

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF INTELLIGENCE AND SECURITY STUDIES



**THE EFFECTS OF EMPLOYEE FRAUD ON THE OPERATIONAL
ACTIVITIES OF RETAIL SHOPS IN HARARE CBD.**

BY

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REQUIREMENTS FOR THE BACHELOR OF COMMERCE HONOURS
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DEDICATION FORM

MOM AND DAD

The support I got from my late mom, Pastor Nyasha Munditi and my dad Mr G Nkhokwe elevated me to dizzy heights. Not to be overlooked is the unwavering support from my aunties (Joyce, Naomi and Marie Munditi) and all my uncles from the Munditi family. My siblings and the rest of family members deserve my gratitude, too. It's important to acknowledge the ongoing assistance I had from my supervisor from the beginning up to the successful accomplishment of this project. Without doubt, I agree that without his constant, steadfast, and wise counsel, my academic attempts would not have been as successful. I am most grateful to Almighty God, who created and perfected knowledge, wisdom, and faith, for His love, compassion, mercy, and kindness toward me as well as for guiding me through the academic environment. I gave Him the glory for this study.

ABSTRACT

Employee fraud is an ill which affects the operations of retail businesses. This research sought to explore the effect of fraud on the operational activities of retail shops, using retail businesses in Harare CBD as the case study. The research was guided by the following objective; to identify the types of employee fraud within retail businesses in Harare CBD, to investigate the causes of employee fraud in retail businesses in Harare CBD, to determine the impact of employee fraud in the operational activities of retail businesses in Harare CBD and to recommend strategies to curb employee fraud in the operations of retail businesses in Zimbabwe. On a sample size of 54, the researcher employed a descriptive case study research design. The main data gathering tools used were the questionnaire and the interview. The study's respondents were chosen using stratified random sampling and purposive sampling methods. Data was analysed using Microsoft Excel 2016 and the Statistical Package for Social Sciences (SPSS) version 20 before being shown in tables and bar graphs. Asset misappropriation, procurement fraud and corruption were identified as the dominant types of fraud affecting operations of retail businesses in Harare CBD. Identified as the major causes of fraud were financial pressure, poor/inadequate internal controls, inadequate remuneration and inadequate and ineffective internal audit. It was also discovered through the research that employee fraud had the biggest effects on the operations of retail shops in Harare CBD in the form of direct financial losses, increased security expenses, loss of credit worthiness and reputational damage. As successful safeguards against employee fraud in retail stores, the study strongly advised harsh sanctions for disloyal workers, tight recruitment procedures, and target hardening.

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CHAPTER I

INTRODUCTION

1.0. INTRODUCTION.

This project sought to explore the effect of fraud on the operational activities of retail shops, using retail shops in Harare CBD as the case study. This chapter looked at the background of the study, statement of the problem and research objectives. It also covered the assumptions, the limitations and significance of the study.

1.1. Background of the study.

High-profile companies from all over the world, including Enron, WorldCom, Adelphia, AIG, and others, engaged in financial statement fraud which saw their bankruptcy (Awolowo, 2019). It is quite worrying that a few of the companies who committed financial statement fraud fully failed (Wolfe & Hermanson, 2004). Fraud has detrimental repercussions on other stakeholders in addition to endangering the company's capacity to continue operating, such as job losses, decreased shareholder value, and damage to the company's reputation (Colby, 2013).

Corporate fraud cost firms a lot of money on a global scale (Awolowo, 2019). The Association of Certified Fraud Examiners estimated that corporate fraud cost the world's businesses more than \$3.7 trillion in 2018. Financial statement fraud is unquestionably detrimental to the safety, soundness, and efficiency of both financial markets and retail businesses worldwide (Rezaee & Wang, 2017).

According to the findings of ACFE Global's 2018 Report to the Nations, it is very alarming to notice that from 2012 to 2018, there were more instances of asset misuse than of financial report fraud and corruption. In 2018, cases of asset misappropriation suffer an 80% or even 89% impact. These results demonstrate an increase in the annual percentage of asset misuse cases (Utami et al., 2021). Since it is very likely to be carried out by those in positions of responsibility, asset misappropriation could occur in any division of a corporation (Utami, 2021).

The KPMG Fraud Barometer (2019), which covered 102 examples of alleged insider fraud, also found that management fraud and embezzlement cases rose in 2019. A six-fold increase in the number of alleged procurement fraud cases that were brought up in court, usually with false invoices, was another development. In 2019, six cases totalling over £16 million were heard in court, compared to just £2.9 million in 2018 (Utami et al., 2021).

According to Rezaee (2005) cited in Mawanza (2014), the prevalence and consequences of fraud have an effect on the public's confidence in the financial system, including the veracity of the financial accounts, as well as creditors, auditors, and shareholders. Since no company is immune to this growing problem, acknowledging and admitting that the risk is real and relevant is one of the first steps in fraud prevention (Mawanza, 2014).

Zimbabwe's commercial sector is extremely vulnerable to fraud and its disastrous effects, just like in any other nation. Basing on this context, the researcher deemed it imperative to undertake a study that looks at the consequences, nature, and causes of employee fraud in the Zimbabwean retail sector with specific reference to Harare CBD.

1.2. Statement of the problem.

Employee fraud is a practice that is disrupting several businesses' operations in Zimbabwe. Particularly alarming is the ZIMRA case, in which ZIMRA's workers were accused of defrauding the company of almost \$ZWL50 million (Dzoma, 2021). This level of fraud was only discovered during an audit that uncovered the threatening fraudulent behaviour that plagued the organization. More recently, Ncube (2023) reported on two men who were accused of defrauding an insurance company of about \$US80,000. Similarly, a critical analysis of Mawanza (2014)'s submission reveals that fraud is a major concern to the operational activities of businesses in Zimbabwe.

It is especially alarming that the majority of businesses that encounter fraud do not take the time to fully understand the risks involved and do not take steps to detect and prevent fraud before it really occurs. Dishonest personnel continue to find ways to circumvent systems or defraud their employers of their resources and assets despite all efforts to stop them. The researcher's interest to probe more on the subject of fraud was therefore, influenced by the rise in fraud cases, which are poised to significantly undermine business operations in Zimbabwe. The researcher is aware that the retail sector is failing to find lasting solutions to the challenges posed by fraud on their operations. Therefore,

in order to suggest on potential workable solutions, it is necessary to understand the nature, causes, and effects of fraud in Zimbabwe's retail sector.

1.3. Research Objectives.

1. To identify the types of employee fraud within retail businesses in Harare CBD.
2. To investigate the causes of employee fraud in retail businesses in Harare CBD.
3. To determine the impact of employee fraud in the operational activities of retail businesses in Harare CBD.
4. To recommend strategies to curb employee fraud in the operations of retail businesses in Zimbabwe.

1.4. Research Questions

The study sought to answer the following research questions:

1. What is the nature of employee fraud in the operational activities of retailers in Harare CBD?
2. What are the causes of employee fraud in Harare CBD retail businesses?
3. What are the effects of employee fraud in the operational activities of retail businesses in Harare CBD?
4. What are the strategies that can be implemented to curb employee fraud in operational activities of retail businesses in Zimbabwe?

1.5. Justification of the study.

The goal of the study was to compile data on how fraud impacts the operational activities of retail businesses in Harare CBD. According to Denscombe (2002), a study is relevant if it contributes to existing knowledge, addresses practical needs, and is relevant to current concerns. The study should therefore be helpful to a variety of parties, including students, retailers, institutions, and all national policy makers.

1.5.1. To the student.

Further to providing the researcher with the chance to progress this issue of economic importance, it also allows the researcher to gain a deeper understanding of the detrimental consequences fraud has on the retail industry. Also, the research was beneficial in that it enabled the researcher to finish the requirements for the Bachelor of

Commerce Honours Degree in Financial Intelligence. The study provided a solid foundation for the researcher's personal growth and taught him how to conduct effective investigations into fraud in Zimbabwe's retail industry.

1.5.2. To the retailers.

The study was valuable because it increased retailers' awareness of their vulnerability to the potential of fraud. As theory has been shown through empirical research to assist policymakers, this study will aid businesses in creating fraud management plans.

1.5.3. To the nation.

For policymakers, the general public, security experts, and other academics seeking knowledge on how to combat various types of fraud in Zimbabwe's retail industry, the research on fraud should be the primary source of information.

1.5.4. To the university.

The study ought to be quite intriguing to future fraud management scholars who are interested in the same issue. The study will be consulted as a source of literature for research on topics related to fraud. If the university decides to publish this research, it might also attract a lot of attention.

1.6. Assumption of the study.

- i. There is a rise in employee fraud which affects the operational activities of retail businesses.
- ii. Current measures to fight fraud in the retail sector are less effective.

1.7. Delimitation.

The general rise in various sorts of fraud in retail stores served as the impetus for the study. Time was allotted for the study. The time period covered was from January 2022 until June 2023. A sample of 54 respondents who worked as cashiers, store managers, or businesspeople in the Harare CBD were surveyed for the study, which was limited to that area. The town of Harare was chosen as the investigation's location since it is where the researcher lives and has the most time and money.

1.8. Limitation of the study.

The primary drawback of this study was the inability to get some crucial data because some interviewees were unavailable during interview sessions. Similarly, several respondents had trouble completing the questionnaires. The lack of sufficient time and money to support data collection further restricted the investigation. The researcher used the necessary effort, tenacity, and patience to get around these obstacles and achieve the objectives of the study.

Information confidentiality presented a challenge for the researcher during the investigation. Many survey participants were reluctant to divulge information for fear that their rivals might find out about it. To overcome these issues, the researcher did not request the respondents' identities, and as a result, the data was captured in a secret manner in order to safeguard the respondents' confidentiality and privacy. Additionally, the voluntary nature of the survey and the fact that the research was only done for academic purposes were assured to the respondents.

1.9. Organization of the study.

The study's first chapter included a general summary of the entire analysis, which intended to gauge how fraud affected Harare CBD's retail industry. The context of the study, the research topic, the research objectives, the research questions, the scope, restrictions, and delimitations of the investigation were all covered in the chapter, along with a summary.

The study's second chapter analysed the literature on the topic of fraud in the retail industry, along with its conceptual foundations, theoretical reasons, and empirical evidence. In this chapter, the causes, types, and repercussions of employee fraud in the retail sector were thoroughly addressed.

In Chapter III, it was highlighted how the study's methodology and research strategy were used. In Chapter IV, the facts were presented, the research findings were analysed, and they were discussed. In this chapter, the acquired data on cybercrime in the retail sector was also analysed. A summary of all the research was given in the fifth chapter. Conclusions, ideas, and recommendations were provided in this chapter to stimulate potential future study.

1.9.1. Summary.

The chapter provided an overview of the study's objectives, historical context, problem statement, and significance. The chapter also focused on the study's assumptions, boundaries, and limitations. The chapter after this one, Chapter Two, was devoted to a literature study. Chapter II covered the philosophical and theoretical underpinnings of the study as well as empirical data on employee fraud.

