

Effect of Shared Values in Firms to implement Forensic Accounting: A congruence of Policy, Strategy and Implementation in firms

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Abstract: Shared values are the standard information given to employees to form an effective and productive environment. In every interaction of management with employees, the prime focus will be on strategies to care each other without compromising organizational interest. The shared values in an organization is how to organize the thoughts, actions and interests to align with organizational interest. The shared values play a role in reducing fraudulent activities in any firm. Corporate Fraud is a venture of its own magnitude and irresistible byproduct of an economic activity, which is an impediment for achieving corporate goal also social evil for countries progress. Corporate fraud magnitude is scaling high day by day, which demands for immediate action from corporate and government to mitigate and keep control on fraud instances.

The study on the opportunities or the situations form occurring the fraudulent activities is important in controlling any sort of illegal behavior that may ruin the performance of the firm. This paper is focusing on factors to be considered to reduce fraudulent activities. Auditing and proper documentation may help to reduce fraudulent cases except the management driven frauds.

Keywords: Shared Values, Forensic Accounting, Auditing, Corporate Frauds, Financial Crimes, Fraud Management

JEL Code: M41, M42

1. Introduction

Creating Shared Values is a framework for creating economic value along with participating in social development. The companies can improve prosperity through employment and developing investment opportunity. The companies can diversify their operation to give services that the society needs and emerge as conglomerate. It needs creation of Shared values within and outside of the firm. The internal creation of shared values is accomplished through internal communication of ethics, and values among employees across positions. This is essential to develop a uniform understanding for the organizational development through building a working environment and culture. Shared value is created through three activities: Reconceiving products/services, enhancing productivity and creating more clusters. The role of employees in the creating shared values, as a part of enhancing productivity, is explained in three ways : employee skills, work safety, and employee health (Porter & Kramer, 2011). Innovativeness, reactivity, risk taking, competitive aggressiveness, and autonomy because these represent important attributes pertaining to entrepreneurship and it creates Shared Values (Vega-Vázquez, Cossío-Silva, & Revilla-Camacho, 2016)

Role of investors in Creating Shared Value in companies is very important. The correct use of fund leads to creating shared value. In public limited companies, trustworthiness of companies is essential in attracting common investors and it is also a part of creating shared value. But the performance of the firms is made at risk due to the unethical behavior of employees and board members.

The word 'Forensic' means 'relevant for court' or 'on legal perspective'. The main victims of the frauds identified in the corporate sector are common investors and banks who had funded these firms. The increase in financial crimes among top officials without leaving any clue even to the accounting experts. Technology is useful for both planning and execution of crimes and the lead in training or expertise of detectives in identifying the frauds gives an adequate space for frauds. It causes an increase in frauds in enterprises.

Ernst & Young's EMEA (Europe, Middle East, India, and Africa) Fraud Survey 2017, described the higher scale of involvement of Board of Directors and top executives in scams reported till now. It is up to 33% among Board of Directors and 20 % among top management executives. The involvement of employees is less, just below 10%. Involvement of employees in fabricating information is also high, and it is 12% among top management and 24% among employees. This misappropriation is of selfish motives only, either for extra earning or to retain position. Forensic accounting is a scientific way of identifying the variation accounting or reporting of any transaction that does not conform to the standard norms of financial accounting and reporting. It leads to identify Bankruptcy, Insolvency, Economic damage calculation, Financial statement misrepresentations, Fraud Management etc. It covers Securities, bankruptcy, defaulting on debt, and economic changes.

In order to control the fraudulent activities, Section 211 in The Companies Act, 2013 had given provision to establish a Serious Fraud Investigation Office. It covers banking; corporate affairs; taxation; forensic audit, capital market, information technology, law; or such other fields as may be prescribed.

