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An offender's perspective of what motivates, deters and prevents white collar crime in the South African workplace

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfillment of the requirements for the degree of

MASTERS OF BUSINESS ADMINISTRATION

9 November 2011

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Abstract

The aim of the research was to look at the motivations behind white-collar crime and, by means of the insights gained, allow businesses to achieve a better understanding of these motivations and the possible loopholes that exist with respect to white-collar crime.

Empowered with such knowledge, businesses fraud mitigation policies and approaches are enhanced; which contribute towards sustained operations and increased shareholder value by reduce losses.

Face-to-face interviews were held with 29 white-collar offenders imprisoned at the Johannesburg Medium Correctional Centre in Gauteng, South African. Data was collected from these interviews and grouped into themes that related to the research questions.

An action plan was formulated to assist business in their fight to eliminate and reduce the impact of commercial crime.

Keywords

Anti-fraud awareness

Greed

Fraud detection

Fraud prevention

Internal controls

Job rotation

Love of money

Need

Whistle-blowing

White-collar crime

White-collar criminal

Declaration

I declare that this research project is my own work. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

9 November 2011

Luigi Muto

Date

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Chapter 1: Introduction to the Research Problem

1.1 Research Title

An offender's perspective of what motivates, deters and prevents crime in the South African workplace

1.2 Why this Topic is Important

The Association of Certified Fraud Examiners (2010) found that the typical organisation loses 5% of its annual revenue to commercial crime globally; this is equivalent to a combined global loss of more than \$2.9 Trillion.

South Africa is no different in terms of commercial crime; with the South African Police Services annual report (2011) reporting that there were 177 reported incidents of commercial crime per 100 000 members of the population, accounting for a total of 88 388 incidents of commercial crime for 2010/2011. When compared to the 2003/2004 SAPS annual report findings (55 869 total commercial crimes reported); a dramatic increase in incidents rates of 58% was observed over the eight year period. While the above figures do not provide insight into the nature and motivations behind commercial crime they do draw attention to the growing problem faced by South African society and South African business.

Furthermore it has been established that economic and commercial crimes tend to increase in lean times such as the recessionary environment that has been present since 2008. Commercial crime is often encouraged inadvertently by organisations themselves; through the weakening of internal controls due to cost-cutting efforts, whereby retrenchment activities result in the removal of segregation of duties Temkin (2011).

Businesses that are able to reduce their internal fraud and white-collar crime stand to enjoy a significant increase in profit margin, resulting in more shareholder and stakeholder value being created. So large is the effect of white-collar crime on business that firms stand to increase shareholder value through relatively small decreases in internal fraud and white-collar crime (Schnatterly, 2003). Consequently the prevention of white-collar crime has a strong business case.

Farrell and Franco (1999) concluded that organisations have the opportunity to proactively reduce the likelihood of commercial and white-collar crime through understanding the dynamics behind workplace crimes, investigating the sources as well as exploring possible deterrents that could be employed. The fabrication of a responsible and pre-emptive work environment has the ability to reduce the likelihood of commercial crimes and in turn curb the negative effects associated with them. As such business owners, executives and senior management must both be made aware of the negative effects of commercial crime but also educated on intuitive and pragmatic measures that can effectively alleviate commercial crime (Farrell & Franco, 1999).

Subsequently this research sought to shed light on and better understand the motivations that drive white-collar crime. Furthermore the loopholes as well as possible deterrents to commercial crime are explored, with the intent of providing an understanding of how best to combat commercial crime. Application of this knowledge hopes to assist managers in facilitating a more lawful workplace environment and in turn increase shareholder value (Schnatterly, 2003).

1.3 Definition of the Problem

The phrase “white-collar crime” was first introduced by Edwin Sutherland (1939) as “a crime committed by a person of respectability and high social status in the course of their occupation” (Johnstone, 1999). This definition was later modernised by Brody and Kiehl (2010), who defined white-collar crime as an illegal act or series of illegal acts committed by non-physical means and by concealment to obtain money or property, or to avoid payment, loss of money or property, or finally to obtain business or personal advantage.

While the concept of white collar crime its motivations and conditions are well documented; this research attempts to explore the offender’s perspective, in an attempt to limit further exploitation. Additionally the study hoped to make business aware of the loopholes and failures from the employee’s point of view and attempts to clarify the societal issues confronted by offenders.

While a definition of white-collar crime has been put forward in the literature and the negative impact documented, this paper is concerned with the practical impact of white-collar crime on the work place, including, motivations, loopholes and practical deterrents. Furthermore this paper acknowledges that it is not sufficient to cover up loopholes and implement deterrents; but also places attention on the motivations of employees to commit crimes in the workplaces and thus provides insight into the mind of the offender which allows organisations and their leaders to better understand the criminal element and diminish it.

1.4 Purpose of the Research

The purpose of this research was to understand the motivations and circumstances that allow employees to commit white-collar crimes. Additionally the research proposes what businesses can do to mitigate the risks and thus reduce losses to themselves and society. In an effort to prevent commercial crimes from being committed within the workplace, this research looks at how a perpetrator might exploit weaknesses in the system of controls, how a perpetrator could possibly override or circumvent these controls, and how a perpetrator could conceal the fraud?

Furthermore, an action plan based on the findings is proposed to business; which if implemented is intended to decrease the risks associated with commercial crime as well as close any open loopholes that may exist. The plan also allows organisations the ability to examine inept and inadequate processes that were highlighted during the research

process. The findings of this study ultimately hope to contribute towards a safer work environment through reduction crime opportunities and the identification of employee motivation markers and indicators.

Coffin (2003) noted that white-collar criminals themselves are often the best consultants and sources of information in the fight against commercial crime, sighting the successful use of IT hackers in the IT security industry. This is as they have first-hand experience of commercial crime, including the initial temptation, why they thought they could get away with the crime, and what they themselves would do, or expect their employers to do, in order to avoid future such temptations (Coffin, 2003). As a result this research sought to attain real world information from convicted commercial criminals. Collection of this type of information was considered appropriate and necessary as it aided in providing insight that otherwise would not be available. These insights sought to enable business leaders to implement various protection systems and processes in order to limit the risk of employees committing white-collar crimes. Not only would this benefit the business and business owners, but also the stakeholders, including customers and society - who ultimately pay for commercial crime.

In addition, this research attempted to contribute towards the South African perspective by identifying and analysing innate weaknesses and preventative measures available to organisations, as well as sought to shed light on the motives behind commercial crimes through a unique South Africa lens.

Chapter 2: Literature Review

2.1 Theory and Definitions

The following section provides an over view of the definitions of white-collar crime as well as the definition of a white-collar criminal used in this research. The profile of white-collar criminals is also explored.

2.1.1 Definition of White-Collar Crime

Farrell and Healy (2000) found that many people view white-collar crime as being a victimless crime, as there is a common belief that nobody gets hurt. However, the point is not that everyone involved is a victim; it is simply that everyone shares the burden of high product costs and lower net profits. White-collar crime costs industries hundreds of millions of Rands annually, through loss of profits. Besides industry, these crimes place a burden on taxpayers as the convicted criminals are jailed at the taxpayer's expense.

All companies are vulnerable to white-collar crime, as loopholes may be present in any of their departments or divisions. If there are weaknesses in any processes, criminals are likely to take advantage of the control failures. Bressler (2009) found that the most commonly occurring common commercial crimes were; theft of cash, inventory, merchandise or equipment, falsification of reports, processing of fraudulent invoices, customer identity theft, money laundering, theft of intellectual property, and credit card or pay-roll fraud.

Further activities considered to be white-collar crimes are illustrated by Greenlee, Fischer, Gordon and Keating (2007). Occupational fraud includes cases where an employee overcharges his or her employer for travel expenses, or steals cash from the organisation's bank account. Another example by Greenlee et al. (2007) is consumer fraud, where a shop assistant replaces the price tag on an item with the goal of purchasing it at a lower price. Finally, insurance fraud refers to when a policyholder falsely claims or inflates the value of stolen goods.

2.1.2 Definition of a White-Collar Criminal

Johnstone (1999) noted that the phrase "white-collar crime" was first introduced by Edwin Sutherland in 1939, as describing "a crime committed by a person of respectability and high social status in the course of their occupation". However, it can be argued that not only people with "high social status" are prone to committing white-collar crimes. Minnaar-Viejeran (2000) contradicts Sutherland's definition, arguing that white-collar criminals are drawn from a broad spectrum of society and not only from the wealthy and elite. Picard (2008) added that Sutherland's definition of white-collar criminals also implies dishonest business people working for legitimate companies, which cannot be classified as criminal organisations.

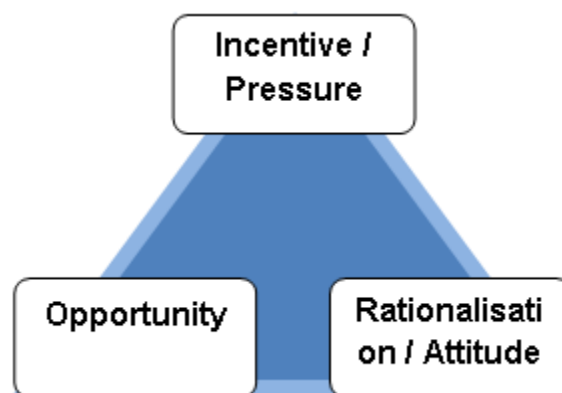
2.1.3 Profile of a White-Collar Criminal

As anyone has the potential to be a commercial criminal, there is not one specific stereotype or profile that can be drawn up to profile such criminals. Farrell and Healy (2000) maintained that the perpetrator is usually a trusted employee who resembles the “guy next door.” Minnaar-Viejeran (2000) concluded that greed, need and the addiction of money prompts the criminal to act illegally. In addition, Minnaar-Viejeran (2000) claimed that white-collar offenders are normally, but not necessarily, of a higher intelligence, and maintained that mental health, reason and intelligence were the three most important personality qualities in a white-collar offender.

2.2 The Fraud Triangle

The ‘fraud triangle’ put forward by Ramos (2003) reveals that three conditions, as depicted in Figure 1 are present when white-collar crime occurs, namely Incentive, Opportunity and Rationalisation.

Figure 1: The Fraud Triangle (Ramos, 2003)



2.2.1 Incentive / Pressure

Firstly, Ramos (2003) found that any employee within an organisation could have an incentive or be under pressure, thus providing a motivation to commit fraud. Bressler (2009), added to Ramos's findings, in noting that commercial crime was committed when individuals were under some form of pressure. This pressure could be due to financial reasons, sometimes associated with extra money needed to make ends meet or the need to feed an addiction, such as drugs or gambling.

2.2.2 Opportunity

Secondly, Ramos (2003) noted that the opportunity for white-collar crime to take place existed when there was either an absence of controls, a lack of effective control or management had the ability to override control. The second condition that Bressler (2009) found, and which again was in agreement with Ramos (2003), is opportunity. Opportunity exists when businesses fail to develop internal controls or safeguards in their business processes. Kelly and Hartley (2010) further supported this noting that internal controls such as those that separate cash handling functions from the recordkeeping functions, needed to be enforced in order to eliminate the opportunity to commit fraud.

Moyes, Lin and Landry (2005) indicated that fraudulent activity is highly possible when lines of accountability are blurred, internal controls and accounting systems are ineffective, and audit committees do not correct reportable conditions. Furthermore, Kelly

and Hartley (2010) warned organisations not to put too much trust in long-time employees, as over time they gain more autonomy and authority and thus easy access to monetary assets, coupled with a thorough understanding of how a system worked – all factors that enable fraud to be successfully committed. Thus managers should avoid becoming too trusting to the extent that they fail to monitor employees effectively.

2.2.3 Rationalisation / Attitude

Ramos (2003) concluded that those involved in white-collar crimes are able to rationalise a fraudulent act as being consistent with their personal code of ethics. Similarly, Rossouw, Mulder and Barkhuysen (2000) found that offenders were often able to justify their illegal deeds, thus preventing them from developing feelings of guilt that could deter them from further fraud perpetration. It is therefore not unusual to find that people perpetrate fraud repeatedly. Bressler (2009) claimed that employees justified their actions by thinking the company “owed them”; they either believed they were unappreciated or underpaid, or they shifted the blame onto the organisation or their line manager.

2.3 Motives and Rationalisation of White Collar-Crime

2.3.1 Rationalisation

Rossouw et al. (2000) put forward common rationalisations used by white-collar criminals. The most common of these was that in South Africa, the law is unfair as it convicts and imprisons the offender. Offenders rationalised that in other countries, they would have

received a different sentence. Offenders further believed that hard and vengeful judges were picked for trial, thus ensuring harsher sentences and not allowing offenders a fair chance to evade the prison sentence.

Another common rationalisation of offenders, uncovered by Rossouw et al. (2000), was the mindset that “everyone does it” (commits white-collar crime). Offenders suppressed their guilt by convincing themselves that everyone was committing (a particular) white-collar crime and therefore they were justified in doing so too. Additionally, some white-collar offenders believed that as their crimes are bloodless and that there were no victims, as their crimes target a system or organisation, and not any particular person. Rossouw et al. (2000) observed that offenders tended to shift the blame to other people by maintaining that they were manipulated (through circumstance), thus presenting themselves as victims rather than as perpetrators.

2.3.2 Bribery and Corruption

The Transparency International’s Corruption Perceptions Index ranks countries in terms of the degree that corruption is perceived to exist among public officials and politicians. Worrying statistics were released in 2010, ranking South Africa 54 out of the 178 countries reviewed. South Africa scored 4.5 on a scale from 10 (very clean) to zero (highly corrupt). A score under five indicates a serious corruption problem.

Bernardi, Witek and Melton (2009) concluded that there was a negative correlation between a country's real gross domestic product per capita and white-collar crime. Thus Transparency International observed that bribery was "driving" the vicious cycle of poverty. Furthermore, they also found significant associations between a country's Corruption Perceptions Index and the country's poverty and culture.

While at the launch of the anti-corruption summit in March 2005, former president Thabo Mbeki (2005) indicated that "corruption is inimical to development; it constrains our ability to fight poverty, negatively affects our economic development, damages social values and undermines democracy."

The SAPS (2010) found that rapid population growth and urbanisation are universally associated with unemployment and poverty, and that the growth of informal settlements adds to the problem of corruption and a corresponding rise in commercial crime.

