Harvey, 2015). Member checking aims to minimize the risk of misinterpretations by the researcher (Lub, 2015). Member checking (informant feedback, respondent validation, member validation, or dependability checking) involves the researcher presenting data transcripts or interpretations to all or some participants for comment (Varpio et al., 2017). After I transcribed the interviews, I provided each participant with a summary of their interview responses to allow them the opportunity to review and validate the data. I continued to conduct interviews until no new information emerged.

Data Collection Technique

Data collection instruments are comprised of various components. In qualitative design, the researcher is an instrument in collecting the data (Zulkipli & Baba, 2018). I was the primary data collection instrument for this study. My research was a multiple case study with participants from four small retail businesses in the Southeastern United States. I began the data collection process by searching for small retail businesses in the Southeastern United States by exploring the chamber of commerce, American Express Shop Small, and Data Axle websites. I sent emails to potential companies with a description of the research study. Before setting up interviews, I provided the research study's background and reasoning and requested that the consent form be signed before partaking in the research study. The data collection techniques typically used in qualitative research are observation, interviewing participants, artifacts collection and analysis, and related document overviews regarding the study interest (Zulkipli & Baba, 2018). In this study, the data collection techniques I used were semistructured face-to-face interviews, member checking, and collecting financial documents from the organization. I used an interview protocol (see Appendix A) to ensure that the interview process was the same for all participants, and all were asked the same questions in the same order without deviation. I reviewed the consent forms, explained the need to record the interviews, and provided a copy of the interview protocol, the interview questions (Appendix B), and the confidentiality of the participant's responses to the study. If a participant preferred not to interview face-to-face, I accommodated them by phone or ZOOM.

The interviews lasted between 30 to 45 minutes, with each participant in a secure setting of their choosing. A semistructured interview is a short, preliminary, investigative study to explore in more depth using various techniques, such as probing and establishing rapport (Jong & Jung, 2015). Barrett and Twycross (2018) agreed that collecting data through interviews with participants is a characteristic of many qualitative studies and gives the most direct and straightforward approach to gathering detailed and rich data regarding a particular phenomenon. Jong and Jung (2015) noted a wide range of techniques for the interview. Still, there is no single way of interviewing appropriate for all situations and probably no single way of wording questions that will always work. For the interviews to be successful, there must be mutual respect between the researcher and the participants. Interactions between the researcher and the participants can cultivate trust and mutuality, resulting in a relationship between them, which plays a significant role in the self-esteem within the relationship in the research study (O'Grady, 2016). I treated all the participants in the same respectful manner by fostering a balance of trust and respect. The combination of trust and respect will allow the participants to voice issues considered salient to them, allowing them to reveal their perspectives about the phenomenon under investigation without the researcher imposing any predetermined concepts and opinions on them (Azungah, 2018). The advantage of my techniques was establishing rapport with the participants. The participants could describe their experiences in person, and I could observe the interviewee's body language. An advantage of face-to-face interviews is the ability to maintain a calm and secure environment for the participants. Another advantage of face-to-face interviews is the researcher's ability to actively listen to the interviewees, enhancing the data collection process by showing that the interviewer is engaging with the interviewee (Jong & Jung, 2015). The disadvantages of conducting face-to-face interviews are that they are time-consuming, the expense and effective use of audio-recording equipment, and note-taking during the interview can detach the researcher's participants.

Recording the interviews allows a researcher to go back over the data at any time. The recording, which will need transcribing before analysis, may require five to six hours to transcribe per one hour of the interview (Barrett & Twycross, 2018). There was also a chance of a participant not wanting to be recorded. Descriptions of internal control policies can help the researcher better understand how the business operates; however, a disadvantage with using some kinds of documents is that they may be challenging to locate and access for various reasons (Cardno, 2018). Overall, the advantages outweigh the disadvantages when conducting face-to-face interviews.

Member checking helped ensure the interview responses' reliability and validity. Member checking, also known as participant or respondent validation, is a technique for exploring the credibility of results in a qualitative research study by allowing the participants to check the results for accuracy and resonance with their experiences (Birt et al., n.d.). Member checking will provide the participants with the opportunity to validate and verify the interpretation of the findings and allowing them the right to reply to what I wrote about them (Harvey, 2015). After transcribing the interviews, I summarized the data collected, allowing the participants to validate my composed data interpretation. I contacted the participants for any follow-up information they may want to provide or questions they have. After the study participants' interviews, I did follow-ups until there was no new information or themes that emerged.