Definition of Fraud in India

The 447th of the Companies Act, 2013 ('CA13') defined fraudulent acts as *an attempt to create confusion for an unethical gain or ruin the system or defaming higher positions. The victims of the fraudulent activities are generally employees, investors and customers.* Every fraudulent activity have two parts: deceit and the level of damage to the victim

Fraud	Level	Victim	Effect
Default in bank loan repayment	Management	Banks	Fall in liquidity, increase in Non performing asset
Siphoning the fund for subsidiary projects	Management	Firm	Fall in performance
Window dressing of Financial statements	Management	Investors	Loss of money of investors
Parallel operation	Employees	Firm	Low performance and profitability
Misappropriation of Accounts	Employees	Firm	Fall in profit
Bribes, commissions	Employees	Firm	Fall in profit
Duplicate billing. Tax evasion	Management & Employees	Government	Fall in public funding

Creating Shared value and Forensic Audit

Creating shared values is intended to inculcate ethical practices in all levels of organizations. Values of the firm are shared with all stake holders, both internal and external , and it creates confidence and loyalty to the firm. The internal stake holders are, employees and promoters of the company while external stake holders are customers, suppliers, government and legal creditors, debtors, financiers and external investors. The role of administrative system in optimizing talent through recruitment, training and retaining efficient employees such that the operations will be efficient and productive. Promoters can optimize Return on Investment through effective functioning and ethical practices improve the performance. Continuous improvement in product, level of customization in standard products, order management and delivery, pricing, credit collection, debt payment schedule, submitting periodic reports to government agencies, debt repayment and pay dividends. Fraudulent activities in any level disrupt all these transactions or lead to give manipulated information. Hence, the created shared values explained the way the companies provide value to stake holders (Narwan & Solikhah, 2024)

Theories in Created Shared Values

Shake holder's theory: Stake holder's theory explained the sharing of business values and social values to create created shared value and these are the competitive advantage of the firm to solve a social issue. Hence, it demands every company to devise their products to solve a social issue than just to have a specified utility. The broader the social issues solved the more its utility and consumption. Every firm have many external stake holders and they are also part of society. Hence, meeting the expectations itself is a part of shared value (Cutovoi, 2018)

Triple Bottom Line (TBL) theory: The Triple Bottom Line (TBL) of People, Planet and Profit, was proposed by Elkington (Elkington, 1997) has become an influential approach all over the world (Svensson & Wagner, 2015). Fraudulent activities reduce the pace of growth and effectiveness of strategies for enhancing sustainability. The inflated expenses shown for the commitments like , corporate social responsibility and the marketing strategies to gain more economical gains at the expense of social , environmental and national interests.

Forensic Accounting Theory: Frank J. Wilson had credited with the development of forensic accounting techniques and is often called the "father of forensic accounting". He had audited Al Capone for investigating federal tax fraud. Forensic accounting is an investigation model auditing in which the auditor look for variation in accounting methods to identify manipulations in transactions. Hence, skill, knowledge and experience are needed to understand the deviations (Ozili, 2020). The term Fraud Triangle was first used according to Huber (2016) by Albrecht in 1991 and it became the basis for all other fraud theories and models.

Forensic triangle is a situational analysis to analyze the context for one person to do fraudulent activity. The Fraud Triangle explains the factors that leads to fraud and other unethical behaviours. Therefore, an understanding of these factors would help businesses, organizations, accountants and auditors combat effectively criminality. The Fraud Triangle is made up of three factors these are motivation, opportunity and rationalization. The results of previous studies shows that , the percentage of people indulge in fraudulent has a combination of 10%-80%-10%. The first 10% stands for 'never do fraud' while the 80% will indulge in fraud if they get opportunity and the last 10% are habituated to do fraud.

The motivational factors may include three things, greed, anger and vengeance. Sudden fall in income, sudden need of income, anger due to lost opportunity, interest for luxury life, addictions, or reactions for losing incentives or increments. Opportunity includes lack of supervision or enforcement of rules. By frequent audits, and strict monitoring and

documentation of process can reduce the fraudulent activities. One person will not do fraud unless he can justify it. Hence, rationalization is an important (Eck, Ceccato, & Guerette, 2024).