CHAPTER II

LITERATURE REVIEW

2.0. Introduction.

The study's background, statement problem, goals, and research questions were all explored in the preceding chapter, along with its importance, presumptions, delimitations, and limits. This chapter includes a discussion of the theoretical underpinnings, empirical support, and an analysis of earlier research findings that are related to the study on the impact of fraud on the day-to-day operations of retail stores in the Harare CBD. Review of the literature includes research that has been done in the past on the origins, kinds, and impacts of fraud on the daily operations of retail stores. As a result, the researcher read material on fraud from different authors and researchers in order to have a thorough comprehension of the phenomena.

2.1 Purpose of Literature Review

According to Saunders, Lewis, & Thornhill (2016:74), literature review is of paramount significance in research as it lays the foundation on which the research is hinged. Thus, literature review helped in the development of a thorough understanding of previous research on the subject of fraud and its consequences (Zikmund, 2005). The proceeding section of literature review focused on the conceptual framework that underpinned the study.

2.2.0. Conceptual Framework

2.2.1. An overview of fraud

According to the Association of Certified Fraud Examiners (2018), fraud is any purposeful act or omission intended to deceive others that causes a loss for the victim and/or a gain for the perpetrator. The intentional misappropriation of resources or assets belonging to the employing organization in order to enrich oneself through one's employment (Mawanza, 2014). (Wilson 2004) recognized employee dishonesty as a serious concern that has grown since corporate dishonesty wreaked havoc on the U.S.

financial markets starting in January 2000, and was thought to be expanding annually. Fraud is grouped into three categories which are: financial statement fraud, corruption, and asset misappropriation (Awolowo, 2019). Below was a discussion of these classifications.

2.2.2. Categories of fraud

2.2.2.1. Asset misappropriation/embezzlement

Asset misappropriation schemes are those in which a criminal uses deceit or trickery to steal or abuse the resources of an organization for their own gain (Awolowo, 2019). According to Utami (2021), misappropriation of assets is a type of fraud that includes stealing money, illegally possessing items or assets belonging to an organization, and embezzling products to benefit oneself or others. According to ACFE Global (2018), asset misappropriation can be classified into two categories: cash and inventories, and all other assets. Cash assets are misappropriated through a number of techniques, including skimming, thievery, and fraudulent payout. A billing system, payroll scheme, expense reimbursement scheme, check tampering, and register disbursement are just a few of the methods available to accomplish this. In the meantime, misusing assets refers to taking advantage of, stealing, or embezzling resources other than cash within the business, including inventory and all other types of resources. The plan entails theft and fraud (Utami, 2021).

2.2.2.2. Corruption

According to ACFE (2014), corruption is a scheme in which an employee violates his or her duty to the employer by abusing their influence in a business transaction in order to get a direct or indirect advantage. Corruption, according to Transparency International (2016), is "the abuse of entrusted power for private gain." The definition of corruption given by Transparency International seems to be more inclusive and covers all contexts in which corruption might occur. According to Transparency International (2016), corruption can be divided into three categories: political, petty, and big. However, these classifications vary depending on the amount lost and the industry where corruption occurs.

Grand corruption refers to actions taken at the highest levels of government to corrupt laws or the government's core functions so that officials can profit at the expense of the

general welfare. Petty corruption is the routine abuse of authority by low- and mid-level public officials when dealing with regular people, who frequently seek out basic goods or services at institutions like hospitals, schools, police stations, and other organizations (Transparency International, 2016). Political corruption refers to the exploitation of political decision-makers' positions to maintain their riches, influence, and prestige through the manipulation of institutions, laws, and norms of procedure in resource distribution and funding. According to the ACFE, corruption can be divided into four types. Conflicts of interest, bribery, unlawful gratuities, and economic extortion fall under these headings (ACFE, 2018).

2.2.2.3. Financial statement fraud

According to the ACFE (2018), financial statement fraud is a type of "occupational fraud" that entails "deliberate misrepresentation of an enterprise's financial condition accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users" (ACFE, 2016). Financial statement fraud is more common than other types of fraud. Financial and non-financial financial statement fraud can also be separated into two types. The financial and non-financial may include, to name a few, incorrect asset valuation, inaccurate disclosures on financial statements, manipulation of liabilities, manipulation of expenses, and erroneous revenue recognition. Businesses falsify financial statements in order to attract investors, win financing from banks, justify bonuses and pay raises, and satisfy shareholders' expectations. Because financial statements are created at the management level, upper management is typically at the center of financial statement fraud (Awolowo, 2019).

2.2.2.4. Payroll fraud.

Another typical way that workers of businesses deceive their employers is through payroll fraud (ACFE, 2018). According to Okagu et al. (2020), any arrangement wherein an employee induces the business to pay money via false claims is deemed payroll fraud. Payroll fraud, according to Kelly (2016) is the theft of money from a company via its payroll system. Both management and normal staff are capable of committing payroll fraud. Employees either boost the gross or net compensation in payment vouchers or insert phantom names or salary rates in this situation. The goal of

doing this is to profit financially from the discrepancy following payment. Deloitte (2014) asserts that there are numerous ways to commit payroll fraud. Some of tactics include falsifying working hours on time sheets, manipulating overtime, using "ghost" employees, and falsifying personnel records (Deloitte, 2014). A business's financial performance suffers from this kind of fraud.

2.2.2.5. Procurement fraud.

According to AQUIFAX (2017) procurement can be perpetrated through bid rigging and manipulation of the procurement processes. In addition, employees in procurement departments may collude with suppliers. In addition, unethical buyers may supply false invoices or invoices with unauthorised additional costs (ACFE, 2018). Similarly, Staff may divert legitimate payments intended for the suppliers to themselves (AQUIFAX, 2017). These kinds of fraudulent acts undermine operations of retailers as they interfere with the finances of an organisation.

2.2.3 Causes of employee fraud.

2.2.3.1. Greed.

Mabika (2014) contends that fraud may be committed by perpetrators out of greed when they wish to rise in social standing. For instance, when money is tight, someone can desire to buy a house, go on vacation, or get a nicer car. Such offenders contend that they will make restitution later only to be caught before making a payment or making amends.

2.2.3.2. Poor internal controls.

Weak internal control is also an opportunity for fraud to occur. Most frauds occur in outlets do not have an integrated operating system which causes internal control not to be optimal due to lack of supervision (Abdullahi and Mansor, 2018). Management not monitoring routinely considering the travel costs. Weak internal control at the outlet causes fraud opportunities both in the department of sales and department of finance & administration in receiving customer deposits and the department of aftersales in obtaining customer service activities (Setiawan et al., 2022). They further lament another internal control weakness in the form of poor stock-taking monitoring. That is,

stock taking not done on a routine basis and by independent parties increases the chance of theft of inventory (Setiawan et al., 2022).

2.2.3.3. Financial pressure.

Mawanza (2014) asserts that under pressure, people commit fraud. He goes on to say that the strain may be from a serious financial necessity or issue. For instance, it might be almost anything, like high-priced tastes or addiction issues. an office According to Mawanza (2014), the primary causes of fraud in Zimbabwe are pressure and opportunity factors. Employee fraud, according to Omar et al. (2016), is a result of high lifestyle pressure that surpasses the salary earned. Similar to this, Klein (2015) discovered that supermarket retail employee fraud occurred as a result of need-driven pressure, attitudes toward stealing, and an unethical work environment.

According to Mawanza (2014), companies should make sure that when they work toward internal control systems, they are able to recognize any potential pressure factors and be able to resolve them so that they do not negatively impact the organization's climate for fraud. Therefore, problems like poor pay, pay delays, employee social lives, or the employee's wheel of life should be considered key components of people concerns in fraud prevention. But alcoholism and drug addiction, as well as a lifestyle of greed, were the main causes of strain.

2.2.3.5. Inadequate remuneration.

Employee fraud, according to Abdullahi and Mansor (2018), is caused by insufficient pay that does not cover their basic necessities. Sithole (2013) argues that when the potential rewards of corruption are considerable in the wake of poverty and inadequate compensation, it follows that individuals will engage in corrupt activities. In order to reduce the likelihood of employee fraud, organizations must ensure that they pay their workers' salaries that allow them to maintain their standard of life.

2.2.4. Effects of employee fraud.

The significant impact of fraud is financial loss which is the priority for companies to investigate when facing fraud cases. employee fraud has a significant impact on the company's operations, such as disrupted business operations, spending extra time on the

settlement process, and damaging its image (Setiawan et al., 2022). They further state that in some extreme instances, if an employee is suspected of committing fraud, the employee may not continue his work process. As such This process causes an abandoned job, thus requiring the company to find a replacement. It does not immediately work smoothly when it gets relief because it requires a training process (Setiawan et al., 2022).

In agreement with Hollow (2014), Omar et al (2016) bemoans that fraud damages the business' reputation could decrease sales to customers, thereby reducing the company's performance. According to AQUIFAX (2017), fraud costs organisations in the form of resources needed for investigations once potential fraud has been detected, and to take any subsequent legal action. In addition, fraud also increases The risk of reputational damage and at the same time lower staff morale which is undermines the operational activities of retailers.

2.2.5. Measures to prevent and detect employee fraud.

According to Davis & Harris (2020), preventive fraud measures transpire prior to the occurrence of any fraudulent act, taking place as such, the most effective and common strategies implemented to prevent employee fraud are the use of adequate internal controls that cannot be overridden by management (Hollow, 2014). Implementation of controls that management cannot override is critical because management is generally responsible for monitoring internal controls and is familiar with how the controls function. separation of duties and improved internal communications can go a long way in preventing fraud (Hollow, 2014). The separation of duties is one of the most important internal control mechanisms, as one individual is not performing two conflicting duties such as cash receipts and invoicing. Kazemian et al., (2019) echo similar sentiments stating that internal controls are imperative for retail businesses in preventing employee fraud.

Davis & Harris, (2020) further argue that fraud prevention measures alone are inadequate to thwart fraudulent acts as there will be internal fraudulent occurrences that bypass the prevention control systems. As such, they recommended Whistleblowing to be the most effective fraud detection mechanism and could possibly end an ongoing fraud scheme such as that at Enron (Davis & Harris, 2020).

Whistleblowing is one of the most important outlets for reporting organizational fraud according to Ahmad et al. (2014). However, the most effective channels, such as anonymous hotlines should be available for employees to be able to report fraud without fear of repercussion. While whistleblowing is not obligatory, it is strongly encouraged as an internal control mechanism to detect and deter fraudulent organizational activity. Blowing the whistle on colleagues or managers is difficult and burdensome; as such, it would take an individual with strong ethical beliefs, courage, and morals to blow the whistle (M. Zakaria, 2015 cited in Davis & Harris, 2020). Some individuals are concerned with their personal reputation as others may condemn them for whistleblowing; accuse them of disloyalty to their organization by potentially ruining the organization's reputation, and having exposed insider wrongdoing (M. Zakaria, 2015).

