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Strategies to Prevent and Detect Occupational Fraud in Small Retail Businesses

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This is to certify that the doctoral study by

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Doctoral Study Submitted in Partial Fulfillment

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Abstract

Business owners' lack of strategies to prevent and detect occupational fraud in small retail businesses in the United States could result in substantial financial losses or insolvency. Grounded in Cressey's fraud triangle, the purpose of this multiple case study was to explore internal control strategies 6 owners of small retail businesses in southeastern Pennsylvania used to prevent and detect occupational fraud. Face-to-face interviews, observations, and documentation are the data collection techniques I used in this study. Data were transcribed, coded, analyzed, and member checked to identify emergent themes. Six themes emerged from the thematic analysis: financial impact, transaction responsibility and monitoring, networking and business models, communication, separation of duties, and training. The results of this study indicated areas for action that owners of small retail businesses could take to prevent and detect occupational fraud. Strategies business owners could implement to protect their businesses from occupational fraud include monitoring, employee identity documents to track employee activity, separation of duties, and communication with employees. The implications of this study for positive social change include the potential for social entrepreneurship because small business owners create employment opportunities for members of the community, including high school students with the desire to run small retail businesses. Small business owners serve their communities by focusing on wealth distribution, including donations to local charities that foster economic stability with positive effects on society.

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Dedication

I dedicate this study to my godmother Terry King, who introduced me to God and Christ at an early age. My godmother taught me how to have faith in God and in myself; she taught me to be confident in all that I do. Without her I could not be the woman and leader that I am today. Without my godmother's influence in my life, I would not have been able to make through this journey.

I would also like to dedicate my study to mentor and brother in Christ, Dr. Ronald Whitaker II. Dr. Whitaker interrupted his very busy schedule to meet with me regularly during my doctoral study process without hesitation. He encouraged me to keep my faith, pray, and would not allow me to give up though I wanted to numerous times. Dr. Whitaker was patient and listened to my frustrations as well as provided guidance on how to maneuver each step of this tedious process. He prayed with and for me, encouraging me to celebrate the small victories. Without Dr. Whitaker, I would have never made it through the doctoral study process. I am eternally grateful that he did not give up on me and quickly accepted my request for his mentorship.

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Lastly, I would like to thank all my participants who made completion of my study possible. Without their participation, the arduous work and dedication I put forth to achieve this goal would have been impossible. To them I am forever grateful.

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Section 1: Foundation of the Study

Occupational fraud, a term used interchangeably with employee fraud, occurs in small businesses where preventative measures to prevent fraud do not exist (Lofland & McNeal, 2014). Unethical employee behavior is a significant factor contributing to occupational fraud (Pierce & Snyder, 2015). Some employees in the retail industry commit occupational fraud by intentionally ignoring shoplifters as they may benefit from the crime by looking the other way; the perpetrator may be compensating the employee for not reporting him or her (Pierce & Snyder, 2015). Fraud against small businesses has serious financial implications, as many small business owners are unable to recover from fraud loss, whether it is theft of inventory or cash (Button, Lewis, & Tapley, 2014).

Retail trade businesses engaged in non-federal business are small if annual receipts are $7.5 million with less than 200 employees (Small Business Development Center, 2017). Small businesses account for 98.2% of the state of Pennsylvania's employers; however, there has been a decrease in the birth of small retail businesses with less than 200 employees within the last 3 years, down to 37.7% (SBDC, 2017). Small businesses are integral to local communities as owners realize the opportunity to create resources, add value, and improve economic conditions (Feldman, 2014). When small business owners become victims of occupational fraud and are not able to recover, the business as well as the community may suffer. I intend to explore to explore strategies small business owners implemented to prevent occupational employee fraud and remain successful.

Background of the Problem

Trustworthiness in small businesses is often taken for granted because small business owners assume that employees can be trusted and take that trust at face value (Smith, 2016). This naive trust primes the business owners for becoming victims of occupational fraud, leading to asset misappropriation, which continues to be an ongoing problem. What many small business owners may not take into consideration is that women and men commit employee fraud in every industry, equally, with the exception of the banking industry where women outnumber men (Bonny, Goode, & Lacey, 2015). Thus, an employee motivated to commit fraud may be of any age or gender and convey the perception that he or she is the most trusted employee in the company.

Researchers should continue research in occupational fraud until small business owners realize that they are not immune to occupational fraud and their internal control procedures should be as effective as their larger counterparts' internal controls. Fraud remains one of the most problematic issues for businesses worldwide (Gullkvist & Jokipii, 2013). Van Gelder and DeVries (2016) argued that despite the ubiquitous nature of employee theft, occupational fraud by ordinary employees is a field that does not generate much enthusiasm by crime researchers. According to Van Gelder and DeVries (2016), most attention is given to high profile white collar crimes involving corporate executives despite the fact that occupational fraud occurs more frequently. Occupational fraud has not received the attention required from researchers. The results of this study should prompt small business owners to be more strategic when formulating internal control processes to prevent and deter employee fraud.

Problem Statement

Employee fraud is a serious issue in small businesses as fraud causes interruption of business operations, costs companies additional time and resources to reverse the damage of fraudulent activity, and tarnishes companies' reputations (Omar, Nawawi, & Salin, 2016). Employee fraud accounts for 85% of total occupational fraud (Goldstein, 2015). The general business problem is that misappropriations cause substantial financial losses for small businesses. The specific business problem is that some small retail business owners lack strategies to implement internal controls that prevent and detect employee fraud.

Purpose Statement

The purpose of this qualitative multiple case study was to explore internal control strategies small retail business owners used to prevent and detect employee fraud. The targeted population consisted of owners of six small retail businesses in the Southeastern region of Pennsylvania who have successfully implemented internal control strategies to prevent and detect asset misappropriations. Implications for social change include the potential for increased internal controls, which will decrease occupational fraud and allow small businesses to thrive. As small businesses continue to thrive, more employment opportunities for individuals in the community in Philadelphia county and the immediate surrounding areas where the businesses run will become available.

Nature of the Study

Three methods of obtaining information for research are qualitative, quantitative, and mixed methods (Venkatesh, Brown, & Bala, 2013). Researchers use the qualitative method to explore a research question using multiple data sources including in-depth or semistructured interviews, observations, and documentary evidence (Slack, Corlett, & Morris, 2015; Yin, 2014). The qualitative method is suitable for this study, as I obtained information from individuals regarding preventing and detecting asset misappropriations through interviewing, observation, and documentation processes. Quantitative researchers use this method to count the number of occurrences of an event or measure the magnitude of an effect (Shelton, Smith, & Mort, 2014). Measuring the effects or magnitude of an event was not the intent of my study; as such, I did not use the quantitative method. Researchers employ the mixed methods approach to combine quantitative and qualitative methods when quantitative and qualitative methods alone are not sufficient (Venkatesh et al., 2013). For purposes of this study, the qualitative method was sufficient to provide the information required to address the specific business problem.

Three qualitative research designs are case studies, ethnography, and phenomenology. Researchers use case studies to interview, observe individuals in their environment, and collect documentation for purposes of understanding a broader class of similar individual behavior, thus providing the researcher with a holistic view of the research problem (Baškarada, 2014). Conducting a multiple case study in small retail businesses in my locality allowed me to generalize the strategies business owners use to prevent occupational fraud in a way that is beneficial in similar businesses where owners experience weaknesses. My case study consisted of interviewing, observing, and collecting documentation on small business owners who have successfully implemented of internal controls to prevent and detect occupational fraud. Researchers using the ethnographic designs spend extensive time observing groups' cultural behaviors (Morales & Lambert, 2013). An ethnographic design was not useful in this study, as I did not observe groups' cultural behaviors. Researchers use the phenomenological design to study the meanings surrounding human experiences with phenomena (Gill, 2014). My intent was not to study the meanings of human experiences. Instead, I was seeking to understand business strategies, thus rendering the phenomenological design unsuitable.

Research Question

What internal control strategies do small businesses owners use to prevent and detect employee fraud?

Interview Questions

1. How did employee fraud affect business operations?
2. What internal control strategies allow you to prevent and detect employee fraud?
3. What assistance did you require to determine strategies to implement to prevent and detect employee fraud in your business?
4. How did you address the key obstacles to implementing your business' strategies for internal controls to prevent and detect employee fraud?
5. How do you monitor the effectiveness of internal control strategies to prevent and detect employee fraud?
6. What additional information can you provide regarding strategies to prevent and detect employee fraud?

Conceptual Framework

The conceptual framework for this qualitative multiple case study was the fraud triangle. Donald R. Cressey, a criminologist, developed the fraud triangle in 1953. Cressey's development of the fraud triangle was for the purposes of explaining why perpetrators of white-collar fraud committed those crimes. As applied to this study, I anticipated explaining how the elements of the fraud triangle translate into possible predictors of risk factors of an employee's propensity to commit occupational fraud. My intent was to explain how small business owners can use the fraud triangle model to prevent and detect fraudulent acts.

The fraud triangle consists of three elements: (a) pressure to perform or a threat to fraudsters financial status, (b) rationalization by the fraudster for their actions, and (c) opportunity to commit fraud. Rationalization depends on the individuals and the circumstances they are facing and occurs when the perpetrator constructs a justification for the fraud (Lin, Chiu, Huang, & Yen, 2015). Reinstein and Taylor (2017) argued that rationalization reduction is necessary to reduce occupational fraud. Cressey (1953) posited that pressure must exist for fraud to occur while Yogi-Prabowo (2016) and Kummer, Singh, and Best (2015) argued that pressure is relative, begging the question as to whether the benefit outweighed the cost of committing the crime. Yogi-Prabowo (2016) and Kummer et al. (2015) also suggested that perpetrators would commit fraud only if the benefits were substantial. Yogi-Prabowo (2016) argued that a potential offender would first attempt to assess whether his or her crime will produce the highest perceived benefits. Opportunities to commit fraud are risks that are present when internal controls are weak; therefore, the risk of committing fraud and getting caught are low (Zakaria, Nawai, & Salin, 2016). Understanding the fraud triangle would enable small business owners to predict fraud risk factors.

Operational Definitions

Asset misappropriation: Asset misappropriation involves the theft of an entity's assets and is often perpetrated by employees who steal relatively small and immaterial amounts (Nia & Said, 2015).

Fraud: Fraud refers to intentional irregularities that include fraudulent financial reporting as well as employee theft, embezzlement, or defalcation (Cho, Lee, & Song, 2013).

Fraud triangle: The fraud triangle has three legs, which are the opportunity to act dishonestly, incentive or pressure to do so, and rationalization by the fraudster for their actions. The fraudster's motivation is financial gain, pressure to perform, or a threat to their power, money, or status (Morales et al., 2014)

Occupational fraud: Occupational fraud is the intentional act in which an employee misuses their influence in business transactions in a way that violates their duty to the employer or gains a direct or indirect benefit at the cost of their employer (Timofeyev, 2015).

Assumptions, Limitations, and Delimitations

Assumptions

Alvesson and Sandberg (2014) suggested that researchers are boxed researchers, meaning they invest a considerable amount of time on a single specialization. Box research leads to overspecialization, often referred to as a *silo-mentality*, which leads to a sense of narrowmindedness and excessive preoccupation with ideas inside the box. Boxed research could be referred to as having tunnel vision, where the researcher is focusing on a single aspect of the problem (Alvesson & Sandberg, 2014). The first assumption about this case study was that small business owners are honest in answering the research questions. Second, they are fully trained and knowledgeable regarding employee fraud. Third, business owners have incorporated occupational fraud prevention and detection procedures in the business plan the before startup of business. Another assumption was that small business owners would provide paper documentation instead of electronic documentation. Meaning that some business owners did not keep paper documentation on file, rather their documentation was electronically stored in software programs.

Limitations

Research on small business fraud is lacking in many countries (Kramer, 2015), as mentioned by Van Gelder and DeVries (2016), most research is focused white-collar crimes involving corporate executives rather than small business owners. This qualitative research study was limited to a sample size representing the retail industry in a single region. With small business occupational fraud, specifically asset misappropriation, many researchers limit their studies to the United States (Kramer, 2015). Because of this, the problem is generalized, lacking complete global representation. Thus, the effects of asset misappropriation are internationally unknown (Kramer, 2015). Where there is collusion and the perpetrator convinces another to join him or her in committing asset misappropriation, there may not be a report in every instance (Albrecht, Holland, Malagueño, Dolan, & Tzafrir, 2015). Another limitation is that owners may not record or report occupational fraud if they consider the act relatively insignificant. Some business owners may not report occupational fraud if they consider the infarction to be relatively minor.

Delimitations

Delimitations of a study are boundaries placed on the study by the researcher (Simon & Goes, 2013). Some of the boundaries of my study were that the participants were a combination of fluently English-speaking male and female owners of small retail businesses who prevented occupational fraud and were willing to participate. I did not select business owners who did not speak English fluently for this study. Additionally, I did not consider business owners who did not operate for 5 years or more. The geographical boundary for this study was the southeastern region of Pennsylvania in the United States.

Significance of the Study

Owners of small businesses may benefit from this qualitative multiple case study by implementing effective internal control strategies to prevent and detect occupational fraud. Effective internal controls include adequate monitoring of employee activity. Surrounding communities could benefit from improved internal control strategies to prevent and detect employee fraud, as small businesses will continue to succeed, creating more employment opportunities. Increasing employment opportunities would promote financial and economic stability.

Contribution to Business Practice

Expected beneficiaries of the results of this study are small business owners. The owners of similar businesses may gain insight regarding how to prevent and detect employee fraud by identifying fraud risk factors that I present in this study. Awareness of the internal as well as external circumstances is essential in determining where fraud can occur, as the external environment is as significant as the internal environment when business owners are strategizing (Changyin, 2014). Small business owners experience asset misappropriation because many owners believe that since their business is small, they are not vulnerable to occupational fraud, nor do they implement sufficient or any internal controls to prevent and detect occupational fraud (Gagliardi, 2014).