2. Review of Literature

Creating shared value is a process of focusing on society needed issues in designing and planning products and it is a shift from purely economic value generation to a complex model of both economic value and social need. As the society is the recipient of all the outputs of the industry, preferences of the external stake holders are also considered (Fotaki & Ajnesh, 2015). There are two concepts evolved from integrating business value and social value and they are, creating shared value and corporate social responsibility. In creating shared value, the rights and interests of the customers are included in business process while in Corporate Social Responsibility, the companies are obliged to compensate the damage created to the society through over use of public resources. It includes three levels: social development, public health and environment protection (Filatotchev & Nakajima, 2014). In the Indian context, every company having sales of more than INR 10 billion or net worth of INR 5 billion or INR 5 million as annual profit, have to spend 2% of their annual profit for social development. It is specified as the 135th clause of company act, 2013 (Priya.M & Sornaganesh, 2024). Some scholars agree that forensic accounting can help to uncover fraud (Singleton, 2010; Silverstone et al, 2004), but such consensus depends on how fraud is defined.

Fraud in financial reporting is generally a publishing of a manipulated financial statement to hide the current financial position of a firm (Ilter, 2014). Generally, misappropriation of documents is the prime activity in the fraudulent activities (Liodorova, Barkauskas, & Šneidere, 2021).

There are two concepts : Green flag and red flag. Green flag means the company is conforming to all standards while in red flag, there will be circumstances for fraudulent activities. These are generally identified with, High debt-to-asset ratio, Low current ratio, Insufficient revenues Negative or insufficient earnings, Lack of cash flow, Nonrecurring charges.

Asset fraud is identified as Unusual decreases in bank deposits Significant differences between reported cash and cash equivalent accounts, unusual increases in expenses and inappropriate lifestyle matching to income (Shekh, 2018).

Statement of Problem

Every firm wish to create shared value through its operations. In the case of creating shared value, a firm should plan its products and services to facilitate happiness, satisfaction, hygiene, etc. It is a transition from 'use what we deliver' approach of companies to 'we deliver what customer needs' itself is a message of creation of shared value. At the same time, every company has to conduct internal audits and forensic audits. It helps to reduce fraudulent activities. Hence, forensic audit supplement the creation of shared values through preventing fraud within the system. The problem identified is the lack of studies on relating forensic audits with creation of shared values.

Research Gap

The fraudulent activities are happening in all levels of firms, from the one person company to public limited companies. It can be in employee levels, or management levels. The victims of the fraudulent activities are different and it can be firm or employee or customer or government.

Creating shared value is a concept of creating sustainable growth including all stake holders, which are further a part of society. Availability of standard and quality products enhance the demand which further increase the quality of life.

But the unethical behavior of employees and management cause fraudulent activities and it reduces the effect of created shared value. But there is a gap identified in the literature to establish the effect of forensic audit on created shared value.

Research questions

- Do the employees aware of fraudulent activities in the firms?
- How do employees understand the fraudulent activities in the firm?
- Does the forensic auditing improve created shared value?

Objectives of the Study:

1. To understand the employee perception on employer firm on ethical business aspect.
2. To examine the awareness of employees on 'creation of shared values' within firm.
3. To check the understanding of fraudulent activities in the firm
4. To analyze whether the forensic audits improve created shared values

Hypothesis development

Objective 1: To understand the employee perception on employer firm on ethical business aspect: The two terms, Job satisfaction and organizational commitment are the two terms apt for explaining the relationship of employees with the employer. Job satisfaction explains the happiness one employee derives from his job. Organizational commitment is the happiness one employee derives from the organizational environment (Baxi & Atre, 2024). They include, public reputation

of the firm, working environment, higher degree of employee retention and the customer satisfaction. Employees feel proud to be a part of firm with business ethics. Hence the Hypothesis is H_{01} : *There is a significant effect of employee perception on business ethics of the firm.*

Objective 2: To examine the awareness of employees on ‘creation of shared values’ within firm (Yoshiyuki Nojima, 2024) . The work force development starts from recruitment and identify the candidates with passion and interest in firm building. They present the firm and its brands to all stake holders. This creates a cohesive and engaged work force. It fosters positive culture, drives productivity and innovation, and strengthens the company's brand and reputation. It is an alignment of efforts of employees and resources to a common purpose.