Data Organization Technique

I collected data by conducting a 30 to 45-minute semistructured interview with the study participants in person using open-ended questions. For participants who preferred not to interview in person, I accommodated a phone call or a ZOOM meeting. I did not make reference to the participant's names or organizations from the interviews. I used labels (B1, B2, etc.) instead of names to ensure confidentiality and to protect the participants' identities. The codes were kept private to me with password protection and secured on my personal computer.

I used Microsoft Excel to keep track of the data. Protecting the privacy and confidentiality of those participating and not being in an undesirable position is part of the researcher's protection when working with human subjects (Yin, 2018). Williams and Moser (2019) described coding in qualitative research as processes that enable collected data to be assembled, categorized, and thematically sorted, providing an organized platform for constructing meaning. The coding process allows the interpretation of large segments of text and portions of information in new ways; however, a method of 'structural coding' is labeling passages with terms related to the research questions (Belotto, 2018). Coding is asking analytical data questions by categorizing data segments with a short name or code and using the codes to sort and develop an understanding of the research (Maher et al., n.d.). A code is a descriptive construct designed by the researcher to capture the data's primary content or essence (Theron, 2015). I grouped codes into categories or themes, labeled the categories, and how each was related to each other. I kept all the coded data on my computer password protected and a backup on an external USB drive. I will keep the USB drive in a secure location, no less than 5 years, which Walden University requires. I will destroy all information collected for the research project after 5 years from the study's approval.

Data Analysis

The thematic analysis involves creating codes and developing themes from the data collected. The research data analysis stage is one of the most challenging for the novice researcher (Yin, 2018). Qualitative data analysis is assembling, disassembling, reassembling, analyzing, and concluding the data. After collecting the participants' data from the semistructured face-to-face or ZOOM interviews and financial documents, the interview questions (see Appendix B) and responses were transcribed. I used the TRANSCRIBE application to convert the recorded semistructured interviews from audio to text. I reviewed the transcripts several times to become familiar with the interviews' data before initializing the patterns and themes identification process. I organized the data into thematic groups using the thematic coding method. Thematic coding identifies patterns or themes within qualitative data (Castleberry & Nolen, 2018; Maguire & Delahunt, 2017). Saldaña's (2016) method of manually coding data separates the data and assigns codes by identifying themes or ideas with similarities. The thematic data analysis approach's primary function is to organize and simplify the data's complexity into meaningful and manageable codes, categories, and themes (Peel, 2020). I used Microsoft Excel to manually code the collected data using colors to identify common themes or patterns. I started with each participant's exact words or phrases, assemble the data by developing categories, looked at one category at a time, noted patterns and themes, cluster like responses, and even looked for negative cases. Belotto (2018) pointed out how to create codes from the words and sentences that provide similar meanings and answer the study's central research question. Woods et al. (n.d.) discussed how using Excel allows for comfortably labeling patterns and themes with codes. After identifying common themes, I compared the data with the company's financial documents. I was confident in my coding scheme when I could not identify any new patterns or themes. After coding the data into themes, I employed member checking by providing my summary of the interviews with the participants for their review. I made adjustments based upon the participant's review of my interpretation of the data to include the study findings' final write-up.

The data analysis process appropriate for this case study is data triangulation. I also used methodological data triangulation as a process for analyzing my multiple case study. Data, investigator, theory, and methodological triangulation are the four triangulation types relative to qualitative research (Yin, 2018). Data triangulation is the collection of data from multiple sources. The use of multiple sources of evidence in research (Siegner et al., 2018; Yin, 2018) provides corroborating evidence for identified themes and perspectives, provides relevant background on the study of a chosen problem, serves as a validation strategy, and increases the confidence that the case study renders the event accurately. Farquhar et al. (2020) noted that multiple data sources include interviews, observations, and secondary data. Investigator triangulation involves two or more researchers in the same study to provide multiple observations and conclusions (Carter et al., 2014). Theory triangulation involves the same data set with different perspectives. Methodological triangulation is the use of various methods of data collection. Methodological triangulation was the most appropriate method for my research study because I collected data from four different small business owners and obtained pertinent business financial documents to gain multiple perspectives on the research question. My research data included face-to-face interviews, phone calls (ZOOM), member checking responses, and company financial documents. If face-to-face interviews were not agreeable with the business owners due to COVID, a phone or ZOOM interview was made available. The data collected ensured data triangulation, corroborating the similarities in the findings from multiple sources (Yin, 2018). I used the responses to the interview questions from the participants to answer the central research question: What strategies do small retail business owners develop and implement for using proper internal controls to mitigate consumer fraud?