Implications for Social Change

The achievement of financial value allows business to sustain their existence and provide opportunities for reinvestment and subsidization of projects that benefit individuals of the community, creating social value (Sinkovics, Sinkovics, & Yamin, 2014). Implementing effective internal control strategies to protect small business assets allows owners to flourish within the community by increasing employment opportunities, increasing income distribution, and decreasing social conflict. Placing an emphasis on social entrepreneurship, small business owners serve their communities by focusing on wealth distribution, addressing issues of hunger, education, and unemployment (Lumpkin, Moss, Gras, Kato, & Amezcua, 2013). Employment creation and economic stability have positive effects on society. For small business owners to secure their businesses within their communities, a sound internal control structure is necessary; thus, it is imperative to provide insights through the results of this study regarding how to achieve this objective.

A Review of the Professional and Academic Literature

Introduction

The purpose of the literature review is to provide a synthesis of sources relating to the overarching conceptual framework of the research study. This research study is a qualitative case study, anchored using the fraud triangle to explain reasons why one may commit white collar financial crimes. Attaining an understanding of how small business owners could use the fraud triangle model to assess fraud risk factors was the motivational tool I used to drive my literature review. Small business owners need to understand what different types of fraud look like and what fraud is in general to be able to take full advantage of the fraud triangle. A gap in literature for small business fraud exists as many researchers approach the issue of occupational fraud from the viewpoint of risk factors, red flags, and financial statement fraud, but not internal control processes.

Occupational fraud is the deliberate misuse of an employer's assets by an employee (Goldstein, 2015). Disgruntled employees commit occupational fraud or may do so because the opportunity exists. Occupational fraud includes asset misappropriation, cash theft, and financial statement fraud (Goldstein, 2015). The focus of this study will be asset misappropriation in small businesses. Small businesses in Pennsylvania employed 2.4 million employees in 2014 and accounted for 47.3% of the private sector labor force (SBDC, 2017). In Philadelphia County where the research will be conducted, small businesses account for a total of 99% of all businesses with 500 or less employees (SBDC, 2017).

Despite the large number of small businesses in the Southeastern region of Pennslvania, occupational fraud prevention methods are lacking, which could cause small businesses to fail because owners are unable to recover from fraud attacks (Kramer, 2015). The purpose of this study was to explore the strategies that successful small businesses have employed to prevent occupational fraud within their businesses. Asset misappropriation significantly damages small businesses. Hunt and Austin (2014) said that asset misappropriation was the most common type of fraud.

Literature Review Search Strategy

The literature review strategy consisted of keyword and subject term searches that included corruption, fraud, occupational fraud, white collar crime, small businesses, small business fraud, employee fraud, internal fraud, retail fraud, qualitative methods, and case study observational research. Additionally, I searched online databases such as ProQuest, Academic Search Complete, Google Scholar, PsycInfo, and ABI/Inform. Using an extensive range of electronic sources was imperative during the literature review phase to ensure richness and depth. Any formal literature review must be a synthesis of scholarly and peer-reviewed evidence (Winchester & Salji, 2016). The evidence within the literature review must also be relevant, valuable to the area of study, and current (Winchester & Salji, 2016).

The literature review contains a synthesis of 82 sources, of which 66 include a digital object identifier (doi), while 14 do not include a doi. Eighty sources are scholarly peer-reviewed journal articles, with one other magazine source. Additionally, 80 sources are 5 years old or less, while three of the sources are seminal articles.

Table 1

Types and Number of References

Sources	Before 2013	Since 2013	Total	Percentage of Total
Peer-reviewed journals	3	77	80	98%
Government sources	0	1	1	1%
Magazine	0	1	1	1%
Dissertations	0	0	0	0%
Total	3	79	82	100%
Percentage of total	4%	97%	100%	

Literature Review Organization

The literature review begins with a definition and explanation of fraud in general and the categories of fraud that are at the center of this study, occupational fraud, which encompasses asset misappropriation. Following the overview of fraud is the fraud triangle and its three elements: (a) pressure, (b) rationalization, and (c) opportunity. The fraud triangle is the concept that undergirds my research study. As with many theories, there are alternative theories. The final sections outlined in the literature review involve occupational fraud prevention and detection mechanisms.

Fraud

Fraud, as suggested by Anand, Dacin, and Murphy (2015), is a controversial word as it can have several definitions, depending upon what an organization considers ethical or unethical. Anand et al. argued that there are several types of fraud; for example, there is internal employee fraud, also known as occupational fraud, and fraudulent financial statements. In this study, the focus is on internal occupational employee fraud. A fraudster's attitude towards his or her employer could contribute to decisions to commit occupational fraud, which can fluctuate depending on the fraudster's circumstance outside of work (Andon, Free, & Scard, 2015).

Fraud has become one of the most challenging obstacles in economic development to date (Azim & Azam, 2016). Fraud, as opposed to a mere mistake with lower risk, is an intentional act meant to harm an individual's employer (Hamilton, 2016). In overcoming the hesitation of investigating the most insignificant instances of occupational fraud, managers and owners should consider their own thoughts, emotions, and loyalty towards their employees, and more important, their business (Hamilton, 2016). There are significant issues to consider when looking at fraud through the eyes of a small business owner or manager such as personal relationships, or the fact that the fraudulent act may be so minuscule that the fraud is not recognized or reported.

Unfortunately, some employees in small businesses are likely to take advantage of their employer's trust and exploit their positions, especially where there is a lack of separation of duties (Ding & Wu, 2014). Petraşcu and Tieanu (2014) reinforced the importance of social change by emphasizing the adverse effects on the entire economy of accounting fraud, which is also the message I intend on sending throughout this study. When small businesses fail, the economy suffers as well as the business. Furthermore, accounting fraud results in substantial financial losses. Financial losses have a snowball effect; they weaken social stability as well as trust in the economy as well as social institutions. Fraud is a direct result of weak internal controls or nonexistent internal controls in some circumstances (Petraşcu & Tieanu, 2014).

Generally, when internal controls are weak or opportunistic, novice fraudsters can successfully complete their fraudulent acts individually or by colluding with others. Often when occupational fraud occurs, the fraudster will recruit others to participate in their fraudulent acts. Whether a large or small business, a person of power such as a manager could persuade employees with little power to contribute to carrying out their fraudulent acts or threaten the individuals (Albrecht et al., 2015). Fraudsters persuade others to collude with them to help them complete a fraudulent act that they cannot complete alone or commit in an undetectable manner. Waddell (2016) said that collusion takes place when management, employees, or third parties work together to conceal fraud, thus defeating the internal control system. In this instance, Waddell did not suggest that collusion must be a forcible action upon parties, contrasting Albrecht et al. (2015) who said that it is common for collusion to occur. Fraudsters may seek opportunities for personal gain; thus, coercion is not a factor in 100% of fraud cases.

Occupational fraud. Occupational fraud, also referred to as employee fraud, is one of the most common crimes committed against small businesses (Kennedy, 2016). Peltier-Rivest and Lanoue (2015) said that asset misappropriation was one of the most frequently occurring occupational fraud schemes among all fraudulent acts. However, occupational fraud not only affects the organization internally, but externally as well (Peltier-Rivest & Lanoue, 2015). The organization will not only lose its assets but also revenue, as well as its reputation. Small business owners are reluctant or slow to place proper protocols for preventing and detecting occupational fraud, leaving them vulnerable to asset misappropriation and other losses. Small business owners may leave such protocols out of employee trainings and onboarding as well, not realizing how critical this element is to their businesses (Henry, 2016).

Asset misappropriation. Fraud, particularly asset misappropriation, has been an ongoing growing concern for business owners when there were no internal controls (Lenz & Graycar, 2016). Asset misappropriation, one of the most common types of occupational fraud is only second to financial statement fraud (Krambia-Kapardis & Papastergiou, 2016). Small businesses often lack internal controls to prevent occupational fraud; as such, they suffer disproportionately large losses (Klein, 2015). Klein (2015) said that 85%s of occupational fraud instances are due to asset misappropriation. Many small businesses lack adequate internal controls because of the financial responsibility required to implement and maintain the controls (Alleyne & Amaria, 2013). However, by preventing asset misappropriation when losses are so costly to small businesses, the benefits of implementing internal controls outweigh the costs. Additionally, white collar crimes have taken the form of asset misappropriation on the grounds of employee entitlement, notwithstanding the owners' oversight of growing businesses over time (Lenz & Graycar, 2016).

Fraud Triangle

Sociologists and psychologists who determine why criminals commit financial crimes use the fraud triangle. Decision makers in organizations use the fraud triangle to understand, prevent, and detect not only asset misappropriation or fraudulent financial statements, but fraudulent acts committed by all fraudsters (Daigle, Hayes, & Morris, 2014). When assessing fraud risk exposure, determining who may be potential perpetrators, and developing strategies to prevent asset misappropriation, some decision makers will refer to the fraud triangle to construct the most effective fraud prevention controls (Mihret, 2014).

Despite the controversy about to the effectiveness of the fraud triangle model and its use for risk assessment, the auditing profession has formally adopted the fraud triangle as part of Statement on Auditing Standards (SAS) 99 (Suliman, Danbatta, & Rahman, 2014). Bakri, Mohamed, and Said (2017) suggested that the fraudulent activity that led to the demise of such companies as Enron, Satyam, and Parmalat were due to the components of the fraud triangle: lack of internal controls, pressure, or incentives to commit fraud as well as rationalizations to commit fraud. Bakri et al. also presented the fraud triangle model in their study as a fraud assessment tool instead of a fraud detection tool, which is how small business owners should be capitalizing on the use of the model, which is to prevent fraud. Taking preventative measures against fraud is less expensive and more efficient than detecting fraud after the act has occurred (Sorunke, 2016).

Some researchers described the elements of the fraud triangle as separate functions, implying that one is not dependent on the other. For instance, Bakari et al. (2017) stated that lack of internal controls, pressure, or incentives to commit fraud lead to the downfall of large corporations. LaSalle (2007) said that those employees who were unhappy or disliked their employer experienced pressure that motivated them to steal from the employer. The employees become disgruntled and commit fraud in retaliation against their employers in some cases. When employees are dissatisfied with their positions, they tend to seek opportunities to commit fraud; they may steal out of greed, or because they were overlooked for a promotion or they have a sense of entitlement regarding salaries (Hess & Cottrell, 2016). Furthermore, when the internal control system is inefficient or nonexistant, there is a significant increase in the perceived opportunity to commit fraudulent acts such as asset misappropriation (LaSalle, 2007).

The fraud triangle is critical in preventing and detecting occupational fraud, perceived pressures, perceived rationalizations, and motivations; however, these perceptions are not all-inclusive. Kummer et al. (2015) argued that pressure to commit fraud was an unshareable need, which could be a financial pressure the fraudster does not want to divulge to his or her employer. An unshareable need as defined by Dellaportas (2013), occurs when an individual encounter a personal crisis. While rationalization involved personal ethics, opportunity, and lack of adequate controls within an organization and having the knowledge to commit fraud on behalf of the perpetrator.

Dellaportas (2013) suggested that perpetrators tend not to react after committing occupational fraud; instead, they display no reaction or remorse, and later attempt to rationalize their crimes. LaSalle (2007) and Kummer et al. (2015) both argued that opportunity for a perpetrator to commit fraud presents itself when there is a lack of internal controls within an organization. When internal controls are inadequate or nonexistent, this creates a poor workplace environment, which allows the opportunity for occupational fraud to arise (Mui & Mailley, 2015). Bhasin (2013) suggested that without the opportunity to commit occupational fraud, fraud could not exist.

Eaton and Korach (2016) suggested that from a public lens, white collar crime or occupational fraud is the principal reason for lack of trust and approval of businesses as well as the reason for the erosion of businesses over the last three decades. Because occupational fraud is a crime, Eaton and Korach recommended incorporating the fraud triangle in a more extensive criminal profiling operation. The more extensive criminological profile includes personality traits, behavioral analysis, and individual characteristics beyond the fraud triangle model's capabilities. Eaton and Korach posited that knowledge of perpetrators' past personality traits alongside current traits that are within the realm of the fraud triangle's capabilities are far more useful for fighting and preventing employee fraud. A layperson who has no prior behavioral analysis training may have certain personality traits that will go undetected regardless of their knowledge of the fraud triangle. For example, an owner interviewing a potential employee may not realize the demeanor of someone who was previously in an authoritative position with power who was not accustomed to answering to anyone else, instead of doing what they want (Eaton & Korach, 2016). Other traits include cultural hedonism, narcissistic personality disorder (NPD), and narcissistic personality tendencies that are features of narcissistic personality disorder (Eaton & Korach, 2016). With these individuals, everything is about them and their needs and wants, without regard to anyone else and as far as they are concerned, rules do not apply to them.

While Cressey developed the components of the fraud triangle about white-collar crime, use of the fraud triangle model applied to smaller firms as well. Some may question the use of the fraud triangle model in small business strategizing to prevent occupation fraud since the original developers and users were sociologists and criminologists, examining fraudulent occurrences on larger scales. The fraud triangle was developed to explain reasons why individuals in major corporations committed white-collar crimes (Dellaportas, 2013). Once small business owners become familiar with the fraud triangle model, they will be able to realize the benefits of utilizing it as an assessment tool when strategizing on creation or improvements of asset misappropriation procedures. To evaluate fraud risk, small business owners should carefully analyze the components of the fraud triangle (Mackevičius & Giriūnas, 2013). The size of an organization is no longer a factor when determining occupational fraud risk, as perpetrators of occupational fraud are a risk in any size firm (Yogi-Prabowo, 2014). Utilization of the fraud triangle model can aid in the establishment of an ethical climate that encourages ethical behavior and discourages unethical behavior once critical risk factors are identified (Elliott, Marquis, & Neal, 2013).

In many instances, researchers refer to the fraud triangle in research studies involving massive financial fraud or occupational fraud cases. For example, Finnerty, Hegde, and Malone (2016) referred to the fraud triangle model in their study on large firms with trading futures on the stock market before the fraudulent misconduct. The Sarbanes-Oxley Act of 202 (SOX) was a regulatory reform enacted as a response to a decline in accounting ethics and professionalism that revealed financial statement frauds, asset misappropriations, and embezzlements (Lail, MacGregor, Marcum, & Stuebs, 2017). Each of the fraud triangle components was key contributors to the financial reporting fraud occurrences that led to multiple system failures (Lail et al., 2017). Finnerty et al. (2016) purported that perpetrators of financial crimes often did not commit financial crimes for 5 years before committing their first financial crime. After multiple consecutive years of successful financial performance, management felt pressured to continue reflecting positive financial performance; thus, they began committing fraud (Finnerty et al., 2016). Financial pressures were one of the key elements Cressey identified in his 1953 fraud triangle model (Finnerty et al., 2016). Finnerty et al. purported that perpetrators of financial crimes often did not commit financial crimes for 5 years before committing their first financial crime. Finnerty et al. also suggested that the perpetrators sit in wait until the perfect opportunity, until they believe no one is watching, and until they believe, their actions will have no consequences.

