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Theory Application: Why People Commit Fraud

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Abstract

Organizational setting plays an important role on the effectiveness of internal control as a mechanism to protect the organization against unwanted behavior by individuals. However, individuals find a way to commit fraud by analyzing the organization's internal and external environment. Thus, this research paper applied document analysis methodology. The objective of the research was to find out why people commit fraud. In doing so, five Fiji Court cases were analysed using the "Fraud Triangle", "Fraud Diamond" and the "Power" Theories. Furthermore, existing literature was referred to present the facts in a logical format. The findings indicated that potential perpetrators were influenced to be involved in the fraudulent scheme as a result of *power* that was exercised on them by other individuals. Moreover, the findings reconfirms the literature on fraud practices by individuals are due to perceived pressure, perceived opportunity and some way to rationalize their fraudulent act as acceptable.

Keywords: Fraud, fraud triangle, fraud diamond, capability, power

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Introduction

Fraud has become a challenge to the business organizations in today's dynamic environment (Mangala & Kumari, 2015, p.52). Indeed, there is no organization immune to fraud. Various combating techniques are used by organizations to combat fraud such as effective implementation of internal control systems, efficient corporate governance structure, and ethical standard policy, whistle blowing policy, using internal / external auditors, audit committee and forensic accountants.

The very reason that auditors apply professional scepticism in their work, Firth, Mo and Wong (2005) emphasised that "auditors are responsible for exercising due care which will lead to the detection of fraud and the reporting of material misstatements" (p.370).

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Forensic accounting also has emerged as a new tool for fraud prevention and detection (Mangala & Kumari, 2015, p.53).

The true expense of fraud is hidden or cannot be calculated with accuracy. For instance, suppose the advertising expense of ABC Ltd is $1,000,000. But unknown to the company, its marketing manager is in collusion with an outside ad agency and has accepted $100,000 in kickbacks to steer business to that firm. That means the true advertising expense is overstated by at least the amount of the kickback if not more. The result off course is that $100,000 comes directly off the investors and the workforce. Indeed, Fraud continues to prosper with a variety of fraud schemes executed by the perpetrators. In any fraud scheme, either it is carried-out by the employees, management, vendor or customer, one element which is common in all is "opportunity". Sometimes this "opportunity" exists in the organization and other times, it is created both intentionally or unintentionally. Farooq and Brooks (2013) for instance cited a case where "a manager freely committed fraud from the opportunity created due to a lack of supervision" (as cited in Omar, Nawawi & Salin, 2016, pp. 1022).

Perpetrators always come up with creative ways to defraud the victim organization. For instance just when employers think that they have seen every way an employee can defraud them, a new unexpected strategy is used by the employees. The moment organizations failed to implement appropriate safeguards to prevent and detect fraud, it then creates an opportunity even for the trusted employees to commit fraud.

It's the trusted employee who is granted the highest levels of access to the organization's computers, accounting records, and funds. The organization has also trained these employees in order to perform its mission and to operate efficiently. So, the trusted employee has all the requisite skills needed to perform their job. But, they often do this in ways the organization never intended" (Dervaes, 2004, para 13).

Dervaes opinion points-out that even by having an effective internal control system in an organization, fraud still prevails since those charged with governance involved into unacceptable practices. Truly fraud has become a challenge for the organizations. Thus, this research paper attempts to find out "why people commit fraud" through examining and analysing some of the fraud cases incurred in Fiji and understanding the literature on fraud. Furthermore, various theories have been used to analyse the Fiji fraud cases in order to understand "why" fraud occurs.

Literature Review

Crime, fraud, and corruption, are all nouns that pertain to the act of deception that depicts an intention to increase an opportunity in one's favor in an unlawful manner that pertains to an organization's interest and goals (Tran, 2006, p.63). On this, Kranacher, Riley and Wells (2010) say in order to "meet the legal definition of a fraud, there must be damage, usually in terms of money to the victim" (p.3). Golden et al (2006) stated that four elements are necessary for a fraudulent act; a material false statement, secondly, knowledge that the statement was false when it was uttered, thirdly, reliance on the false statement by the victim and lastly, damage as a result (as cited in Mangala & Kumari, 2015, p, 52).