On the other hand, Abdullahi and Mansor, (2018) suggested that organisations should increase the salary earning of employees and provides fringe benefits to improve employees' standard of living. On the same note, they added that scheme such as workshop, seminar and conferences should be carried out to enhance the employees' moral behaviour and understand the negative impact of fraud on their behaviour (Abdullahi and Mansor, 2018). A policy has to be formulated which will state a severe punishment on the fraudsters and way to ensure a complete recovery of the money defrauded (Abdullahi and Mansor, 2018). There have also been moves to implement more robust procurement processes such as centralised procurement, fraud training and education, and benchmarking against 'similar' organisations (AQUIFAX, 2017).

2.3. Theoretical framework.

According to Saunders, Lewis, and Thornhill (2016), theoretical framework is used in research to explain different course of action or to suggest a preferred method of approaching a concept or idea. Among the theories which informed the objectives of the research were the fraud triangle theory, fraud diamond the routine activities theory.

2.3.1. The Fraud Triangle Theory.

To explain the idea of fraud, numerous ideas have been proposed. Cressey's Fraud Triangle Theory is one of the theories that fraud studies use most frequently. It outlines a triangle-shaped link between chance, pressure, and justification in the commission of

fraud. Most of the time, all three conditions must be met for fraud to occur (Wells, 2004). The fraud triangle is depicted in the diagram below.

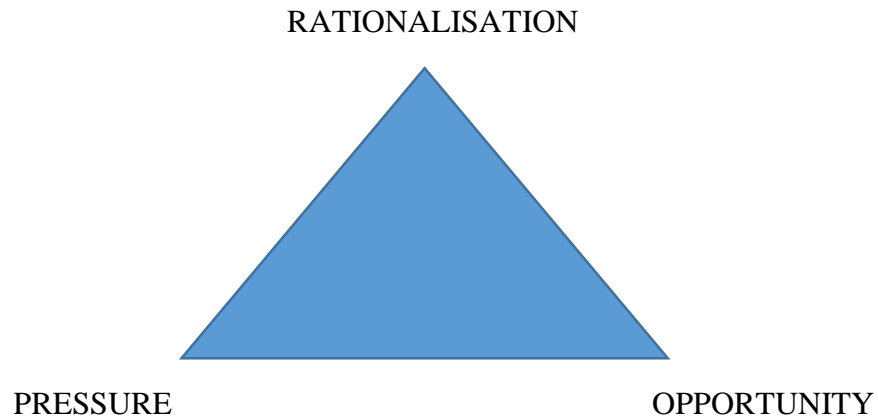


Figure 1: The Fraud Triangle

Source: Mwanza (2014).

Wilson (2004) defines opportunity as a situation or transitory context that permits fraud to be committed, usually with minimal expectation of being discovered or punished. The ability to perpetrate fraud is actually made possible by weak governance or control measures. According to Abdullahi and Mansor's (2018) hypothesis, the idea of perceived opportunity implies that people will exploit their circumstances in order to commit fraud. As a result, when businesses have inadequate internal controls, lax processes and procedures, unapproved or uncontrolled employee access to assets, or a lack of management review and oversight, there are windows of opportunity for wrongdoing. Fraud will very certainly be committed once these three fraud-related conditions have been established.

Mwanza (2014) claims that pressure served as the impetus for the fraudulent act. It does not matter whether or not the motivation makes sense to others or is grounded in reality; like with rationalization, the crucial element is the impression of a need or pressure. Usually, pressure is what pushes someone to commit fraud. This could be the result of financial strains, such as the inability to pay for medical expenses or other expenses, a gambling, drug, or alcohol addiction, or a craving for pricey luxury products (Abdullahi and Mansor, 2018).

Finally, rationalization is the rationale and justifications that immoral behavior will not appear to be criminal activity. Making justifications for why fraud is allowed under particular conditions in this situation entails rationalization. Albrecht, Kranacher, & Albrecht (2008) made it very apparent that the term "rationalization" refers to the moral and ethical justification put up for the deed. According to this definition of rationalization, the offender must have a morally sound belief before acting unethically. It is rare that a person will commit fraud if they cannot defend their dishonest behaviour. Therefore, from this perspective, rationalization actually plays a role in the circumstances that lead to fraud (Mabika, 2015). In light of the tenets of the fraud triangle theory, a good foundation for understanding the causes of fraud is well set. As such this theory was chosen for the current study as it fully informed the objectives and questions of the study.

2.3.2. The Fraud Diamond Theory.

Wolfe and Hermanson introduced the Fraud Diamond Theory for the first time in December 2004. This hypothesis was seen as an extension of the Fraud Triangle Theory. They suggested that although while the three factors pressure, opportunity, and rationalization coexist, fraud is unlikely to occur without the presence of a fourth factor, capability (Wolfe and Hermanson, 2004). In this instance, they added capabilities to the Fraud Triangle Theory and extended and enhanced it. In other words, they stated that the deception must be capable of being committed by the potential offender. According to Mawanza (2014), not everyone who has motivation, opportunities, and realization will engage in fraud since they lack the skills necessary to carry it out or cover it up. In this instance, the Fraud Diamond Theory truly explains what is necessary for fraud to occur. The diagram for the Fraud Diamond Theory is shown in Figure 2.

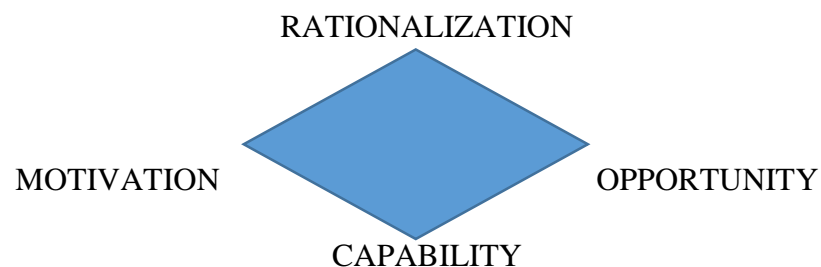


Figure 2: The Fraud Diamond Theory.

Source: Wolfe and Hermanson 2004.

Regarding the issue of capability, there are other crucial elements that must be taken into account in order to draw the conclusion that the fraudster is capable of committing fraud, including position, creativity and ego, compulsion, dishonesty, and stress (Abdullahi and Mansor, 2018). The role or position a fraudster holds within an organization is the first factor that gives him or her the potential to conduct fraud. Wolfe and Hermanson (2004) made a point of emphasizing how an employee's position and function might help him develop a strategy to violate company trust. Therefore, in this instance, the perpetrator's position actually influences his or her ability to conduct fraud in an organization.

An individual's cost-benefit analysis of engaging in fraudulent actions may be impacted by such confidence or arrogance. A good fraudster can force others to commit fraud or cover it up, according to Rudewicz (2011). A person with a strong ability to persuade others may be able to persuade others to support a scam or to just turn a blind eye (Abdullahi and Mansor, 2018).

The fraudster must convincingly lie to the auditors, investors, and others in order to escape being caught. So that the entire narrative is constant, the fraudster should also have the ability to keep track of the lies. The ability to endure stress is another important trait of fraudsters (Wolfe and Hermanson, 2004). Since committing frauds requires effort and requires managing them over time, it can be stressful. The risk of being discovered and the associated personal repercussions exist in addition to the ongoing requirement to keep the fraud a secret on a daily basis. The person must be able to manage their stress because carrying out the deception and keeping it a secret can be very difficult (Rudewicz, 2011). As such the Fraud Diamond Theory was very useful in explaining the motivations behind fraudulent behaviour among employees. On the same note, by understanding the motivations, it allowed the researcher to develop solutions to deal with fraud in the retail sector.

2.3.3. The Routine Activities theory.

Cohen and Felson (1979) presented the Routine Activity Theory, which is of much significance in the analysis of criminal behaviour. Three elements cited as promoting criminality when combined were identified as the motivated criminal, suitable targets,

and absence of guardianship (Felson, 2013). Felson (1980) submits that opportunity is the major factor of crime. As such, crimes are perpetrated in people's routine activities as they create conducive environments to commit crime (Tibbets, 2012).

In order to prevent crime opportunity should therefore be eliminated (Cohen and Felson, 1979). Since the criminal environment is complicated by the fact that the criminal is no longer constrained by a physical location, it presents a good opportunity to motivated cybercriminals in absence of control measures. The routine activities theory was therefore very important for this study as it informed retailers to work on their internal controls so as to minimise losses associated with fraud. Thus, The Routine Activity Theory was therefore, relevant for this investigation since it captured all the fundamentals which informed the research's objectives.

2.4 Empirical evidence.

Mawanza (2014) summed up the main causes of fraud in the research, "**An Analysis of the Main Forces of Workplace Fraud in Zimbabwean Organisations: The Fraud Triangle Perspective**". The questionnaire served as the study's main research instrument. Red flags of fraud have been noted to include changes in lifestyle, friendliness, refusal to take time off, objections to job rotation, incomplete returns, frequent hotel stays, customer complaints, altered vouchers, overstaying at work after hours, reluctance to share work, spending binges, resignation, erratic behaviour, and being overly protective of an organization's finances.

In addition to Mawanza's research above, Koomson, Owusu and Bekoe (2021) undertook an enquiry into the "**Determinants of asset misappropriation at the workplace: the moderating role of perceived strength of internal controls.**" People working for various Ghanaian organizations responded to a self-administered questionnaire. According to the findings of the structural model study, people misappropriate resources at work as a result of the pressures they face, their ability to defend their actions, their talents, and their egos. The results, however, demonstrate that an individual's perception of the efficiency of internal control mechanisms at work plays a substantial role in the potential amount of asset misappropriation.

In the research titled "**Asset Misappropriation Employee Fraud: A Case Study on an Automotive Company**", Setiawan, Tarjo and Haryadi (2022) explored on asset

misappropriation employee fraud and its prevention program on an automotive company in Indonesia. Data was acquired through document analysis and interviews with ten informants from various departments to understand more about the incidence of fraud. The most frequent types of fraud on vehicle companies, according to this survey, include inventory theft, skimming of client deposits that aren't deposited to the business, and manipulation of customer account payments. The factors that drive fraud include financial pressure an ostentatious lifestyle, the potential for deception, and a lack of knowledge of dishonest behaviour. Employee fraud disrupts business processes, uses up time and resources, and damages the reputation of the company. Fraud causes the company to incur unnecessary costs and financial losses, which will have an effect on its long-term profitability.

Through the research titled “**Fraud and Fraud Prevention Strategies in Zimbabwe Local Authorities.**” Mabika (2015) explained the modus operandi of fraud and lined up some measures to deal with it. According to the study, pressure, opportunity, and rationalization, the three components of the fraud triangle were the main reasons why fraud occurs in municipal governments. Fraud has been linked to greed as a factor. According to the research, management must become involved, develop processes, disseminate information about the systems, and oversee the local authority in order to lower the level of fraud. Entities must also hire the right personnel for the positions they have open and provide timely salary and allowance payments.