Cleveland, Favo, Frecka, and Owens (2009) believed that economic, governance and ethical policies are needed in order to attack the bribery and corruption problems that South Africa is facing today. Cleveland et al. (2009) furthermore noted that bribery takes an enormous toll on society; specifically as it discourages growth in emerging economies and contributes to poverty. Corruption violates moral and economic principles, and destroys freedom.

2.3.3 Need and Greed Motives

Need and greed are identified as two primary motivators of white-collar crime (Minnaar-Viejeran, 2000). Authors have provided evidence to support both the need and greed motives, and as a result it is accepted that both motives are in play however not simultaneously (Minnaar-Viejeran, 2000; Rossouw et al., 2000; Tappan, 1947; Braithwaite, 1985).

2.3.3.1 Need

Rossouw et al. (2000) put forward the notion that what drives people to commit fraud was the pressure of the circumstances in which that they found themselves. As a result individuals resort to committing white-collar crimes simply to survive. A distinction here is made from individuals committing white-collar crimes for purposes other than basic human needs, such as food and accommodation.

Copes and Vieraitis (2009) stated that for some offenders, the need to steal money was in order to feed their addiction for drugs or gambling, while others used the money to support a conventional life – including their paying rent, loans or food.

SAPS (2010), found that poverty was strongly connected to the most basic needs of people, namely food. This could possibly force people to commit crimes of a less violent nature, such as fraud. Embarking on more violent crimes, such as hi-jacking or cash-in-

transit heists, was considered risky (possibility of being hurt was greater), and thus opting for less risky crimes, such as fraud, was considered a safer option.

2.3.3.2 Greed

Clouse (2001) reminds us of the movie *Wall Street* (1987), starring Michael Douglas, wherein he states “Greed is good!”. However greed may encourage embezzlement and crime.

Tappan (1947) and Braithwaite (1985) noted that greed is a major motive of white-collar crime, and argue that it is the largest causal factor behind white-collar crime. Minnaar-Viejeran (2000) reinforced the arguments of Tappan (1947) and Braithwaite (1985) by stating that the common denominator between all white-collar criminals is greed and that this affects professionals from all walks of life, including the political, medical, judicial and business fields in South Africa.

From the employee’s perspective, Hillison, Pacini and Sinason (1999) found that greed or the need to be successful often pushed them to commit commercial crimes. Minnaar-Viejeran (2000) supported Hillison et al. (1999) in finding that that greed and relative deprivation go hand in hand. These offenders believe that they deserve a better standard of living and strive to attain the same standard of living as their neighbours or friends.

Clouse (2001) believed that commercial criminals spend money extravagantly as it is not really their own, and they know where to find more of it when needed. Thus, reinforcing the presence of the greed motive. Additionally, Clouse (2001) noted that these criminals rarely save money and, if anything, tend to get greedier over time. It may be extremely hard to cross the ethical line and be dishonest the first time, but once an individual does cross it, he or she continues acting dishonestly until caught.

Heath (2008) observed that the higher ranked an employee is within an organisation, the more commercial crimes they perpetrate as executive/management level staff have more decision-making authority and more control. Lower-level employees, however, tend to commit less serious crimes, simply because they are not trusted with large sums of money and their work is more closely supervised.

Clouse (2001) offers insight into the need and greed motives in suggesting that the need motive often kick starts criminal activities; however when the need or financial pressure has been relieved, greed takes over and drives subsequent fraudulent activities.

2.3.3.4 Love of Money

Chen and Tang (2006) as well as Tang, Chen and Sutarso (2008), suggested that the love of money may lead to unethical behaviours and scandals, and that love of money is

significantly correlated with 'machivellianism' or a person's tendency to deceive or manipulate others for personal gain; with tolerance for risk linked to greed.

Tang (2007) emphasised that the love of money is not exactly the same as materialism. Tang (2007) found that there are many points of view when it comes to the love of money. There are some who wish to be rich (affective), others who budget their money carefully (behavioural) and others who believe that money is a sign of success (cognitive). Heath (2008) added to Tang's (2007) research in stating that everyone likes money but, some people seem to like it more intensely than others. Concluding that in the case of white-collar criminals, the intensity of their passion for money simply seems to outweigh the possible consequences of their actions.

2.4 Loopholes and Failures

Loopholes will always be exploited and criminals continuously explore new ways of taking advantage of these weaknesses within businesses, particularly where there is a lack of internal control systems. The following section explores many of the loopholes that are exploited by white-collar criminals.

2.4.1 Common Loopholes Exploited

Payroll fraud is particularly common and refers to a situation in which an employee causes an organisation to issue a payment by making false claims for compensation. This fraud

occurs by registering phantom employees; failing to delete employees whose services have been terminated; and submitting excessive overtime. Funds to this effect are diverted into the offender's personal bank accounts (Hillison et al., 1999).

Other common loopholes or embezzling schemes were mentioned by Christopher (2003). Simple embezzlement includes the pocketing of cash without making a record of the transaction, and lapping or kiting, where money received for purchases or services by legitimate clients is diverted to the criminal's bank account instead of the vendor's account. Christopher (2003) also noted payroll fraud as a common loophole where, as mentioned earlier, a fraudster may add the names of fictitious individuals to a company payroll and then direct the funds to the fraudster's account. Another common scheme is one concerning fraudulent sales, where a dummy supplier is set up resulting in the creation of false documents for fictitious purchase transactions.

Christopher (2003) furthermore noted other creative ways of which to take advantage of corporate loopholes or operational weaknesses. Kickbacks from suppliers for purchasing goods at inflated prices, and salespeople and other staff padding their expense accounts or buying personal items and charging these to the company are some examples of illegal methods used. Another such method includes cashiers in retail firms undercharging relatives or friends for merchandise bought.

The symptoms of fraud are often obvious to anyone who cares to look. These indicators may arise as a result of controls established by management, or through tests conducted by auditors and other sources both within and outside the organisation.

Seetharaman, Senthilvelmurugan and Periyamayagam (2004) listed some of these indicators as accounting anomalies, which include embezzlement, understatement of liabilities, overstatement of expenses, missing or altered documents, excessive voids or credits, and duplicate payments. Internal control symptoms include lack of a controlled environment or physical safeguards, segregation of duties and a lack of proper documentation or records. Analytical symptoms include transactions that occur at odd times and places, with amounts that are too large or too small. Lifestyle symptoms show the employees' living lifestyles far beyond their financial means. Behavioural symptoms are those that arise from employees' odd behaviour patterns, such as unusual irritability and suspiciousness as well as from tips and complaints from other employees that something is amiss.

Additionally, staff with expertise in certain fields are noted as committing corporate fraud as they know their companies well enough to know where loopholes exist and are able to take full advantage thereof (Wright, 2007). Wright (2007) suggested that that companies should take a hard line on fraud in order to remove the temptation from staff, as they realise that serious consequences may befall them.

Another exploited loophole exists where criminals establish trusting relationships with their victims. As explained by Wright (2007), criminals set up what appears to be a legitimate business and, with that, start developing a respectable credit history to win over the trust of suppliers by placing numerous small orders and ensuring these suppliers get paid promptly. When the fraudsters are ready, they place several larger orders with the same suppliers, with whom they have established a good credit history, and upon receiving the goods, they disappear and sell everything.

A scheme currently on the rise, involves criminals obtaining confidential information and selling in on. The phenomenon as observed by Wright (2007) exists of criminals infiltrating institutions with the intent of gaining access to confidential customer information and then selling these details to other criminal organisations.

2.4.2 Workplace Relationships

The relationship between management and staff is recognised as being important to the successful operations of a company. Two-way communication and trust are important components of workplace, however, too much trust can at times lead to abuse and at times theft.

Opportunities to commit fraud can arise when an employee reaches a certain level of trust within an organisation, or when internal controls are weak or non-existent (Hillison et al.,

1999). Moorthy, Seetharaman, Somasundaram and Gopalan (2009) supported Hillison et al. (1999), in finding that misplaced trust, lax hiring and supervision, and a failure to implement basic financial controls, can create an environment ripe for internal theft and fraud.

Hillison et al. (1999) agreed that good controls are an important means of limiting the opportunity for fraud, but even where such controls exist, a person afforded a high level of trust or authority may be able to override them in order to commit fraud. Hillison et al. (1999) furthermore advised that internal auditors should assume that anyone is capable of fraud and should thus exercise professional skepticism', particularly since fraud is typically committed by those we trust'. Hillison et al. (1999) further pointed out that those who are trusted are placed in positions where fraud may more easily commit crime. Christopher (2003) added to this in noting that often an employer or manager is surprised to learn that an employee considered to be loyal and hard-working is the employee who was actually defrauding them.

2.4.3 Segregation of Duties

Merchant (1982) maintained that a segregation of duties makes it very difficult for one person to carry out an improper act, such as fraud. This statement was later backed by Moffett and Sloman (1988), who agree with Merchant (1982) that there should be a segregation of duties and responsibilities within an organisation, so that no single person

is in a position to misappropriate the assets. These findings strongly point to the need for segregation of duties in the workplace.

Dhillon (2010) added that it is important to segregate the areas of revenue generation or custody of assets, and record keeping. Dhillon (2010) found that this principal was extremely important because it prevents a single individual from misappropriating company assets or revenue, and then concealing the deed by altering the records. Dhillon (2010) furthermore noted that some companies separate controls even further, in such a way that would necessitate two or even three individuals to commit this crime and conceal it in the books. This makes the execution of fraud even more difficult. Interestingly, Dhillon (2010) also notes that internal auditors are often knowingly negligent in allowing a serious problem – such as a lack of the segregation of duties – to pass without raising any form of alarm.

In a survey done by Price Waterhouse Coopers (2009), the findings show that due to financial difficulties, organisations are forced to reduce costs and explore new possible efficiencies. By reducing staff numbers, a reduced segregation of duties and less monitoring of suspicious transactions and activities could result. This, in turn, weakens the environment of internal control and is likely to result in greater opportunities to commit fraud, as fewer checks are in place.

2.4.4 External Auditors

Saksena (2010) argued that while the responsibility of external auditors to detect fraud has increased over time; the majority of frauds are detected through other means and not through the efforts of the external audit process. Thus external auditors effectiveness in terms of fraud detection is questioned (Saksena, 2010). The efficacy of auditors is brought into question as the 'checklist' method followed is argued to be dysfunctional in that auditors fail to expand their thinking beyond the checklist (Hogan, Razez, Riley and Velury. 2008) Auditors' ability to detect fraud is furthermore limited by the cost constraints and the auditing business model.

Saksensa (2010) additionally suggested that a number of significant changes need to take place in the public accounting industry before we can hope that auditors will become the primary group that will be responsible for preventing and detecting frauds. Training, environmental awareness, professional skepticism, and learning from experience are noted as being key to improving audits in terms of fraud detection.

Hogan et al. (2008) suggested that to improve fraud detection companies should be subjected to specialised forensic audits on a regular basis (every three or five years). This is suggested as regular audits are found not to be effective in uncovering white-collar crimes.

2.5 Deterrents

In an effort to stop, or at least deter, commercial crime in the workplace, organisations need to put internal controls in place and revisit them regularly in order to ensure they are remain effective. In section 2.4 the possible loopholes and failures within an organisation were identified. In this section the possible deterrents that help to mitigate the identified failures and loopholes are identified.

Preventing fraud is infinitely better than detecting it afterwards and recovering from financial losses and negative publicity (Cowan, 2000). Wilson (2007) went on to add that fraud prevention is as much about the awareness of the existence and potential for fraud, as it is about the development of key controls to safeguard assets. Kelly and Hartley (2010) believed that all organisations should have an internal audit department where surprise audits and anti-fraud training for their employees and managers, are carried out – thus decreasing fraud losses to more manageable levels.

2.5.1 Internal Auditors

Chadwick (2000) found four fundamental reasons to keep internal auditing within the organisation. Firstly, internal auditors possess intimate knowledge of the organisation's business activities, a critical factor in rendering high-quality audit services. Secondly, internal audit departments provide management, with a resource to address crises almost instantly. Thirdly, internal auditors are particularly well-equipped to handle fraud-related

issues and, actually, to help prevent fraud simply by virtue of their close proximity to day-to-day operations. Lastly, utilising the internal audit department helps to maintain independence and objectivity.

Organisations with internal audit functions were found by Coram, Ferguson and Moroney (2008) to be more likely to detect and report fraud than organisations without such a department. Therefore, as some organisations opt to outsource their internal audit functions, Coram et al. (2008) went on to warn that these external auditors are less likely to detect and report fraud than those based permanently within a company.

Further, Norman, Rose and Rose (2010) added that internal audit functions effectively reduce the losses associated with fraud. Organisations suffer fewer losses from fraud when they have an internal audit department that performs surprise audits and conducts anti-fraud training for employees and managers. Norman et al. (2010) concluded that internal auditors should be responsible for evaluating the design and operational efficacy of anti-fraud controls, assisting in an organisation's fraud-risk assessment and helping to develop appropriate mitigation strategies.

Finally, Norman et al. (2010) found that internal auditors could assist external auditors with risk assessments, given that internal auditors face different motivations, incentives and threats. Internal auditors have different knowledge and experience relative to external auditors. However, Kerler III and Killough (2009) advised that the auditors should

engage with their client with the necessary professional skepticism and not trust without reason. Research done by Norman et al. (2010) suggested that internal auditors play a significant role in the detection and deterrence of fraudulent activity, and that most cases of fraud are uncovered through the work of internal audits.

Regardless of whether the internal audits are carried out by internal or external auditors, an understanding is needed of the specific risks posed by each approach, as well as the ramifications of those risks (Frank, 2004). In addition, auditors need to keep track of new and emerging fraud activities in the industry as well as in the locations where the organisation conducts business.

2.5.2 Auditing and Checking

According to Hillison and Pacini (1997) and Bierstaker, Brody and Pacini (2006), it is crucial to check employment references, as employees with a history of perpetration of fraud schemes may migrate from one organisation to another. Bierstaker et al. (2006) found that organisations should not rely on the validity of telephone numbers listed for previous employers on prospective curriculum vitae, as these may be false. Finally, Bierstaker et al. (2006) suggested that such contact numbers should be obtained by the organisation independently, and that a second reference check six months after an employee is signed on should be conducted. This is because the reason for a dishonest employee's recent dismissal from a previous job may not have had time to be noted on the employee's

record during the initial search. Finally, in order to further reduce the risk of commercial crime in the workplace, Tootle (2008) suggested that organisations make informed decisions by researching criminal history and the verifications of education or credentials of potential employees thoroughly, before they are employed.