One of the most important first steps on your journey to attract and retain employees sharing your company's values is clearly articulating them. The work place should involve employees, recognise their contributions and transform the work place to a fun driven to make the employees happy , stress free and enjoying every moment. The knowledge of each employee on what value they are adding to the organization is analysed and give more training and other facilities to excel in that sector (Ferdousi & Abedin, 2023). Hence, H_{02} : *There is a significant effect of employee awareness on creative shared values of the firm.*

Objective 3: To check the understanding of fraudulent activities in the firm: Employees will be the first people who get information if any body indulges in fraudulent activities. In most of the firms, employees follow the instructions of the management to manipulate many transactions. It may be for finding fund for other projects, or to increase drawings, or to show that the firm is in loss for tax avoidance and tax evasion. But they keep confidential all the transactions. In general, the employees who are unsatisfied in any organization will be the central point of any conspiracy along with other unsatisfied members. The second category is the employees who need more income as their expenses.(Kyongo & Octavy, 2024) H_{03} : *There is a significant effect of employee awareness on fraudulent activities of the firm.*

Objective 4: To analyze whether the forensic audits improve created shared values: Internal audits are conducted in many firms to identify the deviation between the set targets and the achieved. Forensic audits are conducted when there is a discrepancy is challenged at court in the case of any company. But, the internal audits can be conducted by any firm and it is itself a shared value. In the internal audit, the firm can fix the requirements and norms. The audit may be conducted by an external agency or the experts within the company itself. In financial audit, only transactions are audited and based on the changes in the assets or liability. But the emotional aspect of the fraud can be understood using a psychometric tool and later on, avoid cases who does not fall in the norms. Hence, the hypothesis H_{04} : *There is a significant effect of forensic audits on created shared value of the firm.*

3. Research Methodology

This study is to report the significance of forensic accounting for fraud management from certified accountants. A certified accountant is one who holds any professional qualification in accounting (Modugu & Anyaduba, 2013). The data was collected from the employees of 82 companies from different domains. The sample size of is this research is 479. The reliability of the data of all blocks is more than 0.793

Table 1: Cronbach's Alpha Reliability Test

Cronbach's Alpha	Number of Questions
.793	12

Source: SPSS Computation

Data Analysis and Interpretation

Distribution of respondents

	Executive	Lower management	Mid management	Top management	Total
Manufacturing	1.7	4.8	7.1	4.0	17.54
Education	4.8	5.8	3.8	2.9	17.33
Health care	3.5	4.8	4.8	1.0	14.20

Logistics & Supply chain	2.5	1.7	11.7	4.8	20.67
Bank, Insurance	14.0	11.7	2.7	1.9	30.27
Total	26.51	28.81	30.06	14.61	100

The response shows that the Banking employees responded more followed by Logistics. 30.6% respondents are from mid management.

Objective 1: To understand the employee perception on employer firm on ethical business aspect.

Items	N	Mean	Std. Deviation
Customer care and grievance management gives confidence to customers to be loyal	479	3.88	.931
Being an effective system in place, the business process is streamlines and possibility for error and fraud is minimum	479	3.94	.904
Openness maintained through out system that the mistakes or unfair practices identified can be informed to higher officials with confidence	479	3.88	.973
Ethical practices are strictly followed and the same is communicated to all stake holders	479	2.88	1.160
Vision and mission clearly communicate the objectives and the system of the firm	479	3.12	.931

Customer care and grievance management (3.88), effective system and documentation (3.94), openness in interaction (3.88), communication of ethical practices (2.88), communication of vision and vision (3.12). Created share values include communication with customers, provision for internal communication, and communication of vision, mission and ethical practices are projected high.

Objective 2: To examine the awareness of employees on 'creation of shared values' within firm

Items	N	Mean	Std. Deviation
Every employee is aware of new projects and products and their role	479	3.88	.931
Customer complaints are frequently analyses and the corrective measures by each deportment	479	3.94	.904
Time management is very strict and deviation id answerable	479	3.88	.973

Employees are recognized with appropriate rewards based on their contribution	479	2.88	1.160
The meetings with management and superiors minimize information asymmetry	479	3.12	.931

Awareness of new projects and products (3.88), analysis of customer complaints and corrective measures (3.94), time management (3.88), recognition of employees with appropriated rewards (2.88), and the meetings with management (3.12). Awareness of shared values is developed through communication with employees, solving customer complaints in time, implement corrective measures to avoid repetition of customer complaints and understanding the existing and upcoming projects and products serve purpose.