In the study titled “**The Causes and Consequences of Accounting Fraud**”, Geretya and Lehn (1997) summed up the causes and consequences of accounting fraud. They claimed that rational decision-making controls the commission of accounting fraud. The study's findings indicated that whether or not to commit accounting fraud is influenced by the cost of valuing assets. Evidence also reveals that accounting fraud does have an immediate influence on stock values, while the SEC's announcement of charges results in a considerable decline in stock prices. According to the research, accounting fraud is less likely when ownership is concentrated in the hands of a single person. Finally, it appears that directors of companies that engage in accounting fraud are penalized on the managerial job market.

Another research by Krambia-Karpardis and Zopiatis (2010) “**Investigating incidents of fraud in small economies: Case of Cyprus.**” was aimed at investigating the extent

and types of fraud victimization in small economies or specific industries in different economies. To accomplish the goal, the research used survey as a research methodology. Both primary and secondary sources of information were used to gather the data. No business sector or size was found to be immune from fraud. No industry or size of business was discovered to be immune from fraud. The fraud varieties that are least accepted and those that represent the biggest threat to the local economy were also discovered. The report looks into what neighborhood businesses do when fraud is found. According to this study, smaller economies are just as likely as larger ones to experience fraud. The publication also looked at what local businesses do when fraud is discovered.

In addition to Krambia-Karpardis and Zopiatis (2010) above, Tak ISA, (2011) undertook the research titled **“Impacts and Losses Caused by the Fraudulent and Manipulated Financial Information on Economic Decisions”**. The researcher was able to determine the effects that financial information manipulation has on economic decisions from a survey she did on the 12 businesses that were forced to close owing to financial statement falsification. The researcher discovered, using data acquired over a ten-year period, that the financial losses brought on by false and altered financial information were considerable, particularly when it came to revenue manipulation. According to the research, the global financial markets were all impacted by the collapses of the large corporations in the USA, the world's most powerful economy. An estimated \$460 billion in market capitalization was lost as a result of the suspected financial statement fraud by Enron, WorldCom, Qwest, Tyco, and Global Crossing.

Research was conducted by Ziegenfuss (1996) to ascertain the scope and nature of fraud in state and local government. According to the report, asset misappropriation, theft, fraudulent representation, and false invoices were the most common types of fraud. Poor management practices, economic pressure, weakening society values, people not being held accountable for their acts, and insufficient training for those in charge of fraud prevention and detection are the causes of the rise in fraud in state and local governments. Weaknesses in internal control, ignoring audit reports, inventory losses, relying too heavily on internal/external audit reports, ignoring employee feedback, and actual spending exceeding budgeted amounts are the most frequently cited "red flags."

In the study, **“Effects of Fraud on corporate companies in Nigeria”**, Obanda (2010) noted that fraud can increase operating expenses and audit expenses for a business or corporate body since additional resources must be incurred for installing the equipment required for its prevention, detection, and asset protection. More importantly, management becomes diverted if too much time is spent protecting company assets from fraudsters. Additionally, the company's asset quality suffers as a result. Financial loss is yet another outcome that may be impacted by dishonest business activities. The amount of money lost to a fraudster is the same amount a firm loses in the event of fraud, and it will be challenging to recover from the lost revenues and losses sustained.

The research titled **“Asset misappropriation tendency: rationalization, financial pressure, and the role of opportunity (study in Indonesian government sector)”** was undertaken by Yusrianti , Ghozali & Yuyetta (2020) and the purpose of the study was to analyse the relationship between rationalization and financial pressure on asset misappropriation tendency by mediating opportunity in the Indonesian government sector based on the Fraud Triangle perspective. Direct, postal, and online questionnaires were used to collect the research's data, which was then analyzed using a structural equation model with AMOS-based covariance. The findings demonstrated that asset misappropriation tendency was significantly positively impacted by financial pressure, rationalization, and opportunity. Opportunity also mediates the association between justifications and the tendency to misappropriate assets; however, it does not mediate the relationship between financial pressure and the tendency to misappropriate assets.

Abdullahi, & Mansor (2018) lined up fraud prevention initiatives in the research, **"Fraud prevention initiatives in the Nigerian public sector: understanding the relationship of fraud incidences and the elements of fraud triangle theory**. The findings revealed that pressure/incentive to commit fraud has a significance relationship with fraud incidences in the Nigerian public sectors. They emphasized that pressure, opportunity, and justification must all be present at the same moment for fraud to occur. The study recommends that the Nigerian government execute Salary Scale Reform (SSR) to increase the salaries of public servants and provide ancillary benefits to improve workers' living standards. To boost employee morale and aid them in understanding the negative consequences that fraud has on both their behaviour and the country's economy, the Nigerian government might also launch a training program, such as a workshop, seminar, or conference. A plan that outlines severe punishments

for fraudsters must be devised in order to guarantee the complete recovery of the stolen money.

Davis & Harris (2020) undertook the study titled “**Strategies to Prevent and Detect Occupational Fraud in Small Retail Businesses**” whose objective was to explore internal control strategies owners of small retail businesses in south eastern Pennsylvania used to prevent and detect occupational fraud. Small retail business owners were contacted through interviews to provide information for the study. The results of the study demonstrated that there are things small retail store owners may do to prevent and uncover occupational fraud. To protect their businesses from occupational fraud, business owners can utilize a variety of strategies, including monitoring, employing employee identity documents to track employee activity, segregation of duties, and interacting with personnel. By focusing on wealth distribution and supporting local groups that support economic stability and have a positive impact on the community, small business owners give back to their communities.

Akur (2017) conducted the research titled, “**Small Retail Business Strategies to Detect and Prevent Employee Fraud**” which explored strategies used by managers and owners of small retail businesses to detect and prevent employee fraud. Ten people, representing five small retail firms, took part in the survey. During the interview, information was gathered from the chosen managers and business owners. Themes from the research findings related to dealing with fraud included controls and communication, cash register responsibility, segregation of roles, monitoring, and action against violators.

2.5. Summary of previous researches and justification of the current study.

Although a number of researches on the subject of fraud have been carried out, empirical literature linking employee fraud to operational activities of retailers especially in Zimbabwe is still meagre. Despite efforts by Mawanza (2014) and Mabika (2015) on the subject, their focus was mainly on the motivations of fraud in state organisations without particular focus on retailers in Zimbabwe. Thus, they did not consider the effects of fraud in the retail sector. Given the time lag and technological progress, recommendations by Mawanza (2014) and Mabika (2015) may no longer be effective enough to fight the impending effects of employee fraud in the contemporary business environment.

More interestingly, a close analysis of submissions by Koomson, et al, (2021), Yusrianti et al, (2020); Geretya and Lehn (1997) and Setiawan et al, (2022) reveals that the researchers paid much attention to the causes and types of fraud in organisations. However, they did not put enough emphasis on the effects of fraud on operations of the organisation. Although these studies create a concrete foundation on the study of fraud, their findings might be difficult to apply to a Zimbabwean context. This is because most of these researches were done in Europe, USA and Asia where technology is by far different with that in Zimbabwe hence the findings might be different due to jurisdictional differences and technology.

Obanda (2010) and Tak ISA, (2011) highlighted on the effects of fraud on the operations of organisations. These studies were much influential in understanding the effects of fraud and their findings can be very useful in understanding employee fraud in the contemporary business environment. However, due to the lapse of time, the effects of fraud might no longer be the same. As such the current study sought to find out on the possible effects of employee fraud in the wake of technological progress.

Although Davis & Harris (2020) and Abdullahi & Mansor (2018) immensely dwelt on the measures to curb fraud in organisations, their studies were less focused on activities of retailers. Although their recommendations are very useful in the fight against fraud, some of the recommendations may not be tailor made for the retailers. In addition, from a Zimbabwean perspective, retailers may not be in a good position to employ some of the measures. As such the current research sought to provide measures which are specific to the Zimbabwean retail sector.

Given the groundwork laid by the empirical studies mentioned above, there is still a significant gap on the subject of fraud and how it affects retailers' operational activities in Zimbabwe. Concerns about fraud have been a major subject of many studies, especially in the United States, Asia, and Europe. Furthermore, a large portion of the studies on fraud that were published in the past were concerned with fraud in state-run institutions. Employee fraud can take many various forms depending on the jurisdiction. The researcher realized that the topic of fraud is still up for debate, especially in the retail sector where technology is always changing. The goal of the current study was to advance previous investigations by introducing fresh information and new research

questions concerning the nature of employee fraud as well as workable solutions that could be applied to minimise the consequences of fraud in Zimbabwe's retail industry.

2.6. Summary

This chapter laid out the important theories, conceptual framework, and empirical data from the study's linked literature regarding the effects of fraud on the daily operations of retail stores in the Harare CBD. This chapter highlighted prior research results, case studies, and investigations carried out by other researchers that support the current study. The researcher's approach for gathering data for analysis and producing the study's findings will be discussed in more detail in the following chapter.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter was set out to present the methodology of the study. In this case the researcher spelt out how the study was executed, embracing all the activities and procedures which were undertaken during study. This chapter also sought to explain the selection of the research instruments and the research methods that were used in data gathering. It also describes how the data was presented and analysed. Thus, this chapter dwells much on the research design, research instruments, data collection procedures, data presentation and analysis procedures.

3.1. Research Design and Justification

A research design, according to Kothari (1990:31), is a set of guidelines for data collecting and analysis that seeks to balance procedural economy with relevance to the research's goal. As a result, the design includes a description of what the researcher will do, from formulating the hypothesis and its implications to data analysis (Kothari, 1990). For this study, the researcher used quantitative and qualitative research design strengths. The researchers consequently employed a descriptive case study research style.

According to Saunders et al. (2016), a descriptive case study research design is a method of analysis that involves a detailed assessment of a particular modern marvel in its natural environment and makes use of a variety of data sources. Case study research is typically used to focus a broad area of research on a single, manageable problem. Using a descriptive case study research methodology has the advantage of enabling researchers to take into account the unpredictable nature of the link between fraud, its environment, and its victims.

The best research design for this study was a descriptive case study since it allowed for the collection of both qualitative and quantitative data. With the use of these

technologies, sufficient pertinent data about cybercrime in the retail sector was gathered. Also, the descriptive research design was suitable for this study since it allowed the researcher to investigate issues including why, where, and how cybercrime was occurring. This makes it easier to comprehend fraud thoroughly and how it affects the day-to-day operations of shops. To further aid the reader in understanding the prevalence of fraud in the retail industry, the descriptive case study research approach includes visual aids like charts.

3.2. Target population

The term "population" refers to the entire group of items or persons that the study is focused on and that the researcher is interested in learning more about (Kothari, 2004). Owners and employees of retail establishments in the Harare CBD provided the information. The CBD is home to retail businesses that sell groceries, furniture, computers and accessories, household electrical equipment, clothing, and other goods (CBD). Also, since employees of the aforementioned merchants are directly exposed to the dangers of fraud as part of their jobs, they served as trustworthy sources of information for the study. As a result, they provided accurate information about the risks of fraud in the Harare CBD retail sector.