Hillison and Pacini (1997) found that in this information age, any enhancement of internal controls should include consideration of an organisation's computer system. Many different types of fraudulent schemes involve tampering with computer programmes, data files and pieces of equipment. Therefore, Hillison and Pacini (1997) suggested that password security required they be changed periodically. How often this was carried out would depend on the risks presented. Employees should not be permitted to display their passwords anywhere they could be viewed by unauthorised individuals.

Another internal control, as discussed by Bierstaker et al. (2006), is to draw up vendor contracts and agreements that could uncover possible contract fraud, including kickbacks, bribery or conflict of interest by an organisation's employees. Furthermore, to continue the fight against fraud, Kardwell (2007) advised that surprise audits limited in scope such as to time period, stock or accounts. This could help detect fraud more easily and should be of great use to companies. Buckhoff, Higgins and Sinclair (2010) agreed with Kardwell (2007), claiming that a fraud audit, that is specifically designed to uncover asset misappropriation or theft, is a separate engagement from a financial statement audit and requires auditing professionals with specific anti-fraud training and experience. Finally,

Buckhoff et al. (2010) warned organisations that they should not think that by doing a financial statement audit, all fraud losses from theft or asset misappropriation will be uncovered. Fraud audits should be specifically requested (Kardwell, 2007; Buckhoff et al., 2010).

2.5.3 Segregation of Duties

A segregation of duties can be key to ensuring there is no entry into areas with certain access privileges, when the individual with such privileges is on holiday or not in attendance Plavsic, Dippel and Hussain, (1999).

Plavsic et al. (1999) further believed that the same personnel who were responsible for input should not be involved in authorisation of invoice payments or vendor loading. McCuaig (2005) added that segregation of duty failures are usually symptoms of poor controls. Wilson (2007) built on McCuaig's (2005) conclusions when in adding that the importance of internal controls, such as segregation of duties and periodic comparisons of actual to recorded transactions, should not be underestimated. These controls should be designed and implemented to protect organisations from the greed of determined fraudsters.

Tootle (2008) found that segregation of duties is an effective method for protecting against fraud therefore a single person should not be responsible for receiving or

depositing money. From a procurement perspective, unless it is the owner, the person who signs the cheque should not be the initiator and approver of the actual purchase.

2.5.4 Culture and Anti-Fraud Policy

Wilson (2007) found that in many cases, the individuals least expected to commit fraud are the ones who most often do it. Usually it is the unconditional trust placed in the individual responsible for a scheme that allows for the fraud to remain undiscovered. Moreover, the most honest and trustworthy employee can be derailed when the motive and opportunity to commit fraud meet.

Ethical behaviour and the shaping of attitudes around fraud must be part of the corporate culture, claimed Bierstaker (2009). He also noted that companies that fail to invest in anti-fraud controls appear to suffer significantly larger fraud losses than those companies that have such controls in place (Bierstaker, 2009).

Complacency and laziness should have no place within a corporate culture, suggested Tootle (2008). Executives should set time aside to review financial reporting regularly and should not rely solely on their employees. If something looks suspicious, company executives should follow-up to verify credibility and accuracy. In so doing, senior staff members are making it known that they are in fact aware of the goings-on within their organisation.

Apart from the issue of trust and culture, Cowan (2000) encourages all organisations to empower their employees at all levels to take an active role in fraud prevention. This will ensure that everyone contributes, and that it becomes a team effort. All employees should realise the importance of helping to prevent fraud, not only for the company at large, but also for the protection of their own personal interests (Cowan, 2000).

Bierstaker et al. (2006) proposed that every organisation should create and maintain a fraud policy to guide their employees, and that this corporate fraud policy should be separate and distinct from the corporate code of conduct or ethics policy. Furthermore, fraud policy must be clearly communicated to employees. Such communication should be included in the orientation of any new staff member and in the training of all existing staff. A signed acknowledgment by each employee that the policy has been read and understood should be required.

Setting the appropriate tone is critical to an anti-fraud prevention program because, as Kelly and Hartley (2010) noted, if employees observe managers acting with integrity, they will be more likely to notify these managers of any fraud that could be taking place within their organisation.

Besides the internal staff policy, Wilson (2007) suggested there should also be a new vendor approval process within the organisation that requires due diligence on the part of the accounting department. Wilson (2007) advised that this process include verification

that the business is a legal entity, and that the potential vendor's owners are checked against other vendors' owners and employees of the organisation. This policy will show if any conflict of interest has arisen, such as a staff member being a director of a vendor organisation.

2.5.5 Anti-Fraud Awareness and Education

According to Albrecht, McDermott and Williams (1994) prevention programs should be designed to educate employees about the seriousness of fraud and what to do if there is any suspicion of the problem. Albrecht et al. (1994) concluded that organisations with successful fraud prevention programs often package fraud together with other loss issues, such as safety violations, substance abuse, discrimination, environmental and other concerns.

Rossouw (2000) came to the same conclusion and supported Albrecht et al. (1994) in finding that fraud education had a positive impact on fraud within companies, on the society in which one lived, on one's family and also on oneself, resulting in it being a potent deterrent of fraud. Rossouw (2000) further highlighted the negative consequences that might follow from commercial crime, making potential criminals more cautious and reluctant to pursue their plans.

Banks (2004) maintained that every level of an organisation must be educated in the need for controls and the control of business processes – as well as fraud related controls and fraud detection and prevention. Fraud prevention is no longer just an internal audit or accounting function.

Kardell (2007) furthermore noted that fraud detection takes longer in organisations that do not have fraud training, compared to companies that have had access to such training. Kardell (2007) found that that there is at least a nine month difference, on average, when detecting fraud in companies with and without fraud training.

2.5.6 Job Rotation

A quick and efficient way to strengthen internal control, according to Hillison and Pacini (1997), is the enforcement of mandatory vacations and periodic job rotations. Certain employee fraud schemes require constant attention by the employee if they are to be kept concealed. Hillison and Pacini (1997) concluded that job rotation programs should be designed so that the rotated employee has little or no access to documents, journals, data files, and programmes that he or she worked with during previous rotation positions.

Also, Hillison and Pacini (1997) believe that the requirement of mandatory vacations and the adoption of job rotation deters fraud, as well as allows existing schemes to surface. Snyder and Dietz (2006) suggested that it is a smart office policy to require your

employees to take at least five consecutive days of vacation annually and to assign someone else to do their job while they are gone. Rotating responsibilities on occasion can also benefit the organisation.

Snyder and Dietz (2006) added that mandatory vacations and the adoption of job rotations not only ensures that one has someone who can step into a job in the event of an emergency, but it also deters fraud when potential perpetrators know that someone else will be performing their duties for a period of time.

Lastly, Snyder and Dietz (2006) maintained that if fraud is occurring, another person reviewing the work is likely to expose that fraud. Most fraud requires a great deal of attention and rarely stands up to scrutiny by outsiders, particularly during a week or more of vacation. Even in medical practices where there is little or no fraud, this policy helps shed light on ongoing errors and inefficiencies.

2.5.7 Outsourcing

Initially, one might reason that the issue of independence could present an argument in favour of outsourcing (Acciani, 1995). As outsourced auditors would not be company employees; which follows that they would probably have less incentive to ignore fraudulent activities perpetrated by other employees or to participate in collusion. However, in a survey performed by Acciani (1995) with partners of leading auditing firms

in the United States and Canada, it was found that the partners who had been involved in outsourcing reported that common checks and balances that exist between internal and external auditors might be eliminated, and that these auditing firms would have the monopoly on an organisation's financial and operational auditing processes.

Acciani (1995) further found that outsourcing cost companies more than retaining the internal audit staff, and that firms may bid low to obtain the contract rather than routinely raising the rates until rebidding is necessary. The result may then be the creation of a costly cycle and a potential "revolving door" of audit staff.

Iyer and Kusnierz (1996) supported Acciani's (1995) findings in noting that outsourcing is often referred to as a "win-win" situation. In reality, it is a potential minefield with as many pitfalls as perceived benefits. Therefore, in order not to lose control of their outsourced activities, companies need to adopt a proactive approach to fraud prevention and detection as early as possible.

Caplan (2000) found that public accountants provide the same or higher level of testing than internal auditors. However, the expected fees for the public accountant may be higher than that of the internal auditor. This creates a trade-off between the cost and quality level of testing. Caplan (2000) additionally found that outsourcing generally increased the risk, including that a control weakness existed and that the potential size of loss resulting from undetected control weaknesses is larger.

2.5.8 Whistle-blowing

Near and Miceli (1985) defined whistle-blowing as the disclosure by an organisation's members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action.

Griseri and Seppala (2010) defined whistle-blowing as the intentional disclosure of information to which the individual has privileged access. What is disclosed generally relates to wrongdoing or malpractice and, such disclosure is intended to rectify malpractice. They also maintained that mechanisms that enable whistle-blowing are a great deterrent, allowing employees who witness unethical behaviour to report it anonymously, thus reducing persecution, alienation by their colleagues or, worse still, endangering their jobs if they are exposing their employers. Therefore, in order for employees to feel secure when reporting suspected fraud within the organisation, hotlines or other reporting systems should be established. However, as Albrecht et al. (1994) found, these tools do not usually exist within smaller organisations and as a result employees rarely come forth with information about fraud. Reporting is also inhibited by uncertainty about whether a red flag signals an actual crime.

However, these tools are becoming increasingly cost-effective to implement. As was the finding of Hillison et al. (1999), an employee fraud hotline is the single most cost-effective means for detecting occupational fraud and abuse. A hotline is simply a special telephone

number that a person can call, on which they can leave an anonymous tip about the perpetration of fraud, without the fear of reprisal. Hotlines may be supported in-house or provided by a third party.

Finally, Seetharaman (2004) advised that a “whistle-blower” needs to be protected and cherished by his or her employers. Those who have an occasion to “blow the whistle” are sometimes bitter about the repercussions of having done so. Employees should be enabled to report fraud easily and need to be assured that they are doing the right thing by coming forward.

Chapter 3: Research Questions

3.1 Introduction

The objective of this study was to understand the motivations and circumstances that allow employees to commit white-collar crimes. Additionally the research proposes what businesses can do to mitigate the risks and thus reduce losses to themselves and society. In an attempt to satisfy the research objectives the following research questions were developed and explored through the research instrument. The research questions developed attempted holistically capture the subjects expressed in the research objectives as well as allowed for empirical research.

Importantly the research questions attempted to capture the South African reality and the lived experiences of white-collar offenders. While this research recognises that the problem exists globally; the motives, loopholes and effective deterrents are likely to differ. As such the research questions attempted to extract the offender's perceptions and experiences in an effort to generate South African specific knowledge.

3.2 Research Question 1

The researcher sought to understand what motivates white-collar offenders; do people change when their circumstances change or are people's values unchangeable notwithstanding the circumstances they find themselves in.

The insights were revealed from the offender's point of view; in this light the offender shared their experiences and what they were thinking thus providing a personal analysis of the motivations. Without the understanding or insight into what the motivations are that lead to the crime, compiling an action plan to eliminate loopholes within work processes would have been undermined.

3.3 Research Question 2

The researcher sought to understand the loopholes that existed in the workplace. Specifically the research question attempted to primarily explore what the failures in processes or procedures are that attract potential criminals. The researcher attempted to red flag some of the failures that organisations find themselves in without even realising it.

3.4 Research Question 3

Once the researcher understood the motivations and possible loopholes or process failures that were commonly explored in organisations; the researcher attempted to suggest possible actions that organisations could implement in order to mitigate these failures. These attempts to fix any failures were prompted by the offenders.

Chapter 4: Research Methodology

4.1 Methodology

The research design was qualitative in nature, where knowledge was gained by means of semi-structured interviews and qualitative observation. Furthermore the study was exploratory in nature with a focus on seeking new insights into phenomena, asking questions and assessing the phenomena in a new light (Zikmund, 2003; Saunders, Lewis and Thornhill, 2009). In this study the phenomenon was the act commercial crime, including its motivations as well as the systematic weakness that make them possible.

While the theory of commercial crime and its forms and effects are documented; the lived experiences of commercial crime in South Africa had yet to be explored in-depth. Qualitative research was adopted as the study attempted to understand a new phenomenon (Leedy & Ormrod, 2001).

While the approach was inductive, prior theory was used to guide the research process; and as a result a purely inductive approach was not adhered to (Saunders et al., 2009). This approach was adopted as it allowed for novel theory development that simultaneously benefitted from the use of existing theory (Saunders et al., 2009).

4.2 Population

The population consisted of all white collar offenders in South Africa. ‘White-collar offenders’ was defined as Individuals who had been found guilty of commercial crime by the South African legal system; and guilty of one of the following crimes: (1) bribery of bank or government employees; (2) credit card or cheque fraud; (3) misappropriation of funds; (4) mismanagement of funds; (5) payroll or vendor fraud; (6) possession of false identification documents

4.3 Unit of Analysis

The unit of analysis for this study was white-collar offenders. The unit of analysis is element of the population the data was extracted from; thus white-collar offenders were considered the appropriate unit of analysis (Welman and Kruger, 2002). Consequently the white-collar offenders were subject to the population definition and criteria.

White-collar offenders were considered the appropriate unit of analysis as the offender is often the best sources of information and can provide the best insight into the phenomenon (Coffin, 2003). As a result this research sought to attain real world information from convicted white-collar criminals.

4.4 Sample Method & Sample Size

The study used non-probability sampling techniques, and as a result the findings could not be inferred across the entire population, given the small sample size and the non-random sampling techniques employed. Specifically a purposive sampling technique was adopted to reach members of the population (Zikmund, 2003).

The researcher had access to all correctional service facilities within the Gauteng region, however, the Gauteng correctional facility was chosen from a convenience perspective. The researcher further asked attorneys, prison wardens as well as a magistrate, if the offenders were held in any particular center in accordance to their crimes. The researcher was informed that the offenders were placed in the facility closest to their family and friends for humanitarian reasons. The sample was exclusively compiled from convicted white-collar offenders located at the Johannesburg Correctional Centre (Gauteng, South Africa). The use of one facility to source the sample is noted as a limitation, however was considered acceptable to the purposes of this study.

A sample of 29 white-collar offenders that met the population criteria was obtained. The sample was made up of 13 male respondents and 16 female respondents of varying age and race. The sample size and characteristics was considered sufficient for qualitative analysis. The qualitative research employed in this study relied more on the richness of information collected rather than the sample size to promote validity and insight. As a

result a small sample size was used in an effort to retain the richness of responses. This approach to qualitative research was also adopted as it promoted a higher internal validity; however the external validity was limited (Zikmund, 2003).

