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The effects of Fraud and Embezzlement in the organizational structures

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Abstract

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Keywords: Fraud and Embezzlement, Organizational structure, Organizational Change Management (OCM), Corruption inequality /injustice, Ethic and transparency

Research question: How does embezzlement and fraud affect the disparities in organizational structures?

Purpose: The purpose of this thesis is to analyze the effect of fraud and embezzlement in organizational structures specifically focusing on the disparities of the tall and flat organizational structures.

Method: Semi-structured interviews were conducted as part of the thesis' qualitative research methodology. The data was then analyzed on a thematic level.

Conclusion: The study concludes that the effects of embezzlement and fraud are more severe in the tall organizational structure than in the flat organizational structure. The data show that reporting misconduct is simpler under flat organizational structures. Resulting, a disparate equilibrium regarding corruption in organizational structures.

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1. Introduction

1.1 Background

The risks followed by corruption tears out the foundations of society by destroying trust, damaging organizations, and stifling economic development. It is a pernicious and an intricate issue which can manifest itself in a variety of ways, such as from bribery, fraud and embezzlement to nepotism. Corruption poses a challenge to the basic underpinnings of democracy as well as the supremacy of legislation, whether it takes place in the public or private sector or in any other industry. (Transparency International, n.d.).

Corruption in organizations can take several forms, it typically entails the misuse of power or resources for personal benefit or the benefit of a restricted population within the company (Transparency International, n.d.). Disciplines including economics, governmental research, criminal justice, the social sciences, and leadership, employing a range of theoretical approaches, enrich the comprehension of organizational corruption. Principal agent theories are among these viewpoints (Pinto et al., 2008). Income inequality and its impact on economic development have been done by researchers in a variety of disciplines, including economics, political science, and sociology. The correlation coefficients of control of corruption are negative and highly correlated with income disparity, suggesting that reducing corruption also lowers income inequality. Income disparity and the interaction between economic growth and corruption prevention have a negative and significant association (Adams & Klobodu, 2016). This exhibits that corruption is a widespread issue that affects businesses and society all over the world. It is a complicated phenomenon that can be exhibited in different ways and at various levels within organizational structures. These structures foster consistency in function and management across the organization. It provides more effective collaboration between different divisions and assists in managing the workforce effectively.

Within an organizational structure, inequality can be significantly impacted by corruption. Corruption can have a detrimental effect on both income inequality, and economic development and growth. As resources are directed away from public goods and services and toward private gain, nations with higher levels of corruption typically experience slower economic growth and more income inequality (Mauro, 1995). Income inequality is defined as

the level of income distributed unevenly among a population (International Monetary Fund, 2020). Since wealthy households typically spend a smaller percentage of their income than poorer households, concentrated income and wealth lowers the amount of demand in the economy. Because income disparity concentrates on the wealthy, it makes it difficult for large parts of the population to advance socially or economically, resulting in a potential greater cost of living for many individuals (Dabla-Norris et al., 2015; Yan & Wen, 2020).

Greater economic inequality does, in fact, have a negative impact on the subjective well-being of urban people whilst having a beneficial impact on that of rural residents. Both urban and rural populations' subjective well-being is significantly harmed by corruption (Yan & Wen, 2020). In rural places, there is diversity in the effects of various socioeconomic ranges. Furthermore, the research shows that economic inequality and corruption considerably lower citizens' subjective well-being. Decreasing wealth inequality and combating corruption are the two key factors in enhancing locals' quality of life, according to Yan & Wen (2020). It is further stated that due to the growth of financial markets and intermediaries, income disparities have decreased in several Commonwealth nations in recent years (Batabyal & Chowdhury, 2015).

There is a particular level of financial development that could potentially be of advantage to economic growth. Higher income inequality tends to be associated with financial development. However, the benefits of economic growth on income inequality are demonstrated to manifest only after the country has reached a particular level of financial development (Kim & Lin, 2011). Whereas, the return to financial development on income inequality is positive for all countries and significantly larger for low and middle-income countries (Chowdhury, 2015). Economic growth in an environment with high levels of corruption and an extensive informal sector provides individuals with jobs in the informal economy and investors with opportunities. Resources are extensively distributed across society as a result of corruption and the informal economy, which increases the number of individuals who gain from economic growth (Wong 2023). Contrary to (Wong 2023; Chowdhury, 2015), financial development that falls below this key level harms the poor and worsens economic inequality. It also further limits the employment possibilities by prejudice and institutional obstacles in this situation, affecting the poorest people, since they often do not have the personal qualities needed to work in the formal sector (Dobson & Ramlogan-Dobson, 2012).

The concept of embezzlement and fraud in context to its relation to the distinctions it has on organizational structures has not been explored to its full potential with previous research solely focusing on corruption as a whole. Due to the vast differences between different types of corruption, the concept was inspired to collect further information about the effects of fraud and embezzlement in organizational structures. Fraud and embezzlement is defined as any purposeful act intended to deceive others and normally results in a loss for the victim and a gain for the person committing the fraud, for example payroll fraud and billing fraud in our case. On the other hand, corruption is defined as the general abuse of entrusted power. This way, it will allow this research to fully examine the distinctions of fraud and embezzlement and its relation to organizational structures with a fresh perspective.

Fraud and embezzlement are types of monetary crimes that entail illicit financial transactions and thought to be one of the most important issues and difficulties facing businesses today (Kazemian et al., 2019). Fraud is defined as an action taken by a party or an individual that intentionally entails purposefully misleading someone to gain benefit. One of the most common types of fraud in companies is asset misappropriation, such as trying to steal money or property. Evidently, fraud cannot be eradicated. According to Kazemian et al. (2019), fraud can be reduced by comprehending its origins and implementing preventative actions against it. Embezzlement, on the contrary, is defined as fraudulent misappropriation of assets by an individual with whom it has been entrusted, such as a clerk embezzling his employer's money or a governmental officer embezzling public funds (Fantaye, 2004). Fraud and embezzlement both carry substantial penalties, such as fines, jail time, and reputational harm. It is crucial to take action to prevent and recognize these kinds of offenses, such as putting internal controls in place and carrying out routine audits.

One of the most common types of fraud in companies is asset misappropriation (Kennedy, 2018). Payroll is a record of an employee's salary and earnings, rewards, the number of withheld payments, and any optional deductions, according to Etale and Pouzigha (2020). Payroll fraud is described as the theft of funds from a company through the payroll process, and it commonly takes the form of time theft and fake employee claims. However, the withdrawal of an employee's wages without authorization is payroll fraud. (Etale & Pouzigha, 2020).

Billing fraud occurs when an employee or supplier submits fake or inflated bills for goods or services that were not given. Overcharging for materials, billing for hours not done, or charging for things that were never delivered are all examples of this. Employees may work with suppliers to commit this form of fraud in some situations. This form of fraud can also go unnoticed for lengthy periods of time and have a big impact on the business finances (Kennedy, 2018).

Furthermore, employees commit expenditure reimbursement frauds when they make fraudulent claims for payment of exaggerated or fabricated charges (McGee & Byington, 2008). By definition, this form of fraud can be hard to detect. Employees who commit fraud attempt to persuade the firm to pay for private needs or to overpay for company-related costs. When the expenditure occurs, the employee is frequently absent from the office and under direct oversight, so no one can check the veracity of the cost (McGee & Byington, 2008). Lastly, check-tampering fraud occurs when an employee alters or steals business checks to get money for personal use. Including forging signatures, forged endorsements, altered payee and altered payment amount, according to Marden & R. (2013).