Researchers use the fraud triangle model in areas other than white-collar crime, including fraudulent financial reporting and asset misappropriation; although these are the most prevalent concerns that plague organizations. Other persistent issues include bribery and corruption (Azizul-Islam, 2014). Bribery and corruption, as well as asset misappropriation and fraudulent financial reporting, have the potential to cause severe damage to an organization’s reputation that could lead to organizational failure (Azizul-Islam, 2014). As with other forms of fraud and corruption, researchers and practitioners refer to the fraud triangle as a fraud risk assessment, prevention, and detection tool. The three legs of the fraud triangle are applicable in various incidences of fraud. A more critical factor is risk assessment and prevention of fraud, bribery, and corruption is devising strategies to remove the opportunity element of the fraud triangle (Azizul-Islam, 2014). Furthermore, Azizul-Islam argued that without the opportunity element to commit fraud, corruption, or bribery, it is more difficult for a potential fraudster to attempt these crimes. Regardless of the actual crime, a fraudster is attempting to commit, the underpinning causes typically relate back to the three elements of the fraud triangle, pressure, rationalization, and opportunity (Azizul-Islam, 2014).

Leistedt and Linkowski (2016) posited that the fraud triangle identifies two levels for committing fraud, the personal (micro-level) skills, and the networking (macro-level) skills. The fraud triangle according to Leistedt and Linkowski falls under the micro-level as the elements of the fraud triangle pertain to an individual’s actions in his or her environment. Fabrication of results of materials, falsification of records, and plagiarism are crimes that a business owner could assess using the fraud triangle model (Leistedt & Linkowski, 2016). Fraudsters seek opportunities where they know internal controls are ineffective and where there are no ethical boundaries explicitly and efficiently placed (Leistedt & Linkowski, 2016). Leistedt and Linkowski also suggested that ethical policy is a reflection of the tone at the top; management must implement and demonstrate an example of ethical standards. In an environment where unethical behavior is intolerable, where it is punishable, potential fraudsters are less likely to commit fraudulent acts (Leistedt & Linkowski, 2016). Reducing fraudulent occurrences includes reducing or eliminating the opportunity to commit fraud (Azizul-Islam, 2014; Leistedt & Linkowski, 2016).

Employees of organizations are not the only perpetrators of fraud; managers are culprits as well, which is a signal of weak internal controls and lack of ethical policy. Management commits fraud for the same reasons as lower level employees, pressure (forced to make the numbers), rationalization (I had to in order to keep my position), and opportunity (overriding internal controls) (Lightle, Baker, & Castellano, 2015). Management is responsible for presenting financial statements that are free from error and relied on when assessing an organization's ability to generate cash as well as demonstrating the ability to adapt to economic change (Tsegba & Upaa, 2015).

Management of an organization that has not performed well may be inclined to misstate financial statements intentionally, which relates to the pressure component of the fraud triangle that auditors need to remain cognizant. External auditors must assess fraud risk in larger organizations about financial reporting; however, auditors had no way of determining risks of management misconduct (Lightle et al., 2015). For external auditors to assess the ethical policies and overall tone at the top, auditors incorporated the elements of the fraud triangle when considering whether fraud was a factor in financial statement fraud (Lightle et al., 2015). Using the fraud triangle for risk assessment is prevalent in the restaurant industry as well because of the incidences of asset misappropriation, corporate scandals, and financial statement fraud (Yost & Croes, 2016). Executives and managers in the restaurant industry are also under scrutiny and pressures to comply with their shareholders' demands (Yost & Croes, 2016). The components of the fraud triangle apply here as well to determine and mitigate risk factors (Yost & Croes, 2016). Tone at the top is significant in the restaurant industry because executive management has the authority to determine the aggressiveness of accounting practices (Yost & Croes, 2016). The more aggressive accounting practices, the increased likelihood of fraud occurring due to lack of ethical practices and control deficiencies (Yost & Croes, 2016).

Pressures, motivations, or incentives to commit fraud. Pressure or motivation to commit fraud often triggers the fraud triangle as purported by Sídoróv (2015). Holtfreter (2015) argued that men and women provide the same rationalization for stealing from their employers. Men and women have maintained that they were borrowing and intended to repay their employers at some time in the future; however, Holtfreter found that the motivations were not the same for men and women. Cressey (1953) found that motivation for men to commit financial crimes was often a result of an unshareable financial need such as a gambling debt or addiction (Holtfreter, 2015). Holtfreter (2015) suggested that motivation for women to commit financial crimes was medical expenses or medical expenses for a sick child or family member. Attractive incentives for perform cause management and employees to act unethically. Incentives such as promotion, titles, salary increases, and bonuses are the driving forces that place pressure on the fraudster to at criminally (Sídoróv, 2015). Incentives and recognition could compel management to lie about work they have done or taken credit for work done by others in order to enhance their reputation (Graham & Cooper, 2013). Newfound recognition could motivate management to commit fraud, which is assessably using the fraud triangle. Graham and Cooper posited that the credit taken should match the recognition, should be justifiable, and strategically made. Any credits, recognition, or incentives that appear to exceed the actual achievement would be a red flag that the risk of fraud is present. The red flag would indicate that the tone at the top lack ethical standards and practices. The tone at the top should be one that promotes ethical behavior throughout the organization.

Employees are under tremendous pressure to perform well meet personal and organizational goals, a secure position within their organization that forces them to seek opportunities to commit fraud (Mishra & Singh, 2017). For example, management may be under extreme pressure to meet or exceed the expectations of stakeholders who have expectations increasing their stock value. Understandably, management wants to meet those deadlines, make their numbers, and increase profit, but these motives should not prompt fraudulent behavior. Failure to promote an ethical culture from the top increases the opportunity for managers and employees to commit fraud by increasing fraud risk for the organization (Sídoróv, 2015). Mishra and Singh (2017) posited that the fraud triangle provided an understanding of the behavior of employees as well as offered help in determining solutions to prevent future fraud occurrences. Some academic researchers continue to reject the notion that the fraud triangle is a predictive model as opposed to the detection tool that it was formed to be by Cressey (1953). Stone (2015) argued that rationalization and pressure are elements of the fraud triangle that are not predictable and therefore cannot be helpful in fraud risk assessment and prevention. Conversely, Power (2013) asserted that the fraud triangle model was critical in identifying fraud risk factors-potential threats to develop internal controls to prevent and detect financial acts of fraud, discussed later.

Rationalization to commit fraud. Another key, yet the daunting element of the fraud triangle is an employee's rationalization for committing occupational fraud, is internal; thus, it is not predictable, the auditor cannot observe what the fraudster is thinking (Boyle, Boyle, & Mahoney, 2015). However, rationalization is a critical element of the fraud triangle that decision-makers cannot overlook when using the fraud triangle model in strategizing to determine fraud risk control procedures. Some individuals who commit financial crimes have a mindset that their actions are acceptable, and they make rationalizations in an attempt to prove to others that their actions were justified. Ishida, Chang, and Taylor (2016) posited that rationalization is an attitude that some fraudsters possess a mindset, character, or set of values that allow them to commit fraudulent acts knowingly and willingly without remorse. Ishida et al. (2016) suggested that greater incentives propel individuals to be able to rationalize their unethical acts.

Organizational goals imposed on employees by employers may motivate unethical behavior as purported by Clor-Proell, Kaplan, and Proell, (2015). Employees are either very eager to please their employer or extremely disgruntled for having the responsibility of such difficult goals placed on them, that they use those goals as rationalizations for committing fraud. Employees will generally meet or exceed goals that are easy to meet; conversely, employees will not meet goals that are extremely difficult to meet (Clor-Proell, et al., 2015). Clor-Proell et al. also argued that goal difficulty was a signal of the employer's fairness that influenced the employee's willingness to engage in fraudulent activity. Viewing the coast goal as unfair makes it easier for the employees to rationalize their fraudulent actions against their employer (Clor-Proell et al., 2015).

The commission of occupational fraud and the rationalization of fraudulent activity are not limited to lower-level employees; management is guilty of identical behavior. Morgan and Burnside (2014) posited that when the tone at the top does not enforce ethical behavior, an opportunity is present for managers to rationalize fraudulent behavior. In an unethical environment, emphasis is on financial performance and stock prices where managers will do what they feel necessary to meet financial obligations (Morgan & Burnside, 2014). Management may also use the excuse that "everyone lies and cheats", convincing themselves that their fraudulent actions are rational and acceptable (Morgan & Burnside, 2014).

Opportunity to commit fraud. Because the opportunity to commit fraud represents a weakness in internal controls, the fraud triangle is most useful when determining the most effective internal controls to prevent and detect occupational fraud (Daigle et al., 2014). Boyle, Boyle et al. (2015) posited that the opportunity to commit fraud within an organization is ever-present and an organization's internal controls primary function should be to address the opportunity component of the fraud triangle. For this reason, it is key that small business owners address the matter of immediate opportunity for occupational fraud attacks within their businesses. More important, it is essential that small business owners realize the risk in not using the fraud triangle model during fraud risk assessments. In the decomposition of fraud risk assessment using the fraud triangle, researchers assess each component separately (Fortvingler & Szívós, 2016).

Each element standing alone, on its own account could increase the likelihood of fraud when the decision makers utilize the fraud triangle as an assessment tool. Favere-Marchesi (2013) suggested that risk assessments split components of attitude (rationalization), opportunity, and incentives (pressures) into separate categories. Favere-Marchesi posited that assessing fraud risk by considering each element independently produced more accurate fraud risk prevention and detection protocols. Application of the fraud triangle has become vital in fraud risk assessment, so much so, that according to Lin et al. (2015) fraud risk factors are based on the elements of the fraud triangle. Because the fraud triangle components explain why fraud is committed, Lin et al. (2015) suggested that understanding of the fraud triangle is essential for purposes of evaluation and prevention of fraud.

Assessing each element of the fraud triangle independently allows auditors to determine an organization's fraud risk vulnerability more accurately (Mock, Srivastava, & Wright, 2017). Mock et al. proposed separate evaluation of each fraud triangle component to decompose a multifaceted decision on fraud risk. Additionally, separate analysis of the fraud triangle components to gain clarity and efficiently assess an organization's fraud risk, Mock et al. also suggested that recombining the components after individual analysis created improved judgment accuracy of fraud risk. Improved accuracy in the judgment of occupational fraud risk allows for improved testing of internal controls. Although internal and external auditors are responsible for preventing and detecting material misstatements in financial statements, asset misappropriations, and corruption, it is much more critical for external auditors assess fraud risk (Zuraidah, Haji-

Khalid, & Mahir, 2015). Failure of external auditors to identify fraud risk could lead to legal action against the auditor and the organization (Zuraidah et al., 2015).

Weak internal controls or the lack of internal controls causes organizations to be vulnerable to asset misappropriation and other types of fraudulent attacks. Because opportunity, pressure, and rationalization are all present when fraudulent activity occurs, it is necessary for external auditors to utilize the fraud triangle model in conjunction with other fraud risk assessment measures. When management in organizations faces pressures to perform financially, there is an incentive to commit fraud, and external auditors must be aware of these risks (Schnader, Bedard, & Cannon, 2015). Because fraud occurs at various levels and has many features, it is imperative to focus on the underlying cause, the fraud triangle, to mitigate fraud (Liu, Wright, & Wu, 2015). Liu et al. (2015) also argued that mechanisms to prevent unethical behavior, increase internal control strengths, and communication are within understanding of the fraud triangle. Stone (2015) assertions are in direct conflict with authors such as Lin et al. (2015), Favere-Marchesi (2013), and Mishra and Singh (2017) who all posited that the fraud triangle is an effective tool for fraud prevention.

Despite the dominance in fraud literature existing about to the fraud triangle, authors Boyle, DeZoort, and Hermanson (2015) suggested that the original fraud triangle model undergo modification to be of more value to those in fraud risk management. Boyle, DeZoort, et al. (2015) also suggested combining the triangle with other models such as the fraud diamond that includes a capability component (Manning, Smith, & Soon, 2016). Azizul-Islam (2014), Leistedt and Linkowski (2016), and Bhasin (2013) suggested that opportunity was the most significant element of the fraud triangle and removal of opportunity to commit occupational fraud would prevent fraud occurrence. Many researchers question the effectiveness of the fraud triangle altogether, whether expansion is more accurate, or if the fraud triangle model is less superior to another type of model (McMahon, Pence, Bressler, & Bressler, 2016; Soltani, 2014).

Alternative Theories

Boyle, DeZoort, et al. (2015) argued that the fraud triangle model has not been empirically evaluated to address its effectiveness aboutin relation to other models. As a result, three alternative models are presented in order toto compare and contrast the effectiveness of the fraud triangle model. The comparison of other fraud risk detection and prevention models add richness to the literature about to the fraud triangle and sheds light on alternative uses offor the fraud triangle.

The fraud diamond. The fraud diamond model was an expansion of the fraud triangle, developed by Wolfe and Hermanson in 2004 (Schuchter & Levi, 2016). The rationalization is that the additional element, capability, enhances the fraud triangle by including five cognitive capabilities (Schuchter & Levi, 2016). The first is individual expertise in a position to find an opportunity to commit fraud. The second is the ability to endure stress. The third is an ego or confidence that they will not be detected. The fourth is a brain, as the fraudster has to be smart enough to exploit weaknesses. The fifth component is coercion (Mohud-Yusof & Ling-Lai, 2014).

The presumption behind the fraud diamond is that while a fraudster may have the opportunity to commit fraud, he or she cannot complete the act without the capability to do so (Mohud-Yusof & Ling-Lai, 2014). Rubasundram (2015) posited that a fraudster uses his or her position within an organization to create or exploit opportunities not available to others, including exploiting internals. Rubasundram's (2015) suggested theory coincides with the fourth cognitive capability of the fraud diamond proposed by Mohud-Yusof & Ling-Lai (2014). Because the capability component of the fraud diamond consists of coercion, a perpetrator could manipulate a victim into erroneously believing that he or she could be trusted (Dilla, Harrison, Mennecke, & Janvrin, 2013). Once the perpetrator gains the victim's trust, he or she can remotely access the victim's computer system. An example would be a technician whose job it is to provide service remotely and in the process, installs an application that allows ongoing monitoring of the system to record financial and other confidential company information.