4.5 Research Instrument

A qualitative semi-structured interview was used in this study (Appendix 9.2) as the primary research instrument. The semi-structured interview was supplemented with observation techniques that sought to add depth to the interviews; specifically exposing subtle observations, such as tone and body language.

The semi-structured interviews were conducted face-to-face. Face-to-face interviews were considered the most appropriate instrument as the method allowed for conversational style data collection as well as facilitated observation. Additionally, semi-structured interviews were conducted in an attempt to understand what the circumstances of the offenders were at the time and what motivated them to take the risk of committing crime (through conversational two-way communication).

Due to the exploratory nature of this research a new questionnaire was designed in an effort to meet the research objectives and answer the research questions. The research questions were transformed into a semi-structured interview through an iterative process that involved consultation with lawyers, auditors, psychologists and police officers

(Zikmund, 2003). Additionally the questionnaire was subjected to small scale testing to ensure comprehension and clarity of questions.

The questions were designed to be open-ended and encourage a conversational interview. Additionally interviewees were encouraged to speak freely, and interviewer led conversation was limited in an effort to reduce response bias (Blumberg, 2008). Where required the interviewer made use of probing questions to stimulate responses where respondents were deemed to have not addressed the research questions.

The semi-structured questionnaire was made up of the following sections:

Table 1: Structure of research instrument

Section	Description
Demographic Information	Intended to provide context to the sample and provide an overall demographic view of the sample.
Profile of Respondent	Intended to provide insight into respondent specific information. In an effort to provide richer findings as well as describe the sample expansively.
Motivations for committing white-collar crime	The third section was used to extract information pertaining to Research Question 1, specifically information regarding the drivers and motivations that led respondents to commit white-collar crimes.
Loopholes within the workplace	The fourth section was used to extract information pertaining to Research Question 2, specifically information concerning loopholes to white-collar crime that existed in the workplace.
Deterrents of white-collar crime	The fifth section was used to extract information pertaining to Research Question 3, specifically information concerning deterrents to white-collar crime.

4.6 Data Gathering Process

After attaining ethical clearance from both the Gordon Institute of Business Science and the South African Department of Correctional Services; access was given to a database containing information of each offender within the Johannesburg Correctional Centre.

Psychologists at the male and female correctional centers aided the researcher in selecting as well as making contact with the respondents. Offenders who currently had pending appeals were eliminated as they were not available for interview. Respondents were primarily chosen on their willingness to partake in the study. The selected respondents were asked whether they were willing to share their experiences. After receiving consent, an appointment was scheduled and a security escort into the prison was arranged to conduct the interview. The sentences of the selected offenders ranged between 6 and 15 years, with some offenders running multiple sentences concurrently.

Consent from each respondent was obtained to verify their voluntarily willingness to participate in the interview (Appendix 9.1). The researcher committed to keeping all personal data such as names, company names or any identifiable information confidential. The age, race, gender and industry and other non-identifiable data would be presented in the research report. Furthermore respondents were made aware that they were free to suspend the interview at any time, without out penalty. Respondents were also permitted to refuse to answer any question.

The data was collected over 5 consecutive days in the Johannesburg correctional services center; 3 days were spent in the female centre, while 2 days were spent in the male center. Each interview conducted was scheduled for a 1 hour session.

The researcher opted to record all interviews using dictaphone, allowing the researcher to listen and maintain eye contact at all times, as well as to analyse all the information and data collected during the interview at a later time (Collins, 2003). Additionally the use of an audio recorder encourages a natural conversational style conversation interview to take place.

Respondents were encouraged to speak freely, and the interviewer only used probing questions when the research objective was not given sufficient attention. This ensured a uniformity of response across the sample and reduced response bias that could have been caused by the interviewer leading the interviewee. Additionally attention was placed on insuring the neutrality of questions and probing questions in an effort to further mitigate response bias (Blumberg, 2008).

4.7 Method of Analysis

The Typology method was used in this research whereby once the data was collected and analysed, the researcher grouped the data into themes or groups, thus making it easier to identify patterns of common motivations, loopholes and profiles of offenders. With this

information, an action plan was formulated to enable organisations to implement a counter acting fraud system which mitigates or reduces these loopholes and failures within a working environment. This mitigation of risk goes hand in hand with the notion that all processes need to continuously be revisiting in order to ensure a fraud free environment.

4.8 Research Limitations

4.8.1 Non-Probability Bias

The use of non-probability sampling methods resulted in a skewness towards white-collar offenders located at the Johannesburg Correctional Centre. Additionally the sample was in favor of offenders that agreed to partake in the research (Saunders et al., 2009). These limitations arose out of the convenience nature of the sampling technique and compliance with ethical procedures. The limitations are noted and their impact on the study accepted; however are also deemed an acceptable limitation for the purposes of this study.

4.8.2 Researcher Bias

The nature of qualitative research and the characteristic researcher involvement brought with it researcher bias. Researcher bias was limited through following the research methodology laid out in sections 4.6 and 4.7. While the researcher attempted to maintain objectivity, the existence of subjectivity particularly those originating from the

researcher's assumptions is acknowledged, however was considered an acceptable limitation for the purposes of this study.

4.8.3 Population Validity

Owing to the use of non-probability sampling techniques, the extent to which the findings of this research can be inferred to the population is limited (Welman & Kruger, 2002). While the study attempted to explore the population; the sampling techniques employed limited this, and thus the results are only representative of the sample.

4.8.4 Respondent Bias

As respondents were reflecting on historical activities they may have displayed unconscious misrepresentation (Zikmund, 2003). Consequently, respondents answering questions about the crimes they committed and their historical motives may have concealed or exaggerated truths retrospectively.

4.8.5 Social Desirability Bias

The nature of the methodology and particularly the presence of an interviewer may have introduced social desirability bias (Zikmund, 2003). Respondents may have consciously or unconsciously manipulated responses in an effort to create a favourable impression. The presence of social desirability bias was limited by attempting creating an open and natural interview environment.

4.8.6 Sample Criteria

The nature of the sample criteria used for this study ensured that only serious offenders or those that had been handed a jail sentence were included in the study. Consequently 'lesser' offenders were excluded from this study. As a result the results are biased towards serious white-collar offenders. This research acknowledges that not all white-collar offences result in the guilty party serving jail time, and recognises this limitation as a short-coming of the research, however considers the limitation acceptable.

Chapter 5: Results

5.1 Introduction

This chapter puts forward the results of the interview process. The results are presented in terms of the individual research questions. Additionally a description of the sample is provided through descriptive statistics and a profile of the respondents provided.

5.2 Description of the Sample

Descriptive analysis was performed on the sample in an effort to provide insight into the samples composition.

The descriptive statistics performed on the sample were not intended to answer the research questions and thus the limited sample size was considered acceptable as the results of the analysis were used for descriptive purposes exclusively.

A table containing an overview of the sample characteristics can be observed in Table 2

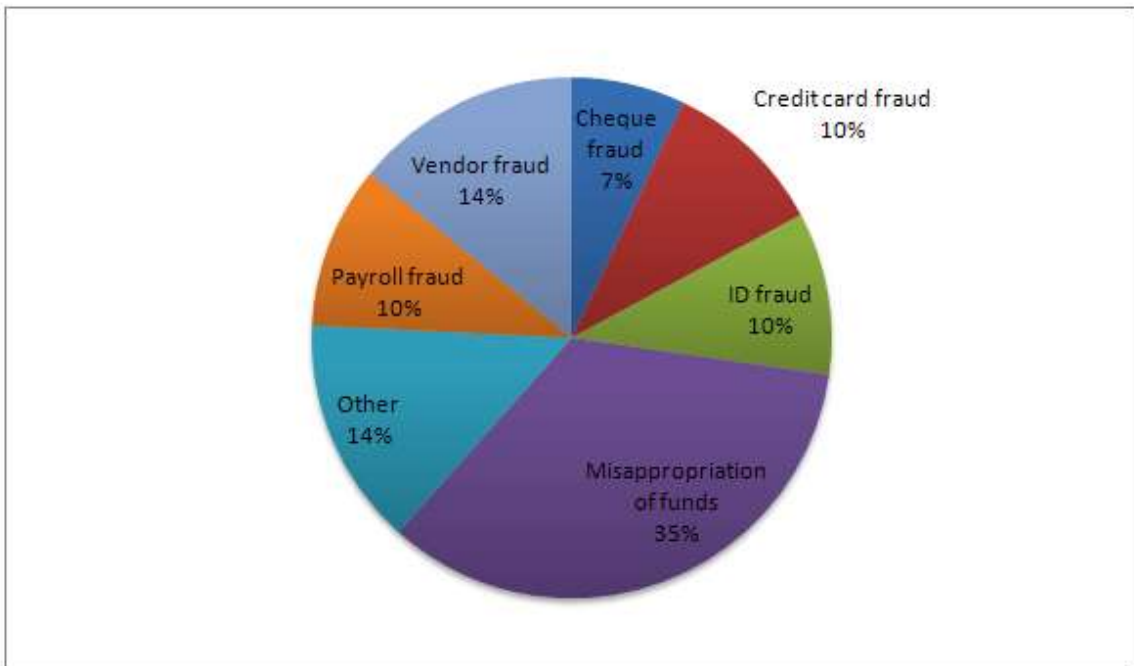
Table 2: Sample characteristics

Gender	Age	Race	Profile of crime	Environment	Industry	Position	Crime
FEMALE	25	WHITE	GREED	INTERNAL	BANKING	FINANCIAL ACCOUNTANT	MISAPPROPIATION OF FUNDS
FEMALE	26	WHITE	GREED	INTERNAL	FMCG	FINANCIAL MANAGER	OTHER
FEMALE	32	WHITE	NEED	INTERNAL	STOCK BROKERAGE	BOOK KEEPER	MISAPPROPIATION OF FUNDS
FEMALE	33	BLACK	NEED	INTERNAL		SELF	CHEQUE FRAUD
FEMALE	34	WHITE	NEED	INTERNAL	MANUFACTURING	FINANCIAL ACCOUNTANT	VENDOR FRAUD
FEMALE	34	BLACK	NEED	EXTERNAL		SELF	OTHER
FEMALE	36	BLACK	NEED & RACIAL MOTIVE	INTERNAL		SELF	ID FRAUD
FEMALE	38	WHITE	NEED	INTERNAL		SELF	VENDOR FRAUD
FEMALE	38	WHITE	NEED	INTERNAL	COMMODITIIES	FINANCIAL ACCOUNTANT	VENDOR FRAUD
FEMALE	41	WHITE	NEED	INTERNAL	MANUFACTURING	FINANCIAL MANAGER	VENDOR FRAUD
FEMALE	42	BLACK	NEED	INTERNAL	CONSTRUCTION	PAYROLL CLERK	PAYROLL FRAUD
FEMALE	43	INDIAN	GREED	EXTERNAL	COMMODITIIES	CEO	MISAPPROPIATION OF FUNDS
FEMALE	44	WHITE	GREED	EXTERNAL		SELF	OTHER
FEMALE	50	WHITE	GREED	INTERNAL	LAYWER FIRM	FINANCIAL DIRCTOR	MISAPPROPIATION OF FUNDS
FEMALE	52	WHITE	NEED	INTERNAL	SECURITY	PAYROLL CLERK	PAYROLL FRAUD
FEMALE	54	WHITE	NEED	INTERNAL	MANUFACTURING	PAYROLL CLERK	PAYROLL FRAUD
MALE	21	BLACK	NEED & RACIAL MOTIVE	EXTERNAL		SELF	ID FRAUD
MALE	27	INDIAN	GREED	EXTERNAL		SELF	MISAPPROPIATION OF FUNDS
MALE	33	WHITE	GREED	EXTERNAL		SELF	CREDIT FRAUD
MALE	35	BLACK	GREED	EXTERNAL		SELF	CREDIT FRAUD
MALE	35	BLACK	GREED & RACIAL MOTIVE	INTERNAL	MANUFACTURING	FINANCIAL MANAGER	CHEQUE FRAUD
MALE	37	COLOURED	NEED	EXTERNAL		SELF	OTHER
MALE	40	WHITE	NEED	INTERNAL	RETAIL	FINANCIAL ACCOUNTANT	MISAPPROPIATION OF FUNDS
MALE	40	INDIAN	NEED	EXTERNAL		SELF	MISAPPROPIATION OF FUNDS
MALE	47	WHITE	NEED	EXTERNAL	INSURANCE	OTHER	MISAPPROPIATION OF FUNDS
MALE	50	BLACK	NEED & RACIAL MOTIVE	INTERNAL		SELF	ID FRAUD
MALE	50	COLOURED	NEED	EXTERNAL		SELF	CREDIT FRAUD
MALE	52	BLACK	GREED	EXTERNAL	PROPERTY	CEO	MISAPPROPIATION OF FUNDS
MALE	59	WHITE	GREED	EXTERNAL	PROPERTY	OTHER	MISAPPROPIATION OF FUNDS

5.2.1 Type of Crime Committed

Figure 2 illustrates the types of crime that were committed by respondents. The majority of respondents (35%) had been found guilty of ‘misappropriation of funds’, which included electronic siphoning of funds from employer’s accounts or trust funds, diverting salaries of ghost employees and diverting supplier payments. The remaining crime categories were comparatively represented by the sample. The sample however was in favour of respondents who had been found guilty of ‘misappropriation of funds’.