3.3. Population sample

A sample is a portion or tiny fraction of a large population that is chosen to represent the entire population and shares characteristics with the entire population being studied (Creswell, 2013). The choice of retail establishments in the Harare CBD for the experiment was the first sample component of the study. The study's conclusions helped researchers gain a better knowledge of the impact of fraud on the operational operations of retail stores in the Harare Central Business District, and the findings were applied to other retail firms in Zimbabwe. Table 3.1 provides an overview of the population constituency.

For this study, grocery stores, hardware stores, and clothes stores were the retail outlets where shop managers, internal auditors, financial officers, and other staff members were chosen. Among the 54 responders, 11 were picked from furniture stores, 10 from clothes stores, 12 from grocery stores, and 11 and 10 each from electronics and electrical

appliance stores. Thirteen were shop managers, fourteen were internal auditors, thirteen were financial officials, and fourteen were other employees.

Table 3.1: Sample constituency.

Category	Managers	Auditors	Finance officers	Others	Total
Furniture shops	2	3	3	3	11
Clothing	3	3	2	2	10
Grocery	3	3	3	3	12
Electronics shops	3	3	2	3	11
Electrical appliances	2	2	3	3	10
Total	13	14	13	14	54

Participants were chosen using both probability and non-probability sampling techniques. Using stratified random sample techniques and purposive sampling, individuals were selected from the Harare Downtown. The sections below covered the two sampling strategies.

3.3. Sampling techniques

3.3.1. Purposive sampling

Purposive sampling is a non-probability sampling technique that enables researchers to use their discretion in choosing instances that will help them most effectively respond to their research questions and realize their objectives (Saunders et al., 2016). The researcher used this method to gather information from retail businesses in the CBD of Harare. The interviewees were important sources of information about fraud in the retail sector. In order to accurately reflect the whole retail business, representatives for the survey were specifically picked.

3.3.2. Stratified sampling method

By stratifying the entire population into several groups, the researcher can then randomly choose the final participants from the various subgroups (Bryman & Bell, 2015). This sampling technique was adopted since the research population was diverse. The population was divided into strata, with sample units that were largely homogeneous within each stratum.

The respondents were divided into groups based on the type of goods they sold, such as groceries, hardware, electronics, clothes and shoes, and electrical appliances. The respondents were picked at random based on the product lines they sold to complete the surveys.

3.4.0. Data collection instruments

Kothari (2004) defined an instrument in research as a tool or piece of equipment used to collect data, such as through surveys, interviews, or observation. The tools used to gather the data and information required to address a problem under investigation are known as research instruments. To gather empirical data from retail shop managers, internal auditors, finance officers, and other staff members, a questionnaire and interview guide were employed. Journals, theses, and newspaper articles were analysed in order to supplement the research with secondary data.

3.4.1 The questionnaire

The questionnaire is composed of a number of questions that are printed or typed in a particular order on a form or collection of forms (Kothari, 2004). The questionnaire was the main research method used to gather information from respondents in the retail sector in the central business district of Harare. The questionnaire was regarded ideal for data gathering since it was adaptable and could be used to gather information from either a large or small number of people.

The fact that the questionnaire could be completed at home or at the office made participants feel more secure, which allowed the researcher to take advantage of its higher level of privacy and flexibility. Or, to put it another way, the questionnaire was available for participants to complete at their own convenience. However, the questionnaire was also reasonably priced to conduct, and the researcher's absence reduced bias. The questionnaire required less time because the researcher had fewer resources and time available. The researcher also found non-response bias to be one of the biggest benefits of using self-administered questionnaires.

However, the low return rate was the main disadvantage of using the questionnaire. The sample may not be representative of the people the researcher was seeking to contact because so few people answered to the survey. Due to the researcher and respondent's

lack of communication, issues with the questionnaire went unaddressed, leading to some skewed responses. The researcher ran a pilot test before to the main poll in order to reduce skewed responses. Additionally, the questionnaires were hand-delivered and collected by the researcher.

3.4.2 The interview

Cooper and Schindler (2003) assert that the interview method of data collection comprises the presentation of oral-verbal stimuli and responding in terms of oral-verbal responses. The retailer's management gave the researcher permission to conduct interviews for this study. In semi-structured and unstructured interviews, twelve representatives from the twenty-eight (28) selected retail establishments in the Harare CBD were questioned. A semi-structured interview is one technique for gathering data by starting a conversation that offers the intended respondents the time and space to voice their opinions on a certain issue.

To reduce the chance of victimization, the interviews were conducted in private, and all interview records were handled with confidentiality. The researcher's ability to gather detailed information and justifications that were impossible to gain through the questionnaire was the primary advantage of conducting interviews during the research. As themes and subjects emerged, the researcher was able to investigate them by responding to the interviewees' comments.

Face-to-face interactions had numerous advantages, but they took a long time because the researcher had to first establish relationships with the participants before starting the interviews. Additionally, a number of respondents were unable to speak candidly due to privacy and confidentiality issues, which restricted the depth of the interviews. To get beyond these challenges, the researcher needed to build rapport with the interview subjects and reassure them that the information they provided would be kept private and only used for the research's objectives.

3.5 Data collection procedures

To ensure that the intended participants got the questionnaires, the researcher directly handed in the questionnaires. The personal distribution of the instruments had the advantage of building a good rapport with the respondents and helped to achieve a high

response rate. The personnel at the 28 chosen shop locations in the Harare CBD received 42 copies of the questionnaire. The questionnaire was delivered to the respondents with one week to complete it entirely. The researcher then collected each questionnaire separately. For the interviews, 12 participants were specifically chosen. Of the 12 interviewees, 5 were internal auditors, 3 were shop managers, and 4 were finance officers.

3.6. Validity and Reliability

Zikmund (2005) defined reliability as an instrument's capacity to generate repeatable results. By assuring meticulous design of each questions revised following a pilot test, data reliability issues were mitigated. A pilot test ensured that the target group was accurately identified and offered recommendations on how to adjust the data gathering tools to match the study's objectives. In order to estimate the amount of time and resources needed for the examination and to identify sampling issues, the interview guide and the questionnaires were initially pre-tested. Additionally, both the supervisors and the peers gave the research tools a close look. Through this activity, the researcher was able to fix errors in the questionnaires and made sure that it conveyed the required information.

3.7.0 Data presentation, analysis and interpretation of data

Both quantitative and qualitative analysis were performed on the survey-gathered data. The data collected through surveys was analysed using SPSS software version 20.0, and Microsoft Excel was used to add tabular and graphical displays. Additionally, thematic analysis was used to examine the interview data. The researcher collected responses, scrutinized them for insight and meaning, compared and contrasted the different responses from the respondents, and finally evaluated the meaning to provide useful data.

3.9. Ethical considerations

According to Saunders et al. (2016), ethics refers to a researcher's behaviour that is appropriate in light of the rights of persons who are the subject of the survey. Before and after data collection, as well as throughout the entire research process, ethical concerns were taken into account. The owners and managers of retail shops were asked

for their approval before conducting interviews. The researcher made it clear that participation was optional and that individuals had the right to opt out of the activity at any time. More importantly, all study volunteers received respectful, equitable, and dignified treatment.

3.10. Summary

The following chapter (chapter IV) focused on collecting, analysing, and presenting of data. This chapter laid out the research methodology that was used in the study, including the research design, sample population research instruments, data collection, and reliability procedures.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0. Introduction

The major focus of this chapter was on discussion, presentation and analysis of the major findings of the survey. As such, questionnaire and interview response rates were presented and analysed in this chapter.

4.1. Questionnaire response rate

Data for the study was gathered through the questionnaire and the results were summarised in the table below.

Table 4.2: Questionnaire response rate.

Category	Questionnaires issued	Questionnaires returned	Response rate (%)
Furniture shops	8	7	87.5
Clothing	9	9	100
Grocery	9	7	77.8
Electronics shops	8	8	100
Electrical appliances	8	8	100
Total	42	39	92.9

Forty-two questionnaires were given out to various sorts of merchants, as indicated in Table 2. 39 responses were received for a response percentage of 92.9% out of the 42 sent. This demonstrates that most of the questionnaires received responses. According to Creswell (2014), a response rate of above 50% is necessary for the researcher to acquire objective data; nevertheless, the response rate for this study was significantly higher than 50%, fully supporting the research aims.

4.1.1 Interview response rate

Some of the data for the research was also gathered through the interview and the findings were summarised in table 4.3.

Table 4.3: Interview response rate.

Category	Scheduled interviews	Successful interviews	Response rate (%)
Furniture shops	2	2	100
Clothing	3	2	66.7
Grocery	3	2	66.7
Electronics shops	2	2	100
Electrical appliances	2	1	50
Total	12	9	75

The researcher purposively scheduled to conduct 12 interviews picking 2 respondents from Electronics and accessories, 3 from Grocery shops, 2 from electrical appliances, 3 from clothing and 2 from electrical appliances shops. Of the 12 scheduled interviews, 9 succeeded giving a 75% response rate as shown in table 4.2.

4.2 Demographic characteristics of respondents

The information acquired included demographic details including gender, age, educational background, job title, length of employment, and industry. As may be seen in the table below, these factors were illustrated.

Table 4.4. depicts that male respondent dominated the surveys as they constituted 59% with respect to gender whilst women constituted only 41%. Questionnaire distribution was based on gender sensitivity, and no bias in all sorts was shown.

The age range of every participant who took part in the research study is also shown in the table. The age range 25–35 years had the highest frequency in the age distribution, as shown by 48.7% of the respondents, while the age range 35–45 years was represented by 25.6%. Just 15.4% of respondents overall were under 25 years old, and 15.4% of respondents over 45 years old. This age distribution demonstrates that the survey was primarily taken by young people who are more informed fraud and aware about it.

The participants' academic backgrounds spanned from postgraduate to ordinary and advanced levels, abbreviated as O & A. 35.9% of the 39 survey participants were undergraduates, compared to 43.6% of O and A level certificate holder. 30.8% of the responders were postgraduates and certificate holders combined. This suggests that a

sizable number of the respondents were mature enough and informed enough to comprehend issues related to fraud in the retail industry.

Table 4.4: Demographic distribution of questionnaire respondents.