In this ever changing environment, in order to minimize fraud activity, various techniques are implemented by the organizations. On this Patterson (2004) mentioned "sweeping changes continue to reshape the workplace. With the new millennium, facility managers and security directors have found his or her role dramatically expanding. No longer is their primary role to only protect the assets of the organization. As the company's bottom line becomes smaller, the members of the management team are called upon to take on more roles and responsibilities" (para 2). However, allocating more responsibilities to the employees is sometimes dangerous to the organization. For instance, Wells (2007) stated that, "the executive secretary of the local charity was beloved for her hard work and generous nature. Unfortunately, she was working hard to tamper with the organization's checks so she could be generous to herself" (p.47).

As such anyone can commit fraud. Albrecht et al (2011) stated that "individual involved in fraud are typically people just like you and me, but have compromised their integrity and become entangled in fraud" (p. 33). The literature has further indicated that people who have been trusted the most by the organization have turned to commit fraud. Albrecht et al provides an example,

I began my career at XYZ Company as a staff accountant. I am a religious person. In fact, I spent a year volunteering with a non-profit agency that provided relief to people in need for shelter. Because of this experience and because of my six years with the company, I was considered a person of impeccable character and a very trusted employee. The president of XYZ is a workaholic and considers an eight-hour day to be something a part-time employee works. As a result, I spent six years working in my finance position, putting in between 12 and 14 hours per day. During this period, I was paid a salary, with no overtime compensation. Early in my career, the extra hours didn't bother me; I consider them an investment in my future. Soon, I was named manager of the purchasing department. After two years in that position, I realized that the 12- to 14- hour's days were still an expected way of life at the company. I was becoming bitter about the expectation of overtime and felt that the company "owed me" for the "pay" from the company. Working with a favored vendor, I accepted kickbacks to allow over $1.5 million in overcharges to the company. I figured the $80,000 I received in kickbacks was compensation that I deserved (Albrecht et al, 2011, p. 38).

The literature indicates that red flags should not be taken lightly. Kramer (2015) provides some examples of red flags such as, "receiving invoices that are numbered consecutively (suggesting your company is the vendor's only customer), that lack normal fold marks (suggesting it was not mailed), that are missing normal vendor information (such as a physical location or a phone number), or that contain even-dollar amounts are some of the warning signs of a fictitious vendor scheme, a type of billing fraud" (p.10).

While there are many fraud schemes that fraudsters perpetrate, most of it involved in some way cash (Ray, 2004, para 1). For instance, financial statement fraud is often accomplished through the recording of fraudulent financial transactions that misstate financial data. It can be concealed through the use of forgery, falsified documents, missing documents, related party transactions and false response to inquiries. Warren (2004) emphasised on the responsibility of the auditors by stating that, "one of the most difficult tasks that an auditor has is to identify fraudulent transactions" (para 1). Since detection of fraud is a requirement during the audit, it directly affects auditor's opinion and expands the audit gathering procedures.

Different organizations face unique types of fraud. Thompson provide a good example,

Utilities suffer theft of service, telephone utilities have toll fraud, and insurance carriers and brokerage firms face sales fraud. Manufacturers are hard hit by fraudulent warranty claims, dealers and repair facilities. Government entities are exposed to fraud in contracts and grants and fraud by program recipients, providers and administrators. Street-smart auditors and managers know that every sizeable entity has its own fraud vulnerabilities (Thompson, 1992, p.20).

Generally by committing fraud, it causes changes in the behaviour of most perpetrators, and knowledge of these warning signs can help to detect fraud. Kramer add,

Nearly all fraud perpetrators spend most of their ill-gotten gains rather than save the money, so when an employee starts showing signs of a lifestyle more extravagant than what his salary can legitimately support, it is time to start looking more closely at that employee's job responsibilities and controls in place. The perpetrators often will make excuses for their new luxuries – jewellery, designer clothes, vacations, new cars, etc. – by saying the money came from a retirement plan, an inheritance, or their spouse's recent raise (Kramer, 2015, p.10).

Furthermore, Yallapragada, Roe and Toma (2012 stated that "the exponential growth in communication technology and proliferation of computers paved the way for phenomenal upsurge in corporate fraud, while-collar crime, and identity theft" (p.187). Thompson (1992) added that "Fraud cases are frequently complicated and emotion-laden" (p.21).

Kramer (2010) emphasized that "no internal control system will be perfect, so understanding the red flags or warning signs of fraud can be very helpful in detecting fraud" (p.10). Further to this, Thompson (1992) stated that "a well-planned, written policy for handling suspected wrongdoing should be developed, with input from top management and legal counsel" (p.22).