Reliability and Validity

Reliability

Reliability is a concept used to evaluate the quality of research. Yin (2018) noted that the general approach to reliability is to make as many procedures as possible, conduct research as if someone were looking over your shoulder, and minimize the study's errors and biases. Yin also noted that the objective of reliability is to ensure that if a later researcher follows the same procedures as described by an earlier researcher and conducts the same study over again, the last investigator will arrive at the same findings and conclusions. Dependability in qualitative research closely corresponds to the notion of reliability in quantitative research (Cypress, 2017). Dependability is the stability of findings over time, involves participants' evaluation of the study's results, interpretation, and recommendations, and is supported by the data received from participants of the research (Korstjens & Moser, 2018). Individual interviews represent the most common form of data collected in qualitative research studies (Weinbaum & Onwuegbuzie, 2016). A common practice in qualitative research involves the participants after data collection through member checking, which consists of inviting the participants to check, comment on, or approve the researchers' data or interpretations, whether they are correct or need adjustments (Iivari, 2018). To be transparent with the study, I provided the interpretation of the interview responses to the participants for their review of accuracy and validity. I also allowed the participants to elaborate on their answers and provide additional input if needed. I ensured the study's reliability and dependability by staying on course with the central research question, the interview questions, the data collected, and protecting the participants throughout the study.

Validity

Validity is a second concept used in research to measure the accuracy of the data. Validity in qualitative research means the appropriateness of the tools, processes, and data (Leung, 2015). Whether the research question is valid for the desired outcome, the choice of methodology is appropriate for answering the research question, the design is proper for the methodology, the sampling and data analysis are acceptable, and finally, the results and conclusions are valid for the sample and context (Leung, 2015). Caretta and Pérez (2019) noted that the achievement of validity is through triangulation in qualitative research. Validity or trustworthiness includes the quality criteria of credibility, transferability, dependability, and confirmability (Korstjens & Moser, 2018). By reaching data saturation, a researcher can ensure the validity of the results of the study.

Credibility is a standard of a qualitative researcher. Credibility is the confidence that can be placed in the research findings' truth and establishes whether the research findings represent plausible information drawn from the participants' original data and a correct interpretation of the participants' actual views (Korstjens & Moser, 2018). Liao and Hitchcock (2018) encouraged awareness, informative use, and improved reporting of credibility techniques to promote methodological progress and better-quality evidence in evaluation studies. The list of credibility techniques includes triangulation, audit trail, and member checking (Liao & Hitchcock, 2018). Member checking, also called respondent validation, refers to checking with study respondents to see if the research aligns with their views (Busetto et al., 2020). After transcribing the interviews, I used member checking by providing the participants with the write-up of their interviews for their review and a chance to supply any corrections or additional comments.

The importance of transferability is the ability to apply findings to other studies. The transferability of results is limited with qualitative research, but contrasting organizational characteristics may improve the potential for transferability (Gebauer et al., 2017). Transferability, a type of external validity (Moon et al., 2016), is the degree to which qualitative research results can be transferred to other contexts or settings with other respondents (Korstjens & Moser, 2018). My study results provided sufficient information for transferable findings that future researchers in their studies can use. To ensure transferability, I detailed my research process, data collection techniques, and data analysis process that may be repeated for similar research studies.

A researcher's findings must be able to be confirmed by other researchers to establish the data and interpretation of the findings are accurate. Confirmability is the degree to which the findings of the research study could be corroborated by other researchers and is concerned with establishing that data and interpretations of the results are not figments of the researcher's imagination but represent the actual meanings of the research participants derived from the data (Korstjens & Moser, 2018; Moon et al., 2016). Researchers must demonstrate that the results link to the conclusions in a way that can be repeated and, as a process, replicated (Moon et al., 2016). To meet confirmability, the research must be reasonably free of unacknowledged bias. The study's general methods and procedures are described in detail, and the actual sequence of how the data was collected, processed, transformed, and displayed can be followed (Meadows, 2003). Triangulation uses multiple approaches in qualitative research (Korstjens & Moser, 2018). Houghton et al. (2013) noted that triangulation's two primary purposes are to confirm and ensure complete data. I used member checking by providing the interviews to the participants for their review and comments. I kept a detailed log of all the research process steps from the data collection, organization, and analysis. I ensured confirmability through member checking, data triangulation, and an audit trail of the research study process.