Objective 3: To check the understanding of fraudulent activities in the firm

Items	N	Mean	Std. Deviation
Internal auditing is effective in understanding the variation in the consumption of resources and the variation in output	479	3.88	.931
Employee engagement , employee involvement and behaviors and performance are monitored	479	3.94	.904
Instruction to manipulate information from managements lowers confidence level and accept it as a common practice in business	479	3.88	.973
Fall in performance of the firm and administrative practices are two criteria that every employee realizes fraudulent activities	479	2.88	1.160
Increase in attrition among employees, especially performers is considered as a symptom of presence of unnecessary politics and authority misuse.	479	3.12	.931

Internal audit and consumption of resources (3.88), Employee engagement and involvement (3.94), involvement of top management in fraud (3.88), fall in organizational performance and loose administration (2.88) and increase in attrition among employees with ethical values (3.12) are a few factors to understand the increasing fraudulence in operations.

Objective 4 : To analyze whether the forensic audits improve created shared values

Items	N	Mean	Std. Deviation
uncover diverted fraudulent practices.	479	3.87	.930
Misappropriation in accounting and reporting assets	479	3.92	.902
Effective auditing and documentation	479	3.87	.973
Control doubtful transaction	479	2.87	1.161
Uncovers risk of fraud and effect on firm as loss	479	3.12	.931

Uncover diverted fraudulent practices (3.87), Misappropriation in accounting and reporting assets (3.92), Effective auditing and documentation (3.87), Control doubtful transaction (2.87) Uncovers risk of fraud and effect on firm as loss (3.12)

Table 4: Descriptive Statistics: Benefits in financial reporting

Items	N	Mean	Std. Deviation
Improve financial reporting and management quality	479	3.63	.997
Develop stake holder confidence.	479	3.90	.832
Forensic accounting improve accounting quality	479	4.21	.823
reduces financial reporting “expectations gap”.	479	3.33	.931

Improve financial reporting and management quality (3.64), Develop stake holder confidence (3.91), Forensic accounting improve accounting quality (4.20), reduces financial reporting “expectations gap” (3.33). Exploratory factor model is used to identify the valid variables and classify them. Here , there are three components. The KMO factor of the model is 0.904 and the model is significant.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Approx. Chi-Square	.904
Bartlett's Test of Sphericity	df	5772.501

Rotated Component Matrix^a

	Component		
	1	2	3
Talent Management	.859		
Time management	.856		
Internal auditing is effective	.844		
Management level fraud	.844		
Employees recognition	.843		
Customer complaints management	.782		
The meetings to minimize information asymmetry	.762		
Increase in attrition.	.617		
System Effectiveness		.829	
Communication of ethical practices		.827	
Customer care and grievance management		.757	
Communication of Vision And mission		.753	
awareness of new projects/products and role		.734	
Fall in performance and administrative looseness			.830
Openness			.818

Extraction Method: Principal Component Analysis.

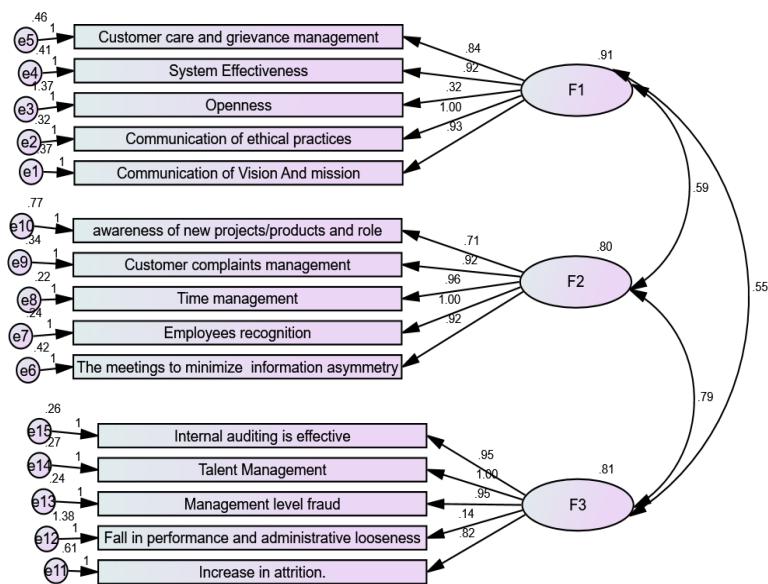
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Approx. Chi-Square	.904
Bartlett's Test of Sphericity	df	5772.501

Inter-relation between shared values and fraudulent control. The dependent variables are identified as communications (F1), shared values (F2) and fraudulent control (F3).