However such policy will be difficult to implement if the top management is involved in the fraudulent activity. Yallapragada, Roe and Toma provides an example,

Enron used sophisticated methods for committing fraud based on complex financial instruments and derivatives whereas; WorldCom used brazen and unsophisticated schemes such as capitalizing operating expenses of billions of dollars. In the last decade, many corporate accounting scandals occurred mainly in two specific industries, energy and telecommunications. Enron was in the energy industry and WorldCom, in the industry of telecommunications. In many of these scandals, two main characteristics stand out prominently, -corporate greed and earnings manipulation. Enron contributed the most spectacular corporate scandal during the early years of the twenty first century. At its high point in August 2000, Enron was the seventh largest US Corporation with a market capitalization of $70 billion and reported revenues of over $100 billion. Enron's chairman Ken Lay had a base salary of $1.3 million. His bonus for the year was $7 million and exercised $123 million worth of stock options. All of this was happening while a full-scale earning manipulation was going on. Enron's stock was trading at $90 per share in 2000. In December 2001, after the scandal was discovered, its stock price came down to less than $1. Enron declared bankruptcy in December 2001. It was the largest bankruptcy in the history of United States until WorldCom bankruptcy came along one year later (Yallapragada, Roe and Toma, 2012, p. 188).

The above case highlighted the point that, "every business transaction is vulnerable to the risk of fraud" (Omar, Nawawi & Salin, 2016, p.1013). Even with the existence of good internal controls, management override makes it as weak as was noted in the case of Enron and WorldCom resulting fraud to continue. The literature also has indicated that people commit fraud as a result of pressure, opportunity, rationalization and the capability to do so or through the influence of power by others.

Conceptual Framework

The Fraud Triangle Theory

The "Fraud Triangle Theory" was established in 1953 by Donald Cressey which clarifies as to why people commit fraud (Kramer, 2015, p.7). Dr Cressey interviewed nearly 200 inmates at various prisons who had been convicted of embezzlement where he discovered three elements must exist simultaneously for an otherwise honest person to commit fraud, referred to as the "fraud triangle" (Cressey (1971) as cited in Kramer, 2015, p.7).The elements are "pressure", "rationalization" and "opportunity".

Mangala and Kumari (2015) state that pressure, "refers to a situation or happening that builds up stress and raises the need to commit fraud" (p.54). Kranacher, Riley and Wells (2010) provide some example of pressure such as, "greed, high debt, investment losses, and children's education expenses" (p.13). Most employees who commit fraud are first-time offenders, not career criminals (KPMG (2011) as cited in Kramer, 2015, p.8). Generally, they view themselves as honest, law-abiding citizens. Thus, to commit fraud they need a rationalization that allows them to maintain this image of themselves. They must be able to justify their actions as something other than criminal; they need to find a morally acceptable excuse as to why their fraud is not a crime, which helps them to avoid guilty feelings and makes it easier to commit their crime (Kramer, 2015, p.8). Kranacher, Riley and Wells (2010) provide some example of rationalization as, "nobody is getting hurt or they owe me" (p.13). Opportunity is the situation responsible for fraud occurrence (Mohamed & Jomitin cited in Mangala and Kumari, 2015, p.54). Kranacher, Riley and Wells (2010) say opportunity to commit fraud exists when there is a "weak internal control" (p.13). For instance, a person doing banking activities is also involved in reconciliation task.

The Fraud Diamond Theory

In 2004, Wolfe & Hermanson expanded fraud triangle by including fourth element "capability" to form fraud diamond and stated that personal characteristics and ability play an important role in explaining fraudulent behaviour (Wolfe & Hermanson (2004) as cited in Mangala and Kumari, 2015, p.54). Although perceived pressure might coexist with an opportunity and a rationalization, it is unlikely for fraud to take place unless the fourth element (i.e., capability) is also present (Wolfe & Hermanson, 2004, p.38).

Capability acts as a convertor of opportunity into reality. It basically focuses that the perpetrator must have the skills and ability to commit fraud. It involves power to take decisions, technical knowledge and trust (Omar & Din (2010) as cited in Mangala & Kumari, 2015, p.54).In fact the perpetrator recognises a particular fraud opportunity and has the ability to turn it into reality.

Theory of Power

Fraud Triangle Theory and Fraud Diamond Theory are useful in understanding how an individual is involved in fraud. However the power theory explains as to how one individual influences another individual to participate in the fraud. Albrecht et al (2011) says "when a fraud takes place, the conspirator has the desire to carry out his or her own will- influence another person to act and do as the perpetrator wishes – regardless of resistance" (p. 53). John French and Bertram Raven in 1959 classified "power" into five separate variables, each stemming from the different aspects of the relationship between an actor and his or her target of influence (Albrecht et al, 2011, p. 53).