A researcher must realize when collected data has reached its maximum for a study. Tran et al. (2017) mentioned that determining data saturation is complex because researchers only have information on what they have found. Lowe et al. (2018) pointed out that an important aspect of qualitative research is reaching saturation loosely. Observing more data will not lead to the discovery of more information related to the research questions. Data saturation is achieved when there is enough information to replicate the study, obtain additional information, and when further coding is no longer feasible (Fusch & Ness, 2015). Methods I used to reach data saturation were interviews, member checking, and data triangulation. Interviewing was my primary data collection method. I asked the same open-ended questions to the participants and knew that data saturation had been reached when no new information, ideas, or themes emerged from the research study participant responses. I employed member checking by providing my interpretation of the interviews to the participants for their review and comments. I employed data triangulation through the data collected from the interviews of the participants and financial documents. There is a direct link between data triangulation and data saturation; data triangulation ensures data saturation (Fusch & Ness, 2015). Data saturation occurred when I collected sufficient data to replicate the phenomenon of the research study. I knew I had reached data saturation when I had no new information, coding, or themes, and I could replicate the results.

Transition and Summary

In this qualitative multiple case study, I explored strategies for preventing and detecting fraud in small retail businesses in the Southeastern United States. Section 2 included the role of the researcher, participants, research method, research design, data collection instruments, data collection technique, data organization techniques, data analysis, and reliability and validity of the study.

Section 3 includes a presentation of findings, applications to professional practice, implications for social change, recommendations for action, recommendations for further research, reflections, and a conclusion.

Section 3: Application to Professional Practice and Implications for Change

Introduction

My objective for this qualitative multiple case study was to explore what strategies some small retail business owners use to implement proper internal controls to mitigate consumer fraud. Section 3 includes a presentation of findings, applications to professional practice, implications for social change, recommendations for action, recommendations for further research, reflections, and a conclusion. When I began searching for participants for the study, I did not expect getting participants to volunteer would be challenging. The participant population originally consisted of owners of three small retail businesses in Tampa, Florida, with less than 100 employees who had knowledge of successful internal controls. My first action was to visit small retail businesses to speak with owners. The visits were unsuccessful because the owners were not present, or the people I spoke with were not honest. I sensed skepticism from store employees when I asked to talk with owners or tried to explain my study. Several promised to provide the consent letter to the owner and respond, which never happened. My next step was to call businesses I visited to see if owners were aware of my study, which led to recording messages on answering machines. I never received any return calls. I sent out 94 emails and received zero responses. I continued making phone calls to businesses I had emailed, but with no luck. During one instance, I heard the manager ask the employee if they were on mute so they could tell this employee to say to me they were not there. Another business owner promised to give me an interview, suggested a different email address to send information, and kept responding with one word: “Hi.”

The IRB suggested expanding my geographical region to the Southeastern United States, which I did.

I changed the region because of the lack of response from the Tampa area. I also offered participants a $20.00 gift card, which I hoped would lead to more volunteers. I continued to send emails out to this broader area, and out of 102 emails, I received 11 responses. Of these responses, I ended up with four volunteers for my study. I conducted one Zoom, two phone, and one face-to-face interview. Three participants would not accept the $20.00 gift card, so I donated funds to a local animal shelter in Florida. Since they had pets, I purchased a pet store gift card for my last interview subject.

I conducted a combination of face-to-face, Zoom, and phone interviews with four small retail business owners as the primary source of data collection pertaining to the detection and prevention of consumer fraud. In addition, I requested written documentation of businesses' internal control plans; however, participants responded they did not keep this in writing due to being small businesses. I was able to obtain financial documents for each business. I used the following pseudonyms for participants: B1, B2, B3, and B4. I used data triangulation which involved financial records along with interview data. After transcribing interviews, I sent transcripts to participants for their review and approval for member checking. I used Microsoft Excel for coding, analyzing, managing, and organizing themes. From the analysis of my research and study results, I could identify successful strategies and internal controls; these businesses implemented to detect and prevent consumer fraud. Three major themes were (a) financials, (b) monitoring, (c) and segregation of duties. Section 3 includes a presentation of findings, applications to professional practice, implications for social change, recommendations for action, recommendations for further research, reflections, and conclusions.