The ethical climate theory (ECT). Soltani (2014) argued that ethical climate encompassed management's behaviors. Soltani drew this theory from Victor and Cullen (2014), who discovered ethical work climate. Victor and Cullen developed the two-dimensional ECT in 1988 based on a framework that consisted of ethical philosophy and sociological theory of groups (Simha & Stachowicz-Stanusch, 2015). The ethical aspect of the framework consisted of three behavioral constructs: egoism, benevolence, and principle; while the sociological aspect consisted of individual decision-making, the organization, and the community (Simha & Stachowicz-Stanusch, 2015). Soltani (2014) posited that ethical climate was a multicultural concept that concerned the tone at the top, ethical culture, and ethical leadership. Soltani suggested that it is ethical climate theory

(ECT) rather than the components of the fraud triangle that are the underlying causes offor occupational fraud.

Ethical leadership directly influences the actions and perceptions of lower-level employees, as managements' actions affect an organization's ethical climate and organizational commitment (Demirtas & Akdogan, 2015). An organization's ethical climate relates to corporate social responsibility (CSR), which encompasses managements' transparency, ethical values, and ethical behaviors according to Demirtas and Akdogan (2015). When management displays positive ethical behavior and work ethic, employees will mimic the same behavior throughout the organizations. Similarly, when management displays poor ethical behavior and work ethic, employees would likely mimic that behavior as well. Borry (2017) posited that ethics vary among individuals, suggesting that employees did not mimic the actions of and perceived beliefs of management. However, once management has standardized ethical culture and leadership practices, management should strictly enforce the rules throughout the organization.

As cited by Soltani, 2014, Victor and Cullen posited that ethical work climate is a combination of ethical leadership and ethical behavior. Ethical work climate is also the framework for ECT (Soltani, 2014). Simha and Stachowicz-Stanusch (2015) purported that ethical climate facilitated a relationship of trust and rationalization within an organization between management and employees. Ethical climate determines employee behavior as well as employee trust and turnover (Simha & Stachowicz-Stanusch, 2015). Once employees realize an unethical work climate within their organization, they are likely to engage in activities such as aggressive earnings management, minimize CSR, and corporate ethics to rationalize their behavior (Shafer, 2015). Aggressive earnings management eventually leads to fraud, as this behavior becomes a pattern; employee turnover also becomes a pattern, following the Simha and Stachowicz-Stanusch (2015) assertion. The ethical climate is a reflection of the tone at the top; thus, it is imperative that the tone is one of positive work ethic and social responsibility (Shafer, 2015). Ahmad, Yunos, Raja-Ahmad, and Sanusi (2014); Simha and Stachowicz-Stanusch suggested that egoism, benevolence, and principle are behaviors that dictate an individual's ethical decision-making; thus, employee morale rests on management's ability to perform ethically. Ahmad et al. (2014) posited that the three elements directly affected an organization's ethical climate.

The MICE acronym. As with most theories or concepts, there are opposition or alternative theories, and the fraud triangle is no exception. Some researchers argue that the use of the fraud triangle model is not optimal, for example, an owner or manager's top priority should be preventing fraud instead of using the model to analyze how to detect fraud after the fact (McMahon et al., 2016). McMahon et al. acknowledged that Cressey's 1953 fraud triangle model has been efficient; however, they suggested extending the fraud triangle to include a *capability* component, similar to the ECT. McMahon et al. subsequently suggested the additional component and created the acronym MICE: *money, ideology, coercion, and entitlement*. Looking closely at the components of the McMahon et al. (2016) theory and Cressey's (1953), fraud triangle, researchers could argue that money could be closely related to the pressure or rationalization components of the fraud triangle; ideology and entitlement could be closely related to rationalization; and coercion could be closely related to pressure. Dellaportas (2013) argued that nonshareable, personal crisis could be rationalizations or pressures for committing fraud. McMahon et al. (2016) argued that the MICE theory and Cressey's (1953) fraud triangle model could be more efficient together at preventing and detecting fraud. Irrespective of the model used, sufficient control mechanisms are imperative, such as frequent password changes or cameras as in a retail environment (McMahon et al., 2016).

There is no single model or framework that could combat every occurrence of fraud, Trompeter, Carpenter, Jones, and Riley (2014) suggested that there are multiple risk assessment models. Trompeter et al. purported that expanding elements of the fraud triangle enhances and aids in structuring a manager's discernment about fraud. In this instance, the researchers extend the elements of the fraud triangle to include conversion, the fraudulent act, and concealment. Nonetheless, to satisfy the opposing and conflicting arguments surrounding the fraud triangle, it is clear that in the least, the fraud triangle provides a foundation of where to begin with, risk assessment and fraud prevention and detection. There has been no claim by Cressey (1953) that the components of the fraud triangle has or will provide answers or solution for every occurrence of fraud. Lokanan (2015) argued that the fraud triangle encompasses a concept that does not adequately address every occurrence of fraud and Azim, Sheng, and Barut (2017) predicted that business owners cannot eliminate fraud.

Preventing and Detecting Occupational Fraud

Small organizations are proportionately unprepared for and vulnerable to experiencing occupational fraud (Gilmore-Allen, 2015). Because occupational fraud is so predominant, it is essential that small business owners ensure there are practices in place that prevent and detect the fraudulent issues quickly (Peters & Maniam, 2016). Two effective methods to prevent and detect occupational fraud are to implement internal controls such as ethics and fraud training that could prevent fraud (Peltier-Rivest & Lanoue, 2015) and implement mandatory detection methods such as whistleblowing (Dhamija, 2014).

Preventing occupation fraud. Preventing fraud is economically beneficial to society in addition to creating an ethical corporate structure (Mishra & Singh, 2017). Vrij, Hope, and Fisher (2014) conducted a study on interviewing witnesses, soliciting reliable information, and their propensity to offer accurate information after a crime has been committed. This probing in voluntary interview form is a technique that small business owners could employ during the hiring process. Owners can ask potential employees who are probing interview questions, not only to gain insight of the interviewee's fitness for the open position but their psychological state of mind as well. The interviewers may begin with open-ended questions to build rapport and move on to closed-ended question to ask more specific answers related to the potential employee's ethical standards (Vrij et al., 2014).

Before business owners attempt to prevent asset misappropriation, he or she must have the ability to recognize red flags that are common amongst potential fraudsters, some of which are behavioral ques. Some unusual behavior ques may include refusal to accept new positions, befriending co-workers who are less likely to challenge them, are confrontational and refuse to produce records upon request (Simser, 2014). Prevention of occupational crimes begins with the tone at the top (Elliott et al., 2013). Small business owners should set the tone as well as be the examples of how the business to conduct business activities and what the consequences are for any deviations. Elliott et al., (2013) referred to the organizational climate and culture as the perceptions of organizational practices and procedures that members share among themselves that provide institutionalized normative systems that guide behavior.

Preventative fraud measures transpire prior to the occurrence of any fraudulent act, taking place (Kim & Kogan, 2014). The most effective and common strategies implemented to prevent employee fraud are the use of adequate internal controls that cannot be overridden by management (Hollow, 2014; Kim & Kogan, 2014). Implementation of controls that management cannot override is critical because management is generally responsible for monitoring internal controls and is familiar with how the controls function. Hollow (2014) suggested that some procedures are a separation of duties and improved internal communications. Kim and Kogan (2014) posited that while implementation, development, and maintenance of fraud prevention controls could be costly if implemented promptly, the value would be large enough to justify the cost. The separation of duties is one of the most important internal control mechanisms, as one individual is not performing two conflicting duties such as cash receipts and invoicing (Kitching, Pevzner, & Stephens, 2013). Internal controls are imperative for small businesses in preventing asset misappropriation (Rodgers, Soderbom, & Guiral, 2015).

Yogi-Prabowo (2014) argued that occupational fraud was widespread and as technology continues to evolve, new methods of conducting business would emerge, and fraudsters would become more clever. Smaller family-owned businesses tend to have weaker internal controls, due to their priority to maintain private benefits according to Bardhan, Lin & Wu (2015), leaving them more vulnerable to fraud than larger businesses that implement stronger internal controls. The implication for small business owners is that they will have to continue to revisit and revise their internal control strategies to ensure that their policies and procedures remain effective to prevent asset misappropriation. Business owners should incorporate background checks and routine employee training in their business strategies to maintain effective fraud prevention policies (Leistedt & Linkowski, 2016). Gupta, Weirich, and Turner (2013) argued that there is no perfect set of internal controls for any industry and that there will always be room for improvements. Additionally, small business owners will be responsible for maintaining a standard of reasonableness and ethics in meeting internal control objectives (Gupta et al., 2013).

Detecting occupational fraud. Fraud prevention measures alone are not sufficient, as it is impossible to implement a fraud prevention system that is entirely fail-safe (Kim & Kogan, 2014). There will be internal fraudulent occurrences that bypass the prevention control systems. Whistleblowing has the potential to be the most effective fraud detection mechanism and could possibly end an ongoing fraud scheme such as that at Enron (Gao, Greenberg, & Wong-On-Wing, 2015; MacGregor & Stuebs, 2014). Whistleblowing is one of the most important outlets for reporting organizational fraud according to Ahmad et al. (2014). However, the most effective channels, such as anonymous hotlines should be available for employees to be able to report fraud without fear of repercussion. Potential whistleblowers have the opportunity to report a fraudulent act that they are aware of as an ethical duty but may not for fear of retaliation from the individual or individuals he or she reported (Gao et al., 2015; MacGregor & Stuebs, 2014).

While whistleblowing is not obligatory, it is strongly encouraged as an internal control mechanism to detect and deter fraudulent organizational activity. Blowing the whistle on colleagues or managers is difficult and burdensome; as such, it would take an individual with strong ethical beliefs, courage, and morals to blow the whistle (Zakaria, 2015). Some individuals are concerned with their personal reputation as others may condemn them for whistleblowing; accuse them of disloyalty to their organization by potentially ruining the organization's reputation, and having exposed insider wrongdoing (Zakaria, 2015). Contrarily, whistleblowers are also praised for protecting their organization against inside predators that threatened the organization's going concern (Zakaria, 2015), thus reinforcing reinforcement that reporting fraudulent activity reflects positively on the organization.

An employee may be reluctant to report fraudulent activity depending on the reporting options. Some organizations offer anonymous and identified reporting or external and face-to-face reporting (Gao et al., 2015; MacGregor & Stuebs, 2014). When face-to-face or internal channels are the only options, it is less likely that employees report fraud. Conversely, when there are external or anonymous options such as hotlines, fraudulent activity is more likely to be reported (Gao et al., 2015). Gao et al. (2015) and MacGregor and Stuebs (2014) posited that seniority of the fraudster had a significant impact on a potential whistleblower's decision to report the crime or continue to stay silent, allowing the fraud to continue. For example, if the perpetrator is a higher-level employee, such as a manager, a lower-level employee is less likely to report the wrongdoing (Gao et al., 2015; MacGregor & Stuebs, 2014).

Brown, Hays, and Stuebs (2016) suggested that there are three classifications of whistleblowers: accountants, women, and senior-level management. As examples, Brown et al. referred to the whistleblowers of the Enron and WorldCom accounting frauds, Sherron Watkins and Cynthia Cooper, both women and accountants. As Gao et al. (2015) and MacGregor and Stuebs (2014) suggested, lower-level employees are less likely to blow the whistle due to fear of retaliation, loss of the jobs, and damage to their careers, whereas, some women are inherently ethically inclined than men. Despite the imperfections of whistleblowing due in part to the reluctance of some individuals to report fraud, it remains one of the most crucial fraud detection mechanisms (Brown et al., 2016).

Two facts regarding whistleblowing are that whistleblowing systems are mandatory for large organizations in the aftermath significant accounting frauds in the early 2000s and whistleblowing was a tool utilized to detect fraudulent financial reporting (Johansson & Carey, 2016). Johansson and Carey (2016) also purported that the fraud triangle provided a framework for their theory on how anonymous reporting channels (ARCs) increased whistleblowing. An ARC encourages whistleblowing because employees can report fraudulent acts such as asset misappropriation anonymously without repercussion (Johansson & Carey (2016). Johansson and Carey argued that since ARCs are mandatory for reporting fraudulent financial reporting, its use extends to other types of frauds such as asset misappropriation as well. Anonymous reporting is key in small businesses; researchers purport that employees report fraud more frequently in smaller businesses than large organizations (Johansson & Carey, 2016). With the utilization of ARCs, whistleblowing may become a more effect and reliable fraud detection mechanism.

Warren, Moffitt, and Byrnes (2015) proposed utilizing big data to detect fraud in accounting; however, the principles apply to any discipline as business owners may generalize each principle. Warren et al. recommended utilizing video data, audio data, and textual data such as e-mail to determine employees perceived motived, perceived rationalizations and perceived opportunities to commit fraud. The elements of the fraud triangle are useful in analyzing text in e-mails from disgruntled employees to detect and predict future fraud (Warren et al., 2015). Potential issues with this method of detection lies with overuse, making ethical employees feel uncomfortable with such extensive monitoring. Management should consider whether this method of fraud detection would cause more harm than good. For instance, if employees feel that management is being overly intrusive, they may become less motivated and less productive (Warren et al., 2015).

Additional Research

Rae and Subramaniam (2008) conducted a quantitative study to identify risk factors for employee and management fraud, as well as strategies to prevent fraudulent activity. Key concepts throughout Rae and Subramaniam's study were an ethical work environment, the fraud triangle, and staff training in risk management. The focus was on the fraud triangle's internal control mechanism. Internal controls are the first prevention mechanisms enforced to prevent occupational fraud, explicitly monitoring (Rae & Subramaniam, 2008). Owners of small retail businesses could use monitoring to record employee transactions, access to inventory, including the time, as well as employee e-mail correspondence. Warren et al. (2015) suggested that monitoring disgruntled employees e-mail could prevent and detect the employee's intent to commit fraud. Continuous risk management training would reinforce the importance of identifying and preventing fraud in addition to the ethical work environment.