Strong internal controls, separate duties, regular audits, and educating staff on fraud prevention and detection is suggested to prevent certain types of fraud. To discourage fraudulent behavior, it is equally critical to build an organizational culture of honesty and transparency. Businesses may protect their finances and keep the trust of their stakeholders by taking proactive actions to prevent fraud (Kennedy, 2018).

To summarize, the impact of the generalized concept of corruption on income inequality and the economic development of organizations has been examined in the previous literature. Economic inequality and poorer economic growth can result from corruption, which is the abuse of authority or resources for personal gain. Income inequality is the term used to describe the unequal distribution of income among individuals, which can have a detrimental effect on people's well-being, especially the poor. Additionally, corruption impacts an effect on psychological well-being and reduces work options. It further addresses how economic disparity and corruption affect organizational structures as well as how financial crimes like fraud and embezzlement are major problems for firms today. Greater research is required to understand how they affect organizational structures.

1.2 Problematization

Embezzlement and fraud in context to its relation to the distinctions it has on organizational structures has not been explored to its full potential, creating a research gap. To further clarify the problematization of the study, the topics of embezzlement and fraud will provide more of an insight on the effect on the varied organizational structures including the perspectives of the employees of the organizations, that is the interviewees. These factors will enable the research to incorporate an angle of corruption inequality in conjunction to the organizational culture and its differences in stated structures. The distinctions of various structures such as flat and tall organizational structures will be defined further in the literature.

1.3 Purpose

In general, the study of organizational corruption is a complex and varied subject that entails understanding the causes, effects, and avoidance of corruption in various kinds of organizations. The purpose of this research is to analyze how embezzlement and fraud affect the disparities in organizational structures, specifically focusing on the disparities of the tall and flat organizational structure. The study will allow the paper to fully grasp how embezzlement and fraud can affect the organizational structure internally in conjunction with corruption inequality with a more comprehensive finding. Researchers may comprehend more fully how various organizational structures might either promote or discourage the illicit acts. Resulting in jeopardizing the credibility of the company or posing a risk to stakeholders, by looking at the issue of embezzlement and fraud in connection to organizational structures. This can result in the creation of efficient methods for detecting and prosecuting fraud and embezzlement in various corporate structures. This is of great importance for organizations since the research looks into how fraud and embezzlement can mislead an organization's structure, leading to unethical behavior among employees, reduced transparency and accountability, and potential discrepancies in the stated organizational structure. Researchers may use this information to determine which organizational structures are most sensitive to these actions and create specific preventative strategies, further developing prior knowledge in relation to this topic.

1.4 Research question

How does embezzlement and fraud affect the disparities in organizational structures?

2. Literature review

The following section will discuss different topics related to organizational behavior, including corruption inequality, organizational structures, and bureaucratic corruption. The review will provide several studies and authors' perspectives on these topics. The phenomenon of organizational corruption inequality and how it can lead to a culture of corruption within an organization will also be examined. The fundamental causes of corruption will be further discussed, along with the detrimental effects of organizational corruption on inequality. The theoretical framework will go into further details on the disparities between tall and flat organizational structures. Additionally, there will also be a discussion on bureaucratic corruption, how it impacts economic development, and how it hinders economic advancement. In conclusion, the literature review will offer a useful synthesis of various research and authors points of view on issues linked to organizational behavior. The review will contain data from reliable sources to support the author's claims, making it a valuable resource.

2.2 Corruption inequality

The disparate distribution of corrupt activities and behaviors inside an organization is referred to as organizational corruption inequality. This could happen when some people or groups inside the company have more control over resources and authority; therefore have greater potential to act corruptly than others. According to Dutta & Mishra (2013), the phenomenon of state control by powerful groups, which is a common explanation for the direct link between inequality and corruption, the wealthy would engage in corruption in an unequal society in order to retain their privileged positions. This justification focuses more on the disparity of influence than it does on inequality of money. More crucially, this theory is based on the weak assumption that the wealthy are more corrupt than the rest of society. Although a firm's projected profit from bribery is unaffected by income levels, less productive enterprises are more inclined to participate in corruption. This is not an implausible assumption, since Dabla-Norris et al. (2008) found that lack of formality is linked to less productive companies in their current study of the causes of informality. As a result, the company may develop a culture of corruption, in which dishonest acts are seen as normal and even encouraged.

Economic issues are frequently seen as the primary causes of corruption. Economic progress, purportedly through the expansion of education, the formation of a middle class, and further developments, are the most powerful factors of corruption reduction according to Jong-Sung & Khagram (2005). Organizational corruption inequalities may have serious negative effects on the company, such as lower trust among stakeholders, worse staff morale, and a higher chance of legal and reputational damage. Additionally, because corrupt practices frequently damage underprivileged and vulnerable communities more than other groups, organizational corruption disparity can worsen existing social and economic disparities. According to Jong-Sung & Khagram (2005), as economic disparity rises, the wealthy stand to lose more through equitable political, managerial, and judicial systems. The article continues to also say that with growing inequality, the wealthy now have more means to purchase influence, both legally and unlawfully (Jong-Sung & Khagram, 2005). Inequality in corruption can lead to a perception of injustice and lack of responsibility inside an organization, undermining faith in leadership and reducing public trust in organizations. Furthermore, corruption is more prevalent in nations with larger economic disparity, implying that corruption and inequality are mutually beneficial. The article further explains that corruption is bound to be a significant avenue in which inequality harms economic progress. Inequality promotes corruption, therefore discourages investment and progress (Jong-Sung & Khagram, 2005).

Typically, efforts to eliminate organizational corruption inequalities entail developing rules and procedures which encourage transparency, accountability, and justice inside the company. As stated in the background, corruption is more common in organizations with poor levels of transparency and reliability, which can worsen existing inequities. Enhanced oversight and monitoring, better anti-corruption regulations, and enhanced attempts to foster ethical leadership as well as culture are examples of such initiatives. According to Rosenblatt (2012), the majority of models for ethical decision-making in organizations include the implicit assumption that individuals are aware of and consider moral or ethical challenges when they arise. The situation where organizational representatives may be dealing with a problem that has ethical implications but are unaware of it, which is arguably common, is the unexamined ethical dilemma.

Overall, eliminating organizational corruption inequity is a critical step toward enhancing institutional openness, justice, and accountability. Developing anti-corruption legislation and

regulations, boosting transparency and accountability systems inside organizations, and fostering ethical management and decision-making are all examples of such initiatives.

2.3 Organizational structures

Tall organizational structure places a strong emphasis on employee autonomy and teamwork, which allows for a more fragmented decision-making process, quicker interaction, and more adaptability. In larger and more complicated enterprises, where a more regulated and tightly monitored strategy would be needed, it might be less successful (Hummon, 1970).

Tall organization structure is frequently present in big and complicated companies, where it promotes duty specialization and an obvious chain of command but may also obstruct communication and slow down decision-making. However, this also means that the communication flow is more vertical and less horizontal, which can lead to slower decision-making and response times. To clarify, tall organizational structures are prevalent in conventional and bureaucratic businesses (Wade, 1973).

A flat organizational structure comprises numerous hierarchical layers between management and employee. This indicates that there are minimal layers of intermediate management and most employees have a direct line of communication with top-level leaders (Hummon, 1970). In an organization with a flat organizational structure, decision-making authority is dispersed more widely, and teams or individuals are granted more autonomy. (Hummon, 1970). The advantages of a flat organizational structure include rapid decision-making, greater flexibility and adaptation, enhanced communication and collaboration, and a more entrepreneurial and inventive culture (Hummon, 1970). Flat organizational structures can also result in higher levels of employee engagement and empowerment as well as lower management and administrative costs.