			Estimate	S.E.	C.R.	P	Label
Communication of Vision & Mission	<---	F1	.931	.042	22.033	***	
Communication of ethical practices	<---	F1	1.000				
Openness	<---	F1	.325	.059	5.513	***	
System effectiveness	<---	F1	.921	.043	21.450	***	
Customer Care	<---	F1	.838	.043	19.655	***	
Reducing information asymmetry	<---	F2	.917	.041	22.498	***	
Employee recognition	<---	F2	1.000				
Time Management	<---	F2	.959	.034	27.817	***	
Customer complaint	<---	F2	.916	.038	24.198	***	
Awareness on mission, vision	<---	F2	.709	.048	14.664	***	
Increase in attrition	<---	F3	.825	.046	18.056	***	
Fall in performance	<---	F3	.139	.060	2.320	.020	
Management level fraud	<---	F3	.954	.036	26.497	***	
Talent Management	<---	F3	1.000				
Internal audit	<---	F3	.948	.037	25.747	***	

Covariances: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P	Label	
F1	<-->	F2	.587	.053	11.025	***	
F2	<-->	F3	.794	.059	13.546	***	
F1	<-->	F3	.549	.052	10.468	***	

Variances: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P	Label
F1		.907	.078	11.587	***	
F2		.805	.065	12.329	***	
F3		.812	.067	12.031	***	

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	33	987.722	87	.000	11.353
Saturated model	120	.000	0		
Independence model	15	5840.641	105	.000	55.625

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.110	.800	.724	.580
Saturated model	.000	1.000		

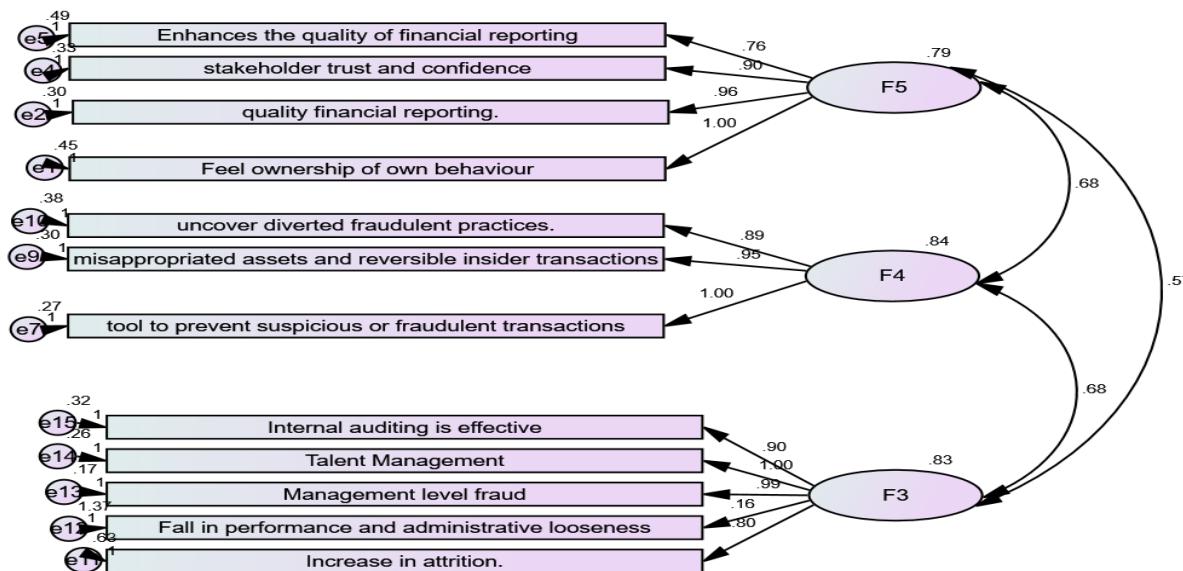
Independence model	.511	.220	.109	.193
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Baseline Comparisons					
Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.831	.796	.843	.810	.843
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