Henik (2015) conducted a qualitative study on understanding whistleblowing consisting of 50 in-depth interviews with whistleblowers and "inactive observers." Henik's 2015 findings were consistent with the findings in Zakaria's 2015, which concluded that when an individual has solid ethical beliefs and does not fear for retaliation, he or she would be willing to report fraudulent activity. Adversely, an individual who is concerned with outside scrutiny, retaliation, and personal reputation, would likely be observers who would not report fraudulent activity (Henik, 2015). Henik suggested future research to explore organizational outcomes to specific whistleblowing response to reporting fraudulent activity. Fundamentally, organizations should provide safe, retaliation-free reporting systems for whistleblowers.

Kramer (2015) conducted a quantitative study on fraud in small businesses and found that small business owners neglect anti-fraud measures more often than in larger businesses, making them susceptible to fraud at higher rates. The problem is that small business owners do not take proper fraud prevention measures, as they are not aware that small businesses are targets more often than large businesses, specifically with asset misappropriation (Kramer, 2015). Kramer argued that managers, as well as employees, are perpetrators of asset misappropriation within small businesses. Kramer posited that (a) knowledge of fraud and fraud prevention would benefit small businesses, (b) it is imperative to close the gap in the literature regarding asset misappropriation, and (c) small businesses are often ill equipped to survive after fraud loss. Some small business owners neglect to strategize for fraud prevention because they do not believe their businesses are susceptible because of their size, which is a costly misconception. Kramer called for further research on small business fraud because researchers continue to neglect the topic.

Transition

Section 1 of this study summarizes the business problem I identified as requiring attention through a rigorous research study. Section 1 also includes my purpose as well as method and design for this study. The literature review anchors on the conceptual framework that also provides the basis of how I conducted my data collection, using semistructured interviews asking open ended questions. The conceptual framework and literature review provided guidance on what types of data I should collect including the questions I asked during the semistructured interviews, the documentation I collected, and what cues I should have been aware of during observations while on the small business sites conducting my research.

Section 2: The Project

The purpose of this qualitative research study was to explore strategies that successful small business owners implemented to prevent and detect asset misappropriation. My role as the researcher was to collect data in an ethical manner, without bias, by adhering to the standards of the Institutional Review Board (IRB) and those set forth in the Belmont Report. Within Section 2, I provide my purpose for conducting this research study, methods and designs I employed, as well as roles the participants. Section 2 is also where I provide an explanation of why I am qualified to conduct a study of this magnitude and how I ensure reliability and validity of my findings, as well as provide results in a way that is meaningful and useful to not only academics but lay persons as well.

Purpose Statement

The purpose of this qualitative multiple case study was to explore internal control strategies small retail business owners used to prevent and detect employee fraud. The targeted population consisted of owners of six small retail businesses in the Southeastern region of Pennsylvania who have successfully implemented internal control strategies to prevent and detect asset misappropriations. Implications for social change include the potential for increased internal controls, which will decrease occupational fraud and allow small businesses to thrive. As small businesses continue to thrive, more employment opportunities for individuals in the community become available.

Role of the Researcher

McCusker and Gunaydin (2015) defined the role of the researcher as one who possesses an approximation of an objective without bias, thus confirming the lack of an initial definitive objective before enacting qualitative research studies. I approached my role as the researcher with the knowledge I have of occupational fraud to guide the way I presented my questions for the semistructured interviews. The selection process of participants was random, where there were no preexisting relationships between participants other than those established when soliciting participation from the participants for the study. Primary data was collected through semistructured interviews with small business owners as well as observations of small business sites. Secondary documentation included business policies on security access to inventories, separation of duties, supervision, employee tendering, and physical inventory count provided by owners. My educational and professional background includes a broad knowledge of accounting, accounting fraud, auditing, and pilfering. Additionally, I lecture at various conferences on small businesses, accounting, occupational fraud, and asset misappropriation.

Researchers with a constructive worldview conceptualize learning as construction of cognitive structures (Kivinen & Ristelă, 2003). My approach as a researcher with a constructivist perspective was to seek remedies to business problems by asking probing why and how questions without bias, although according to Morgan (2014), some bias may exist subconsciously. Interviews are a method by which a researcher can reach data saturation (Fusch & Ness, 2015). I employed a firsthand data collection procedure, which means that I personally witnessed everyone interviewed. The guidelines I followed were those issued by The National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research in 1979.

Brakewood and Poldrack (2013) found that:

> The Belmont Report outlined three fundamental ethical principles for human subject research. Justice is the equitable distribution of benefits and burdens of research. Respect for persons in which people should be able to make autonomous decisions, and people with limited autonomy should be protected. Lastly, beneficence, the obligation to not only "do no harm" but to actively maximize benefits and minimize harms to subjects (p. 188).

There are three ethical standards defined in the Belmont Report that researchers should follow during research: (a) informed consent, (b) risk reduction, and (c) subject selection and generalization (Brakewood & Poldrack, 2013). When conducting research and following each of the standards defined in the Belmont Report, I significantly reduced the risk of violating ethical standards.

During qualitative research, bias is difficult to avoid entirely (Malone, Nicholl, & Tracey, 2014). Malone et al. (2014) suggested that although a carefully-designed research project is likely to be relatively free from bias, elimination cannot be guaranteed. More importantly, the researcher should focus on how to identify bias and how it could affect data collection and analysis (Merriam, 2009). My intent was to deliver my research questions in a state of epoché, bracketing off any preconceived notions, allowing the participants to express their natural responses. My intent was to mitigate any bias and preconceived notions I may have had by remaining in a state of epoché, remaining unbiased, and controlling my reactions to responses during the interviews, listening intensively, and analyzing the actions of participants during observations.

Goodwin and Horowitz (2002) argued that researcher bias can be mitigated by using internal comparisons such as how employees and management view organizational culture. Continuous analysis of the relationships with participants is critical in maintaining objectivity and avoiding bias (Goodwin & Horowitz, 2002). To mitigate bias is to understand why it occurs (Lindén, Gräns, & Juslin, 2018). Regarding this study, by focusing on the participants and removing any preconceived notions I may have had about the type of business or how business owners should conduct business allowed me to remain independent.

Participants

I selected participants according to the conditions of my study. Those conditions required that each small business owner or manager must currently operate businesses that are at least 5 years old and implement strategies to detect and prevent employee fraud. The selection of participants for this study is a source sample where the researcher is required to go to participants businesses to collect firsthand data. I gained access to participants through an internet wide search on the Small Business Association (SBA) website and various social media sites including meet.com where small business owners convene to discuss business best practices and ongoing concerns. I selected six participants for the multiple case study analysis. According to Yin (2014), a multiple case study must have at least two cases. I composed a letter soliciting their participation. The letter included an introduction to the researcher, my institution, and the reason for my study.

I chose participants who operated businesses in or near the location of my residence, the Southeastern region of Pennsylvania. I did not require participants to reside in the location of their businesses but did require that the business operates within the parameters of the Southeastern region of Pennsylvania. Prior to soliciting participation for my study, I did not have any relationships with the business owners. Participants received a consent form to participate. I worded the consent form in a way that participants would understand the purpose for my study, what their participation would entail, the voluntary nature of participation, how I ensured anonymity, and the option to decline to participate. I also included information in the consent form that participation was voluntary, and participants could decline to participate or withdraw at any time without repercussion. Another method to ensure rigor and provide appropriate documentation and analysis of the semistructured interviews was an interview protocol (see Appendix A) along with digital recording to ensure clarity.

My intent was to foster an ongoing relationship with the participants through continuous dialogue regarding the significance of occupational fraud and why it is an important business matter from a research point of view. Feedback from participants related directly to the study as well as their continuous input on how they intend to continue improving internal controls to prevent and detect internal fraud was an important element in fostering an ongoing relationship. I explained how other business owners would benefit from their contribution to my research. Incorporating a realist methodology will introduce ways the results of my study can improve their business operations as well as build relationships with other small business and members in the community (Jagosh et al., 2015).

Research Method and Design

The purpose of this section is to describe the method and design I intend to utilize to collect the data necessary for my study. This section will also include details of the methods and designs omitted from this study, as they were less advantageous. The last topic in this section will be a brief synopsis of why the chosen method and design are applicable to this study.

Research Method

Three methods of obtaining information for research include qualitative, quantitative, and mixed (Venkatesh et al., 2013). Researchers use the qualitative method to explore a research question using multiple data sources including in-depth or semistructured interviews, observations, and documentary evidence (Slack et al., 2015; Yin, 2014). Engaging in qualitative research in a credible, high-quality manner requires the researcher to adopt alternative ways of thinking (Kaczynski, Salmona, & Smith, 2014). Qualitative inquiries mean staying inductively open to the unknown, while exploring, seeking to discover, or enhancing a deeper understanding of complex concepts (Kaczynski et al., 2014). I utilized the interviewing and passive observation process to obtain information from small business owners who have successfully implemented strategies to prevent occupational fraud. Documentation included a business policy on security access to inventories, policy on separation of duties, supervision, employee tendering, physical inventory count, and frequency.

Researchers employ the quantitative method to count the number of occurrences of an event or measure the magnitude of an effect (Shelton et al., 2014). A researcher using the quantitative method aims to classify features, count them, and construct statistical models in an attempt to explain an observation (McCusker & Gunaydin, 2015). Employing the quantitative method, researchers use data in the form of numbers and statics, which is more efficient in testing hypothesis but misses the contextual detail (McCusker & Gunaydin, 2015). Quantitative researchers, as posited by Hagan (2014), base their research on measurements conducted it in a systematic, controlled manner. These measures enable researchers to apply statistical measures to analyze differences between groups (Hagan, 2014). Measuring the effects or magnitude of an event or difference between subjects was not the intent of my study as such I did not use the quantitative method.

Researchers employ the mixed methods approach that combines quantitative and qualitative methods when quantitative and qualitative methods alone do not provide sufficient results (Venkatesh et al., 2013). Mixed methods research as defined by Shannon-Baker (2016) is a type of inquiry that is philosophically grounded where researchers use an intentional mixture of qualitative and quantitative methods in a single study. In a mixed methods study, the integration of the two approaches occur in the philosophical or theoretical framework(s), methods of data collection, overall research design, and conclusion (Shannon-Baker, 2016). For purposes of this study, only the qualitative aspect of research was necessary.

Research Design

Three qualitative research designs include case study, ethnography, and phenomenology. According to Gill (2014) researchers using the phenomenological designs study the meanings surrounding human experiences with phenomena. Additionally, researchers utilizing ethnographic designs spend extensive time observing groups' cultural behaviors (Morales & Lambert, 2013). My intent was to study the meanings of human experiences concerning business strategies; thus, rendering the ethnological and phenomenological design inappropriate and the case study design most advantageous.

Researchers use case studies to interview and observe individuals in their environment, as well as collect documentation for purposes of understanding a larger class of similar individuals' behavior, allowing the researcher to gain a holistic view of the research problem (Baškarada, 2014). Evidence from multiple cases is more compelling than single cases as argued by Naiki and Nonio (2017) as evidence from multiple cases is more robust. Single case studies have critical, unusual, common, or revelatory rationales (Yin, 2014). Within this multiple case study, the strategies I explored were neither uncommon nor unusual, and rather many business owners overlook these critical strategies. Multiple case studies require the selection of two or more cases that answer a *how* or *why* question relating to an efficiently implemented strategy (Yin, 2014). I chose the multiple case study design to conduct semistructured interviews, observations, and collection of documentation. As stated by Yin (2014), documentation may include administrative documents such as, but not limited to progress reports e-mails and evaluations.

Additionally, member checking is often a component of multiple case studies to ensure data saturation. To achieve data saturation, I conducted in-depth interviews that involved the process of member checking. Member checking entails sharing data interpretations among participants (Marshall & Rossman, 2016; Strauss & Corbin, 2015). My intent was to share the data interpretations with participants mirroring the member checking protocol suggested by Marshall and Rossman (2016) and Strauss and Corbin (2015), which includes: (a) conducting an initial interview, (b) interpreting the information the participants shared, and (c) sharing the interpretations with each participation for validation.

Once I shared the data and interpretations with participants according to the Marshall and Rossman (2016) protocol, I conducted a follow-up interview to complete the member checking process, as well as to ensure data saturation. Additionally, I included a concise summary of each participants' response under each interview question in a Microsoft Word document that I attached and shared with each participant through email. I asked each participant to verify that my summarizations reflected their answers and if there was additional information, they wanted to include. I repeated this process until data collection provides no new emerging themes.

Population and Sampling

Researchers use the qualitative method to understand depth and breadth of a subject (Palinkas, Horwitz, Green, Wisdom, Duan, & Hoagwood, 2015). The methodology of qualitative researchers relies on precedents for determining the number of participants to interview (Palinkas et al., 2015). In this multiple case study, the targeted population included six small retail businesses in the Southeastern region of Pennsylvania. The targeted participants included owners of businesses in the small retail industry. Purposeful sampling, a method used to increase the credibility of results is the sampling method I used. I anticipated interviewing six small business owners combined. The selection of cases used interchangeably with individuals for a study constitutes the sample as multiple cases provide comparisons, clarity, and confirmation of the theory as posited by Koltar & DeMassis (2014). To reach data saturation, at least two or more participants in separate locations must provide enough evidence to conclude that I have achieved data saturation. According to O'Reilly and Parker (2012) a researcher achieves data saturation when there is no new data to be collected.

Ethical Research

Obtaining informed consent is a key component in research that upholds the ethical value of participant autonomy (Nishimura et al., 2013). Informed consent allows participants the right to weigh the risks of participation against the benefits to themselves or others (Reich, 2015). I obtained written participant consent through emailing letters of consent to potential participants in my study. In addition to written consent letters, I also verbally reiterated the interpretation and agreement as to ensure the participants understood their rights, their obligations, and their decision to withdraw at any time from the study. Walden University's IRB is responsible for ensuring that students' doctoral study proposals meet all regulations, professionally and scholarly that is appropriate conduct the study. Once I obtained IRB approval (Number 10-16-18-0512654), I began the data collection process.