Nevertheless, a flat structure may also have drawbacks, including fewer chances for professional advancement, a lack of clear hierarchy and accountability, and a propensity for decision-making to become too concentrated in the hands of a select group of significant people (Hummon, 1970). Organizations that place a high priority on agility and innovation tend to have flat organizational structures. However, they are also present in larger businesses that have dispersed and decentralized decision-making processes (Hummon, 1970).

2.4 Bureaucratic corruption and its impact on the economic development

As stated in this research, bureaucratic fraud and embezzlement are illicit behaviors that can take place within a bureaucratic structure, such as a government agency, corporation, or other major institution. However, it can also apply to fraudulent activity, misrepresentation, or manipulation of facts by government officials or workforce to acquire personal benefits or cover misconduct. Bureaucratic embezzlement, on the other hand, refers to theft or misuse of funds or assets belonging to the bureaucratic system. The quality of the infrastructure of a nation can be affected by corruption, and this can have extremely serious repercussions, even to the point of perpetuating years of poverty for those who are least fortunate worldwide. According to Ampratwum (2008), the prevalence of corrupt activities is substantially higher in environments where there is more state bureaucracy and regulatory interference in business. That is, the rate of embezzlement and fraud among officials increases in proportion to the degree of regulatory discretion. Claims are further supported by the GAO 2003 Nigeria corruption survey (Ampratwum, 2008). This report claims that the competition for government contracts was vigorous and that public officials involved in the process were frequently tempted to disrupt the processes for personal benefit. There are various levels of corruption. According to the survey, 30% of businesses spend between 6% and 10% of a contract's worth in bribes to Nigerian patrons (Ampratwum, 2008). However, corruption should decrease if regulatory reform limits the monopoly and arbitrary authority of officials, increased transparency raises the risk of being detected, and better pay and working conditions are offered. It is important to note that colonial regimes left institutional legacies that have influenced the form and scope of corrupt practices in the years subsequently. However, colonialism in its entirety cannot be used to explain modern manifestations of corruption (Ampratwum, 2008). As a concrete example, consider how corrupt politicians are more inclined to spend money on combat aircraft with the goal of strengthening the military force as opposed to on teacher wages and educational materials, which is more probable to encourage long term economic growth.

Income and business development are both significantly impacted by corruption. Whereas, when corruption develops, it can lead to an atmosphere of unpredictability along with unsteadiness, that can deter economic growth and investment. Corruption can also raise the expense of conducting business since it might be required to pay bribes along with other

illegal fees in order to get deals, licenses, and other essential permits (Achim, 2017). The article continues to argue about the fact that corruption is a sickness caused by poverty that seriously impedes the growth of businesses. Corruption may hinder business development and lead to resource misallocation, since taxes may be transferred for individual gain instead of being reinvested in public infrastructure and services. This may result in a shortage of fundamental public services and infrastructure that might significantly impede the expansion of the economy (Achim, 2017). This is further supported by Adams & Klobodu, (2016), the authors also highlighted the fact that individuals participating in corrupt methods can accumulate riches while taking advantage of others; corruption can have an impact on how income is distributed. As a result, there may be increased income disparity, social tension, and destabilization.

An increase in income disparity is a common factor when corruption exists. A company who commits bribery to win business could be capable of competing with rivals that don't use similar tactics. Due to decreased rivalries, expenses may rise, the quality of products may decline, and economic activity may become less vibrant. Organizations might be prepared to cooperate in fraudulent activities that may benefit unfairly from corruption (Ampratwum, 2008). In conclusion, the study continues to argue and claims that authorities, corporations, and the general public must cooperate to fight corruption and advance equitable economic growth and development, since it may have a significant and detrimental influence on income and company development (Ampratwum, 2008). Finally, the author Achim (2017) stated that the operation of major enterprises has been shown to be significantly impacted by corruption, yet for this kind of businesses, corruption remains regardless of revenue distribution. The research outcomes of this specific study generally demonstrate that corruption greatly hindered the growth of the economy by reducing corporate development. This is corresponding to the findings of various authors who discovered that corruption impedes the growth of the economy and businesses.

2.5 Theoretical framework

2.5.1 Institutional theory

Institutional theory is a theoretical approach that stresses the significance of social guidelines, principles, and beliefs in influencing organizational performance. According to this approach,

corruption in organizational structures is a product of the intricate interactions among the organization and its institutional setting. Institutional theory's fundamental principle is that organizations seek external validity by adhering to their institutional framework (Pillay & Kluwers, 2014). Organizations are not stand-alone entities; rather, they are a part of larger social, political, and cultural settings. These environments influence guidelines, demands, and values that direct organizational behavior and put demands on companies to adhere to them. Institutional constraints in the case of corruption may cause businesses to use unethical tactics to try to accomplish their objectives or preserve their credibility. The influence of formal as well as informal norms and regulations in influencing organizational performance is also highlighted by institutional theory. Whilst informal regulations like social expectations and cultural standards might more subtly influence organizational behavior, formal rules like regulations and legislation can provide motivations for businesses to act in a particular manner. With the instance of corruption, formal regulations and laws may provide organizations the chance to participate in unethical behavior, whereas unofficial laws and customs might put weight on them to do so (Pillay & Kluwers, 2014). It is further argued that comprehension of the larger institution context that governs the organization functions is important when seeking to combat corruption in organizational structures. This might entail making changes to both the formal legislation and norms, along with the standards and principles that direct organizational behavior. In an effort to decrease the possibility of corrupt behaviors occurring, it might involve initiatives to improve responsibility and transparency inside institutions (Pillay & Kluwers, 2014).

In conclusion, institutional theory discusses how representations, principles, and cultural norms affect an organization's capability to operate and makes it possible to identify how informal organizations and structures affect events. The link among organizations and those who work therein is illuminated by institutional theory, which also sheds attention on the influence of a person's principles on the position they hold within an organization (Pillay & Kluwers, 2014).

2.5.2 Principal-agent theory

The principal-agent theory is a framework to examine the interaction of two parties: the principal, who employs an agent to do a task, and the agent, who is responsible for carrying out the task assigned on behalf of the principal (Eisenhardt, 1989). The agency dilemma

emerges as a result of the separation of ownership and control in businesses (Shleifer & Vishny, 1997). Shareholders entrust authority to managers to run the business, although managers' motivations may differ from those of shareholders. The principal-agent theory provides a framework for seeing corruption as an agency problem. When public officials engage in illegal or unethical action that affects the public interest, this is referred to as corruption. The company can use a number of strategies to combat corruption, including rewarding good performance, increasing accountability as well as openness through systems for tracking and reporting, and giving public access to information. The context and sort of corruption at hand will, however, determine how successful these tactics are.

To understand how the principal and public officials come together, the principal-agent theory will be applied in this study. With the aid of the theory, the researchers are able to understand who serves as the principal and which public officials are responsible for carrying out its orders. Public officials become corrupt when their goals or interests differ from those of the principal, which causes an agency problem. The root causes of corruption, such as the private interests of public officials, are revealed in *figure 1*.