All the variables in F1, F2 and F3 are statistically significant and the threshold values of the model parameters. The three covariance, F1-F2, F1-F3, and F2 – F3 are statistically significant. This shows that communication within the organization on new developments, understanding of employees on ethical practices and fraud preventing activities in a organization. Inter-effect of benefits of forensic auditing (F5), effect of forensic auditing and fraudulent control. The regression coefficient of all variables in F3, F4 and F5 are statistically significant. Similarly. Covariance of F3-F4, F3-F5, and F4-F5. This shows that the fraud prevention techniques and forensic auditing activities are co-varying each other. It is found that a few variables have low regression coefficient and they are, openness in F1 and and fall in performance in F3. Results show that there is a relation between the communication of ethical practices within the firm , employee awareness and fraud control in the firm.

Relationship between fraudulent control and forensic accounting

F5 (benefits of forensic auditing), F4 (purpose of forensic auditing), F3 (fraud control) are co-varying each each other.



			Estimate	S.E.	C.R.	P	Label
Feel ownership of own behaviour	<---	F5	1.000				
Quality of financial experience	<---	F5	.959	.047	20.528	***	
Stake holder trust and confidence	<---	F5	.897	.046	19.674	***	
Enhance quality of financial reporting	<---	F5	.757	.047	16.232	***	
Tool to prevent suspicious and fraudulent activities	<---	F4	1.000				
Misappropriated assets and reversible insider transactions	<---	F4	.955	.040	24.153	***	
Uncover diverted fraudulent practices	<---	F4	.894	.041	21.934	***	
Increase in attrition	<---	F3	.796	.046	17.236	***	
Fall in performance and administrative practices	<---	F3	.163	.060	2.716	.007	
Management level fraud	<---	F3	.987	.035	28.106	***	
Talent management	<---	F3	1.000				

Internal auditing	<---	F3	.901	.038	23.641	***	
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Covariances: (Group number 1 - Default model)

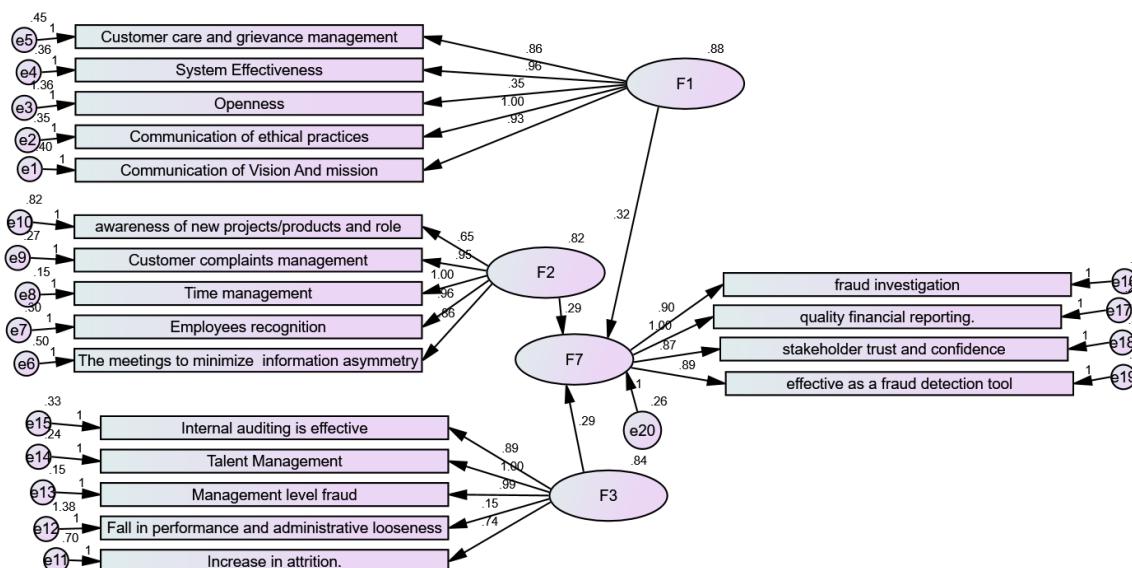
		Estimate	S.E.	C.R.	P	Label
F5	<-->	F4	.680	.058	11.772	***
F4	<-->	F3	.677	.056	12.182	***
F5	<-->	F3	.571	.053	10.806	***

Variances: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P	Label
F5		.795	.077	10.387	***	
F4		.843	.071	11.928	***	
F3		.827	.068	12.098	***	

All the variables are statistically significant and co-varying each other positively. The variances in the dependent variables are also statistically significant. This shows that there is a relationship between the fraudulent control within a firm and the forensic auditing.