Presentation of the Findings

The central research question for the study was: What strategies do small retail business owners develop and implement for using proper internal controls to mitigate consumer fraud? The study population consisted of four small retail business owners in the Southeastern United States.

Interviews consisted of eight semistructured open-ended questions (see Appendix B) as the primary data collection method for the study. Interviews were conducted by phone, Zoom, and face-to-face. Although I had planned on reviewing internal control policy documents, no participants kept their internal controls in writing. I used data triangulation by including financial records I had obtained for the businesses and data from interviews. The conceptual framework for this qualitative multiple case study was Cressey's fraud triangle theory. The three components of the fraud triangle are pressure, opportunity, and rationalization. Small retail business owners can use the fraud triangle theory to understand risk factors contributing to the tendency to commit fraud. Interviews and financial documents gave me the needed data to conduct my analysis.

Three major themes identified from my analysis of the research study findings are (a) financials, (b) monitoring, and (c) segregation of duties which are relevant to Cressey's fraud triangle theory. The participants knew the need for internal controls to mitigate the opportunities and pressures in their business environment. These themes are significant to small retail businesses to strengthen internal control processes (see Table 1).

Table 1

Interview Questions, Themes, and Percentage of Participants

Interview Questions	Themes	% of participant's references
1. What strategies are currently in place to mitigate consumer fraud from occurring in the business?	Financials Monitoring	100%
2. How does your organization assess the effectiveness of its internal control strategies to prevent and detect employee fraud?	Financials Monitoring Segregation of Duties	100%
3. What specific internal controls have been the least effective in mitigating consumer fraud?	Financials Monitoring	50%
4. What specific internal controls have been the most effective in mitigating consumer fraud?	Financials Monitoring Segregation of Duties	100%
5. How, if at all, has your employees' behavior changed with the implementation of the internal control plans?	Financials Monitoring Segregation of Duties	100%
6. How often are the internal controls reviewed/tested in your business?	Financials Monitoring Segregation of Duties	100%
7. What, if any, changes have been made to the internal control plans since they were implemented in the business?	Financials Monitoring	100%
8. What additional information would you like to share regarding your successful strategies to prevent and detect employee fraud?	Financials Monitoring Segregation of Duties	100%

Theme 1: Financials

Financials include cash, credit cards, and check transactions within the business. Cash, checks, and credit cards are important to any small business, and all three are subject to fraud. Cash can be taken out of the register, checks can be forged, and credit card information can be stolen, resulting in business losses. When theft is an inside job, staff are costing the sector millions by stealing large amounts of money (Cash Handling, 2018).

All four participants (100%) agreed that cash, checks, and credit cards were very important for their businesses. B1 was web-based and only accepted credit cards, B2 and B3 did not accept checks or telephone sales, and B4 accepted cash, checks, and credit cards. They had various reasons for their choices, including bounced checks and phone scams. Check fraud is when someone gives a check to pay money, knowing they do not have enough money to spend, or stealing someone else's check (Surbhi & Kumar, 2019). B2 stopped taking telephone sales a couple of years ago due to a scam where someone would place an order with a stolen credit card saying items were a bonus for an employee and then have someone else come and pick up the items. The perpetrator hired the person who picked up the items. Not taking any more telephone sales helped protect persons whose credit cards were stolen. B2 stopped taking checks after letting a person write a check for an expensive item, and the check bounced. They were able to prosecute that person for forgery, and they stopped taking checks.

Business owners who handle cash, credit cards, and checks must be internal controls for managing these processes. At the end of the day, cash, checks, and credit card receipts should be counted to ensure the till totals. B2, B3, and B4 stated that they do not have their employees count the drawer at the end of the day because they feel it is their job since they are the owner of the business and want to be aware of the transactions for each day and what is in the register. Access to cash, credit cards, and checks can be a motivator for employees with financial struggles. The fraud triangle has three main motivations for committing fraud: a justification for unfair treatment a person may feel they receive in the company, an incentive or economic need, and the opportunity to commit the act (Criollo Oquero, 2020). The proper resolution would be not to let the event happen.

Sometimes the owner is not around in a small business, making it easy for the employee to commit fraud. B4 had an employee who kept 50% of each transaction when he only authorized 30%. This resulted in the owner handling all the financials, and of course, that employee no longer works for the business. Without monitoring an employee's work, an owner would not know whether the management plan is working or if it needs to be adjusted (Reh, 2019). B3 stated that when hiring their employees, they are super selective and spend ample time with them and getting them trained. B3 also offers a cost discount to the employees and hopes to keep them from stealing. An option that B2 has for their employees: anything they want to purchase comes directly from their check, so they are not putting money into the register or taking money out.