Figure 2: Percentage of respondents by crimes committed

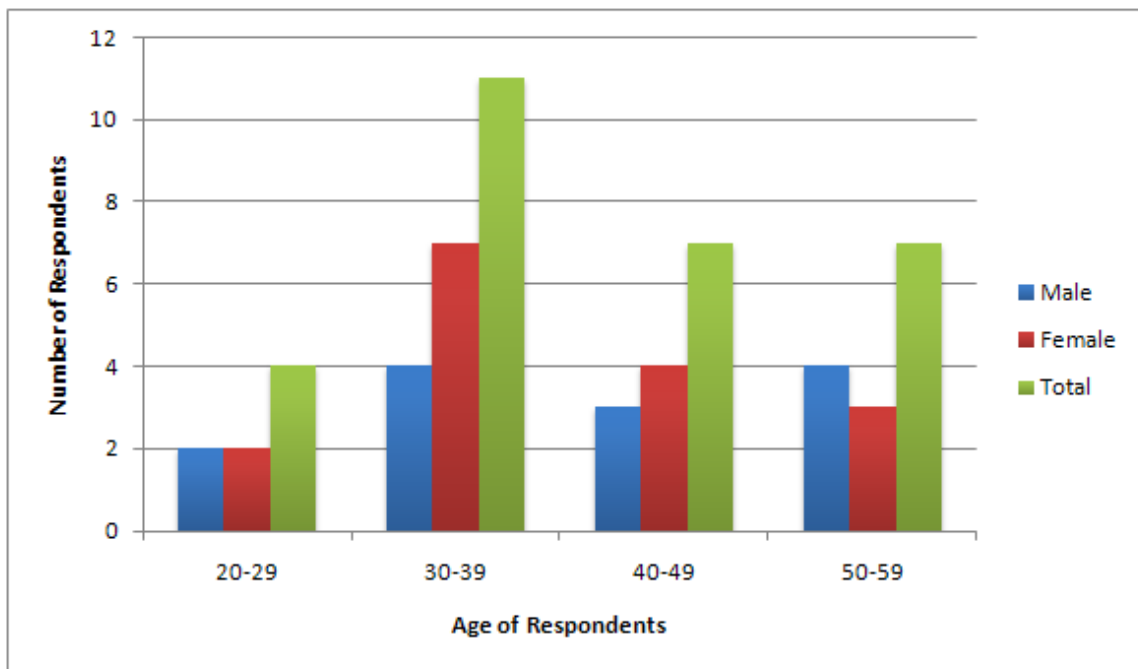


5.2.2 Age of Respondents

The researcher probed the age category to understand if the sample was skewed towards any of the age categories, and may have had an adverse effect on the findings of the research questions.

Figure 3 shows a breakdown of the respondents by age category. The majority of respondents (38%) belonged to the 30-39 age categories. The 40-49 and 50-59 age categories were equally represented (7 respondents each), while respondents in the 20-29 age category were in the minority and accounted for 14% of the sample (or 4 respondents). The sample was thus in favor of respondents over the age of 30.

Figure 3: Number of respondents by age category

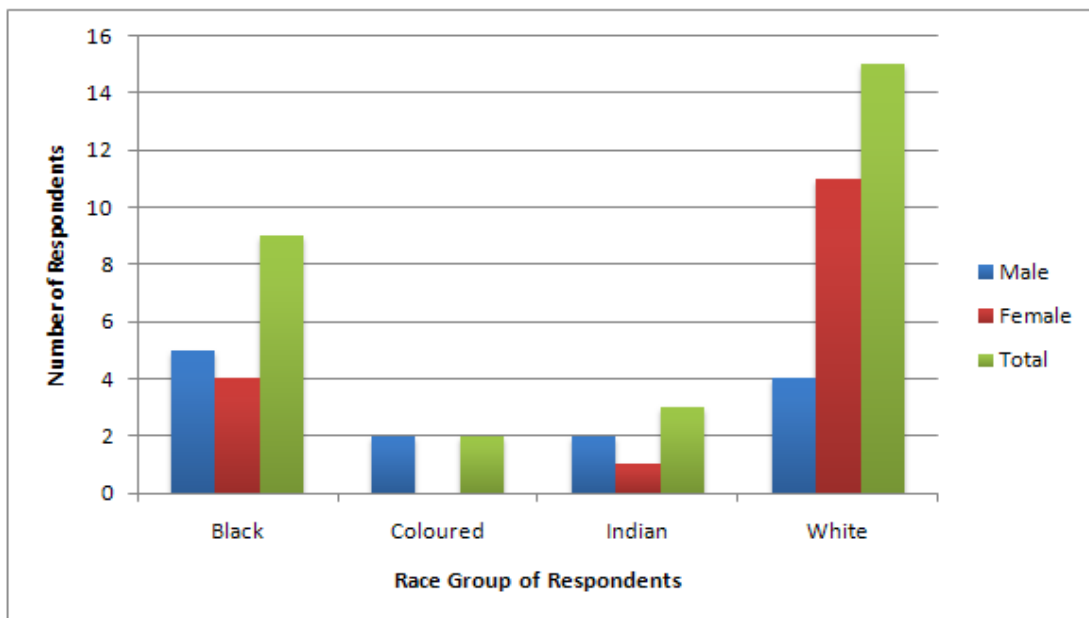


5.2.3 Respondents by Race Category

The researcher probed the race category to understand if the sample was skewed towards any of the race groups, and may have had an adverse effect on the findings of the research questions.

Figure 4 displays a breakdown of respondents by race group. The majority of respondents (52%) were White; while Black respondents accounted for 31% (or 9 respondents) of the sample. Respondents who were classified as Coloured and Indian were marginally represented and collectively accounted for 17% of respondents. The sample as a whole was thus biased towards White offenders (overrepresented) whereas Coloured and Indian offenders were proportionately underrepresented by the sample.

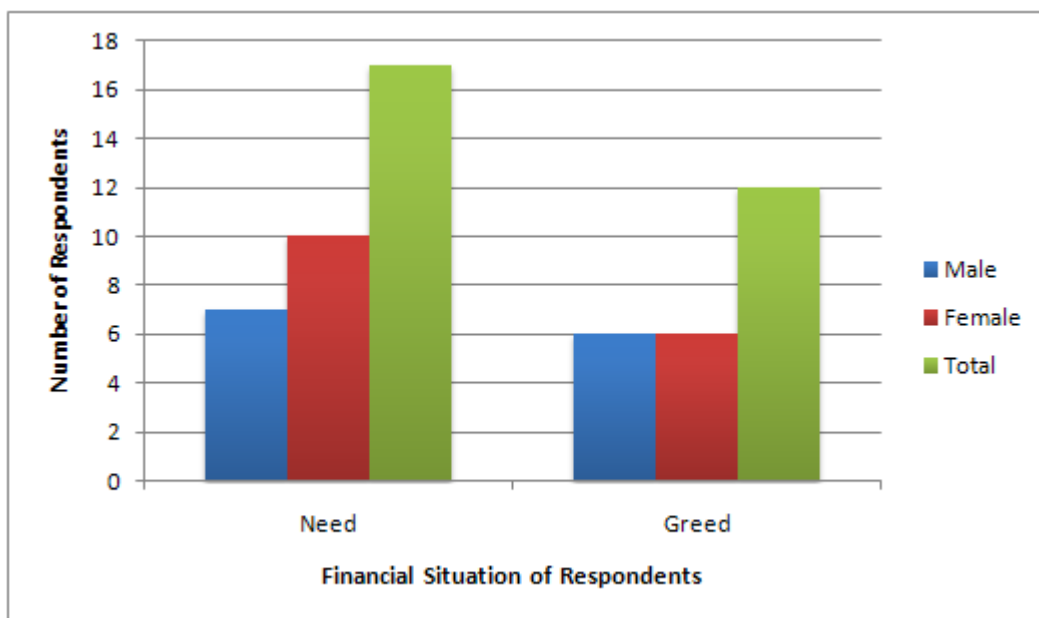
Figure 4: Number of respondents by race category



5.2.4 Respondents Financial Situation

With regard to the financial situation of respondents; 17 (59%) of the interviewees claimed to have been in a desperate financial situation. Of the respondents claiming to have been in a desperate financial situation, 59% (or 34% of the sample) were Females that were either single parents or had addict partners (drugs or gambling), and justified their crimes as a means of supporting their children or partners. Respondents who reported committing crimes simply to support their families' basic requirements were classified as committing crime to sustain a 'need'; while respondents who reported committing crimes to achieve an affluent living standard were classified as committing crime for 'greed'. The classification process was thus a product of respondent information and researcher observation.

Figure 5: Financial situation of respondents

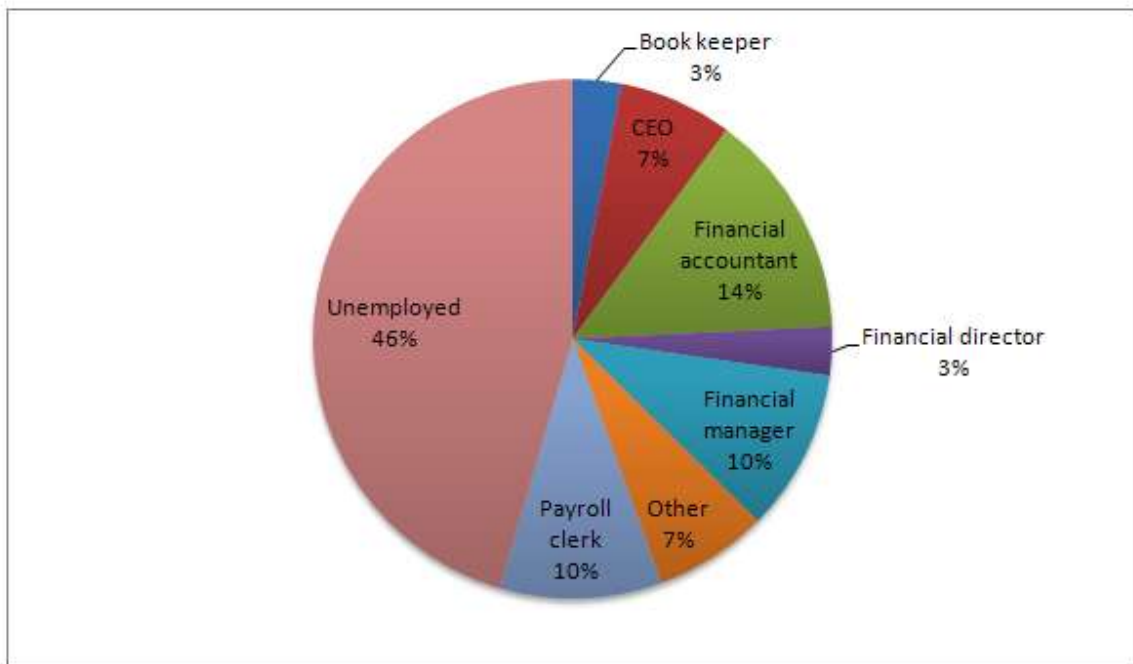


5.2.5 Positions Held by Respondents

In terms of the occupational positions held by respondents, the majority of employed respondents (30%) held financial positions (financial accountant 14%, financial director 3%, financial manager 10%, book keeper 3%).

The sample however was primarily composed of unemployed respondents, which accounted for 45% of the sample. Of this group (80%) of the respondents were linked to criminal syndicates that facilitated white-collar crimes.

Figure 6: Percentage of respondents by occupational position held



5.3 Profile of the Respondents

The researcher categorised the profiles of respondents by their personalities; introverted (or insecure), and extroverted (or self-assured). The researcher categorised the offenders in accordance to their responses and it must be noted that this categorisation was not performed by any means of psychological or profiling tools. The following findings are thus observations of note; that were deemed to indirectly add value to the research and thus have been included.

Two polarised profiles emerged from observation and interviews with respondents; (1) extroverts and self-assured offenders, and (2) introverts and insecure offenders. The profiles proposed sought to provide insight into the respondents. Additionally the profiles shed light on the internal emotions connected to committing white-collar crime. The impact of 'regret and risk' and the 'racial motive' are also explored in this section and provide further information concerning the respondents.

5.3.1 Extroverts and Self-Assured Offenders

The first profile group that was observed was the 'extroverts and self-assured offenders'. The following section details the generic profile traits of the group that were observed by the researcher. The majority of the respondents (76%) fell into this profile grouping.

Extroverts and self-assured offenders were observed as being highly intelligent, resourceful and strategic. Evidence of the respondent's intelligence was in their ability to recall comprehensive invoice details from memory and as a result relied heavily on their own cognitive abilities to conceal and carry out crimes. Furthermore the strategic element was displayed as respondents recalled the process of identifying opportunities and evaluating means of concealing evidence in an effort to avoid being discovered.

Respondents falling into this profile were also extroverted, and spoke freely about their experiences; most had very charismatic personalities, which radiated trust. Additionally, it became evident that respondents tended to use manipulation to earn trust; and that in the workplace they were typically afforded unconditional trust by superiors. More so respondents fitting this profile group acknowledged that they had 'great' relationships with their managers and that when their crimes were uncovered, the managers were devastated.

Extroverts and 'self-assured offenders' typically took pride when describing how they beat the system, as if they were showing off trophies; and often used phrases such as, "I thrived on the adrenaline", or "catch me if you can" from the motion picture film.

During the interview process it became apparent that certain respondents were lying or exaggerating truths. This behaviour was observed in two distinct areas, (1) respondents

exaggerating truths about crimes committed, for example, smuggling enormous emeralds, and (2) respondents claiming innocence or injustice. The behaviours observed may be a result of social desirability bias, as note in chapter 4.

5.3.2 Introverts and Insecure Offenders

The second profile group that was observed was the ‘introverts and insecure offenders’. This profile group accounted for the minority of respondents (24%).

Respondents in this profile group were observed as being introverted, and emotionally insecure. Furthermore some respondents were noted as possibly being emotionally unstable. Emotionally unstable respondents were those who disclosed suicide attempts or abusive histories (physical, verbal or mental).

This group of respondents avoided direct conflict with superiors and tended to favour working alone. Furthermore they were noted as expressing discontent towards their superiors; sighting statements such as “my boss took advantage of us, made us work endless hours without compensation” and “I started disliking him so much that I just lashed out and wanted to teach him a lesson”.

5.3.3 Regret and Risk

All of the respondents preferred to engage in unlawful activities alone, as acting alone was recognised as a method of reducing the risk associated with being caught. Additionally respondents tended to believe that it was acceptable to commit commercial crime, as it was non-violent and felt that “everyone is doing it, so why can’t I”, or “if our bosses can do it, why can’t we”. Some of the offenders admitted that they were nervous when they first started engaging in illegal activities, however became bolder as the amount of money stolen increased.

The majority (76%) of the respondents expressed regret for what they did to themselves and to their families. The remainder did not regret committing the crime but rather regretted being caught. Some of the respondents (52%) believed that the risk of being caught was acceptable; as they felt that the worst-case scenario would be that they would be asked to pay back the stolen money and at no time did they think they would face prison time.

Furthermore 72% of the respondents knew that they would eventually be caught, and recalled appreciating that it was just a question of time. The researcher further asked, why they did not stop if they knew they would be caught; the response was that they either enjoyed the adrenalin rush, or just needed the money. The desire of the adrenalin rush or the need for money was able to override the fear of being caught.