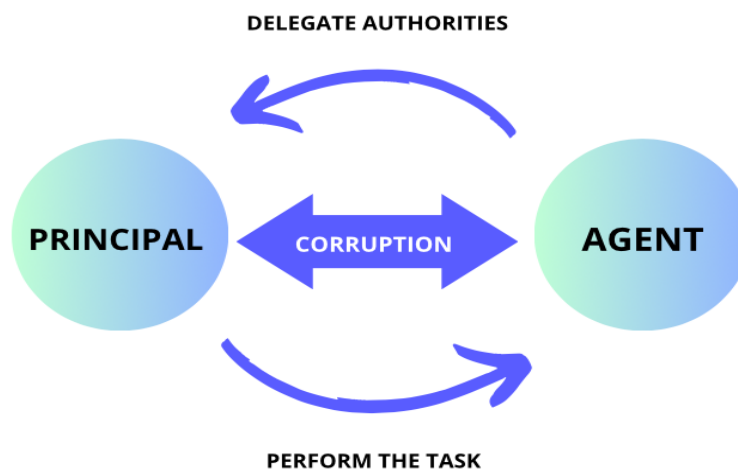


Figure 1. Principal-agent theory model

3. Method

3.1 Data collection

This research seeks to supplement the theoretical framework by engaging in discussion with employees with firsthand experience at their workplace with fraud and embezzlement. Focusing on comprehending and interpreting an understanding of the defined research issue and its impact on varied organizational structures. Purposive sampling was employed to acquire qualitative data, which involves selecting components for the sample depending on certain features of the respondents (Hox, 2005). The respondents were approached based on their experiences and were selected from personal contacts. The characteristics the researchers look for are individuals with extensive work experience, firsthand experience with fraud and embezzlement, and individuals with transparency that are willing to share about stated experiences. The sample is chosen to meet the needs of the emerging theory, and respondents are chosen to meet these objectives (Saunders et al. 2012). Qualitative research is largely concerned with data interpretation, using words as evidence. Based on the principal-agent theory, all participants work as low-level employees and all behave as the agent (*figure 1*). Two participants work in the construction industry, whilst the remaining participants work in the fashion retail, automotive, and hospitality industries. However, only a single individual acknowledged working in the finance department without specifying which industry. The criterion of involvement is firsthand experience, this entails either witnessing or participating in the stated corruption within the organization with an immersing effect on each individual's work life experience as well as personal lives.

Due to the subject matter of the queries and the subsequent discussion, the data will be captured by recordings of the conversation or face to face interaction, as well as through taking notes. Face-to-face interaction is the norm for “one on one” interviewing situations. This provides the researchers with the chance to analyze non-verbal indications by observing body language, facial expressions, and eye contact, as a result, the interviewer's knowledge of what is being said is likely to be improved (Saunders et al., 2012). In this way, it enables the researchers to probe and analyze underlying meanings and comprehensions of the topic at hand.

In the context of interview logistics, the researchers must consider the geographical location of the interviewees' occupational placement. The geographic diversity of the interviews will permit the incorporation of diverse international perspectives into the research, subject to the consent and discretion of the interviewees. The following interviews will thus be conducted in the most convenient manner for all parties. Six interviews will be performed by the

researchers, four of which will be conducted using online communication platforms such as Zoom and Skype, and the remaining two in person. The study relies on both methods in accordance to the interviewees preferences and ability to conduct the most suitable interview for the interviewer and respondents.

3.2 Thematic analysis

A deductive thematic analysis will be conducted in the study, which is a technique for analyzing qualitative data that makes use of previously existing theoretical frameworks or predefined classifications as a compass for the investigation. In order to find patterns and themes in the data, it thus entails adapting an already-established concept or hypothesis to the collected data. (Saunders et al., 2012). The researchers will use the insights gained from the interviews to create a thematic analysis matrix. The following matrix will adhere to the structure of the study's literature review and the topic order of the interview guide. It will also include pertinent excerpts/quotes from the interviews, as well as notes/comments from the researchers. The notes/comments will briefly explain how the findings relate to the research topic. This technique is intended to provide the reader with a simplified and thorough understanding of the findings. Furthermore, the empirical results of the study will provide a full explanation of the findings. The thematic method approach enables a thorough understanding of the phenomena and is thus thought to be appropriate for addressing the study objective (Saunders et al., 2012).

The thematic analysis matrix is divided into six themes: fraud and embezzlement, tall organizational structure, flat organizational structure, organizational change management (OCM), corruption, inequality and injustice, ethical considerations, and transparency. The themes are derived from the concepts in the interview guide, as well as the provided literature. Excerpts from each interviewee's experience with the research topic will be included under the theme of fraud and embezzlement. The concepts of tall versus flat organizational structures are developed from the respondents' experiences with various organizational structures. The theme of OCM is generated from the effect of the research issue on the organizational management changes developed, as well as the effect of corruption on each respondent's operations. The themes of corruption inequality and injustice and ethical considerations and transparency explore corruption inequality and respondents' personal experiences, as well as the significance of ethical considerations and transparency in

organizations. The interview material will be categorized, recorded, and examined for themes and patterns. Informed permission, anonymity, and a commitment to participant privacy were all ethical principles that the study adhered to.

3.3 Interview structure

The study will provide a list of queries to address in semi-structured interviews, however, it may change from interview to interview. This implies that depending on the organizational setting that is found in connection to the study issue, it can elect to exclude certain queries from individual interviews. To further enhance the comprehensiveness and precision of the research issue, a detailed assessment of the existing literature on the research topic influenced the construction of the interview questions. Whilst taking into consideration the individual experiences and perspectives of the respondents. The researchers used a systematic strategy to categorize and organize the questions into an interview guide, allowing them to be more aligned with the research objectives, as exhibited in *figure 2*. The questions that resulted were meant to elicit replies that effectively addressed the research topic. This method ensures that the questions correspond to the research issues, allowing for the collection of more relevant and informative data. Based on how the discussion is going, the queries may potentially be asked in a different order. The variety of occurrences within certain organizations, on the other hand, might require the use of additional questions to further investigate the researched issue and aims. The ability for the interviewer and respondents to interact in a flexible and receptive manner allows for the exploration of ideas, the discussion of issues from a variety of perspectives, and the explicit formulation of questions makes qualitative methods of information gathering potentially outstanding. The interviewer is therefore given the ability to develop variables that could be used in the analysis of larger datasets (Saunders et al., 2012).

The following question will allow the researchers to permit the type of fraud and embezzlement each participant has experienced and will assist the researchers to further categorize the fraud in the thematic analysis matrix: What effect did the corruption (embezzlement and fraud) have on your day-to-day tasks?. Some of the questions during the interview inquired the participants about the effects of the corruption on their personal and professional lives, to learn about the actual effect of the corruption on an administrative level as well as the concept of corruption inequality: Has your private or professional life been affected in any way by corruption? In what way did the embezzlement and fraud you

experienced affect the injustice within your workplace?. This will provide the researchers the ability to analyze the effects of stated corruption in the organization and in individuals' corruption inequality. To learn about organizational change management, the researchers have developed two questions: Did the experience lead to any changes in the organization's leadership or management structure? Did the organization implement any new policies or procedures to prevent future embezzlement or fraud?. This will allow the researchers to analyze the specifics of any changes made within the organization to further learn about the effects of stated corruption on an organizational level. The following question will permit the researchers to identify the significance of ethical considerations and transparency on an individual-based level, and will allow the researchers to analyze the importance of stated concepts related to the participants: How do you think the experience has changed your perspective on the importance of ethical behavior and transparency within organizations?.

3.4 Ethical considerations

There has been a lack of research on this topic because of the sensitive nature of the subject and the difficulties of collecting data. As a result, fewer interviews were conducted, which represents a limitation of this study, however, it also suggests that the research is in an unexplored area. Hence, even a small number of interviews have great value since they provide unique and valuable insights. The importance of the insights obtained from these interviews compensates for the scarcity of data.