Demographic category	Demographic variable	Frequency	Percentage (%)
Gender	Male	23	59
	Female	16	41
	Total	39	100
Age	Less than 25 years	6	15.4
	25-35 years	19	48.7
	36-45 years	10	25.6
	Above 45years	6	15.4
	Total	39	100
Level of education	Post Graduate Degree	3	7.7
	Undergraduate degree	14	35.9
	Ordinary and Advanced Level	17	43.6
	Other qualification	5	12.8
	Total	39	100
Position of occupied	Manager	11	28.2
	Internal auditor	12	30.8
	Finance officer	8	20.5
	Other	8	20.5
	Total	39	100
Period of employment	less than 1 year	7	17.9
	1-3 years	10	25.9
	4-6 years	14	35.8
	6 years and above	8	20.4
	Total	39	100
Type of business	Clothing	8	20.5
	Grocery	8	20.5
	Hardware	8	20.5
	Electronics	8	20.5
	Electrical appliances	7	18
	Total	39	100

With a share of 30.8%, internal auditors made up a sizable number of the respondents, followed by shop managers with a share of 28.2%. Furthermore, taken into account as research participants were other employees and finance officials, who each made up

20.5% of the sample. The length of time the respondents had been associated with their particular retail stores was also taken into account in the demographic distribution. The bulk of employees had been with their employer for 4-6 years, as evidenced by the highest proportion of 35.8% for this time frame. Following this, 25.9% of respondents said they had stayed with their respective organizations for more than one to three years. This demonstrates that the research's participants were knowledgeable about the difficulties facing their organizations, with fraud being the main worry. Only 17.9% of the respondents were employees who had been with their companies for less than a year. Also, a range of retail businesses, including hardware stores and grocery stores, were considered in the study. Retailers of apparel, hardware, electronics, and electrical appliances made up 20.5% of the respondents apiece, while respondents who purchased electrical appliances made up 18% of the respondents.

Research Findings

4.3. Types of fraud

The results summarized in table 4.5, were based on questions asked to the respondents requiring them to identify the forms of fraud that were common in their organizations.

4.3.1. Asset misappropriation/Embezzlement

According to 46.2% of the respondents, asset misappropriation/embezzlement was the most common kind of employee fraud in the retail sector in Harare CBD, as shown in table 4.5. The retail sector in the Harare CBD shows a high rate of asset misappropriation/embezzlement with a mean statistic of 3.21 and a standard deviation of 0.894. The remaining 33% of respondents affirmed that asset theft and embezzlement are common in the retail industry. These results demonstrate that, despite efforts to stop it, corporate activities still involve embezzlement.

Similarly, the vast majority of interview participants noted that asset theft and embezzlement were frequent occurrences in their companies. In an interview, one internal auditor stated that asset misappropriation/embezzlement has a significant impact on their business in the form of loss of competitive advantage.

Table 4.5: Types of fraud in Harare CBD.**N=39**

Type of fraud	1		2		3		4		Statistics	
	Freq	%	Freq	%	Freq	%	Freq	%	Mean	St. Dev
Asset misappropriation/Embezzlement	2	5.1	6	15.4	13	33	18	46.2	3.21	0.894
Payroll fraud	12	30.8	13	33.3	8	21	6	15.4	2.21	1.056
Corruption	4	10.3	7	17.9	17	44	11	28.2	2.9	0.94
Procurement fraud	2	5.1	4	10.3	20	49	13	35.9	3.15	0.812
Financial statement fraud	11	28.2	15	38.5	8	21	5	12.8	2.38	1.227

Key: 1-less than prevalent; 2-not prevalent; 3-prevalent; 4-very prevalent; Freq-frequency; %-percentage

(Source: Primary data, 2023).

4.3.2. Procurement fraud

Procurement fraud was identified as prevalent in Harare CBD as 49 % of the respondents inclined to agree that it was prevalent and 35.9 % affirmed that it was most prevalent. Procurement fraud had a mean of 3.15 and a standard deviation of 0.812. This points to the fact that retail outlets have poor internal control systems which allow employees to pilfer without any detection.

Through the interviews, two shop managers alluded to the fact that unscrupulous employees sometimes swindle business resources for their own benefit. Only 15.4 % of the respondents indicated that procurement fraud is not prevalent in Harare CBD retail sector. One internal auditor had this to say, “Yes as a business we are not spared by corruption. The challenge is that the buyers are colluding with suppliers to defraud businesses through authorising inflated invoices. At the end the business is found on the losing end.” These findings are in line with the AQUIFIX report (2017), which highlighted that procurement fraud is costing entities huge sums of money. These findings indicate that the rise in procurement fraud is exposing the retailers to devastating consequences which impacts the sustainability of their businesses.

Dangers are that retailers are at high risk of fraud given their poor controls on procurement. Nowadays retail employees collude with suppliers to charge inflated invoice.

4.3.3. Corruption

According to table 4.5, the majority of respondents (44%) tended to agree that procurement fraud is common in the retail sector in Harare CBD, while 28.2% of the respondents said corruption was rife in the area. Although a combined 10.3% of the respondents stated that corruption is not extremely widespread in Harare retail establishments, the mean statistic of 2.9 and the standard deviation of 0.94 indicate that corruption is increasingly becoming a common phenomenon in the industry.

Similarly, majority of interview respondents inclined to agree that corruption exists in the retail sector. One interviewee remarked that corruption is everywhere in the country and the retail sector is not immune. However, majority of the respondents inclined to point that corruption is less pronounced in the retail businesses as compared to public sector. They attributed corruption to public entities due to their bureaucracies involved in their processes unlike in the retail sector where some businesses are family owned. However, we cannot completely underestimate the effects of corruption in the retail sector as buttressed by (Mabika, 2015).

4.3.4. Financial Statement fraud

Majority (38.5%) of respondents inclined to point out that financial statement fraud was less prevalent as compared to corruption and embezzlement. This type of fraud had a mean of 2.38 and a standard deviation of 1.227. Of all the nine interviewees, only four inclined to agree that financial statement fraud exists in the retail sector in Harare CBD although at a smaller magnitude as it is more complex to commit.

Commenting on the existence of financial statement fraud, one manager remarked, “incidences of financial statement fraud are less pronounced in our retail sector. However, we cannot clearly omit its existence. It exists on a lesser scale as compared to other sectors.” As such minimal existence of financial fraud as indicated by the respondents is attributable to close supervision of the accounting function by the internal audit function as alluded to by one auditor. In line with these results, retailers should be alert on possibility of financial statement fraud perpetration as they are not immune to fraud in these hard economic times.

Also considered less common in the Zimbabwean retail sector was payroll fraud as indicated by the least mean of 2.21 and a standard deviation 1.056. Although some of

the respondents admitted its existence mentioning existence of ghost workers on payrolls, it is not much pronounced in the retail sector which is mostly constituted of family-owned businesses. However, as buttressed in Deloitte (2017), payroll may cause more harm on operations of retailers, it is imperative that retailers be on alert of its possibility as employees may be capable of committing in it should they get an opportunity as buttressed by the Fraud Triangle Theory.

4.4.1. Causes of fraud

Participants were asked to provide their views on how far they agree on the causes of fraud by rating between 1-5. Their responses were summarised as shown in the table below.

Table 4.6: Major causes of fraud in retail businesses in Harare CBD.

N=39

Causes of fraud	1		2		3		4		Statistics	
	Freq	%	Freq	%	Freq	%	Freq	%	Mean	St. Dev
Ineffective internal audit	4	10.3	8	20.5	19	49	8	20.5	2.79	0.894
Poor internal controls	1	2.6	4	10.3	21	54	13	33.3	3.18	0.721
Greedy	0	0	0	0	25	64	14	35.9	3.36	0.486
Inadequate remuneration	3	7.7	5	12.8	20	51	11	28.2	3	0.858
Financial pressure	0	0	2	5.1	24	59	13	35.9	3.31	0.569

Key: 1-strongly disagree; 2-disagree; 3-agree; 4-strongly agree; Freq-frequency; %-percentage.

(Source: Primary data, 2023).

4.4.1.1 Greedy

Of all the respondents, 64% agreed that greedy as the main cause of fraud in the retail sector. On the same note, 35.6% of the respondents indicated that was the main cause of fraudulent activities in the retail sector. The highest mean statistic of 3.36 and standard deviation of 0.486 supported the fact that many employees commit fraud due to greedy. This points to the fact that despite other factors such as poor controls, motivated offenders as submitted by Cohen and Felson (1979) may commit fraud just to satisfy their greedy. Similar findings were observed through the interviews in which the majority of interviewees admitted that some fraudsters just steal as a result of

greedy. One internal auditor remarked, “sometimes criminals steal to satisfy their greedy. As such it is very difficult to deal with such kind of employees”. these findings resonate with the findings of Mabika (2015) in which it was found that people commit fraud due to greedy.

4.4.1.2. Financial pressure

Apart from greediness, financial pressure was also found to be among the major causes of fraud in the retail sector. As revealed by the second highest mean of 3.31 and standard deviation of 0.569, financial pressure contributes to many incidences of fraud. This pressure is a result of such addiction aspects such as gambling and drug abuse by employees. This is well supported by Cressy’s fraud triangle theory which identifies pressure as one major cause of fraud. commenting on financial pressure as a cause of fraud, one shop manager revealed that there are instances where financial pressure pushes someone to indulge into fraudulent acts. He had this to say, “When a person needs money to buy drugs and he doesn’t have the money at the time, he may end up stealing from the business. We at some point had such kind of encounter”. These remarks are also supported by Wolfe and Hermanson’s Fraud diamond theory which adds capability as one factor leading to employee fraud.

4.4.1.3. Poor internal controls

About 54% of the respondents agreed that poor internal controls contribute to the fraud in the retail sector while 33.3% strongly agreed. Only 2.6% of the respondents strongly disagreed that poor internal controls fuel incidences of fraud. However, the mean statistic of 3.18 and standard deviation of 0.721 fully support that poor internal controls promote fraudulent behaviour in the retail sector. Of those who denied poor internal controls as major cause of fraud, it seemed that some of them were not well aware of what actually internal controls are. Also, some did not want to comment much on the issue as some of them were the ones responsible for designing them. Some remarks from interviewees vehemently confirmed that their organisations had poor internal controls and as a result they had been victims of costly fraudulent acts.

4.4.1.4. Inadequate remuneration

Also, among the causes of fraud in the retail sector was inadequate remuneration. About

59% of the respondents agreed that poor remuneration may force employees to steal from the employer while 35.9% strongly agreed. Given a mean statistic of 3 and standard deviation of 0.858, it points to the fact that poor remuneration contributes to fraud commission in the retail sector. After being quizzed on whether poor salary promotes fraud, one hardware employee inclined to accept that poor salary contributes to fraudulent acts by employees. As such she suggested that employers should pay salaries which can sustain their employees to avoid such criminal acts.

4.4.1.5. Inadequate and ineffective internal audit

Majority of the respondents (49%) agreed that inadequate and ineffective internal audit promotes fraudulent behaviour in retail business activities. Most of the retailers especially family businesses seemed to lack well defined audit functions hence creating loopholes for fraud.

4.5.1. Impact of fraud

The respondents were asked to rate the impact of fraud on operational activities of retail businesses in Harare CBD and the results are summarised in table 4.7.

4.5.1.1. Loss of inventory

Of all the respondents, 51.3% admitted that their businesses had lost inventory for their daily operations. Only 26 % of the respondents indicated that they were not sure whether their business had suffered any loss due to fraud. Theft of physical assets appeared to be the most common effect of fraud in the retail sector with the highest mean of 1.74 and a standard deviation of 0.85. of those who confirmed not sure if their businesses had suffered any loss due to fraud, it could be that they did not want to disclose their business affairs in fear of tarnishing their reputation. On the same note, some of the responses proved that some of the participants were not well informed about fraud.