Per the requirements of the IRB, I will keep participants' sensitive information in a secure password protected Microsoft Excel spreadsheet for 5 years. During this 5-year period, with this level of protection, only I will have access to participant data. At the end of the study, each participant who, without coercion continued the study will receive a summary of the research results. Since face-to-face interviews will be the data collection method, when sharing results with the participants, I will maintain confidentiality by referring to each as participant 1, participant 2, and participant 3; however, anonymity will not be, as I know each participant. Once the 5-year period has expired, I will discard all information.

Data Collection Instruments

With each data collection technique, there are advantages and disadvantages. The three data collection techniques for this study were semistructured interviews, observations, and document collection. Semistructured interviews are advantageous as they are flexible, versatile, and enable reciprocity between the interviewer and participants according to Kallio, Pietilä, Johnson, and Kangasniemi (2016). Eisenhardt, Graebner, and Sonenshein (2016) purported that those researchers using observations in qualitative studies familiar in linguistic representations as well as non-verbal cues that a researcher may miss with interviews alone. Collection of documentation is valuable as it adds rigor and helps identify themes when the documentation addresses the research question (Twining, Heller, Nussbaum, & Tsai, 2017).

According to Twining et al. (2017), qualitative research is challenging due to diversity and complexity of nuances. While semistructured interviews, observations, and documentation collection combined are advantageous, standing alone as primary data collection techniques may not be helpful. Employing any of the three techniques as sole and primary data collection techniques are not advantageous, as they may not provide concise interpretations of data collected to answer the research question. Sarma (2015) suggested that qualitative research is not scientific and lacks rigor; thus, combining semistructured interviews, observations, and document collection are necessary to reduce confusion and ambiguity.

For this qualitative case study, I was the primary source of data collection using semistructured interviews. Anyan (2013) used individual, semistructured interviews as a primary data collection source as the semistructured interview offers a flexible means of freely communicating about the topic of inquiry. Additionally, reflexivity is critical in qualitative research as it is a method for strengthening objectivity and demonstrates a symbol of rigor when the researcher is the primary source of data collection (Blasco, 2012; Simha & Satyanarayan, 2016). To provide quality results, employing multiple data collection sources was imperative; thus, I also utilized observation as a secondary data collection source. I observed owners' movements, as well as objectives and outcomes of employee activity, to deliver depth in the study, the observations adds richness to the semistructured interviews. Observations as data collection sources allow the researcher to provide a detailed description of the environment in which he or she is conducting the interviews (Hyett, Kenny, & Dickson-Swift, 2014).

Triangulation is key in qualitative research as it provides the foundation for demonstrating consistency in and validity of the data collected (Carter, Bryant-Lukosius, DiCenso, Blythe, & Neville, 2014). Thus, to add credibility to this study, a third data collection method is employed-collection of internal documentation. The process of triangulation increases scope and depth, using multiple data sources to answer the same question (Morse, 2015). Collection of documentation for purposes of this study was to aid in understanding measures owners are taking to assist in prevention and detection of employee fraud in conjunction with semistructured interviews and observations.

Data Collection Technique

The data collection process began with a search on the small business association's website for small retail business in the Southeast region of Pennsylvania. Researchers in qualitative case study research are the primary sources of data collection. Case studies are in-depth investigations of cases using multiple methods and multiple sources of data, defined by having clearly recognizable boundaries that differentiate each case from any other collection of instances (Percy, Kostere, & Kostere, 2015). Face-to-face interviews, observations, and documentation are the data collection techniques I used in this study. I also used member checking to confirm the accuracy of data I collected, transcribed, and analyzed. Harvey (2015) suggested that member checking is the process by which results are returned to participants for their confirmation of accuracy and validation. My intent was to email a copy of my analysis to the participants in the study to review, clarify, and confirm the accuracy of my transcriptions and analysis and have participants respond through email with any corrections or feedback.

Before continuing with the study, I forwarded an introductory email to each potential participant, introducing myself, and explaining my reasoning for contacting him or her. I also provided each participant with consent forms to review and sign, providing me with written permission to conduct interviews with each individual at their place of business. I reviewed the consent forms with each of the participants and provided each participant with a copy of the interview protocol and questions (see Appendix A). Since a recording device was present during the interviews, it was imperative to notify the participants and explain that the sole purpose of the audio recording device was for clarity and accuracy during the data collection process. I provided the participants with an explanation of confidentiality as well as an explanation of the nature of the study, specifying that the study be for academic purposes.

Face-to-face semistructured interviews addressed the overarching research topic about the strategies small business owners implemented to prevent and detect employee fraud. The semistructured interviews allowed the participants to communicate freely as well as address any misinterpretations of the questions (Steinmeier, 2016). During the semistructured interviews, I used an audio recording device, the Olympus digital voice recorder WS-853 to ensure descriptive validity and refer to the interview for clarity during transcription. I designed the interview questions in a probing manner to obtain an understanding of the matter of effective strategizing that lead to successful implementation of internal controls to prevent and detect asset misappropriation.

Observations can serve as stand-alone methods of case study research or as a part of a case study (Morgan, Pullo, Macdonald, McKinlay, & Gray, 2017). Observations can be useful in a myriad of ways to check for nonverbal cues and expression of feelings, determining who interacts with whom, grasping how participants communicate with each other, and see how much time employees spend on various activities (Brooks & Normore, 2015). Incorporating observations in a multiple case study is key as observations add to the validity of the study. Rendtroff (2015) argued that it is not enough to base a case solely on a few interviews with selected employees in a business or organization. Thus, my intent was to observe the interactions between owners and employees. I looked for how employees were conducting themselves during business while I am on site and their overall body language.

Documentation to support this case study included a business policy on security access to inventories, policy on separation of duties, supervision, employee tendering, and physical inventory count and frequency. I compared documentation I collected to the responses of the interviews as well as the data collected during observations (Dasgupta, 2015). Cross-referencing multiple data sources will substantiate the accuracy of data collection of each source separately, thus adding to the reliability of the study.

Data Organization Technique

The NVivo software program is widely used to manage qualitative research data. Locke et al. (2016) used NVivo QSR 12 to develop the coding scheme that allowed them to use a rigorous, systematic, and iterative approach to identifying codes and themes. I used NVivo 12 for Windows to organize my data to accurately code, create themes, and develop concepts for my data collection. Once I prioritized my data, I was able to efficiently transcribe and store my data by date, location, business, and interviewee. The data is stored in password-protected Microsoft Excel and Microsoft Word documents and backed up on an external hard drive for an additional layer of safety.

The data stored for ease of access and use in the Microsoft Excel spreadsheets include (a) all cited articles and (b) business names, addresses, and interviewee names. I will place all other data including (a) consent forms, (b) interview protocol, (c) interview questions, and (d) any reflective journal recordings in a password-protected Microsoft Word document. All data contained in the NVivo 12 software program, Microsoft Excel, Microsoft Word, any hard copy documents, digital recordings, and transcriptions will be kept secured for a period of 5 years. Once the 5-year period has expired, I will permanently destroy all documentation bout the study. I will discard paper documents using a professional grade electric cross shredder, additionally I will permanently destroy software documentation using the McAfee document shred option, and I will permanently erase all digital recordings.

Data Analysis

The NVivo QSR 12 for Windows analysis software is the program I used for documentation and organization in my qualitative research study, as well as assistance in the formation of themes and codes. Document analysis is a systematic procedure for reviewing and evaluating printed and electronic data for interpretation in order to elicit meaning and gain understanding to develop empirical knowledge (Brooks & Normore, 2015). Researchers who use NVivo analysis software follow a three-stage process to data analysis. The NVivo three-stage coding process involves, (a) open coding, reviewing and coding each interview individually and then across all participants to ensure all relevant information is captured; (b) axial coding, to refine the categories and develop the themes; and (c) selective coding, where key nodes are queried to help identify and test patterns by comparing and contrasting the participant initial responses (Lancaster, DiMilia, & Cameron, 2013). Following this three-stage coding process enabled me to recognize themes throughout the study.

Thematic analysis is the process of interpretation of qualitative data in order to find patterns of meanings across data derived from interviews (Crowe, Inder, & Porter, 2015). Thematic analysis is the process I employed for this study. Researchers begin the process of thematic analysis by, (a) becoming familiar with the research data by reading and re-reading the interview transcripts, (b) following the close reading process to generate initial codes while keeping the research question in mind, (c) searching for themes and clustering them together by related ideas, (d) defining and naming the themes, and (e) illustrated with reference to the interview transcripts (Crowe, et al., 2015).

Identifying key themes throughout the study allowed me to make the correlation between my findings, my conceptual framework, and how they can be practically applied. Kornbluh (2015) applied a similar approach to convey data analysis with transparency. When relying on a single source of data, there is the risk of undetected error in data production, bias, or methodology process (Joslin & Müller, 2016). Methodological triangulation combines multiple data sources to prevent weaknesses or bias that stem from using a single data source (Joslin & Müller, 2016). The use of three data collection sources: (a) semistructured interviews, (b) observations, and (c) document collection in conjunction with member checking prevented bias, confusion, and weakness in my study.

Reliability and Validity

Dependability

Dependability is the qualitative equivalent of reliability in qualitative research (Munn, Porritt, Lockwood, Aromataris, & Pearson, 2014). Cho and Lee (2014) posited that achieving dependability is the process of creating an audit trail during the research process consisting of notes on methodology, and documents produced and corrected by participants. Dependability, as argued by Crowe et al. (2015), involves providing sufficient information on data collection and analysis processes. My intent was to achieve dependability by employing triangulation during my research, member checking post-transcription and analysis, and creating an audit trail of all data collection. Achieving reliability in a qualitative research study requires that other researchers would achieve the same results if he or she replicates the study (Bengtsson, 2016).

Measures I took to ensure reliability in this study included data saturation, triangulation, and member checking. In qualitative research, rigor is achievable by the concepts of saturation and triangulation (Bölte, 2014). This is an approach employed by Jaakkola and Alexander (2014) in their study on the role of customer engagement behavior in value cocreation. I provided clarity throughout the research process by (a) immediately answering questions interviewees had, (b) revisiting interview data, and (c) using NVivo 12 for data analysis. Researchers who used NVivo data analysis achieved clarity and dependability as NVivo uses a three-stage coding process that leads to the production of refined themes (Lancaster et al., 2013). The NVivo three-stage coding process involves, (a) open coding, reviewing and coding each interview individually and then across all participants to ensure all relevant information is captured; (b) axial coding, to refine the categories and develop the themes; and (c) selective coding, where key nodes are queried to help identify and test patterns by comparing and contrasting the participant initial responses (Lancaster et al., 2013). Continuing the member checking protocol and exhaustive theme development guaranteed dependability within the research study.

Validity

In qualitative research, validity refers to the guarantee that the researcher has produced a description or report that is accurate (Kihn & Ihantola, 2015). Crowe et al. (2015) posited that credibility, transferability, and dependability established rigor in qualitative studies. Establishing credibility involves providing a theoretical rationale for data interpretations as well as having those interpretations validated by the participants (Crowe et al., 2015). For purposes of validation, I used methodological triangulation when collecting data.

Credibility. Research credibility is vital in considering the credibility of the research study. Nordhagen, Calverley, Foulds, O'Keefe, and Wang (2014) suggested that there are three forms of credibility contributing to the validity of a study: (a) professional credibility, reaching across research communities: (b) public credibility, reaching across a larger population: and (c) personal credibility. Triangulation increases the credibility of research, as it requires authors to demonstrate familiarity with the topic, sufficient data to make claims, and strong links to observations and classifications of materials that allow others to decide whether they agree with the claims made (Kihn & Ihantola, 2015).

Transferability. Hammarberg, Kirkman, and DeLacey (2016) posited that the criterion of transferability is considered to have been met when external users of the results find the research meaningful and useful thus confirming the validity of the study. Transferability requires that the research provide adequate contextual information that has a significant influence on the findings (Crowe et al., 2015). I relied on NVivo 12 Pro for Windows data analysis program, participant feedback, and member checking to ensure transferability.

Confirmability. Confirmability refers to the accuracy or genuine reflection of participants' perspectives without researchers' views interfering with findings (Hays, Wood, Dahl, & Kirk-Jenkins, 2016). To establish the accuracy of data collection, I digitally recorded all semistructured interviews and made handwritten notation about to participants' feedback. Henry and Foss (2015) posited that confirmability pertains to the objectivity of the data collected. As the researcher, I was prohibited from injecting my personal biases before to conducting the study, throughout the study, or during the analysis of the study allowing an objective research study.

Data saturation. The concept of data saturation is dependent on the source of the data as well as the research question (Suri, 2011). Suri suggested that researchers utilize data saturation to guide decisions relating to enacting closure when he or she is searching for relevant evidence in research synthesis. In addition to in-depth interviews, I performed the process of member checking to ensure reaching data saturation. Member checking entails sharing data and interpretations with participants (Marshall & Rossman, 2016). I shared data and interpretations with participants by following a member checking procedure suggested by Marshall and Rossman, which had the following three components: (a) conducting the initial interview, (b) interpreting what the participant shares, and (c) sharing the interpretation with the participant for validation.

After I shared data and interpretations with participants by following the member checking procedure suggested by Marshall and Rossman (2016), I conducted a follow-up discussion through email with an additional process of member checking until I achieved data saturation. In the process of member checking, I: (a) typed interview questions into a Word document, (b) summarized the participant's response in a concise manner after each question, (c) through email, shared a copy of each interview questions and summary response with the participant (d) asked participants to read the email to verify that the interpretations represented the participant's original responses, or if there is additional information the participant needs to add, and (e) instruct participants to reply to my email their responses. I repeated the process of adding additional information with the participant until the data collection provided no new themes, insights, perspectives, or information.

Transition and Summary

Section 2 includes an explanation for selecting research methods and designs, describing the population, and why they met the criteria for this study. Data collection, organization, and analytic techniques were also explained in this section. These factors are key as they led to how I ensured credibility, transferability, and confirmability throughout the research study.

Section 3 of the research study includes the application of the study results to professional practice and implications for social change. In section 3, I present a comprehensive overview of the data analysis and findings, recommendations for future research, and a call for action. Final reflections and conclusions are included in section 3 as well.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative multiple case study was to explore internal control strategies small retail business owners use to prevent and detect occupational employee fraud. Previous researchers have studied the fraud triangle, but few observed how the fraud triangle applied to small retail business. I conducted face-to-face semistructured interviews with six small retail business owners at their places of business as the primary source of data collection pertaining to prevention and detection strategies. Additionally, I observed participants in their work environments, how they interacted with employees, and collected documentation as supplementary support.