The participants in the study have chosen to remain anonymous, including the names of their respective companies. The justification for the participants' anonymity is not only to protect their confidentiality, but to prevent potential unfavorable repercussions or reactions for their views or remarks, and to prevent any bias or discriminatory related to their history or identity. Keeping the participants' identities private ensures that they cannot be linked to anything personally. Since some of the participants have participated in the corruption in some way, they may want to preserve their reputation by being unmentioned. The researchers admit that the anonymity of the participants may jeopardize the reliability and validity of the interviews, and will further discuss this constraint in the limitations section of the paper. The researchers prioritized creating a safe and confidential setting for the participants to discuss the subject. As a result, it is critical for the researchers to proceed with the selection of the interviewees with precaution. The impact of biases on the study must be minimized, and researchers must

be honest about their own prejudices. Using many researchers to examine the data and reflexes to carefully examine their own assumptions and biases (Saunders et al., 2012).

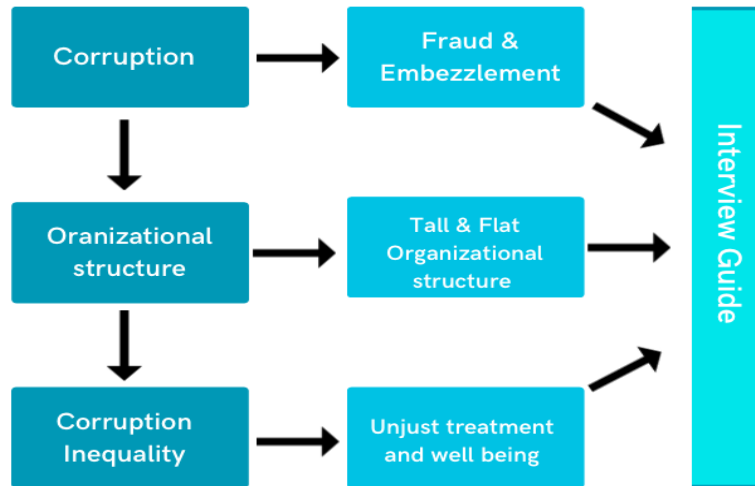


Figure 2. Interview Guide

4. Empirical findings

Six themes were identified: fraud and embezzlement, tall organizational structure, flat organizational structure, organizational change management (OCM), corruption inequality and injustice and ethical considerations and transparency. The frequencies of these themes are presented in *Table 1*. Identifying the themes associated with corruption is essential to address what the core causes are. By collecting essential findings that could help reduce the possibility of fraudulent behavior and assure the company runs transparently and ethically.

The results indicate the most common types of embezzlement and fraud employed in organizations took form in payroll fraud, billing fraud and check tampering fraud. The findings are classified based on the types of fraud and embezzlement discussed in the literature review. According to the findings from the theme of organizational structures. Certain respondents indicated their company had a tall organizational structure, whilst other respondents stated it had a flat organizational structure. The respondents who claimed to

work in a large organization with many levels of management were classified as having a tall organizational structure, whereas those who claimed to work in a small organization with fewer levels of management were classified as having a flat organizational structure.

Organizational Change Management (OCM) is defined as a framework for addressing the impact of new business policies and changes in the organizational structure and culture in this research. The results allow for a complex discussion due to the diversity of the findings.

Fraud and embezzlement contribute to corruption as they generate a difference in the distribution of dishonest behaviors and actions within an organization, resulting in an imbalance of influence. This disparity results in a dishonest company culture, a reduction in employee trust, and ultimately severe consequences for the organization. The findings also presented examples of how corruption impacts selected respondents. It further indicates that corruption inequality affects employees' personal lives as well as their professional lives, increasing stress and anxiety. The results from the topic of ethical considerations and transparency shows that ethical considerations and transparency are considered to be one of the biggest factors that organizations should consider implementing in the organizational culture to create an ethical and transparent environment. The results furthermore indicate that the respective organizations of the respondents lacked ethics and transparency. The findings are discussed in greater detail below.

4.1 Fraud and embezzlement

This theme presents the respondents' experiences with embezzlement and fraud, along with their thoughts of how this form of corruption affected their daily occupational responsibilities. R3 describes his experience in accordance with the phenomena of payroll fraud by explaining that his payment was lower than his coworkers, and that he was without an employment contract. This implies that the respondent was not hired in accordance with legal standards and was thus excluded from the payroll system. In relation to the definition of payroll fraud, this clearly demonstrates proof of payroll fraud misconduct. Since it is not indicated in the interview, it is unknown if the misconduct extended to the founding of a fake employee or took the form of time theft. Based on the excerpts presented below, it is clear that R3 was a victim of payroll fraud.

“The wage was low and something I did not think of at that time was a contract and I don’t know if I was considered as a valid employee, but I don’t know exactly what type of fraud that is.”

R1 portrays his experience with billing fraud by describing that the company's superior use different ways to steal such as falsifying invoices or submitting fake contracts. Clearly indicating a lack of oversight and supervision over financial transactions and procurement processes and a likelihood that the fraud was committed by personal gain.

“They used different ways to steal, such as making up invoices, giving contracts to fake companies, and so on.”

Billing fraud contaminated R4, R5, and R6 as well, albeit in a different way. The following respondents described their experiences with billing fraud by noting that the companies took advantage of their clients by misleading them into paying for goods that were not included in the costs. Some respondents also claimed to have been used and terminated as a result of being forced to participate in the fraud while receiving no financial gain. This implies that the respondents were coerced and treated unfairly while the firm profited. R6 described it as the following:

“They used to buy counterfeit designer goods from Asian countries then sell it for an expensive price and claimed it as authentic”

Consistent with check tampering, R2 indicates that a coworker with access to the company bank account continuously transferred money from the company account for personal benefit. Indicating that in order to avoid detection, the fraudster transferred a small amount of money from the company to his personal bank account, which allowed him to go on for a long period of time. By definition check tampering is consistent with for example forged endorsement and forged payee. Based on this definition, the fraudulent wire transfer of the corporate account in this instance included a forged payee. Furthermore R2 described the following :

“one of my coworkers, who had access to the company's bank accounts, had been transferring money to himself.”

4.2 Organizational structure

Consistent with tall organizational structures, R1, R4, R5 and R6 claimed to work in a tall organizational structure. Most respondents referred to their workplace as a big company with many levels of management, corresponding to the definition of a tall organizational structure. R4 quoted the following:

“Well, this was a bigger company and we were many employees and there are naturally many levels in a company”

Whereas R2 and R3 claimed to work in a flat organizational structure. They referred to their workplace as small with few levels of management, consistent with the definition of flat organizational structure. R2 quoted the following:

“Where I worked they had a few levels of management, since it was just a small company.”

4.3 Organizational Change Management (OCM)

R2 outlines that the organization's leadership and management structure ultimately changed, and it is pinpointed that the organization implemented policies to assist avoid fraud and embezzlement by employing competent people and doing background checks on new employees. This demonstrates that the business has identified the problem of fraud and is attempting to resolve it by establishing new procedures and rules. Most respondents indicate that the leadership of the organizations has undergone significant transitions, indicating that they are seriously addressing the issue and are willing to make significant adjustments to address it. Furthermore, R2 quoted:

“They also made sure that all workers received training on preventing fraud and conducted background checks on new hires to see if they have any criminal records or anything that might be important to know”.