The female respondents (12 of the 16 females or 75%) expressed feelings of guilt that progressed as they continued to commit crimes. The guilt often manifested into insomnia and constant fear of being caught. Respondents who experienced this level of guilt ultimately gave themselves up and confessed to the crime committed.

5.4 Research Question 1: Motivations of White-Collar Crime

Research Question 1: *What are the reasons and motivations that drive employees to commit white-collar crimes within the workplace?*

During the research three primarily reasons and motivations that drove employees to commit white-collar crime were observed; namely (1) need, (2) greed, (3) racial motive.

Respondents who reported committing crimes simply to support their families' basic requirements were classified as committing crime to sustain a 'need'; while respondent who reported committing crimes to achieve an affluent living standard were classified as committing crime for 'greed'. The classification process was thus a product of respondent information and researcher observation. The presence of a racial motive was identified when respondents directly cited race as a motive or justification for the crimes. The following sections explore the three identified motives.

5.4.1 Motivation: Need

The researcher found that the offenders that were driven by need were proactively looking for loopholes to exploit in order to make ends meet,

The majority of the respondents interviewed (59%) were observed as resorting to white-collar crime to satisfy 'needs'. Respondents seen as committing crimes to satisfy 'needs' tended to acknowledge that they committed white-collar crimes simply to pay bills and "make ends meet"; primarily because their incomes were too low to support their families. Furthermore respondents seen as committing crimes to satisfy 'needs' were frequently found to be supporting partners that were battling addictions (gambling or drugs related) or were single parents.

A portion of the respondents (59%) noted that they felt that they had a right to afford a better life, and that despite working hard were not shown signs of progressing. Additionally, they believed that the dream of a better life could not be accomplished without resorting to crime. Aspirations of enriched lifestyles were reinforced by the notion that their supervisors could afford to live in sought after areas and that their employers would "not miss the little they stole".

Respondents that were motivated by needs often became involved in illicit activities while searching for ways to supplement their income. While searching for additional income,

they were introduced to criminal syndicates who offered them an opportunity to earn extra income, usually in exchange for confidential information. Furthermore the researcher found that offenders that were driven by need; admitted to proactively looking for loopholes to exploit.

Owners of businesses were also found to be susceptible to committing fraudulent activities in an effort to satisfy a need. This scenario occurred in situations where owners of financially strained companies misappropriated funds in an attempt to support themselves as well as support a declining business venture.

5.4.2 Motivation: Greed

The researcher found that the offenders driven by greed were not actively looking for loopholes but were more opportunistic as when they saw an opportunity they would exploit it.

The remainder of respondents (41%) claimed that they had no financial problems however resorted to criminal activities primarily to supplement their lifestyles. This group of respondents was identified as being motivated by 'greed'. The proceeds from criminal activities to this effect were used in a show of success and accomplishment, where respondents were given a sense of power through the acquisition of material possessions. In addition to financial gain, respondents noted that the thrill or 'adrenalin rush' of

stealing was alluring and addictive; with several respondents reporting to have initially enjoyed the deception. As the novelty of the experience faded respondents reported resorting to larger thefts to achieve the same thrill or level of excitement: akin to the symptoms of drug addiction. The researcher found that offenders who were driven by greed were not actively looking for loopholes but rather were opportunistic.

Respondents also reported that the need to be accepted was a motive of white-collar crime; where appropriated funds were utilised to indulge family, in an effort to be accepted and recognised by family. Lastly, several respondents claimed that they engaged in white-collar crime in an effort to raise the start-up capital required to launch a legitimate business.

Furthermore respondents were observed as having moved from a need motive to a greed motive. This occurred as respondents began engaging in illicit activities when their financial situations were desperate, however once financial pressure was relieved, the greed motive took over and respondents continued to commit fraudulent activities.

5.4.3 Racial Motive

The researcher found that the offenders motivated by racial hatred, felt that the whites stole from their parents or ancestors during the apartheid era, therefore, the offenders

felt a sense of entitlement to steal that their white employers and claim what was legitimately theirs.

The some black respondents (44%) stated that they committed crimes target at white owned businesses as they (and their ancestors) had been exploited and subjected to racial discrimination in the past; and consequently were afforded the right to steal from them. Furthermore black respondents reported being taken advantage of and short paid for the work that they did and as a result felt entitled to engage in illicit activities.

Conversely, white respondents regularly sighted racial discrimination or 'apartheid in reverse' as a driver behind white-collar crime. White respondents alleged that they were excluded from receiving higher paid jobs as a result of Black Economic Empowerment policies and consequently became despondent and bitter; turning to crime to compensate for the social injustice.

5.4.4 Hindsight Reflections

The majority of respondents (76%) noted that the innocent victims of their activities were the family members that they left behind. Families of convicted criminals, specifically those from less wealthy families are subjected to financial distress, as the household income abruptly decreases. Additionally respondents expressed concern about the emotional bearing their actions may have caused their families; respondents with children were particularly concerned that their children would make similar life choices.

Additionally, respondents expressed concern as to their future after they had completed their sentences. With the majority believing that employment opportunities would be limited with a criminal record. Furthermore, respondents who were recognised as committing crime to satisfy a ‘need’, highlighted that they would never have committed white-collar crime if they did not find themselves in the financial situation they did.

5.5 Research Question 2: Loopholes

Research Question 2: *What are the loopholes within an organisation that an employee could exploit?*

During analysis of the findings it became evident that two distinct types of loopholes were exploited. Firstly, ‘internal loopholes’ which employees of companies tended to exploit and which typically only enriched the perpetrator of the offence. Secondly ‘external loopholes’ were identified, in which external parties solicited (illegally) company documents and information in an effort to defraud third parties such as banks and insurance companies.

5.5.1 Internal Loopholes

The findings of the research suggested that female respondents tended to exploit internal loopholes and thus were found to commit crimes from within an organisation. Internally focused crimes included, for example, payroll fraud, vendor fraud and supplier fraud. The following forms of internal loopholes were identified during the interview process:

5.5.1.1 Relinquishment of Management Authority

Supervisors were often seen to avoid (financial) administration tasks and as a result ‘delegated’ or ‘relinquished’ signing authority to subordinates. This action in effect allowed respondents to authorise their own illicit payments. Respondents noted however that they enjoyed the trust they were afforded (and felt empowered), however the relationships often lacked open communication; with superiors being perceived as inapproachable.

5.5.1.2 Segregation of Duties

Respondents reported that in many instances there was little or no segregation of duties. Employees were reported as being able to “load, authorise and release payments”. The lack of segregation of duties in the workplace removed structural barriers to fraud (that are widely recognised as best practice), as well as made the execution of fraudulent activities unsophisticated.

5.5.1.3 Efficacy of Auditors

The role and effectiveness of auditors was also questioned and identified as an internal loophole. Respondents reported using various techniques to divert auditors, including “flirting” and posturing a sense of domain authority or knowledge.

Respondents initially noted being “scared” or “terrified” of being caught during audits, however became more confident and self-assured after audits failed to uncover fraudulent activities. In a few instances respondents admitted enjoying deceiving auditors and thrived on manipulating auditors.

Respondents agreed that auditors tended to be young and lack experience and at times did not maintain professional distance thus their judgment was at times impaired. Additionally it was established that auditors used ‘checklist’ processes that could easily be taken advantage of, particularly when the auditors lacked business knowledge and experience. Respondents furthermore noted that the ‘checklist’ processes often worked to prevent auditors from probing deeper or extending investigation outside of the billable scope.

5.5.1.4 Failure of Management Responsibilities

Managements failure to adequately check reports such as; bank statements, payroll reports and supplier statements was identified as an internal loophole; where respondents simply noted altering the recipients bank account details. Assessment or checking failures that allowed fraud criminals to operate for extended periods without recourse were accepted as a management failure and a result of an inadequate management function. The failure of management responsibilities was widely cited as

being a point of negligence where competent and responsible management practices would have largely prevented or discouraged the crimes.

5.5.2 External loopholes

Respondents who report exploiting 'external' loopholes stated that they were recruited to supply 'criminal syndicates' with access to confidential documentation and access to the internal operations of an organisation. To this effect external loopholes were those that involved illicit activities however did not directly involved employees embezzling funds. Employees who were recruited furthermore tended to be 'vulnerable victims' who acted out of desperation or 'need'. Externally focused crimes included, for example, theft of information, forgery and corporate espionage. The following external loopholes were identified during the interview process:

5.5.2.1 Theft of Privileged or Confidential Information

Respondents reported that in many instances they were recruited to appropriate documents and company information, such as identification documents or sales reports. The appropriated information was subsequently sold to third parties and criminal syndicates, who used to information to for their own fraudulent purposes.

5.5.2.2 Information Technology Exploits

Respondents reported that they installed illicit software applications such as spyware and trojans on company networks. Trojan and spyware software applications provided criminal syndicates with access to company networks; allowing them to remotely appropriate information or manipulate company specific systems.

5.5.2.3 Human Resource Exploits

The significance of company human resource documents such as verification of employment was also identified as a loophole and an appealing weakness to criminal syndicates. To this effect respondents reported fabricating human resource records and documentation that allowed criminal syndicates to fraudulently misrepresent themselves.

5.5.2.4 Internal Process Exploits

Criminal syndicates were recognised as placing much value on the ability to exploit and circumvent organisational processes in an effort to appropriate funds or information from suppliers or client groups. Organisational processes were exploited through methods such as implementing temporary call diverts, to redirect incoming funds or extracting valuable information.

5.5.2.5 Reflection on External Loopholes

All of the respondents noted that as long as there are people to corrupt, fraud will never cease to exist. This reflection brings to question the effectiveness (or limits) of controls and suggests that while controls have value they are unable to eradicate corruption and fraudulent activities. Thus, in an effort to promote a crime free workplace, attention needs to simultaneously be given to understanding and addressing the human element.

5.6 Research Question 3: Deterrents

Research Question 3: *What deterrents could be installed to reduce the risk of employees committing white-collar crime in the workplace?*

This research question explored the retrospective reflections of respondents as if they were put in a position of authority and made responsible for deterring white-collar crime in the workplace. As a result the research question extracted a collection of methods or tools that respondents recognised as effective deterrents against white-collar crime.

5.6.1 Reports and Signing Authority

It was suggested that management should perform checks and inspect reports in a responsible manner. Managers were often observed accepting reports at face value and relinquishing signing authority. Respondents established that if managers were seen to proficiently examine reports and manage the approval process; this alone would act as a

deterrent to white-collar crime. This area is recognised as a failure of management responsibilities, which could largely be circumvented with proficient management.

5.6.2 Working Environment

Respondents noted that the generation of a pleasant and personal working environment would assist in reducing white-collar crime in the workplace. This is as respondents felt that the resentment that emerged from a noxious working environment, worked to encouraged the justification for committing white-collar crimes. Furthermore if a personal workplace culture existed, managers would observe sudden changes in lifestyle, and would be alerted to possible misgivings.

The majority of the respondents would have wanted a person such as a psychologist that would lead them and advise them in their time of need and desperation. The professional could also speak to and act as a mediator between themselves and management. Respondents admitted being embarrassed and just did not have the courage to approach their employers for assistance and also felt that their managers did not care about their employee's problem. Finally, the respondents would have like to have had a financial advisor contracted by their employers whereby they could consult in order to develop some payment plan for their debts.

5.6.3 Education

Respondents noted that if they were aware of the consequences of fraud, they may not have committed the crimes that they were sentenced for. This is representative too of respondents who claimed a lack of knowledge about the severity and criminal consequences of fraud crimes; with respondents claiming that they were under the impression they would be forced to pay the stolen money back if caught, but did not consider the possibility of facing jail time.

Thus, education around the nature of white-collar crime and the associated criminal consequences of engaging in fraudulent activities may serve as a deterrent against white-collar crime in the workplace.

5.6.4 Matching Roles with Responsibilities

It was suggested that the roles and responsibilities of employees should be better managed. Specifically respondents suggested that the responsibilities of employees should be matched to their roles and authority level and income. Furthermore respondents suggested that responsibilities (duties) should be segregated, thus creating structural barriers to white-collar crime. Scenarios where individual employees are responsible for entire functions should be avoided.

Chapter 6: Discussion of Results

6.1 Introduction

This chapter discusses the research questions in terms of the findings and the literature reviewed. Each research question is spoken to; highlighting the findings of this study as well as the perspectives of previous literature.

6.2 Research Question 1

Research question 1: *What are the reasons and motivations that drive employees to commit white-collar crimes within the workplace?*

6.2.1 Findings

The findings of Research Question 1 identified three primary motives: (1) need, (2) greed and (3) a racial motive. Respondents can be clearly divided between being motivated by either need or greed, however the presence of the racial motive varied between respondents and respondent profiles, thus the racial motive (when present) existed in union with either the need or greed motives. Furthermore, all respondents agreed that they stole in an attempt to attain a lifestyle or quality of life that they aspired to.

The identification of the need and greed motives is widely supported by the literature (Minnaar-Viejeran, 2000; Rossouw et al., 2000; Tappan, 1947; Braithwaite, 1985). Copes

and Vieraitis (2009) and Rossow et al (2000) proposed the presence of the need motive; while Clouse (2001), Hillison et al. (1999) and Minnaar-Viejeran (2000) provided justification for the presence of the greed motive.

Furthermore, this finding aligned with the findings of Braithwaite (1985) and Minnaar-Viejeran (2000), who concluded that white collar criminals exist along a spectrum ranging from those in strong financial situations to those living in poverty; as such the motivation connected to the crimes also moves along a spectrum from 'dire need' to 'absolute greed'. The presence of the third motive (the racial motive) was however not directly addressed by the core literature, and its union with either the need or greed motives suggests that it is a scarce social phenomenon whose presence is exaggerated by the sociopolitical and socioeconomic conditions in South Africa. The racial motives rationalisation is however supported by Rossouw et al. (2000) rationalization arguments; which suggests that while the racial motive may be rare its rationalisation dynamics mimic those found globally.

The aspirational threat that connected both those motivated by need and those motivated by greed was supported by the findings of Hillison et al. (1999) as well as Minnaar-Viejeran (2000), where it was suggested that white collar criminals (regardless of their motive) inherently strive to improve their relative standard of living or lifestyles.

6.2.1.1 Need

The need motive and its associated financial pressures was supported by Rossouw et al. (2000), Ramos (2003) and Bressler (2009), in that the authors suggested that either personal or family financial pressures encouraged individuals to commit crime. The SAPS Crime Report (2010), further supports the findings in saying that poverty can be seen as possibly ‘forcing’ individuals to commit white collar crimes as their situations are ‘desperate’ (SAPS, 2010).