Specifically, French and Raven showed that A's power over B is determined by:

(1) A's ability to provide benefits to B (reward power),

(2) A's ability to punish B if B does not comply with A's wishes (coercive power),

(3) A's possession of special knowledge or expertise (expert power),

(4) A's legitimate right to prescribe behaviour for B (legitimate power), and

(5) the extent to which B identifies with A (referent power) (Albrecht et al, 2011, p. 53).

Case Studies

Case summary of Arti Sharma (Branch Manager of Sakura Tours Limited)

Arti worked for Sakura Tours for nearly sixteen years with no tertiary qualification and her current designation was the Namaka branch manager. During the last 3 years of her employment, she embezzled $48,874.10 as was noted by the internal auditor's report. From the case it was also noted that she was solely responsible for the banking activities of the branch. Furthermore, she was in a position to post false entries in the "Daily banking Report" and directed false entries to be made in the "Cash Summary" to conceal the theft and avoid detection.

Application of Fraud Triangle Theory to Arti Sharma's case

This case has demonstrated some of the red flags discussed in the literature section such as "Trust" and "weak internal controls" that signals the occurrence of fraud. Recalling Darvaes (2004) statement, "it is the trusted employee who is granted the highest levels of access to the organization's computers, accounting records, and funds", as such they have all the opportunity to commit fraud. In this case, Arti had worked for the company for almost sixteen years whereby she has attained a very high level of trust and respect by the colleagues and the company. As a result, the company failed to realize the weaknesses in the responsibilities handle by her. Arti has the *opportunity* to embezzle the company's funds as she was solely in-charge of doing the company's bank deposits and was also making the entries in the company's accounts. Other employees did not suspected her due to the level of trust she established with them. She took the difference of the "short deposits" that she was making and was able to conceal this fraud by posting false entries in the company's account. Due to the fact that there was no segregation of duties, the fraud was executed for more than two years until it was picked up by the company's auditor. The *pressure* that was indicated by the case was greediness. The *rationalization* that was indicated in the case was that Arti believes that the embezzle money was her fair share for serving the firm for about sixteen years. There is no doubt that her contribution to the company is overwhelming which is why without even any tertiary qualification she was holding the post of the branch manager, however her action is totally unacceptable.

Application of Fraud Diamond Theory to Arti Sharma's case

It is amazed to note that even though Arti was without a tertiary qualification, she was able to successfully execute the fraud scheme for more than two years. The fourth element "capability" of Wolfe and Hermanson's theory was present in this case. She was one of the trusted employees and took advantage of the weaknesses in the internal control structure. She has the necessary accounting skills to execute the fraud. Another contributing factor for her capability to execute the fraud was her authoritative position. Due to this she was easily able to conceal the fraud.

Case summary of Shahana Nisha (Bank Teller)

Shahana Nisha was a Bank Teller. The fraud scheme was perpetrated in collusion with Keleni Matinitonga and Aneez Kumar. Keleni was the Finance officer at Housing Services Limited (HSL) who prepared fraudulent HSL cheques between the periods June, 2008 to February, 2009. Aneez often did jobs for HSL where he became acquainted with Keleni. He was Shahana's defacto-husband. Aneez used to collect the cheques from Keleni and pass it to Shahana where she deposited the cheques to various accounts as directed by Aneez. These account holders were all Aneez's relatives. One of the reasons for using various accounts was to evade tax and so the transactions were undetected by the banks officials. Later on Shahana process the withdrawal of the money from the various different accounts.

Application of French and Raven's Five Forms of Power theory to Shahana Nisha's case

In this case, the fraud was executed in collusion. Internal control becomes weak when collusion exists. This fraud was initiated by Keleni, the finance officer of HSL. She knew that it would be very difficult for her to cash out the fraudulent cheques. The very reason that she was familiar with Aneez and by knowing that his defacto-wife is a bank-teller, she involved Aneez in this, where Aneez later convince his defacto-wife. Indeed, they by-pass the internal control procedures by working together for the common gaol to earn money illegally.