Of the nine successful interviews, 6 interviewees lamented that fraud has ballooned their operational costs as stolen stocks needed replacement. One shop manager had this to say, “fraud is so bad to our operations. Once property is stolen it needs replacement and the obviously, we dig into the business coffers.” Similar sentiments were echoed in an interview by one internal auditor who mourned that employees may steal business

assets for their consumption and it has long term effects to the operations of the business.

Table 4.7: Impact of fraud on operational activities of retailers in Harare CBD.

N=39

Impact of fraud	Yes		No		Not sure		Statistics	
	Freq	%	Freq	%	Freq	%	Mean	St. Dev
Loss of credit worthiness	35	89.7	4	10.3	0	0	1.1	0.307
Increased security costs	34	87.2	3	7.7	2	5.1	1.72	0.887
Reputational damage	25	64.1	5	12.8	9	23	1.18	0.506
Direct financial loss	22	56.4	9	15.4	8	28	1.72	0.887
Loss of inventory	20	51.3	8	23.1	11	26	1.74	0.85

Key: freq-frequency; %-percentage, St Dev-standard deviation

(Source: Primary data, 2023)

4.5.1.2. Direct financial loss

Responding to the questionnaires, 56.4% of the respondents agreed that they their businesses had lost considerable sums of money through embezzlement and direct financial theft by unethical employees. This is supported by the mean statistic of 1.7 2 and standard deviation 0.887. Around 15.4% of the respondents indicated that they had never incurred financial loss due to fraudulent activities in their organisations. Of those who indicated no financial losses, it points to the fact that they their businesses have better internal control systems which limit access to cash hence making it difficult for offenders to swindle funds. On the same note, some didn't want to disclose their internal matters in fear of misuse of the information could they give the correct information relating to fraud in their operations. Of particular interest were the remarks made by one shop manager in an interview. He remarked, "At one point we lost a lot of money after a one of our cashiers stole a huge amount of money. It took us a lot of time to realise that we had been defrauded and the cost of recovering the money impacted our operations very much."

4.5.1.3. Increased security costs

In addition to loss of funds, 87.2% of the respondents as shown in table 4.5 admitted that they had incurred additional security costs to safeguard their business assets. Only

7.7 % of the respondents indicated that they had not suffered any additional costs while 5.1% were not sure. The mean statistic of 1.72 and standard deviation of .887 indicates that fraud increases security costs in the form of security camera installation and other security measures. However, some of the responses proved that some participants could not comprehend some of the matters very well or they maintained their confidentiality for business's sake. One shop owner lamented that, "Fraud affects our operations very much. We have to buy expensive cameras so as to monitor criminal behaviour from our insiders. We also suffer costs of hiring specialists to install the systems so as to ensure that our assets are safe."

4.5.1.4. Loss of credit worthiness

As shown in the table 89.7% of the participants indicated that their organisation fraud costs them in the form of loss of credit worthiness from their lenders. Loss of credit worthiness had a mean of 1.1 and a standard deviation of 0.307. Similar findings were revealed through the interviews as six interviewees supported that fraud discredits them especially when they seek to source funds from lenders.

Reputational damage was also among the effects of fraud in the operational activities of retailers in Harare CBD. With a mean statistic of 1.18 and a standard deviation of 0.506 majority of the respondents admitted that fraud costs them in the form of reputational damage. Some of the respondents lamented that fraud had cost them a lot as they had lost quite a number of customers and consequently lost their competitive advantage and market share. As a result, their revenues were being undermined. One shop supervisor "Our organisation's reputation is in jeopardy should our staff chose to steal from the organisation. Fraud erodes customer loyalty and confidence." Nonetheless, the survey revealed that reputational damage was not much pronounced as compared to other consequences of fraud among retailers in Harare CBD.

4.6.1.1. Stiff penalties to errant employees

Stiff penalties to errant employees were also recommended as an effective measure to fight fraud in the retail sector. This is confirmed by 53.3% of the respondents who indicated that stiff penalties to fraudsters is an effective measure which can deter criminal activity at work place. In addition, 10.3% also highlighted that stiff penalties are very effective although 10.3% indicated that it is somewhat effective. Only a small

percentage of the respondents (10.7%) highlighted that stiff penalties were not effective. Through the interviews, it was also vehemently confirmed that stiff penalties could be effective in deterring criminals from committing fraud. One auditor remarked, “If those fraudsters are caught and given tough penalties which are deterrent enough, it creates an environment where other employees are afraid to steal. I recommend tough punishments to those with deviant behaviour so that they fear committing fraud.” These findings are in line with the recommendations made in research by Mawanza (2014) that punishment should outweigh the benefits of committing a crime.

4.6.1. Measures to fight employee fraud in the retail sector.

N=39

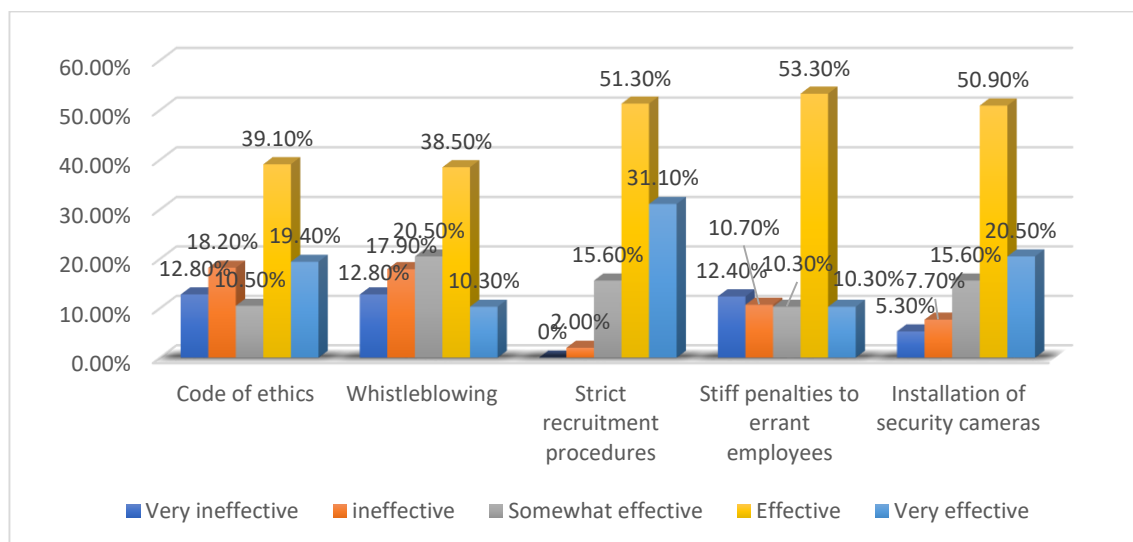


Figure 3: Measures to fight employee fraud in the retail sector.

(Source: Primary data, 2023)

4.6.1.2. Strict recruitment procedures

Majority of respondents (51.3%) indicated that strict recruitment procedures could go a long way in minimising fraud risk in the retail sector while 31.1% indicated that it is very effective despite the 2% who denounced the effectiveness of tight recruitment procedures. Most of the interviewees recommended strict recruitment procedures based on merit and qualification. “The problem is that businesses employ basing on nepotism. This results in employment of the wrong personnel who may end up defrauding the business. I recommend that businesses employ their personnel basing on merit” she said.

4.6.1.3. Installation of security cameras

Installation of security cameras was also among the measures to fight fraud in retail businesses in Harare CBD. Of the thirty-nine who responded to the questionnaire, 50.9% indicated that installation of security cameras was an effective way of addressing the issue of employee fraud. 20.5% also recommended the measure as a very effective one to curb fraud in the retail sector. However, 7.7% of the participants inclined to suggest that installation of security cameras is not an effective measure while 5.4% indicated that it is very ineffective. These findings revealed that installation of security cameras could help the retailer to quickly track and detect fraudulent behaviour before it gets out of hand. These findings were also supported by interview responses which were also in favour of security cameras as a measure to prevent fraud. However, one shop manager lamented the costs involved in installation of the cameras and he argued that some small retailers could not afford to install cameras at their premises.

4.6.1.4. Other measures

In addition to installation of security cameras, 39.1% of the participants recommended the use of code of ethics to deter fraud in the retail business activities while 19.4% indicated that the use of code of ethics could be very effective. On the other hand, 18.2% of the participants purported to suggest that code of ethics was not an effective measure. However, despite the disapproval by a smaller fraction, the findings of the study revealed that using a code of ethics could foster integrity among employees and reduce the chances of committing fraud. When quizzed on the effectiveness of code of ethics, one respondent remarked, "It is very important for every retail business to have a clearly displayed code of conduct to guide employee behaviour at the work place. It should not be difficult to understand and employees should be encouraged to adhere to the requirements of the code.

On the same note, 38.5% of the respondents indicated that whistleblowing is an effective measure in fighting fraud in the retail business activities. On the same note 10.3% confirmed whistleblowing as a very effective measure against fraud despite 12.8% who indicated that it is very ineffective. Of those who downplayed whistleblowing as an effective measure, their argument was that it is an unethical way of conducting business. In an Interview session with one of the interviewees, it was also

mentioned that whistleblowing could be an effective measure against fraud in the retail sector. However, the respondent expressed fears that whistleblowing could be a source of hatred should the whistle-blower's identity gets known.

4.8. Summary

This chapter highlighted on the findings of the research. Questionnaires and interviews were used to gather data while bar graphs and tables were used to present the data. The subsequent chapter (Chapter V) focused on the conclusions, recommendations, and a summary of the entire study.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter's goal was to summarize the research's findings. It also concentrated on the study's conclusions and recommendations.

5.1 Summary of the Study

The study focused on the effects of employee fraud on the daily operations of retail stores in the central business district of Harare. The researcher emphasized in the first chapter that employee fraud in the retail industry is on the rise and has terrible effects on the operations of shops. The background of the study, the problem statement, the research aims, the research questions, and the significance of the study were all underlined in chapter one as well. Additionally, chapter one provided an overview of the study's assumptions, delimitation, limits, and organizational structure. The study's direction was determined by the following goals in order to achieve this goal:

1. To identify the types of employee fraud within retailers in Harare CBD.
2. To investigate the causes of employee fraud in retail sectors in Harare CBD.
3. To determine the impact of employee fraud on the operational activities of retail sectors in Harare CBD.
4. To recommend strategies to curb employee fraud in the operations of retailers in Zimbabwe.

The researcher gave a thorough examination and review of the pertinent literature regarding the study of fraud in the second chapter of the study. The study employed a range of information sources, including books, articles, and journals, to understand employee fraud. The conceptual framework, theoretical literature, and empirical evidence were also articulated and critically assessed in this chapter.

The research approach that served as the study's foundation was the subject of the third chapter. This chapter provided an overview of the research design, study population,

sample size, sampling strategies, research tools, data collection protocols, and data presentation and analysis procedures. In Chapter IV, the information acquired from the questionnaires and interviews was examined, explored, and presented.