The corruption eventually caused R4 to leave the company since the organization was terminated owing to a poor reputation. As a result, it is unknown whether the leadership and management structures implemented any changes in response to the misconduct. R1, R3, R5, and R6 organizations did not make any changes to the organization's leadership or management since nothing was reported. This demonstrates that the corporations took no significant steps to address any fraud or embezzlement-related issues within their leadership and management.

4.4 Corruption inequality/injustice

Ultimately, corruption inequality is defined as the unequal distribution of corrupt activities and behaviors within an organization, focusing more on the imbalance of influence rather than the discrepancy of money. Consistent with all respondents the corruption affected the workplace, including its management structure as well as the employees personal life as exhibited by R2:

“Yes, the experience did affect my private and professional life in some way. The situation was tough mostly on an emotional level.”

R2 further explains that the corruption created a division and a dishonest organizational culture, which ultimately harmed the business as displayed by R2:

“which created a division because nobody knew who to trust and who not to trust so we lost faith in one another as a result, which in my opinion harmed the business.”

Furthermore, R5 stated how the corruption left an imprint on them and forced the staff to be victimized. The employees did not choose to engage in fraud, but were coerced into it, as demonstrated by R5:

“The managers got richer on our cost.”

Furthermore, R4 claimed that the corruption eventually led to their employment ending owing to not being paid on time, causing stress in their personal life. Thus, while the

respondent was not treated unfairly at work, they were harmed in other capacities as a consequence of the corruption. All respondents indicated that the corruption they witnessed affected them in some way, some more than others. Even while not all respondents specifically related corruption to the injustice they encountered, corruption was ultimately the root cause of the inequality.

4.5 Ethical considerations and transparency

All six respondents claim that ethical considerations and transparency are critical factors not only for the organization but also for the employees. Most of the respondents also mentioned ethical considerations and transparency as characteristics that build a good culture and environment in the workplace. Given that it fosters trust, transparency, and a valuable environment within the organization. All respondents noted the disadvantages of a lack of ethical considerations and transparency. The majority of the respondents describe the possibilities that could lead to concerns like excessive staff turnover or even legal issues. Furthermore R1 explains:

“Seeing how my experience affected me in my workplace changed my perspective on the whole ethical behavior and transparency. I am aware of how terrible it can be when people are dishonest.”

5. Discussion

This study explores the topic of embezzlement and fraud with an insight on the effect on tall and flat organizational structures, including the perspectives of the employees of the organizations. The research highlighted six themes and allowed the researchers to investigate the connections and affects the themes have on the research topic, which is displayed in *Table 2*. The results of the themes will be identified to provide a clear insight on the research topic, and subsequently analyzed in conjunction with the theories addressed in the theoretical framework and the literature review.

Total number of interviews: 6

Themes	Excerpts/Quotes	No. of people to express the theme	Notes/comments
Fraud and Embezzlement	<p><i>“The wage was low and something I did not think of at that time was a contract and I don’t know if I was considered as a valid employee, but I don’t know exactly what type of fraud that is.”</i></p> <p><i>“They used different ways to steal, such as making up invoices, giving contracts to fake companies, and so on.”</i></p> <p><i>“They used to buy counterfeit designer goods from Asian countries then sell it for an expensive price and claimed it as authentic”</i></p> <p><i>“one of my coworkers, who had access to the company's bank accounts, had been transferring money to himself.”</i></p>	6	Billing fraud is more likely to occur in tall organizational structures, whereas payroll and check tampering fraud are more common in flat organizational structures.
Tall Organizational structure	<i>“Well, this was a bigger company and we were many employees and there are naturally many levels in a company”</i>	4	Four respondents claim to work in organizations with tall organizational structures. Defining this structure as an organization with many levels of management.
Flat organizational structure	<i>“Where I worked they had a few levels of management, since it was just a small company.”</i>	2	Two respondents claim to work in companies with a flat organizational structure. Defining this structure as an organization with fewer levels of management.
Organizational Change Management (OCM)	<i>“They also made sure that all workers received training on preventing fraud and conducted background checks on new hires to see if they have any criminal</i>	6	A total of two respondents reported witnessing corruption. Only one of the respondents reported the corruption with results of a change in the organization. Whereas the remaining participants failed to report the misconduct, resulting in an unchanged

	<i>records or anything that might be important to know”.</i>		organizational structure.
Corruption inequality/injustice	<p><i>“Yes, the experience did affect my private and professional life in some way. The situation was tough mostly on an emotional level.”</i></p> <p><i>“The managers got richer on our cost.”</i></p>	6	Overall, all respondents experienced corruption inequality, some more distinct than others. One respondent lacked an effect on their professional life, but did get subconsciously affected. Remaining participants experienced corruption inequality in all aspects.
Ethical considerations and transparency	<p><i>“Seeing how my experience affected me in my workplace changed my perspective on the whole ethical behavior and transparency. I am aware of how terrible it can be when people are dishonest.”</i></p>	6	All respondents define ethical considerations and transparency to be of great significance for an organization. Ultimately, indicating that it is an integral aspect that is left out from the respective respondents organizations.

Table 2. Thematic analysis matrix

5.1 Fraud and Embezzlement

Participants' perspectives of fraud and embezzlement mirrored different types of corruption based on respective findings, that is payroll fraud, billing fraud and check tampering. The results vary substantially among tall and flat organizational structures. According to the findings, billing fraud occurs in tall organizational structures. Billing fraud is the intentional misrepresentation of financial information for personal gain, and it can take various forms (Ampratwum, 2008). Submitting forged or inflated bills for items or overcharging for materials are just two examples of billing fraud, which the majority of the findings exhibits. Observing that the majority of respondents felt victimized and compelled into inadvertently participating in the corruption despite receiving no personal profit. As a result, the respondents experienced deception in general, alongside the clients also being misled.

The principal-agent theory, which explains the principal as the party delegating tasks whereas the agent represents the party who performs the task on behalf of the principal. In this case, the principal usually corresponds to the manager, or rather the top-level employee, who in the case of the respective respondents is the individual or individuals who perpetrate the fraud

and embezzlement. Whereas the agent refers to the low-level employee who executes the assigned tasks on behalf of the principal, in certain respondents' circumstances subconsciously performing the corruption. According to the principal-agent theory, public officials, that is the agents, become corrupt when their interests differ from those of the principal, causing an agency problem. However, the results display an undetected factor. The findings show that the principal is usually the leading source in the enforcement of corruption, meaning that the goals and interests of the principal differ from the public officials. This perspective permits the principal-agent theory to acquire a different shape than it already does, focusing on the concepts, specifically principal and agent, and their interpretation. The top-level employees that enforce corruption become individuals whose goals and interests differ from those of the lower-level employees, resulting in an averse agency problem.

The findings also display that payroll fraud and check tampering fraud occurs solely in flat organizational structures. Payroll fraud is defined as misrepresenting employees in the company payroll system, essentially manipulating the payroll system by for example creating fake employees or altering the payroll system in other ways (Ampratwum, 2008). On the contrary, check tampering fraud entails altering or stealing business checks. Highlighting that the findings mostly included forging endorsements and altering the payee on business transactions for personal gain.

