

Impulses of Employees in Perpetuating Fraud

Reuel E. Narbarte and Mary Jane Genebago-Valdez
Adventist University of the Philippines

Abstract

Fraud examiners and forensic accountants have been mystified by the question: “Why do employees commit fraud?” This research paper provides the psychology of fraud and the factors that motivate fraudsters to commit crime. Interviews were conducted with the Employee Relations officers handling workplace disciplinary cases in a multinational manufacturing company. Majority of the fraud incidents involved stealing from the company’s inventory and other assets, thieving money and property from another employee, and violating conflict of interest resulting to purchasing fraud. Further, majority of the perpetrators’ reasons for committing fraud is the need for money for their family and because there is an opportunity to commit such fraud. Based on these findings, recommendations are made to improve internal controls and build a strong corporate culture based on ethics to minimize if not totally extinguish the opportunity for fraud.

Keywords: *internal control, fraud, workplace discipline, occupational fraud*