5.2 Summary of research findings

One of the main objectives of the study was to find out on the prevalent types of fraud common in retail shops in Harare CBD. The researcher discovered that asset misappropriation/embezzlement and corruption were the two main types of employee fraud dominant in retail stores in Harare CBD. The prevalence of these types of fraud is mainly attributable to poor internal controls on stocks and other assets of retailers. Given the fact that some of the retailers do not have proper/adequate internal audit and surveillance systems, employees may pilfer without being detected. Although it was discovered that financial statement fraud was less frequent, its effects could not be understated. Weaknesses in internal controls may present them with opportunities to falsify their records for their personal benefits as buttressed in the fraud triangle theory. The more they see opportunity to manipulate financial statements in their routine activities the better they develop means to exploit the opportunities as is supported by the fraud diamond theory and the routine activities theory. The study also discovered that procurement fraud was a concern in the retail sector in Harare CBD. Also considered less common in the Zimbabwean retail sector was payroll fraud. Just like financial accounting fraud, weaknesses in controls may promote pay roll fraud. As such retail shops should make sure that their controls are more compact to prevent chances of pay roll fraud and associated losses.

With respect to the causes of employee fraud in the retail sector, it was discovered through the research that greedy, financial pressure and poor internal controls were the major factors. Financial pressure can come as a result of different aspects on employees' daily lives. For instance, gambling, addiction and desire for fancy life may create some pressure which then forces the employee to defraud the employer. Considering the laxity in internal controls and inadequacy of internal audit in some of the retailers, those responsible for financial statements may end up capitalising on loopholes in the system should they get overwhelmed by financial pressure. In addition, ineffective and inadequate audit was among the motivations of employee fraud in Harare CBD. Some of the retailer did not have internal audit functions which left them

at very high risk of fraud. Poor remuneration practices were also identified as causes of fraud in the retail sector. For employees to meet their daily needs they rationalise by stealing from the employer. As such, the employer should consider remuneration as vital to minimise the chances of employee fraud. In light of these contributory factors, retailers should take long strides to concretise their security systems. Thus, they should sacrifice to install surveillance systems and promote close monitoring of employees at the work place. Another contributing factor is opportunity hence the retailers should eliminate opportunity by target hardening the assets which are at risk of being stolen.

Regarding the effects of employee fraud, it was discovered that the retailers in Harare CBD could lose their physical stocks/assets/ inventory through direct theft by their employees. In addition to that, direct financial loss was also regarded as a major cost suffered by retailers through fraud. On the same note, retailers confirmed losing credit worthiness and at the same time get their reputation tarnished as a result of fraud in their organisations. The overall result of it was loss of industrial competitiveness. To minimise these costs, the retailers have to bolster their fraud prevention and detection measures. Thus, they should deal with the elements of pressure and opportunity and secure their assets.

The final objective of the research was to suggest on the measures that could be used to curb employee fraud in the retail sector. Among the suggestions were stiffening penalties to errant employees, tighten recruitment procedures, installing security cameras and whistle blowing. Propagation of a clear code of ethics was also mentioned as an effective measure to thwart fraudulent behaviour in the retail sector. At the same time, it was also recommended that retailers reasonably remunerate their employees to keep them motivated and discern from criminal acts. Overall, retailers should invest in their security system to deter, detect and prevent fraud. However, the challenge is that some small retailer may not be in a good position to afford adequate technology which may help deal with fraud. It is therefore imperative that the retailers engage other stakeholders to denounce fraud as it impairs their operations and their overall profitability.

5.3. Conclusion

The primary form of employee fraud in the Zimbabwean retail sector is embezzlement, which includes outright asset theft, procurement fraud, and corruption. According to the

research, financial pressure and inadequate internal control mechanisms in shops have greatly encouraged fraudulent behaviour, which continues to jeopardize the operational activities of merchants in Zimbabwe. Employee fraud has numerous dimensions in the ever-evolving technological environment, which some Zimbabwean shops are finding difficult to manage. This necessitates the implementation of sensible prescriptive remedies while the issue is still manageable. On the same vein, it is crucial that merchants enhance internal procedures to thwart dishonest employee behaviour. The main recommendations for addressing staff fraud in the retail sector also include tight personnel selection procedures, target hardening, and awareness programs on the impacts of fraud.

5.4 Recommendations

Given the research's prediction of the effects of staff fraud, merchants must act decisively to combat employee fraud now, before the issue worsens to alarming proportions. The study produced the suggestions listed below in order to reduce fraud in the retail industry.

5.4.1 Stiff penalties to errant employees.

It is essential that stores take decisive action against irresponsible personnel who support fraudsters. In reality, stores should impose severe penalties that are strong and effective enough to stop their staff from collaborating with cybercriminals. For instance, unethical employees should be held liable for their actions should they be caught. In extreme cases, they have to be arrested for their fraudulent behaviour. This would work as a good deterrent measure to other potential fraudsters.

5.4.2. Improve remuneration practices

It is equally effective to ensure that the remuneration given to employees is adequate enough to meet their daily needs. Thus, the level of remuneration should not be lower than the poverty datum line and should meet remuneration practices stipulated in the industry of concern. Thus, better salaries will minimise the chances of employees stealing from their employers.

5.4.3 Target hardening

Through target hardening, retailers can restrict employees from accessing valuable assets of the organisation. For example, cash should be kept in safe and only authorised personnel should have access to it and held responsible in the event of cash discrepancies. On other physical assets, stock rooms should be kept under lock and key in order to minimise unauthorised access to stocks. This would help minimise the risk of theft of physical assets. In a similar vein, Target Penetration Tests should be performed to evaluate the systems by analysing and testing for loopholes that could be manipulated by fraudsters. These exercises might be useful as they facilitate target hardening process and minimise system vulnerabilities. The targets include warehouses where inventory is kept and cash safes. These places should be kept secure by doing vulnerability tests and apply measures such as restricting access to everyone except authorised personnel.

5.4.4 Fraud awareness campaigns and seminars

Within their organisations, retailers should organise seminars and engage other fraud management specialists law enforcement agencies to preach on the danger of engaging in fraud and their consequences to the perpetrators. The dangers include losing their jobs and getting arrested. Doing awareness campaign may go a long way in instilling integrity and develop a culture of honesty among employees as they would feel belonging to the success of the organisation.

5.4.5. Routine monitoring and checking of all company assets

Retail shops have many assets that must be protected from potential theft and misuse, such as cash on hand, inventories, consumables and tools. Another thing that needs to be maintained is official company documents in the form of receipts, orders, so that unscrupulous employees do not misuse them to transact with customers to benefit personally on behalf of the company. Monitoring resources and documents by routinely verifying to make sure everything is present and accounted for in accordance with system records. Monitoring processes are carried out on a regular basis according to an ad hoc timetable by a third party.

5.5 Recommendations for further study

Employee fraud has damaging consequences to the operations of retailers and other sectors at large. Despite a lot of measures being developed against fraud, little empirical work has been done to ascertain their effectiveness. Hence it is worthwhile for further researchers to undertake studies which examine the effectiveness of measures against fraud specifically in the retail businesses. Understanding the effectiveness would help develop measure which are more specific to each kind of employee fraud and cut the associated losses.

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APPENDICES

APPENDIX 1: RESEARCH ASSISTANCE LETTER

Bindura University of Science Education
P. Bag 1020
Bindura
Zimbabwe

To whom it may concern.

RE: REQUEST FOR RESEARCH ASSISTANCE.

My name is Rufaro Nkhokwe, an undergraduate student at the Bindura University of Science Education, studying for a Bachelor of Commerce (Honours) Degree in Financial Intelligence. As a requirement of my studies, I'm carrying out research titled **“THE EFFECT OF FRAUD ON THE OPERATIONAL ACTIVITIES OF RETAIL SHOPS IN HARARE CBD.”** I would be much thankful if you could participate in this process by sharing your experiences pertaining to fraud. May you kindly assist me by completing the attached questionnaire.

Your participation in this study is voluntary and should you at any moment decide to withdraw your participation, you are free to do so without any prejudice. You are also advised that no financial or any other benefit will accrue to you for your participation the study. I provide assurance that the data gathered will be only used for the purpose of this research and will be treated with utmost confidentiality.

Yours Faithfully
Rufaro Nkhokwe

APPENDIX 2: QUESTIONNAIRE

Section A: Demographic Data

Please indicate by putting a tick below

1. Gender male [] female []
2. Age below 25 [] 25-29 [] 30-34 [] over 35 []
3. How much time have you spent working in your organisation?

Less than 1 year	1-3 years	4-6 years	Above 6 years

4. Type of business.

Please indicate below

- Clothing & footwear []
- Food court []
- Grocery shop/Supermarket []
- Hardware []
- Computers, cell phone & accessories []
- Electrical appliances []

5. Please indicate your category below

Shop Owner [] Shop manager [] Auditor [] Other []

Section B: Types fraud.

6. Below are some of the common forms of cybercrime in business. Please indicate their prevalence rates in your organisation:

Type of fraud	Doesn't occur	Less than prevalent	Prevalent	Very prevalent
Corruption				
Financial statement fraud				

Procurement fraud				
Payroll fraud				
Asset Misappropriation/Embezzlement				

7. What other types of fraud are prevalent in your organization. Please indicate below if there are any.

.....

Section C: Causes of fraud

8. Please indicate the extent to which you agree that each of the listed below are causes of fraud.

Causes of fraud	Strongly disagree	disagree	agree	Strongly agree
Ineffective internal audit				
Poor internal controls				
Greedy				
Inadequate remuneration				
Financial pressure				

9. Apart from the causes above, what are other causes of fraud in your organisation?

.....

Section D: Impact of cybercrime.

10. Has your organization suffered any of the below due to fraud?

Impact	Yes	No	Not sure
Direct financial loss			
Increased security costs			
Loss of inventory			
Reputational damage			
Loss of credit worthiness			

11. What other effects has your organisation suffered due to fraud?

.....

Section D: Measures to curb fraud.

12. Below are some of the strategies that companies adopt to curb fraud. Please indicate whether the measures are available in your organisation.

Measure	Yes	No	Don't know
Code of ethics			
Whistleblowing			
Strict recruitment procedures			
Stiff penalties to errant employees			
Installation of security cameras			

13. In addition to the measures above, what other measures has your organization put in place to fight fraud? Please indicate below:

.....

14. What is your overall comment on the internal control system in your organization?

Very ineffective		ineffective		Somewhat effective		effective		Very effective	
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Section E: Measures that can be taken to minimise employee fraud.

15. What other measures can be taken to minimise fraud in the retail sector?.....

.....

End of Questionnaire

Thank you for your cooperation.

APPENDIX 3: INTERVIEW GUIDE

Interview questions.

1. what is your understanding on fraud?
2. What is the nature of fraud affecting your organisation?
3. in your own understanding what do you think are the causes in your organisation?
4. How much has your organisation lost because of fraud?
5. What other effects has your organisation suffered due to fraud?
6. What measures has your organization implemented to curb fraud?
7. In your view, how effective are the current measures to deal with fraud?
8. What other measures can your organization adopt to curb fraud?