Additionally, respondents noted as committing crime to satisfy a ‘need’, emphasised the fact that they would never have committed white-collar crime if they did not find themselves in the financial situation they did. This notion suggests that perceived ethical boundaries move depending on the financial situation of an individual. This finding however may also be the product of retrospective reflection of the respondents.

6.2.1.2 Greed

The greed motive was supported by Hillison et al. (1999) and Clouse (2001) as well as Minnaar-Viejeran (2000), who noted that aspirations, the desire for success and material possessions amongst other factors lead individuals to commit white-collar. Thus affirming the presence of the greed motive, in which individuals commit white-collar crimes in an attempt to fulfill desires other than basic needs.

In terms of the greed motive the findings of this research contradicted the findings of Tappan (1947) and Braithwaite (1985) who noted that greed was the primary motive behind white collar crime. This research, to the contrary suggested that both need and greed were significant motives in explaining white collar crime; with the sample being slightly in favor of the need motive.

Interestingly respondents were observed as having moved from a need motive to a greed motive. This occurred when respondents began engaging in illicit activities when their financial situations were desperate, however once financial pressure was relieved, the greed motive took over and respondents continued to commit fraudulent activities. This observation was supported by Clouse (2001) in that it was found that when the need or financial pressure is relieved, greed takes over and drives subsequent fraudulent activities.

6.2.1.3 Racial Motive

As noted previously the 'racial motive' was not directly addressed by the core literature, however the findings suggested that it constituted a significant part of understanding the motives that drive employees to commit white-collar crime in the work place (or at the very least appreciate perspective justification of illicit activities).

The presence of the 'racial motive' provides insight into the sociopolitical and socioeconomic conditions in South Africa. Furthermore, as with the 'need' respondents

(6.2.1.1), ethical boundaries are seen to move depending on the race that a respondent defrauds. It was generally accepted by respondents that justifying fraudulent activities on historical race related events was conventional and a satisfactory validation. Where a widely held company was in question respondents assume the company is owned by the 'opposite' race.

The presence of the racial motive and its rationalisation process is supported by Rossouw et al. (2000) observations of rationalisation. Offenders tended to shift the blame to other people by maintaining that they were manipulated (through circumstance), thus presenting themselves as victims rather than as perpetrators. The need to convey oneself as a victim of circumstance was clearly observed in the findings. Regardless of race, there was a tendency to use the circumstance to justify and rationalise criminal behaviour. Respondents were quick to portray themselves as victim and in doing so perceived their crimes in line with their own personal ethical standards.

Interestingly respondents were divided on whether the stole from their organisations as a result of the race motive. Some respondents noted that they would not have stolen from their own race group; while others noted that the race of the manager or owner had little bearing over the crimes committed. The racial motive was thus noted as fluctuating between respondents; in some instances it was observed as playing a large role while in others the racial motive was absent. This suggests that while the racial motive is present

and is noted as motivating while-collar crime, it is only observed in some cases and is not a motive that characterises all while collar-crime.

6.2.2 Summary

The findings of Research Question 1 both confirmed current academic reasoning (need and greed motives) as well as revealed the presence of a novel (racial) motive. The findings thus suggest that in South Africa the presence of the racial motive should be acknowledged and managed similarly to the need and greed motives that underpin white-collar crime.

6.3 Research Question 2

Research Question 2: *What are the loopholes within an organisation that an employee could exploit?*

6.3.1 Findings

The finding of Research Question 2 identified two categories of loopholes or weaknesses that are exploited: (1) internal loopholes and (2) external loopholes. Where internal loopholes were exploited employees defraud the company itself, whereas with external loopholes employees use the company as a tool to defraud third parties.

Furthermore it was established that exploiting (internal and external) loopholes was typically regarded as an unproblematic and uncomplicated procedure, with few segregation barriers and often a lack of apt senior human capital compounding the problem. Wright (2007) noted that this is further exaggerated when employees have extensive knowledge of the company and its operations, as they are similarly knowledgeable of the loopholes that exist.

The findings of Frank (2004), Banks (2004) and Wright (2007) supported the identification of internal and external loopholes, as well as the notion that white-collar crimes can effect both the organisation itself as well as third parties.

6.3.1.1 Internal Loopholes

Internal loopholes were those that employees of companies tended to exploit and which typically solely enriched the perpetrator of the offence. The findings furthermore suggested that females were more at risk of exploiting internal loopholes than males. The internal loopholes that were identified during the interview process are discussed below.

6.3.1.1.1 Relinquishment of Management Authority

The presence of the 'relinquishment of management authority' was supported by Hillson et al. (1999), Moorthy et al. (2009) and Hillson et al. (1997), where it was suggested that managers have a tendency to 'misplace trust' and in doing so to relinquish or delegate signing authority, which ultimately creates an environment ripe for internal theft and fraud.

Conversely the findings of this research contradicted findings of Heath (2008) in which it was suggested that the lower-level employees, commit less serious crimes, simply because they are not trusted with large sums of money and their work is more closely supervised. This interesting departure, provides fresh insight into the 'white-collar' profile, and suggests that white-collar crime is committed by individuals that have opportunity (or access). Thus in organisations where there is wide spread relinquishment of management authority, there are more individuals have access to commit white-collar crime.

6.3.1.1.2 Segregation of Duties

With regard to the ‘segregation of duties’ the literature tended to agree with the findings, with Moorthy et al. (2009) as well as Hillison et al. (1999), noting that in that an work environment that contains scarce segregation of duties or basic controls provides ample opportunity for white-collar crime.

Price Waterhouse Coopers (2009) provide a possible explanation for the lack or ‘segregated duties’ and noting that due to financial difficulties, organisations are forced to reduce costs and explore new possible efficiencies. By reducing staff numbers, a reduced segregation of duties and less monitoring of suspicious transactions and activities could result.

Furthermore, Merchant (1982) as well as Moffett and Sloman (1988) stressed the importance of segregation of duties; in agreeing that segregation of duties makes it very difficult for one person to carry out an improper act, such as fraud. Dhillon (2010) extended the argument in suggesting that organisations with two or even three individuals involved in authorizing payments, would make the execution of fraud even more difficult.

6.3.1.1.3 Efficacy of Auditors

The efficacy of the auditing process as a means of fraud detection or fraud prevention was brought to question by respondents. This notion was supported by the findings of Hogan et al (2008) as well as Saksena (2010).

Saksena (2010) argues that while the responsibility of external auditors to detect fraud has increased over time; a majority of frauds are detected through other means, and not through the efforts of the external audit process. Thus external auditors' effectiveness in terms of fraud detection is questioned. Business owners and managers should thus recognise the inherent limitations of auditing and not rely on the audit process alone as a fraud detection technique.

6.3.1.1.4 Failure of Management Responsibilities

The failure of management responsibilities (or inadequate management function) was identified as a loophole or weakness that white-collar criminals exploited. In this respect the findings of this research were supported by the findings of Moorthy et al. (2009) who recognise 'lax' management supervision and attentiveness is a factor that contributes towards an environment ripe for internal theft and fraud.

The failure of management responsibilities is recognised as a product of negligence where basic management practices would have largely prevented or discouraged the crimes.

6.3.1.2 External Loopholes

External loopholes were identified as those in which external parties (illegally) solicited company documents and information in an effort to defraud third parties such as banks and insurance companies. The findings furthermore suggested that males were more at risk of exploiting internal loopholes than females. The internal loopholes that were identified during the interview process are discussed below.

6.3.1.2.1 Theft of Privileged or Confidential Information

Respondents reported that in many instances they were recruited to appropriate documents and company information, such as identification documents or sales reports. The appropriated information was subsequently sold to third parties and criminal syndicates, who used the information for their own fraudulent purposes.

6.3.1.2.2 Information Technology Exploits

The presence of information technology exploits was corroborated by the findings of Wright (2007), in that it is acknowledged that employees are recruited by 'criminal syndicates' to supply them with access to internal company systems. Access to internal systems is used to extract or manipulate information in an attempt to defraud third parties. Furthermore Hillison and Pacini (1997) stressed the importance of promoting secure information systems; noting that fraudulent schemes that involve for example, tampering with computer programs or data, may have far reaching negative

consequences for both the organisation that the information is stolen from as well as third parties that the information is often used against.

6.3.1.2.3 Human Resource Exploits

In an effort for employees to supplement their salaries; 2 of the respondents interviewed working in a human resource environment, admitted offering their services to criminal syndicates by falsely verifying employment records of fraudsters or their victims by testifying to the entity verifying this information that they were in fact working in the organisation when the fraudsters was looking to open bank accounts or asking for loans. Once the account was open, the fraudsters began lending money and paying it back in order to create some track record. After a couple of transactions, the syndicate would apply for a substantial loan, and when once approved they would proceed in taking the money and leaving the loan entity in a position of not knowing how to recover the loses. At times the syndicates would use homeless people as the face of the crime, and when the money was taken, it left the victim paying for the crime. This finding was in line with the findings of Wright (2007) in that it was found that fraudsters would open businesses with the intention of carrying out the fraud within a predetermined time frame, and once the crime was committed, the fraudsters would disappear.

6.3.1.2.4 Internal Process Exploits

As mention earlier, due to managers taking advantage of their employees, employees started offering their services to criminal syndicates. One example of this came through when interviewing offenders, where they claimed that some had positions where they were empowered to verify identification documents to process some transaction be it opening accounts or buying of credit. However, because the employee was paid, they would allow the fraudster's identification document to be accepted as legitimate. Also if a fraudster had access to someone in human resources they would claim to have verified employment and education records in order to get the fraudster employed. In other words, many organisations found themselves with people not adequately trained or experienced working for them.

Some modus operandi of these syndicates would be to temporarily divert the entities telephone lines using once again a contact within the telecommunications industry to a syndicate member's number so that it seemed that the verification was legitimate. Once the call was made, the entity was satisfied with the employment verification, the lines were restored back to normal.

The research findings aligned with Picard (2008) in finding that a company owner perpetrated fraud by exploiting the weakness of no controls thus allowed him to divert client investments to his own account. Also this research agreed with Vanasco, (1998) in

that it is possible to intercept data or conversation via a telephone line to commit fraud. Vanasco (1998) findings aligned with this research in findings that hackers diverted telephone lines to other lines in order to deceive, defraud, or blackmail the sender or receiver.

6.3.2 Summary

The findings of Research Question 2 identified two primary types of loopholes that contained their own unique characteristics (internal and external). Furthermore the findings both confirmed historic academic reasoning as well as provided new insight into the South Africa context pertaining to the loopholes and weaknesses that are exploited by white-collar criminals.

Internal fraud was found to be encouraged by workplace environments that lacked segregation of duties, and had managerial shortcomings; while external fraud was found to be orchestrated by crime syndicates who use venerable employees to defraud third parties.

6.4 Research Question 3

Research Question 3: *What deterrents could be installed to reduce the risk of employees committing white-collar crime in the workplace?*

6.4.1 Findings

The findings of Research Question 3 identified deterrents to white-collar, through the retrospective reflections of respondents. As a result the research question extracted a collection of methods or tools that respondents recognised as effective deterrents against white-collar crime. The deterrents identified as most effective by the respondents, were gathered around four themes: (1) Reports and Signing Authority, (2) Working Environment, (3) Education and (4) Matching Roles and Responsibilities.

6.4.1.1 Reports and Signing Authority

The failure of basic management functions such as reports and signing authority was recognised as a both a loophole and deterrent. Respondents noted that if managers were seen to proficiently examine reports and manage the approval process; this alone would act as a deterrent to white-collar crime.

This finding was supported by the Tootle (2008) who found that management failures in fundamental processes such as the review of financial reports encouraged white-collar crime in the workplace and if addressed would help to limit the phenomenon.

Furthermore Wilson (2007) advised that managers should caution against openly trusting employees to the extent that they are given the tools to commit white-collar crimes. Thus managers should trust employees in a controlled manner, which empowers employees however does not reduce the barriers to committing white-collar crime or provide them with the means to commit the crimes.

6.4.1.2 Working Environment

The working environment was noted as a possible deterrent to white collar crime. Respondents suggested that pleasant and personal working environments would deter white-collar crime, specifically as resentment would be limited and a personal workplace culture would allow for the observation of sudden lifestyle changes.

The concept of the creation of an open and personal workplace is supported by Seetharaman et al. (2004), in observing that the workplace environment provides an 'area of observation' where employee's sudden lifestyle changes can be observed, and in doing so works to deter workplace white-collar crime.

Additionally Albrecht et al. (1994) and Seetharaman et al. (2004) suggested that a workplace environment that openly acknowledges the presence of fraud by implementing whistle blowing mechanisms creates a deterrent to white-collar crime. Furthermore, the

need for ethical managers is stressed in being pivotal in deterring white collar-crime. Managers are seen as responsible for the creating a culture of integrity and to that effect should be role models. Kelly and Hartley (2010) moreover found that employees are more likely to notify their manager or employer of any fraud that could be taking place within their organisation if they perceive management is ethical.

6.4.1.3 Education

Education concerning the nature of white-collar crime and the associated criminal consequences of engaging in fraudulent activities was observed as a deterrent against white-collar crime in the workplace.

Albrecht et al. (1994) and Kardell (2007) found in efforts to prevent fraud it is imperative to educate employees about the seriousness of the crime. Offenders claimed that if they were aware of the consequences of fraud, they may not have committed the crimes that they were sentenced for. The offenders further claimed a lack of knowledge about the severity of criminal consequences of fraud crimes was factors that contribute towards them committing the crimes. Thus, Near and Miceli (1985) as well as Rossouw et al. (2000) advised that organisations highlight the negative consequences of perpetrating white-collar crime through workplace education. It is furthermore suggested that disclosing historic criminal activities is an effective educational tool that may make potential criminals more cautious and reluctant to pursue their plans.

Banks (2004) furthermore suggested that as white-collar crime infiltrates all age, education and experience groups; every level of an organisation, should be educated in the need for business control processes, fraud detection and prevention techniques as well as the criminal consequence of fraudulent activity. Additionally it is noted that organisations that have fraud education programs, detection time of fraudulent activities is reduced, thus limiting the implications for both the offender as well as the organization (Kardell, 2007).

Education is noted as also being effective in the form of policy; specifically anti-fraud and anti-corruption policy, including guidelines regarding accepting gifts. Furthermore Bierstaker (2009) suggest that policy needs to be approved and implemented at 'board level' and clearly communicated to employees Bierstaker et al. (2006).