The form of power that was existed in the present case was of two types. The fraud was initiated by Keleni and then she influence Aneez to join by convincing him that the embezzle money will be shared. This demonstrated the application of "*reward power*" by Keleni on Aneez. The power that was applied by Aneez on Shahana is "reward and coercive". The application of *coercive power* is that if Shahana would have not agreed then Aneez would have punished her by ending their defacto-relationship. Secondly, the application of *reward power* was applied by Aneez over Shahana to show the "benefits" that she will get by participating in the fraud scheme.

Case summary of Faiz Ali (Accounts Clerk Fiji Shipping Limited)

Faiz Ali was hired as the "Payroll Officer" for Fiji Shipping Limited on 2nd February 2009. For the next 10 months, he lived a life of deception, violating the trust placed by the company upon him until it was figured out by the Accountant that something is not right. Within the 10 months period, Faiz stipend out from his employer a total sum of $60,000.Faiz was responsible for the preparation of the company's payroll which incorporated salaries and wages for contracted staff plus casual workers. Contracted workers were paid on a fortnightly basis while casual employees were paid weekly. The employees enter their hours on their timecards which are then checked and verified by the Personnel Officer. Timecards are then forwarded to the Payroll Officer that is Faiz who is responsible for processing the payroll.

This process involves entering the hours on the payroll software used by the company with all allowances and claims. The payroll is then processed after which the net pay amounts were manually entered into the disc data. The disc data is then printed into the hard copy for verification and authorization, after which the disc data would be sent to the Company's Bank for processing. Faiz was also responsible for taking the disc data to the bank. The Bank would then directly credit the salaries and wages to the respective workers bank accounts. The finance department also did not realize the significance of key internal control weaknesses existing in the organization.

Application of Fraud Triangle Theory to Faiz Ali's case

Faiz has the *opportunity* to commit the payroll fraud due to the weakness in the internal control system of the company. As the payroll officer, he has to prepare the disc data which encompassed a listing of payments of wages and salaries for respective workers and issue a printout of this to the "Payment Voucher Signatories" of the company. Once the vouchers were approved and signed, he would then alter the figures on the disc data which in effect had an increased amount of allowances for employees on the soft copy version of the disc data which is then submitted to the Bank. As a result, payment distribution would be made by the bank according to this altered data presented to them. The excess amounts were then credited to Faiz's bank account.

The *pressure* factor as indicated in the case was greediness. His previous employment shows high level of corrupt practices for which he was fired. The *rationalization* that was present in the case was low level of moral values. He was a continuing fraudster and the very reason he has the courage to do the fraud in Fiji Shipping Limited was due to the fact that the previous employer did not took any legal action against him.

Application of Fraud Diamond Theory to Faiz Ali's case

Faiz had the *capability* to execute the payroll fraud. He had the courage to grab the opportunity that existed and converted into his benefits. He was well versed with the knowledge required to commit the fraud. It is amazed to note that because the employer failed to realize a loop-hole in the internal control, he took advantage of it. Undoubtedly, one of the very reasons why people commit fraud is because of the capability they have.

Case summary of Seema Prasad (Managing Director's Secretary at Red Diamond Limited)

Seema Prasad was an employee of Red Diamond Limited from March 1999 to May 2007. She started working as a cashier and later became the accounts clerk and after that became the Managing Director's secretary. During her stay at Red Diamond Limited, she became familiar with raising company invoices, payment vouchers, and preparation of company cheques, for the payment of bills.

It is amazed to note that during 6^{th} January 2006 to 11^{th} May 2007, she was able to en-cashed 36 company cheques at the company's Bank (XYZ Bank). She took out a total of \$475,466.47 cash, from XYZ Bank, as a result of the above cheques. She was able to falsify invoices and payment vouchers, including the forged cheques, which she used to obtain the \$472,466.47 cash. She only repaid \$41, 272.38 to the company, leaving \$431,194.09 uncovered. The CFO found the fraud on 12^{th} May 2007 while he was going over the company's bank statement. The CFO discovered a cheque of \$15, 172.30 written on the previous day, 11^{th} May 2007 was en-cashed. He directed the accountant of the company to investigate the matter, since it was unusual for such amount to be cashed. The accountant then found some irregularities in the cheque, supporting invoice and payment voucher and thus the fraud was revealed.

Application of Fraud Triangle Theory to Seema Prasad's case

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Seema had all the *opportunity* to defraud the company. She was responsible for raising company invoices, payment vouchers and the preparation of the company checks for payment purpose. These responsibilities of her shows a weak segregation of duties by the company and it was not long for her to forge company cheques. The *pressure* that was noted in the case was to give the best education and lifestyle to her only daughter. Definitely, it would have been very difficult for her to give the best education and lifestyle to her only daughter by working truthfully. The *rationalization* for Seema to commit the fraud was due to her daughter's future. Indeed, after her term of seven years imprisonment ends, she will enjoy the $431,194.09 with her daughter.