According to the findings, employees in low-level positions within flat organizational structures exhibited attitudes of discomfort and mistrust, due to the prevalent corruption. Culminating in employees claiming that the adverse effects of corruption affected them personally. The institutional theory aims to show how social norms, principles, and beliefs impact organizational performance and culture. This asserts that employees inside an organization must conform to certain norms and values in order to align with the organizational culture and adhere to the organization's expectations. According to the Institutional theory, the company's systemic corruption results in substantial repercussions for low-level employees' due to their negative encounters in relation to the witnessed corruption and may have significant impacts on their beliefs and values. Ultimately, having significant implications on the employee's motivation. Employee motivation and productivity may therefore suffer as a result of the effects of corruption, which would result in a negative influence on organizational performance and the corporate culture.

5.2 Organizational change management (OCM)

Changes in leadership and organizational structures, as well as the implementation of new corporate policies, connect to the varied contexts of respondents' personal experiences. The majority of respondents report a lack of organizational change in the leadership and management structure, as well as a failure to comply with new company policies. A single participant proved that new business policies were applied, resulting in a shift in leadership and management structure. The results also suggest that this respondent worked in an organization with a flat organizational structure. However, one of these respondents informed top-level management about witnessing corruption, but the organizational structure remained unchanged and this particular respondent worked in an organization with a tall organizational structure. The rest of the data demonstrate that the respondents were reluctant to inform top-level managers about the corruption and, thus, eliminate the chance for the implementation of changes in the leadership and management structures. This suggests that omitting to voice the corruption results in no adjustments to the organizational structure. However, it is not entirely certain that reporting the corruption results in changes, considering only in one case did the organizational structure change.

The majority of respondents did not feel encouraged sufficiently to inform top-level managers about the witnessed corruption and subsequently displayed great significance of ethical considerations and transparency, which will be further discussed below. The findings indicate that employees may feel more encouraged to voice the witnessed corruption if the corporate culture allowed more openness and transparency, consistent with the institutional theory. Whilst also proving that social guidelines, principles and beliefs influences the organizational structure. According to previous research, eradicating organizational corruption necessitates increasing openness, justice, and accountability, which will ultimately increase transparency and accountability (Jong-Sung & Khagram, 2005). Furthermore, this research supports the development of anti-corruption strategies to be applied in these contexts.

The respondent who reported the corruption, might have been influenced by the scope of the company. Indicating that it is essentially easier to communicate respective issues to a top-level manager in an organization with fewer levels of management in contrast to a tall

organizational structure with many levels of management. Ultimately indicating that flat organizational structures are prone to implement new business policies and a change in the organization.

5.3 Corruption inequality/injustice

It is shown that corruption inequality/injustice is experienced in both the tall and flat organizational structure. The justification of corruption inequality in accordance with the literature, focuses more on the disparity of influence than it does on inequality of money (Dutta & Mishra 2013). Corruption inequality refers to the distribution of corrupt practices and views within the organization. Participants from both tall and flat organizational structures indicated that inequality caused by embezzlement and fraud had some detrimental impact on their professional and personal lives.

However, one respondent from the tall organizational structure asserted that the experience had no impact on his professional life, yet, it had a detrimental impact on his personal life. Nonetheless, the same respondent revealed that the challenging conditions he encountered forced him to resign from his position. Indicating that it is reasonable to assume that both the personal and professional lives have been impacted by the event, since the corruption also had an unintentional impact on his work life. This is consistent with institutional theory, which emphasizes the importance of social regulations, values, and convictions in influencing organizational performance.

External factors such as anxiety, stress along with confidence instability, are some of the elements cited that result in a negative impact on the individual's well-being (Yan & Wen, 2020). Leading to a development of psychological traces throughout the respondents' life. This confirms the coherence of the fundamental principle of institutional theory, that organizations pursue external validity, which, in accordance to this definition, can be linked to the impact on the psychological component from one's personal life.

5.4 Ethics and Transparency

The findings from the respondents imply that ethics and transparency are significant factors in the organization. Four of the respondents worked in a tall organization structure and two

worked in a flat organization structure. They all underline the importance of firms treating all employees equally. Emphasizing that organizations should guarantee that they act ethically toward both their employees and customers, as well as being transparent about their activities, expenditures, and decision-making. The tall organizational structure promotes duty specialization and an obvious chain of command but may also obstruct communication and slow down decision-making (Hummon, 1970). Consistent with this statement, the findings present that tall organizational structures might face challenges with efficient decision-making and communication processes, making it more difficult to execute ethical standards.

Contrarily, indistinguishable difficulties can occur in the flat organizational structure. However, due to the management's few levels, it can be less complicated to recognize and resolve these difficulties compared to the tall organizational structure. The flat organizational structure allows the possibility for more direct communication routes and promotes greater involvement and engagement within the company, perhaps enhancing ethics and transparency. Further, supporting the discussion on the theme of OCM.

The respondents stated that businesses have to act morally toward both clients and employees by treating them equally, which is also consistent with the theme of OCM. This is also consistent with institutional theory, which places a strong emphasis on how crucial it is for businesses to adhere to external standards and expectations. In this instance, moral and honesty is a standard that is impacted by external factors like societal standards and legal obligations. This is furthermore consistent with the principal-agent theory, which contends that managers should behave in the best interests of the business in order to avoid executing unethical actions that can harm the reputation or financial performance of the organization. As consistent with the literature review, this claim draws attention to how tall organizational structures usually assume that workers understand the significance of ethical issues and can evaluate them when they occur (Rosenblatt, 2012). The unexplored ethical problem, on the other hand, can develop when organizational authorities engage with ethical concerns without considering their ramifications. This is pertinent to the principal-agent theory since it emphasizes the need of communication and transparency among principals and agents. The agents have the responsibility to assure that the principal deals with ethical difficulties safely and correctly to create a healthy environment within the organization and its employees.

6. Conclusion

Previous research examined the impact of the generalized idea of corruption on income inequality and organizational economic development. Corruption, defined as the misuse of authority or resources for personal benefit, can lead to economic inequality and lower economic growth. Income inequality can have a negative impact on people's well-being, particularly the poor. Furthermore, prior study argues that corruption has an influence on psychological well-being and lowers employment alternatives. However, embezzlement and fraud in connection to the impacts it has on organizational structures have not been well examined, resulting in a research gap. The purpose of this research is to create understanding on how embezzlement and fraud affect the disparities in the organizational structures. To achieve this, the researchers gathered primary data by interviewing six individuals with first-hand experience with fraud and embezzlement to provide an answer to the research question. The findings showed that the majority of the respondents worked in tall organizational structures where billing fraud is more likely to occur. Whereas, the minority of the respondents worked in a flat organizational structure, where payroll fraud and check tampering fraud occur more frequently.

Based on the discussion, it is revealed that the OCM in both tall and flat organizational structure was not prioritized, despite reporting the misconduct. Yet, the implementation of changes in the majority of organizations was neglected due to the lack of encouragement from the majority of the respondents. Furthermore, it was supported by the findings that flat organizational structures are prone to implement new business policies and a change in the organization.

The findings gathered from the ethical considerations and transparency indicate that firms functioning within a tall structure may experience particular difficulties adopting ethics and transparency due to potential communication gaps and poor decision-making procedures. However, a flat organizational structure has fewer levels of management and fewer regulations. Demonstrating that it is simpler to incorporate ethics and transparency in such a structure.

Overall, the findings of this study allowed the researchers to safely answer the research question of “How does embezzlement and fraud affect the disparities in organizational structures?”. Furthermore, the tall organizational structure is more vulnerable to the effects of embezzlement and fraud than the flat organizational structure. However, the findings demonstrate that reporting misconduct is less challenging in flat organizational structures. Subsequently, an inequitable equilibrium pertaining to corruption in organizational structures occurs, whilst simultaneously developing a reverse principal-agent theory model.