The employees of B1 have had to work their way up in the company to earn their position based on hard work and effort by taking pride in protecting the company. Individual ethical values are influenced by behavior and what is thought right or wrong;

with ethical values present within themselves, employee fraud might be hindered (Said et al., 2018). These owners relied on their hiring skills to only bring honest employees to work for them. The research findings of this study revealed that small retail business owners have various controls in place to help detect and prevent fraud from occurring in the workplace. The results also indicated how these business owners work with their employees by promoting solid ethical behavior to remove the fraud triangle components of pressure, opportunity, and rationalization.

Theme 2: Monitoring

The theme of monitoring includes discussions from the small business owners regarding how they monitor and oversee what is going on inside the business with the employees and the customers. All four business owners discussed how they are hands-on in the business. This allows them to watch what is going on and to track possible fraudulent activities by the employees or customers. Small business owners must look for employee behavioral changes, which can be a warning sign of potential fraud (Treadwell, 2021).

Monitoring is not only to catch fraud but also to protect employees. When a small business has limited controls, an abundance of trust, or inadequate oversight, management must understand that any employee with sufficient needs may become motivated to commit fraud (Treadwell, 2021). All four (100%) of the owners discussed how important it is to be visible in the business. B3 discussed that cameras were installed to protect the business and the employees. Rendes (2019) noted to not put your employees in a position where they can be suspected of wrongdoing because there are not adequate controls in place. There was an incident where the cameras defended the employee when a customer accused the employee of stealing money out of their wallet. The customer purchased an item and left the wallet on the counter. The person behind the customer took the cash out of the wallet without the employee noticing. The employee saw the wallet and put it behind the counter. The thief paid for their merchandise with a credit card and left. Later that day, the customer who left the wallet returned to the store with the sheriff accusing the employee of stealing the cash out of the wallet. The owner then viewed the camera tapes and was able to prove how the money was stolen. They could also pull the credit card receipt to locate the thief and have them arrested. This is an excellent example of how cameras protect the store and the employees because it could have had a different outcome without the camera tapes. Upon visiting B4, I saw the security cameras inside and outside the business.

B2, B3, and B4 make it a point to be present at the business most of the time and at the end of the day to count the register. B2 acknowledged, “one of us being at the shop makes it a little harder to get away with employee fraud when your boss is there.” B2 also checks the hard drive to ensure they are not storing any customers' credit card numbers. They also scan their system every three months to ensure it has not been compromised. The lack of oversight by the owners is an internal control weakness that may result in opportunities for employees and customers to engage in fraudulent activities (Nasir et al., 2021). Small retail business owners could use the fraud triangle theory to understand the components of why consumers and employees commit fraud. This research study revealed that employees would be less likely to commit fraud if they knew the cameras were monitoring all activities. For a minimal cost, owners can install cameras to monitor customers and employees to reduce fraudulent actions in the business.

Theme 3: Segregation of Duties

The theme of segregation of duties includes strategies presented by the discussions from small business owners regarding the distribution of responsibilities within the business. Segregation of duties, also known as separation of duties, is assigning different people the responsibilities of authorizing transactions, recording transactions, and custody of the related assets to reduce the opportunities for any employee to both perpetrate and conceal the crime (Evangelista & Brophy, 2020). Many small businesses do not have the personnel to separate all the duties required, so many small business owners handle most of them. If there are any errors, they only have themselves to blame.

B3 does not allow the employees to close the drawer at the end of each day. B3 takes this upon themselves and says it is the owner's responsibility. It is not that they do not trust the employee, but they feel it is their job to do it. B4 also balances the financials daily due to the fraud they encountered from a previous employee. B4 prefers to maintain control of the financial transactions. B1 has implemented a second layer of security in the system where the employees input the customers' personal and private information to help keep other employees from accessing it. B2 is always present at the business and ensures the register is counted at the end of the day with their oversight. Dishonesty in the workplace can be a major problem for any business, and study after study reveals that some people admit to having behaved dishonestly at work (Desteno, 2019).

Segregation of duties and internal controls can help detect and prevent dishonest employees from committing fraud. Cressey's (1953) fraud triangle components of pressure, opportunity, and rationalization can be prevented by segregating duties within the business. The results of this research study revealed that many small retail business owners do not have enough employees to perform sufficient segregation of duties, and the owners take it upon themselves to manage the financial checks and balances of the business.