Observations of the participants validated the internal control strategies each participant reported that they implemented. Examples include adequate lighting on the work floor that made visual monitoring clear whether through video recording or self-monitoring by the business owner. As an additional control mechanism, participants would routinely complete point of sale (POS) transactions alongside or instead of their employees to ensure that sales were completed properly. Other actions participants took to ensure the merchandise count was accurate was to stock the shelves or racks themselves in addition to electronically monitoring inventory. This form of inventory tracking was performed using computer software specific to the business. Participants were also very vigilant of employee movements, even when employees were not in their direct view. Some used mobile devices with live feeds for surveillance cameras on the work floor, while others viewed monitors in a space away from the work floor, where surveillance cameras were recording. Participants also offered documents such as memoranda or general rules for performance in the workplace regarding safety and internal controls.

Employing thematic analysis, the process of interpreting qualitative data and finding patterns, allowed me to create themes based on the data collected from the semistructured interviews and observations. Using thematic analysis provided a structured approach for me to select the themes most relevant to this study as well as identify how the themes related to the literature. Identifying key themes throughout the study also allowed me to make connections between my findings and how they can be practically applied.

The findings of this study revealed how owners of small retail businesses were affected by employee fraud and what internal strategies were effective in preventing and detecting future instances of employee fraud. The most significant impact that affected business owners was the financial impact. The aftermath of these fraud instances compelled participants in this study to implement internal control strategies to safeguard their businesses from ongoing instances of employee fraud.

Presentation of the Findings

A qualitative multiple case study approach was employed because interviews provide an in-depth understanding of participants' experiences and perceptions. The overarching research question for this study was: what internal control strategies do small business owners use to prevent and detect employee fraud? Six themes emerged from the data collection process: (a) financial impact, (b) transaction responsibility and monitoring, (c) networking and business models, (d) communication, (e) separation of duties, and (f) training.

Table 2

Interview Questions, Emergent Themes, and Percentage of Frequency of Participant Responses

Interview Questions	Emergent Themes	% of Frequency of Participant Responses
1. How did employee fraud affect business operations?	Financial impact	99%
2. What internal control strategies allow you to prevent and detect employee fraud?	Transaction responsibility	83%
	Monitoring	100%
3. What assistance did you require to determine strategies to implement internal controls to prevent and detect employee fraud in your business?	Networking	50%
	Business models	83%
4. How did you address key obstacles to implementing your business' strategies for internal controls to prevent and detect employee fraud?	Communication	70%
5. How do you monitor the effectiveness of internal control strategies to prevent and detect employee fraud?	Separation of duties	83%
6. What additional information can you provide regarding strategies to prevent and detect employee fraud?	Training	100%

Theme One: Financial Impact

Stone (2016) said that fraud losses for small businesses have a much greater impact than large businesses. Interviews of the six participants in this study revealed that financial setbacks were among the most significant instances of employee fraud. Participants expressed their experiences with financial woes due to fraudulent activity of previous employees, with some experiencing more serious financial hardship than others. P1 explained:

> Catching it early will not have a significant impact; however, a novice in the business may not catch fraudulent activity early enough and business could be severely impacted in terms of merchandise, loss of profits, and creation of a vicious circle of having a reputation of customers who are aware of the employees' character for committing fraud more often.

P4 reported financial loss due to employee theft as a result of lack of monitoring of transactions. P5 also said that monetary loss was felt after having to replace inventory due to employee fraud. P5 stated, "because of employee fraud, the business lost money because inventory was taken and had to be replaced. We also had to spend extra money to re-staff." While all participants reported some level of financial impact due to employee fraud, they did not go into detail regarding their experiences. P6 stated, "the employees that have the most opportunity to commit fraud are the merchandise-receiving employees and employee fraud in this area would hurt the business financially." In this instance, the employees most likely to commit fraud are not the employees at the POS, but those receiving employees on the loading dock.

Responses from participants were uniform in that all participants who experienced employee fraud, whether it was fraudulent transactions, misuse of business credit cards, or theft of inventory, resulted in financial distress. In instances where there was misappropriation of funds, the participants were not able to recover the funds. In instances where inventory was tampered with, participants suffered initial loss of profits, especially in terms of seasonal merchandise, as well as subsequent financial burdens when replacing inventory. Financial distress not only presented in the form of losses, but costs of implementing strategies to prevent and detect future occurrences of employee fraud.

The findings from this study as they relate to previous research extend literature in that the participants introduced information on exactly how their businesses were financially impacted by employee fraud. Respondents also included examples of instances where they were not able to recover from loss of cash, due to improper transactions, but also how they were able to recover from other instances of employee fraud such as loss of merchandise and the actions they took to prevent further instances. When fraud occurred in the participants' businesses, the impact was great as suggested by previous researchers.

Theme Two: Monitoring and Transaction Responsibility

Data collected during this study resulted in the findings of multiple strategies the participants implemented to prevent and detect employee fraud. Schnatterly, Gangloff, and Tuschke (2018) took a comprehensive approach to reviewing the components of the fraud triangle in relation to how the elements corresponded with employee compensation, company structure, and monitoring. Monitoring is among the key strategies' participants implemented to prevent and detect employee fraud. As implied by Sandhu (2016), the absence or presence of fraud can be assessed by close scrutiny of human behavior that can help identify employees with the propensity to commit fraud.

After experiencing the impact of employee fraud, P1 began training employees to monitor one another while in the workspace. P1 made the decision to monitor employees from afar as not to make anyone feel uncomfortable, but also made it known that each employee would be held accountable for one another. Stating:

> I trained my employees to monitor each other, to be responsible for one another and I made sure everyone knew they were being monitored and the monitors were responsible for any losses. I did not personally monitor my employees on the floor because I did not want to make them feel like I was always looking over their shoulders, making them uncomfortable.

P2 implemented the use of cameras throughout the workplace that allowed for a live feed to a mobile device in the event the participant was away from the workplace. P2 also required employees to use employee IDs to monitor each transaction any employee made. Another layer of monitoring P2 implemented was recording of each register transaction separate from the monitoring of employee ID activity. P2 responded:

> I had cameras installed in the store that feed directly to my cell phone so I can always see what is going on even when I am not there. I also get alerts if something happens. My bank suggested a software program that monitors

transactions at the register so I can see each transaction as another security measure.

P3 implemented the use of employee IDs to monitor employee activity as well. There are also cameras on the premises of P3's business:

> Many in the network that I am a member of began using employee ID to track their transactions as well as the times employees checked in and clocked out. I thought that was a great idea, so we implemented employee IDs also and they have helped a lot, they even track transactions on the business credit card.

P4 through P6 implemented forms of visual monitoring by being present on the workplace floor themselves, remaining vigilant of employee activity.

Kennedy (2017) argued two key points regarding employee fraud; that small business owners should increase use of surveillance cameras and that deterrence using peer influence to increase fraud detection will decrease motivation. The process of employing multiple forms of monitoring allowed the participants to visually process movements of employees that helped determine whether adjustments needed to be made to workplace policy, employee training, or more clear communication. Participants also stated that after implementation of monitoring strategies, employee fraud was eliminated or significantly decreased.

Relating back to the literature, Warren et al. (2015) suggested the use of technology to monitor employees, examples were video, audio, and textual data monitoring. While some participants felt it intrusive on their employees to impose audio monitoring or textual monitoring, the participants did employ visual and transactional monitoring devices. Video monitoring, POS transaction recording, requiring employees to input an identifying employee number for each transaction, and visual monitoring by the owners were effective controls for the participants. Thus, extending existing literature pertaining to monitoring to prevent and detect fraud in small retail businesses.

Theme Three: Business Models and Networking

Participants stated multiple resources utilized to assist occupational fraud. Among the most prevalent were networking with other small retail business owners who implemented successful strategies to prevent occupational fraud and the use of small business models. While networking has been useful for decades in business strategy, researchers have focused on larger networking sources. For example, Balleisen (2017) postulated that the Better Business Bureau (BBB) was initially formed by a group of volunteers whose mission was to implement strategies to prevent deceptive marketing practices. Balleisen (2017) maintained that the members banned together to raise funds to develop anti-fraud policies.

Like the small network that is now the BBB, some participants in this study are members of networks of small business owners who work together to share strategies on fraud prevention, business trends, and marketing. P2 learned of new surveillance strategies through networking with other boutique owners. P3 regularly networks with approximately 40 other small business owners who have all implemented employee ID systems to monitor employee transactions, which decreases the likelihood for opportunity to commit fraud. P6 is also a member of a small business network where best practices are regularly discussed.

Further, participants shared that they utilized business models to implemented fraud prevention strategies. P1 and P4 obtained business degrees, continued education, gained knowledge of their demographic that allowed them to create their own business models as they pertained to the specific business. P1 stated “I developed a business model that included frequent inventory control and use of barcoding systems to keep a more accurate count; to deter pilfering.” P4 stated “I developed my own business model through what I learned when I got my degree in small business entrepreneurship and what I learn as I continue to read and learn about the industry.”

P3, P5, and P6 adopted small business models shared within their networking forums. The commonality between all participants is that with the assistance of business models and support of networks, each participant was able to significantly reduce the opportunity for employees to commit fraud. Peltier-Rivest (2018) argued that an effective anti-fraud model consists of a positive work environment, assistance to help employees resolve personal and work issues, as well as anti-fraud training.

While networking has provided support for small business owners for decades, the dynamic of networking has changed. Business owners who participated in this study revealed that they participate in networking groups specifically within their line of business, not in the general sense compared to those who began the BBB. With tailored networking groups, small retail business owners were able to exchange ideas and protocols specific to fit their business which lead to strategies to combat employee fraud in their industry. Once such measure was using small retail business models to determine what the overall structures were and how they could use those models to implement controls to protect their business. These measures were found to be most useful during the decision-making process and could be an integral addition to fraud prevention measures going forward. The findings serve as an extension to existing literature on the use of networking as a strategy as well as extending it by offering insight on how small business specific networks can add value to similar businesses.

Theme Four: Communication

As an extension to existing literature, communication and separation of duties were two additional measures participants found effective in preventing and detecting employee fraud. Participants in this study cited communication as an effective strategy when addressing obstacles to implementing internal controls. Several authors have recognized communication as key in reaching employees to express the consequences of committing fraud. Zakaria et al. (2016) postulated that communication ensures that relevant and pertinent information is shared throughout the company. Participants stated that in addition to implementing new policies and transaction monitoring procedures, communication was vital in helping employees understand the new processes and allowed them to voice any concerns.

P2, P4, P5, and P6 revealed that communication was key for their employees when addressing any obstacles that arose once new procedures were introduced. P2 stated "no serious obstacles surfaced, communication allowed for ease of transitioning to the new employee requirements and software on the registers." P4 stated "I developed an employee manual for new and existing employees to follow and I have periodic employee training when I feel it is necessary." P5 stated "communication made employees feel comfortable with new procedures and any ongoing concerns."

Theme Five: Separation of Duties

Most participants in this study experienced employee fraud prior to implementing internal control strategies to prevent and detect future instances of fraud. As one of an array of internal control measures, separation of duties was a vital internal control. With insufficient separation of duties, small business owners cannot detect fraud, thus creating a weak internal control environment, and enabling employee fraud (Akkeren & Buckby, 2017). Kitching et al. (2013) argued that separation of duties was one of the most important internal controls to implement. Moreover, Hollow (2014) suggested that separation of duties and improved communication between owners and their employees were key strategies. These findings add to the validity of assertions made by previous researchers in that participants enforcing these control measures were able to decrease or eliminate employee fraud.

P1discovered the need for separation of duties after experiencing employee fraud, as such, P1 implemented and maintained quarterly inventory control measures that were inventory on hand was compared to employee sales activity. P1 stated, "I started accounting for inventory myself quarterly so if there were any losses, I could catch them early and stop them." P2 began ordering, counting, and auditing inventory while employees completed transactions and maintained the boutique area. P2 stated, "I count my own inventory even though I try not to keep a large inventory. If there is left over inventory for the season, I sell it at a discount."

In the same manner, P4 separated the duties of employees by limiting employees to maintaining the workspace and completing transactions. Inventory management including ordering, stocking, and retrieval was conducted by the participant. P4 stated "I count my inventory myself, I pay all of the bills and review invoices, stock (routine) items are accounted for using our electronic inventory systems, but our seasonal items are accounted for manually." P5 stated "I count the inventory myself and order products because that shouldn't be a responsibility of my employees." P6 conducts a weekly electronic inventory review comparing sales to inventory on hand to ensure accurate employee sales transactions.

P6 stated:

> All transactions are processed through the POS portal with no exceptions. Each sale item was accounted for when scanned an automatically adjusts product count to reflect accurate inventory levels since inventory is also tracked and monitored through the same POS portal. I physically count inventory on an annual basis, but the POS tracking system products a productivity list daily that I review in order to determine what items need to be restocked.

Each participant has benefitted from separating duties, specifically separating the responsibility of inventory and completion of sales transactions. As argued by Akkeren and Buckby (2017), separation of duties provided a strengthened internal control environment, preventing and detecting fraud.

Theme Six: Employee Training

Employee training was a fraud prevention method that participants found effective as continued training served as constant reminders of work ethic, new procedures, and employee expectations. The training aspect would extend existing literature on fraud prevention in small businesses as previous researchers did not cite training as a critical element. However, participants in this study found exceptional value in ongoing employee training. Results provided by participants of this study revealed that ongoing employee training is critical in maintaining ethical standards, understanding of software updates as they pertain to employee use, and expected behavior. Participants emphasized that training is a key element for new and existing employees. P4 and P6 as business owners continue small business trainings to remain abreast of new trends or threats that could potentially affect business operations. The training for P4 and P6 equip these individuals with knowledge that can be shared with employees or utilized to create relatable training material. Robinson and Jonker (2017) explained that training assists employees when facing ethical dilemmas.

Preventing situations where ethics are called into question is a goal each participant strives to accomplish.

P1 stated:

> Retail is detail! Anyone engaging in retail should be aware of the potential threats. Others should be aware of their demographic and tailor their training accordingly. I train my employees differently that large retail clothing businesses would since boutiques are vastly different. Boutiques also have a separate inventory experience than larger retail business, some have little to no inventory.