6.4.1.4 Matching Roles with Responsibilities

The findings suggested that the roles and responsibilities of employees should be better managed, as misalignment of roles and responsibilities provided an opportunity for white-collar crime. Creating structural barriers to white-collar crime was suggested as an effective deterrent.

The researcher found that segregation of duties is crucial in any organisation that has employees that have been entrusted the authority to pay employees and or vendors. This added to the findings of Plavsic et al. (1999), McCuaig (2005) and Tootle (2008) in that it was agreed that not one single person should be able to load, release and final release any payment to any vendor or employee. In this instance all the structural barriers to fraud are removed.

While it is appreciated that the organization, when attempting to reduce costs and promote efficiencies combine roles; the pursuit of efficiency should not be at the expense of a safe working environment. Thus, segregation of duties should be maintained at all times.

6.4.2 Summary

The findings of Research Question 2 identified two primary types of loopholes that contain their own unique characteristics (internal and external). Furthermore the findings both confirmed historic academic reasoning as well as provided new insight into the South Africa context pertaining to the loopholes and weaknesses that are exploited by white-collar criminals.

Internal fraud was found to be encouraged by workplace environments that lacked segregation of duties, and had managerial shortcomings; while external fraud was found

to be orchestrated by crime syndicates who use venerable employees to defraud third parties.

The findings of Research Question 3 identified 4 deterrents that white-collar offenders noted as being effective in deterring white-collar crime in the workplace. Analysing the deterrents, it is apparent that the types of deterrents suggested form part of 'best practice' and are for the most part relatively inexpensive solutions. Deterrents such as education and awareness and whistle blowing are relatively low cost mechanisms that potentially have far reaching effects. Ethics, open communication, fairness and integrity need to be core to any organisation if they want to promote a fraud free environment. Finally, managers and executives are encouraged to be more proactive in the day to day running of the business, specifically fulfilling the basic managerial duties such as signing authority and maintain segregation of duties.

Chapter 7: Conclusion

The objective of this study was to draw on various existing theories of white collar crime and to understand what drives employees to commit commercial crime. Based on the findings and analysis of the data collected of the research, it became evident what the drivers were and what employees were thinking at the time of committing crimes.

And finally, what would they do differently in order to reduce this kind of behaviour to occur within their working environment.

7.1 Recommendations to Organisations

The objective of this study was to draw on various existing theories of white collar crime and to understand what drives employees to commit commercial crime.

Many of the proposed recommendations are in place in larger organisations, and as such are aimed at small to medium sized business, however, the research has shown that even though many of these organisations have most of the deterrents in place, they do not use the deterrents effectively.

7.1.1 Fraud Education and Awareness

For any organisation to combat fraud, it is imperative that they invest in fraud and awareness program. One of the most effective and quick to implement would be to organise a field trip to the local correction centre and spend some time speak to the sentenced fraud offenders as well experience what it feels like to be in a cell. As Tang (2007) discovered, by taking MBA students to visit their local prisons, the whole experience had a positive effect in deterring them from committing the crime. Therefore, when an employee lives a similar experience and later presented with the opportunity of committing commercial crime, some will remember the experience and walk away from the temptation.

7.1.2 Financial and Psychological Advice to Employees

Many of the interviewed offenders said that even though they enjoyed the trust of their supervisors or managers, they were embarrassed to share their financial crisis with them as partly because it's not the organisation problem and also because they employee does not want to be seen as weak. However, this silence and 'not caring' attitude costs organisations millions each year in losses. Therefore organisations should consider contracting a part time psychologist whereby they would come in once or twice a week for example in order to be the intermediary between employer and employee. This counselling could act as an escape valve, the psychologist could be the voice of the employee thus enabling the employer to help the employee by perhaps removing them

temporarily from decision making positions and helping them somehow financial by perhaps signing a blockage on their provident fund or assets and thus advancing some monies to the troubled employee. This was approach was supported by the study as offenders admitted that if there was help available they would have never stolen.

Financial advice on personal finance would also be beneficial, perhaps this service could be a service that the human resources department could organise whereby perhaps a financial consultant could be contracted and visit regularly and assist staff with their finances.

Also, when employees are required to work with money, the organisation must ensure that the candidate is polygraphed in order to identify past ill doings and integrity as well as given a psychological test which would uncover any addictive personality such as drug or gambling. The researcher understands that these types of testing is invasive, however, if the candidate is willing to take such tests, it will ease the employment process as the organisation will be sure to have made a good choice if the test results are negative.

Finally, in order to mitigate the risk of having a racial working environment whereby it will only fuel the resentful feelings of apartheid which have affected employees and their relatives, the organisation must adopt a policy of zero tolerance to racial discrimination. Anyone found guilty of such offences must be dismissed immediately, and communicated throughout the organisation the consequences suffered by the employee embarking on

racial hatred or discrimination. This policy needs to apply throughout the organization. The victims need to know that they can approach their managers without being prejudiced against. The organisation needs to be colourless when taking decisions and treat everyone fairly regardless of race.

7.1.3 Background Checks of Employees, Vendors and Clients

This research has shown that before an organisation commits to contracting to a vendor, there should be checks and controls put in place. The researcher is aware that this usually happens in larger organisations, however, small to medium sized organisations usually contract a vendor without checking the legitimacy of the vendor, the composition of its directors, to ensure that an employee is not part of the vendor's or client's board, and also validate its track record.

Secondly, the study has shown that at times, the organisation is so eager to make a deal, that at times they lose focus and find themselves dealing with fraudulent clients what either do not have a legitimate business or in deep financial trouble. An organisation has to do background checks before selling their products or services in order to mitigate the risk of not being paid or losing their services or products.

An independent consultant or employee should randomly check invoices signed off by their colleagues to ensure that the proper quotations and rates are charged to ensure

there is no inflation of purchased goods or services. An independent quotation should be requested in order to confirm that all purchases are in line with the rest of the market.

Finally, one other issue that was shown by the data, is that a times staff get employed that have not been properly checked; new employees (especially where monies are involved in their daily duties), should be background checked (criminal record and their financial status), furthermore they should be analysed by a psychologist in order to discover whether they or their partners have any addictive disorder such as drugs, alcohol or gambling. Finally, their working background needs to be thoroughly checked, for example have two or more people authenticate and give references at their previous work place. Hillison and Pacini (1997) recommend that once a person is employed for say six months, the employee needs to do have another follow up check with their previous workplace in order to ensure nothing irregular has been discovered since their ex-employee left. It is known than many a times fraud only gets discovered perhaps months later it occurred.

7.1.4 Internal and External Checks

Supervisors and managers need to more security conscious, even though many would think they are, study have shown that some managers give their security credentials quite freely, opening themselves to been defrauded. The data has shown that even though it is a good idea to empower and entrust your staff unconditionally, they start lacking in checks and balances and as many offenders believe, they become lazy. The managers

must continuously ensure that segregation of duties is in place and not believe that in order to save a salary or two; they can simply give their staff multiple roles. This philosophy not only demoralises their staff by overloading them with work but, also open doors to foul play. Managers must regularly check all levels of security as well as roles of each of their staff in the various computer systems the organisation is using in order to ensure that staff does not have conflicting roles, or roles that they are not permitted to have.

Human resources managers and directors need to check that there are not multiple employees with same bank details; they must ensure that when a staff member resigns, dismissed or passes away, they are properly terminated in the payroll, the South Africa revenue services, provident or pension fund, medical aid fund as well as the unemployment insurance fund. The same rules applies when employing a new member of staff, human resources must ensure that they are taken on properly.

Many a times, payrolls are outsourced, therefore before transferring the funds to pay salaries, the human resource manager and director need to ensure that the list is legitimate, that there is no duplicate account numbers and that no ghost employees are present on the list. Many organisations have thousands of employees spread out South Africa, however a consolidation of staff compliment needs to be send to one central point in order to verify that all staff are in fact under employment.

Secondly, managers should ensure that once a quote is received from a potential vendor, this quote is double-checked by the supplier representative's manager to ensure that there is no foul play like overcharging in the supplied service or product. This goes hand in hand with point 7.1.3 where the vendor is verified to be a legitimate business. When it comes to paying the vendor, a report needs to be pulled to ensure that the vendor bank details are the same to when it was first audited. If there is a discrepancy, this should be taken up with the vendor, to ensure that in fact the vendors account details have in fact changed.

Finally, when executing a year-end audit, the external auditors should do a vendor list and employment check to ensure there are no duplicate bank accounts and compare the staff bank details with the vendor's bank details. The data spoke quite clearly, that many times, ghost employees as well as vendor fraud was undetected by the auditors. It is known that auditors get to go to the same client for numerous years, therefore, in order to mitigate complacency as well as befriend the organisations staff, the auditor firm should consider rotating auditors and partners each year. The cost for the audit will increase, however could be less than what is stolen if there is fraud in the organisation.

All organisations should have internal auditors that are more intimate with the people, process and potential loopholes within their organisation. Therefore, the internal auditor could work hand in hand with the external auditors in order to help uncover fraud and if possible close any risky loopholes that might be evident. Internal auditors should assume

that anyone is capable of fraud and should thus exercise “professional skepticism”, particularly since fraud is typically committed by “those we trust”. Finally, as external auditor do not have the time to perform detailed and exhaustive auditing, perhaps as Buckhoff et al. (2010) and Kardwell (2007) suggested that surprise fraud audits that is specifically designed to uncover asset misappropriation or theft, is a separate engagement from a financial statement audit and requires auditing professionals with specific anti-fraud training and experience. Also, Hogan et al. (2008) suggested all companies should be subject to a forensic audit on a random basis and if listed every three to five years.

7.1.5 Whistle-Blowing

Employees need to be made aware of the appropriate reporting procedures if they identify a potential problem. This issue can be brought to their managers anonymously through an independent whistler blowing organisation. Once again, many larger corporations contract this service, however, from the study, it was clear that the smaller organisations do not and thus find themselves having multiple people stealing from the organisation. From the study, there was a case that the offender claimed that she suspected that her financial director was stealing but was too scared, in case it was not true, her job might have been jeopardized as well as been even victimized. Therefore, in order to eliminate these fears, small businesses should consider contracting a consultancy to handle the process in an effort to protect the whistle-blowers.

7.1.6 Organisation's Strategy, Culture and Communication

Managers and supervisors should instill an open door culture; they need to let their staff know that they are approachable when in trouble. It will cost less to help than not to help and lose millions in theft, like it happens in most cases. Management need to pay fairly according to position and duties performed, there is no good expecting staff to be overworked and underpaid as this will clearly make them despondent and eventually lash out, some violently other just keep quiet and begin stealing.

Management should rotate staff regularly, so that not only is it beneficial for the organisation when any staff member is sick or on leave, someone else can cover that job, but also deters employees from foul play as they know they will be discovered when someone start doing their jobs.

For any organisation to be proactive in fraud prevention, they need to engage or establish an audit committee to help design a fraud prevention policy, they need to continuously monitor and investigate allegations of malpractice, and suggest action when they are uncovered. Fraud prevention mechanisms can only be effective in an organisation when the message against corruption and fraud comes from the board down and be reinforced with action, otherwise it is bound to fail if previous concerns have been brushed under the carpet and the offender is allowed to get away with their crime. If fraud has occurred within an organisation it is imperative that this is communicated to staff and that they

know of the consequence of they get caught as well as that the organization is serious the zero tolerance to fraud.

An external IT consultancy or the IT department of the organisation should at irregular times to make sure that no one in IT is giving other employees conflicting roles in accounting systems or allowing staff unauthorised access to information.

7.2 Recommendations for Future Research

Future researchers could investigate how rife white-collar crime is within small businesses, such as the street vendors or the taxi industry where, for example, taxi drivers steal from taxi owners by pocketing undeclared taxi fares.

Future researchers could also investigate the impact of a prison sentence on an offender. Is a prison sentence the correct form of punishment or would an alternative sentence, such as community service for the duration of the sentence, be a more appropriate sentence?

Another area of research could be in the space of restorative justice. The psychological impact of white-collar criminals residing in the same space as serial killers, rapists and child molesters, could be investigated.

As this research was done only in Gauteng, it could still be extended to other parts of South Africa to investigate whether white-collar crime elsewhere is more or less prevalent.

Further research could be done to investigate the level of crime motivated by racial motives. Future research could in this light investigate the details of the racial motive and work to identify the phenomenon's dynamics; in an attempt to encourage a safer working environment.

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9 Appendices

9.1 Consent Form

I am conducting research on white-collar crime in the workplace.

I am trying to find out more about the motivations of white-collar crime in the workplace. I am also trying to understand what, in your opinion, would be good deterrents to implement in the workplace in order to mitigate the risks of committing white-collar crime.

You can suspend or decline the interview at any time and you can also refuse to answer any question, without any repercussion or penalty.

No names will be recorded in any body of work. All data will be kept confidential.

The interview will be recorded on tape; however, all recordings will be kept confidential.

If you have any concerns, please contact me or my supervisor.

Our details are provided below.

Researcher's Name: Luigi Muto
E-mail Address: luigi.muto@cosiragroup.com
Cell Phone: 083 290 2342

Research Supervisor Name: Gavin Price
E-mail Address: priceg@gibs.co.za
Landline: 011 771 4000

Signature of participant: _____ Date: _____

Signature of researcher: _____ Date: _____

9.2 Questionnaire

Age _____ Race _____ Gender _____

Profile of participant / Triggers / Motivations

1. How old were you when you committed the crime?
2. What sort of crime were you convicted of?
3. What were the circumstances that drove you to commit the crime?
4. What did you think you would get out of committing the crime?
5. What were you thinking at the time i.e. were you aware of the consequences and punishment should you be caught?
6. Did you think you were going to get away with the crime? If so, why?

Profile of employee and position

7. What sector / industry were you working in?
8. What position did you hold?
9. What were your responsibilities? Were you in a controlling position or a decision-making role?
10. What was your relationship with your employer?
11. Did anyone know of you committing or intending to commit the crime? If so, did they report to you or what made them keep quiet?
12. Did you have an accomplice? If yes, provide details.

Hindsight and reflections post conviction

13. Do you regret committing the crime? If so, why?
14. What would you think would be an appropriate punishment besides incarceration, and why?
15. What do you think motivates employees to commit white-collar crimes?
16. If you owned the company, what would you do to prevent people from committing crimes in your workplace? What measures would you put in place?