Applications to Professional Practice

I conducted this study to discover what strategies small retail businesses use to detect and prevent fraud from occurring in the business. The specific business problem was that some small retail business owners lack the strategies to develop and implement the proper internal controls to mitigate consumer fraud. Small retail business owners should remove the incentive (motives-pressures) and opportunity to commit fraud from the business (Kumar et al., 2018). The findings of this study could provide small retail business owners with information on how to implement strategies to reduce fraud in the workplace. Small business owners can help control or prevent fraud with specific policies and commitment to eliminating the workplace problem (Evangelista & Brophy, 2020). The results of this study aligned with the three components of the fraud triangle because with financial handling, segregation of duties, and monitoring, employees and consumers were less likely to commit fraud. Having specific processes for handling the financials can lessen the theft of funds. Business owners can use segregation of duties to ensure that one person is not performing all of the balancing and counting of the monies.

Surveillance cameras are an asset to any business to watch employees and customers and protect them from accusations of fraudulent activity.

Implications for Social Change

The social change implication includes effective internal controls, increased profit, job opportunities, employee training, and economic growth. The findings from this study may benefit small retail business owners and society by providing business owners strategies for implementing proper internal controls to help prevent and detect consumer fraud. A solid internal control system could reduce employee and consumer fraud, minimizing financial loss and increasing profit. Increased profit can enhance positive growth in the surrounding communities by creating job opportunities for the unemployed. The results of this study could offer small retail business owners a better understanding of the importance of training employees on what defines fraud and how to prevent and detect fraud in the workplace. Small retail business owners could benefit from the results of this study by supporting ethical behaviors and discouraging fraudulent actions. Employees protecting the business from fraud may feel a sense of belonging, and knowing they are trusted may prevent fraudulent activities. Small businesses contributing to the community's economic growth create a positive effect on society.

Recommendations for Action

The solution to the business problem in this study is educating small retail business owners on strategies for developing and implementing proper internal controls to mitigate consumer fraud. My first recommendation is for persons looking to start their own small retail business to read this study and review some of the internal controls the participants implemented. Surveillance monitoring was a vital internal control for the participants. Cameras were important in monitoring employees and consumers during and after business hours. The second recommendation is for small business owners to participate in training opportunities focused on internal controls, segregation of duties, monitoring, and cash controls. Segregation of duties should consist of not having only one person should handle a given transaction process. A third recommendation is to conduct thorough background checks of potential employees when conducting hiring interviews, including checking references, criminal records, driving records, social media accounts, and credit reports. A person's financial and social history can help an owner learn about this person and whether they may or may not be a good fit in the business. Some participants elaborated on the extensive background checks they conducted before hiring their employees and not leaving the employee alone in the store until trust was established. A fourth recommendation is for all small business owners to have the internal controls documented. Having good practices in writing can be beneficial if the business is ever sold. Potential owners usually want to buy the company because they have seen how it is run and may wish to continue those same processes. The participants provided some excellent examples of fraud that occurred in their businesses. I plan to share my study results through small business journals, newsletters, conferences, and college courses.

Recommendations for Further Research

The purpose of this qualitative multiple case study was to explore what strategies some small retail business owners use to implement proper internal controls to mitigate consumer fraud. The results from this study can be used for future research in exploring additional strategies not covered by the small business owners in this study. Participants in this study had specific internal controls that worked for them.

In Section 1, I listed three limitations: generalizability, volunteer withdrawal, and bias. I initially planned on interviewing three small retail business owners in Tampa, Florida. Still, due to the lack of response, I expanded the geographical location to the Southeastern United States, so the results were not just from Tampa, Florida. I was pleased with the change of location because my results were not just from one specific region and were not generalized. Future research could include an expanded area to discover what internal control strategies are used in other states. The second limitation of volunteer withdrawal was a concern; however, the participants who decided not to participate let me know by either declining or just “ghosting” me. The third limitation of bias did not have an impact on my transcription of the interviews. I transcribed the interviews word-for-word, and member checking gave the participant a chance to review and make comments as needed. All four participants agreed with my summary of responses. Having worked in retail before, I understood some of the struggles small retail business owners deal with. Future research could include a larger geographical area and a more significant population of participants, which would most likely explore strategies not covered in this study. I would also recommend ensuring that businesses have their internal controls in writing and update them as they implement changes.