7. Limitations

The limited sample size restricts the research to provide a statistically representative sample, which provides a restricted perspective of the research issue. However, the sensitivity of the research topic limits the ability to gather a larger sample size. Furthermore, this research adopted measurement from the institutional- and the principal-agent theory in aims to address the disparities of corruption, specifically fraud and embezzlement, in organizational structures. Six themes were derived to obtain a thorough understanding of the research issue. Albeit, this study lacked sufficient discussion of the theme of ethical considerations and transparency. Consequently, resulting in lacking a thorough comprehension in relation to the selected respondents’ personal experience with the aforementioned theme.

For future research, it is suggested to conduct further primary research with a larger sample size to achieve a larger statistically representative sample. Furthermore, supporting the theme of ethical considerations and transparency with a detailed discussion and distinctive justification in context to the use of the theme in the primary research. Finally it is suggested to develop an analysis of international discrepancies in context to the disparities of fraud and embezzlement in organizational structures. In relation to this development, Hofstede’s cultural dimensions could be valuable.

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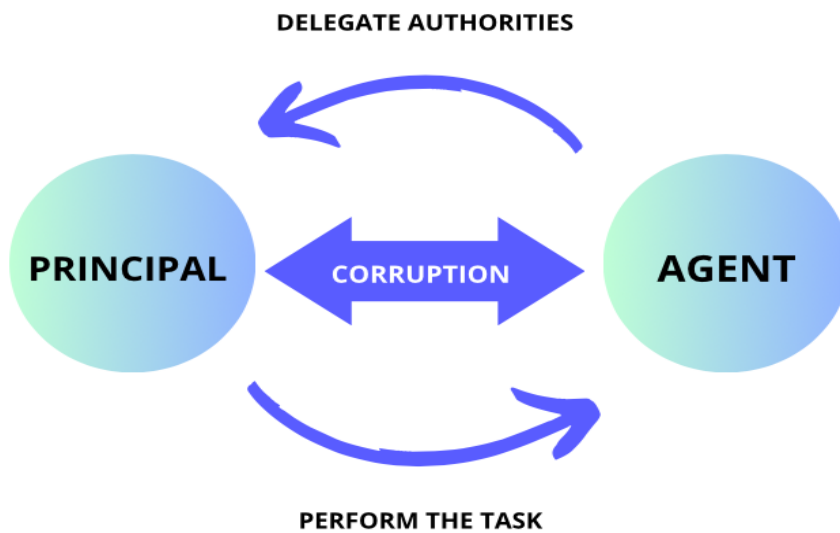
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Appendices

Appendix A: Principal agent theory



Appendix B: Interview guide figure

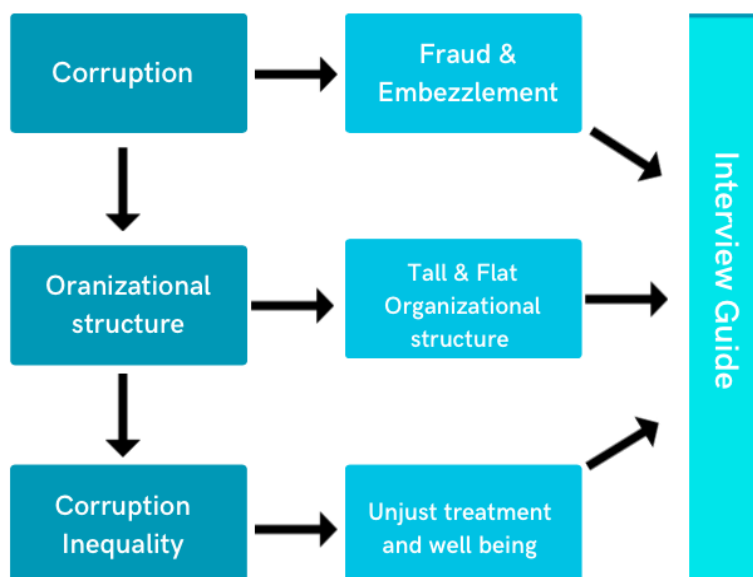


Figure 2.

Appendix C: Interview guide

Fraud and embezzlement:

- Can you explain the situation surrounding your experience with embezzlement and fraud?
 - *Follow-up question: What was your part in the corruption?*
 - *Follow-up question: How did you get involved in the embezzlement or fraud, was it for your personal benefit or were you pressured into it?*

Organizational structure:

- Did you work in a flat (meaning few levels of management between the workforce and the highest-level managers) or a tall (meaning a structure that contains several managers and different levels of management) organizational structure?

Corruption inequality / Injustice

- What effect did the corruption (embezzlement and fraud) have on your day-to-day tasks?
- Has your private or professional life been affected in any way by corruption?
- In what way did the embezzlement and fraud you experienced affect the injustice within your workplace?
- Have you ever been the victim of, or seen someone else be the victim of, discrimination or unjust treatment at work in relation to corruption?

Organizational change management (OCM)

- Did the experience lead to any changes in the organization's leadership or management structure?
- Did the organization implement any new policies or procedures to prevent future embezzlement or fraud?

Ethical considerations and transparency

- How do you think the experience has changed your perspective on the importance of ethical behavior and transparency within organizations?

Appendix D: Thematic analysis matrix

Total number of interviews: 6

Themes	Excerpts/Quotes	No. of people to express theme	Notes/comments
Fraud and Embezzlement	<p><i>“The wage was low and something I did not think of at that time was a contract and I don’t know if I was considered as a valid employee, but I don’t know exactly what type of fraud that is.”</i></p> <p><i>“They used different ways to steal, such as making up invoices, giving contracts to fake companies, and so on.”</i></p> <p><i>“They used to buy counterfeit designer goods from Asian countries then sell it for an expensive price and claimed it as authentic”</i></p> <p><i>“one of my coworkers, who had access to the company's bank accounts, had been transferring money to himself.”</i></p>	6	Billing fraud is more likely to occur in tall organizational structures, whereas payroll and check tampering fraud are more common in flat organizational structures.
Tall Organizational structure	<i>“Well, this was a bigger company and we were many employees and there are naturally many levels in a company”</i>	4	Four respondents claim to work in organizations with tall organizational structures. Defining this structure as an organization with many levels of management.

Flat organizational structure	<i>“Where I worked they had a few levels of management, since it was just a small company.”</i>	2	Two respondents claim to work in companies with a flat organizational structure. Defining this structure as an organization with fewer levels of management.
Organizational Change Management (OCM)	<i>“They also made sure that all workers received training on preventing fraud and conducted background checks on new hires to see if they have any criminal records or anything that might be important to know”.</i>	6	A total of two respondents reported the witnessed corruption. Only one of the respondents reported the corruption with results of a change in the organization. Whereas the remaining participants failed to report the misconduct, resulting in an unchanged organizational structure.
Corruption inequality/injustice	<i>“Yes, the experience did affect my private and professional life in some way. The situation was tough mostly on an emotional level.”</i> <i>“The managers got richer on our cost.”</i>	6	Overall, all respondents experienced corruption inequality, some more distinctively than others. One respondent lacked an affect on their professional life but did get subconsciously affected. Remaining participants experienced corruption inequality in all aspects.
Ethical considerations and transparency	<i>“Seeing how my experience affected me in my workplace changed my perspective on the whole ethical behavior and transparency. I am aware of how terrible it can be when people are dishonest.”</i>	6	All respondents define ethical considerations and transparency to be of great significance for an organization. Ultimately indicating that it is an integral aspect that is left out from the respective respondents organizations.