Application of Fraud Diamond Theory to Seema Prasad's case

Seema had the *capability* to execute the cheque fraud. It was easy for her due to the weakness in the internal control system of the organization and her complete control on the payment of bills to various vendors. Indeed she has the skills, knowledge and the trust to do the check fraud.

Case summary of Kapil Prajapati (Auditor at Revenue & Customs Authority (RCA)) and Jone Bavandra (Taxi driver of Kapil Prajapati)

They in collusion misappropriated fund of $102,843.50. Jone acquainted with Kapil Prajapati evaded the organization's "Integrated Tax System" by means of entering details of non-existing person's. The names of the fictitious tax payers were Jone's acquaintances and he used their names and identity details by lying to them. This automatically created a Tax Identification Number (TIN number) on those non-existing person and processed tax returns. There were 27 fictitious tax payers introduced to the taxation system of RCA and had TINs and someone lodged the tax return for these non-existing tax payers under salary and wage earner category.

Kapil as the auditor of RCA has accessed to these tax-payer accounts and altered certain information it contained and as a result RCA had refunded the Pay-As-You-Earn (PAYE) deductions and these refunds cheques were posted to a common address, P. O. Box 131, Votualevu, Nadi. Keys to this box were collected by Jone from the Post Office and he used it as his postal address. The refund of 56 cheques issued by RCA amounting to $102,843.50 and was en-cashed by Jone who was employed by Kapil as a Taxi driver.

Application of French and Raven's Five Forms of Power Theory to Kapil Prajapati & Jone Bavandra's case

The form of power that was existed in the present case was of two types. The initial form of power that was applied by Kapil on Jone was *coercive power*. That is if he does not agree then he better find another taxi to drive as Kapil is going to look for another driver for his taxi car. *Coercive power* demonstrates the "ability of the fraud perpetrator to make an individual perceive punishment, if he...does not participate in the fraud" (Albrecht et al, 2011, p. 53). After that the "*reward power*" was applied by Kapil on Jone whereby Jone will get a good portion of the embezzled money if he participates.

Conclusion

The research has shown that anyone can commit fraud by examining the literature and Fiji court cases. On this Albrecht et al (2011) states that "most fraud perpetrators have profiles that look like those of other honest people" (p. 53). The research reconfirms the very reasons, as to why people commits frauds are perceived pressure, perceived opportunity and some way to rationalize the fraud as acceptable. The findings showed that fraud was started at a small scale and due to the fact it was undetected or unnoticed at the early stages, it continues to get larger and larger until it was discovered. Furthermost, it depicted that pressure could be both; financial and non-financial to commit fraud. The researcher noted that greed and work-related pressure is the most common form of pressure of all.

It was further noted that the perpetrators have the opportunity to commit fraud and conceal it. Indeed if the perpetrator(s) does not have the opportunity to commit fraud then fraud becomes impossible to be committed. The literature and case analysis noted, rationalization influenced the behaviour of ethical individuals to justify their unethical actions. The perpetrators rationalised their act in order to eliminate the inconsistency between what they have done and what they should have done. The findings further depicted the fact that if someone is "honest" employee for as long as 16 years (as the case of Arti Sharma) seems to make no difference when severe financial pressure occurs. Thus they will commit fraud. In all the cases it was noted that the fraudsters had the "capability" to commit the fraud.

It was further noted that "*power*" plays a major role in achieving outcome that is benefiting the fraudsters. Albrecht et al (2011) sum up well, "When a fraud takes place, the conspirator has the desire to carry out his or her own will- influence another person to act and do as the perpetrator wishes – regardless of resistance" (p. 53). Indeed the findings indicated that potential perpetrators were influenced to be involved in the fraudulent scheme as a result of *power* that was exercised on them by other individuals. Therefore to sum up as to "*why people commit fraud*" was noted to be perceived pressure, perceived opportunity, the ability to rationalize their action to be legitimate, the capability, capacity and power to execute the fraudulent scheme(s).

Limitations

This research paper has some limitations which are mentioned below:

Only five Fiji court cases were analysed. The names used by the researcher in each case study were changed. There are other theories that could explain why individuals commit fraud which are not discussed in the research paper. There can be further research done in the subject area.

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