Reflections

My entire doctoral research study process has been exciting, challenging, frustrating, and rewarding. I was not expecting getting volunteers for my interviews to be so difficult. I concluded that people were fearful that their so-called “dirty laundry” would be reported even though I guaranteed the confidentiality of the interview data. Of the interviews I conducted, the participants had more internal controls than they thought, which gave me a sense of achievement in helping them notice that. COVID-19 made it more challenging to interact with businesses in person. If I had to do this all over again, I would most likely conduct a quantitative method using survey research with questions through an online application. I have to commend all small retail business owners for the dedication and time they take out of their lives to keep their businesses running and profiting. One must be hands-on if the business is going to be successful. I discovered that to own a small business, you must be 100% dedicated to surviving.

Conclusion

Many small retail business owners lack the resources and strategies to develop and implement proper internal controls to mitigate consumer fraud. However, it remains the responsibility of the small business owners to ensure the proper internal controls are in place to help prevent and detect consumer fraud. The purpose of this qualitative multiple case study was to explore what strategies some small retail business owners use to implement proper internal controls to mitigate consumer fraud. The conceptual framework of this study was based on the fraud triangle theory. The data collection method I used included semistructured interviews and financial documents.

The three main themes from the data collected were (a) financials, (b) monitoring, and (c) segregation of duties. The contribution to positive social change includes showing business owners how strategies in implementing proper internal controls in their business can help prevent and detect consumer fraud. These strategies are important to small businesses because preventing fraud and theft enables business owners to reduce costs. Reducing costs results in having available funds for employee salaries and bonuses to increase profits. Evangelista and Brophy (2020) discussed how employee theft in the workplace happens more often than employers would like to think, and as an employer, the cost of employee theft is too high to ignore. The findings from this study could also help small business owners understand the necessity of having proper internal controls to reduce fraud, decrease financial loss, increase profitability, and prevent the business from closing.

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Appendix A: Interview Protocol

Introduction

Good (morning/afternoon), and thank you for making yourself available for this interview. I am Anna Marie Foye, a current doctoral student in Business Administration at Walden University. My research study on small retail businesses is titled *Strategies for Developing and Implementing Internal Controls for Mitigating Retail Consumer Fraud.* Previously you were contacted in-person to provide you the background and objectives of the study, my role as the researcher, and the details of what your participation in this study will be.

Interview Time Length

The interview consists of eight open-ended questions and will last approximately 30 to 45 minutes.

Privacy of Interview Responses

To ensure the privacy and confidentiality of the participants' responses in the study report, I will mask all interviewees' identities.

Recording the Interview

To help the researcher meticulously record all the interviewee's responses, I will record by using an electronic audio device as permissible by you. The recording will ensure all answers can be integrated into the research study documents.

Informed Consent

An informed consent form is provided for each participant to sign before participating in the study. I am not able to proceed with the interviews without a signed consent form from each participant.

Final Discussion

I much appreciate you taking the time out of your busy day to interview with me. Your contribution to my study will be valuable to the retail business industry. I will use the information provided for my academic research study, and all data will remain confidential.

Appendix B: Interview Questions

1. What strategies are currently in place to mitigate consumer fraud from occurring in the business?
2. How does your organization assess the effectiveness of its internal control strategies to prevent and detect employee fraud?
3. What specific internal controls have been the least effective in mitigating consumer fraud?
4. What specific internal controls have been the most effective in mitigating consumer fraud?
5. How, if at all, has your employees' behavior changed with the implementation of the internal control plans?
6. How often are the internal controls reviewed/tested in your business?
7. What, if any, changes have been made to the internal control plans since they were implemented in the business?
8. What additional information would you like to share regarding your successful strategies to prevent and detect employee fraud?

Appendix C: Invitation Letter

Hello Business Owner,

My name is Anna Marie Foye, and I am a doctoral student from Walden University. The reason I am writing you is to invite you to participate in a research study I am conducting for my Doctor of Administration degree. I am seeking owners of small retail businesses in the Southeastern United States. My study is regarding strategies for developing and implementing internal controls for mitigating retail consumer fraud in small retail businesses.

If you are interested in participating in this valuable research, please reply to this email with your interest. The reply is letting me know that you are interested in participating or would like more information on the study. A $20 gift card will be provided to volunteers upon completion of the interview.

Sincerely,
Anna Marie Foye
Doctoral Candidate
Walden University
Cell-(XXX) XXX-XXXX