P3 stated, “because of growth processes, and adaptation to constant retail industry changes, continuous training is necessary for our success.” P4 stated that “training is necessary for us to continue to be successful.” P5 stated, “since cameras a more intrusive, I prefer communication, visual monitoring, and periodic training to maintain a level of trust with my employees.” P6 stated, “I provide employees with a handbook and rely on continuous training on work floor etiquette as well as functions like creating purchase orders. Continuous training and open communication are key in preventing fraud for my business.”

The findings of this research study confirmed the basis for the conceptual framework, literature review, and overarching research question. The research findings indicated how the fraud triangle could be used as a risk assessment tool as well as a tool to develop strategies to prevent and detect occupational fraud. Participants in this study implemented strategies such as interviewing to help determine if a potential employee’s views on ethics fit the business, monitoring prevented and deterred motivation to commit fraud, and employee-to-employee accountability removed the rationalization element.

Since employees in some instances were responsible for and held accountable for each other’s actions, it became much more difficult for an employee to commit fraud and rationalize the act. The literature review provided viable information from previous research studies on how internal control strategies similar to those implemented in some larger organizations could be successful in small businesses as well. Participants in this study confirmed that the strategies implemented in their small businesses were transferable across industries and business of any size.

The findings coincide with the fraud triangle theory in that Cressey (1953) suggested that opportunities such as weak internal controls motivate fraudulent acts (Zakaria et al., 2016). Small retail business owners who voluntarily participated in this study implemented internal control strategies to prevent and detect employee fraud based on the elements of the fraud triangle by understanding (a) pressures, (b) motivations, and (c) rationalizations of perpetrators. As these strategies will be discussed later, participants stated they were vigilant of the change in clientele when certain employees were on duty, an indication of pressure and motivation, and learned from experiences with employee fraud, an indication of rationalizations.

The results of the study revealed that weak internal controls identified by the participants could result in occupational fraud. Some participants relied on interviews to collect information on potential employees, a strategy that Vrij et al. (2014) argued would provide an indication of an individuals' ethical standards. Other participants relied heavily on visual and electronic monitoring to determine an individuals' motivations and rationalizations. Simser (2014) argued that unusual behavior ques could raise red flags regarding an individual's intent to engage in fraudulent activity.

The responses from the semistructured interviews allowed me to identify multiple themes, with six emergent themes being identified as strategies owners of small businesses could implement to prevent and detect employee fraud. Sow, Basiruddin, Rasid, and Husin, (2018) argued that occupational/employee fraud includes asset misappropriation, that is, misuse or theft of cash and inventory. Authors Sow et al.

purported that the fraud triangle framework is a key factor in preventing and detecting occupational fraud.

Applications to Professional Practice

Small business owners can apply the findings of this study by incorporating some of the strategies participants in this study implemented to prevent and detect employee fraud. Evidence provided by participants revealed that financial loss had the most significant impact on their businesses. To improve business practices other business owners can integrate monitoring mechanisms such as surveillance cameras or require the use of employee IDs to record employee transactions. Networking researches are available such as meet up groups that have been created by business owners within the same industry. Participants in this study found networking and the use of business models that were born from those meetings key in fraud prevention. For new small business owners, networking is a safe, economic resource that could contribute to the success of their business.

Communicating with employees in a manner that makes them feel valued, while ensuring adherence to business policy and procedures improved operations for the participants and could have the same affect for others. Separating duties as suggested by participants in this study, ensures that an employee responsible for completing sales transactions is not also responsible for receiving inventory. With one employee responsible for both types of transactions involving inventory allows for opportunity for an employee to commit fraud. Thus, separating job duties would be beneficial to new business owners. Intermittent employee training is a strategy that participants emphasized as key in ensuring business protocol was being followed as well as ethical practices. Employing formal employee training programs can prevent fraud in other small businesses, similar to how the participants in this study used training to improve business operations. Improved internal control strategies such as those mentioned above are the most effective way to combat occupational fraud (Kumar, Bhattacharya, & Hicks, 2018).

Small retail business owners can implement controls that discourage employee fraud such as background checks, monitoring, and probing interviews (Simser, 2014). Small retail business owners can use the components of the fraud triangle to understand what propels employees to commit fraud (Andon et al., 2015; Free, 2015). Results from this study could be applied to professional practice in small businesses as the owners can use the information provided to formulate solid strategies to implement internal controls that prevent and detect fraud in their business operations.

Implications for Social Change

The findings from this study could benefit small retail business owners by introducing strategies that small business owners could implement to prevent and detect employee fraud. The results from this study provide insight on how the participants of this study created and implemented strategies to safeguard their businesses against employee fraud, which can be useful in other small retail businesses. The findings from this study could provide other small retail business owners with insight on the importance of training their employees to prevent fraud, a strategy that was most helpful to each participant in this study.

Implementing effective internal control strategies to protect small business assets affords owners the opportunities to flourish within the community by increasing employment opportunities, increasing income distribution, and decreasing social conflict. Placing an emphasis on social entrepreneurship, small business owners serve their communities by focusing on wealth distribution, addressing issues of hunger, education, and unemployment (Lumpkin et al., 2013). Employment creation and economic stability have positive effects on society. For small business owners to secure their businesses within their communities a sound internal control structure is necessary.

Recommendations for Action

The results of this study revealed areas for action for owners of small retail businesses to prevent and detect occupational or employee fraud. Some recommendations include conducting background checks, thorough behavioral interview questioning, continuous training for all employees, and implementation of effective internal control strategies. The background check and interview should be similar for all employees since many employees in small retail business potentially have access to inventory and other business assets. Small business owners could incorporate elements of the fraud triangle during behavioral interviews by asking questions about how an individual behaves under pressure, whether they are likely to report bad behavior, rationalize bad behavior, and what their motivations are. Small retail business owners should consider background checks as a strategy to prevent and detect employee fraud as it became evident during data collection that business owners who hired employees based on instinct and trust experienced more frequent incidences of employee fraud. Some participants divulged that some employees were family members whom they trusted and thus did not conduct background checks or formal interviews. Background checks should include reference checks as well as financial history.

Another recommendation is that small business owners implement and maintain internal control strategies to prevent fraud. Small business owners could use resources from networking with similar businesses, following industry business models, and continuing education in the area of entrepreneurship and the operation of small business. It is also recommended that small business owners enforce separation of duties, continuous monitoring of employee activity, and periodic inventory auditing. Separation of duties should consist in part of separating individuals who may count or receive inventory merchandise from tendering transactions. Additionally, continuous monitoring should include real time video and transaction recording, which has been proven to be effective by participants in this study.

Others who should pay close attention to the results of this study are aspiring small retail business owners as well as future researchers. Novice small retail business owners may not be aware of some of the potential risks of operating a small retail business as stated by P1. Individuals just entering the industry could benefit from some of the strategies that veteran small business owners have implemented. Future researchers could benefit from the results of this study by utilizing the foundation provided to expand the scope of their research studies whether qualitative or quantitative.

By implementing the recommended strategies, small retail business owners could significantly reduce or avoid incidences of employee fraud and the financial losses that many experience as a result of employee fraud. My intent is to disburse the results of my study to small retail business owners, future researchers, and students through a) academic journals, b) accounting journals, and c) small business journals. Furthermore, I intend to present my findings during professional and educational conferences as well as small business training and development seminars.

Recommendations for Further Research

Small retail business owners could benefit from future studies on how to protect their business from employee fraud as well as types of technology used that could produce better results regarding monitoring and tracking merchandise and daily activity. Participants in this study consisted of small retail business owners limited to the Southeastern region of Pennsylvania in the United States. Conducting qualitative multiple case studies in a larger geographical area could produce more diverse strategies for preventing and detecting employee fraud. During data collection, participants divulged that they used visual monitoring, transactional monitoring and tracking with employee IDs, separation of duties, and physical inventory counting. Conducting further research in more diverse geographical areas could solidify the effectiveness of the strategies in combatting employee fraud. Future researchers could also bring awareness to the prevalence and impact of employee fraud on small retail businesses.

Reflections

Throughout the process of completing this study, I learned the true meaning of rigor and experienced personal, professional, and academic growth. During data collection, I learned about the different strategies small retail business owners incorporated to prevent and detect employee fraud. I also realized the difference in strategies, communication, beliefs, and knowledge of participants based on the length of time participants had been in the small retail industry. To remain unbiased, I used an interview protocol as well as an observation protocol to ensure that my focus was on the participants and the information he or she provided.

I found the information the participants were willing to share very intriguing. The individuals who agreed to voluntarily participate were enthusiastic and passionate about sharing their experiences and knowledge. The similarities and differences in strategies was remarkably interesting and provided me with a better insight on how different size small businesses perceived and prevented employee fraud. The SBA (2016) defines small businesses in Pennsylvania as businesses that are comprised of at least one employee and no more than 500. Results from this study could provide other small retail business owners with insight on how to develop and implement strategies to prevent and detect employee fraud.

Conclusion

The main issue is that some small retail business owners lack strategies to implement internal controls to prevent and detect employee fraud. The purpose of this qualitative multi case study was to explore internal control strategies small retail business owners use to prevent and detect employee fraud. The findings of this study revealed strategies small retail business owners could implement to protect their businesses from employee fraud including a) video monitoring, b) employee IDs to track employee activity, c) separation of duties, and d) effective communication with employees. The data collection method included face-to-face semistructured interviews with small retail business owners, observations, and documentation. A consensus among participants is that various forms of employee monitoring and communication are effective strategies to prevent and detect fraud. Frequent inventory tracking by the participants is also a significantly effective strategy to prevent and detect employee fraud as this allows owners to keep a more efficient count of merchandise incoming and outgoing.

Employee fraud is a serious issue in small business as fraud causes interruption of business operations, costs business owners additional time and resources to reverse the damage caused by fraud, and could tarnish business reputation (Omar et al., 2016). The results of this study may be useful to small retail business owners who need to implement effective internal control strategies to prevent employee fraud. Moreover, results from this study could provide guidance for current and aspiring small retail business owners in understanding the significance of implementing and maintaining internal control strategies.

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Appendix A: Interview Protocol

Date:	Time:	Location (City, State, Zip):
Interviewee:		Title:

Step I

Introduction

Good (morning/afternoon), I am (my name). We agreed on (date and time) that you would voluntarily participate in my doctoral study on strategies to prevent and detect occupational fraud in small business for which I would like to extend my sincerest thanks. I would also like to confirm that this is still a good time for you. (If not, the interview can be rescheduled as the interviewee's schedule permits).

Step II

Confirm receipt of and review signed consent form (consent form includes confidentiality clause).

Step III

Discuss interview process and follow-up procedure

Thank you once again for agreeing to participate in my doctoral study. I would like to reassure that the information we discuss in the interview is confidential and will not be shared with anyone else. With your permission, I will record our interview, transfer the information into a written format, and send a copy back to you. I would like you to review the transcribed information to verify that I have accurately interpreted our discussion. Please e-mail the document back to me with any comments that you would like to include. If you agree, we can begin the interview.

Step IV

The interview begins.

Interview Questions

1. How did employee fraud and asset misappropriations affect business operations?
2. What internal control strategies allow you to prevent and detect asset misappropriations?
3. What assistance did you require to determine strategies to implement to prevent and detect asset misappropriation in your business?
4. How did you address the key obstacles to implementing your business' strategies for internal controls to prevent and detect asset misappropriation?
5. How do you monitor the effectiveness of internal control strategies to prevent and detect employee fraud and asset misappropriations?
6. What additional information can you provide regarding strategies to prevent and detect employee fraud and asset misappropriations?

I greatly appreciate and value the time you have spent interviewing with me today. I sincerely appreciate your contribution to my doctoral study. I would like to remind you that the information you provided is solely for academic purposes and will not be published to any journal for profit. All of your information will remain confidential.

Appendix B: Fraud Triangle

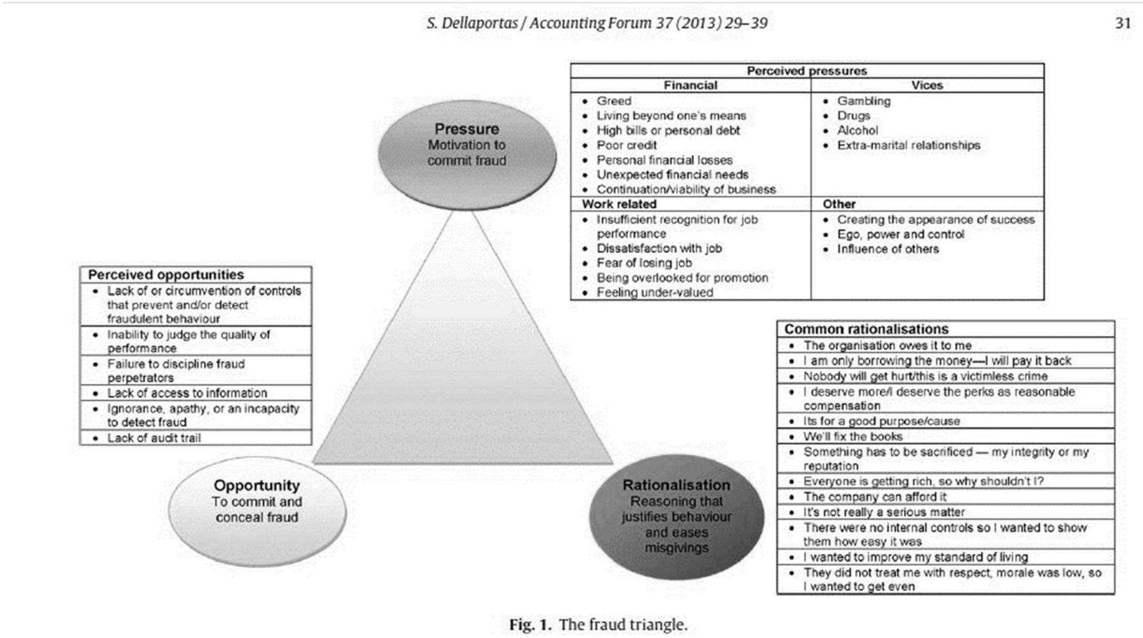

Figure B1. Fraud Triangle. Fraud Triangle. From "Conversations with inmate accountants: Motivation, opportunity, and the fraud triangle," by S. Dellaportas, 2013, *Accounting Forum, 37*, p. 39.