Effect of Communication within the organization, awareness on fraudulent activities , fraudulent activities on benefits of forensic activities



			Estimate	S.E.	C.R.	P
F7	<---	F2	.288	.034	8.476	***
F7	<---	F3	.288	.034	8.551	***
F7	<---	F1	.325	.035	9.399	***
Communication of Vision & Mission	<---	F1	.928	.045	20.722	***
Communication of ethical practices	<---	F1	1.000			
Openness	<---	F1	.349	.060	5.820	***
System effectiveness	<---	F1	.962	.045	21.522	***
Customer Care	<---	F1	.861	.044	19.424	***
Reducing information asymmetry	<---	F2	.859	.041	20.810	***
Employee recognition	<---	F2	.957	.036	26.646	***

Time Management	<---	F2	1.000			
Customer complaint	<---	F2	.952	.035	27.238	***
Awareness on mission, vision	<---	F2	.653	.049	13.329	***
Increase in attrition	<---	F3	.741	.047	15.906	***
Fall in performance	<---	F3	.147	.060	2.466	.014
Management level fraud	<---	F3	.989	.035	28.418	***
Talent Management	<---	F3	1.000			
Internal audit	<---	F3	.886	.037	23.653	***
Fraud investigation	<---	F7	.897	.064	14.010	***
Quality in financial reporting	<---	F7	1.000			
Stake holder trust and confidence	<---	F7	.872	.058	15.100	***
Effective as a fraud detection tool	<---	F7	.894	.063	14.181	***

The model shows that the regression coefficients of F1, F, F3 to F7 are statistically significant. This shows that an organization that communicate the current updates with their employees , solve the customer complaints in time and strictly adhere to the vision, mission and the ethical practices , the fraudulent activities will be low. Internal auditing, and strategies to correct a few observations can reduce fraudulent activities like attrition of ethical employees, fall in performance , loose administration, and instructions of management to manipulate the transactions etc.

The forensic audit will be initiated when the financing banks or any stake holders file a case against an organization. But the same practise can be implemented in the internal audits so that the points of deviations from the target can be understood and corrected.

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	41	2379.171	149	.000	15.968
Saturated model	190	.000	0		
Independence model	19	7545.570	171	.000	44.126

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.374	.718	.640	.563
Saturated model	.000	1.000		
Independence model	.507	.186	.095	.167

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.685	.638	.698	.653	.698
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

4. Discussions

Financial fraudulent activities pull down the performance of a firm and in most-of the case, an axis of top employees and promoters indulge in such activities to either increase profit or to hide the actual information from the banks or other external stake holders. The Vision, Mission and ethical practices are displayed in the websites and in the company itself to communicate to the employees and all stake holders. When the management itself indulge in fraudulent activities like, tax evasion, siphoning fund to other subsidiaries, inflate expenses, the trust on the firm by the external stake holders reduces. The famous fraudulent activities like , Satyam computers, Kingfisher Airlines, etc, ended up loss to both investors and banks.

The information collected from the employees using a structured questionnaire to understand their perception on how created shared values within the organization helps to prevent fraudulent activities and need of forensic auditing is used in this research. The results show that the internal communication on the current developments within the firm, and adhering

to the ethical practices can reduce the fraudulent activities. The satisfaction of customers and other stakeholders improve the image of the firm. The first need to prevent the fraud in a firm a good system that documents all transactions effectively. Implementation of ERP software in companies reduce the employee level frauds. Openness to interact among employees across the hierarchical layers is essential to report the activities to higher management levels that may affect the firm negatively.

A few symptoms that the system of an organization itself reveal the presence of fraudulent activities are, attrition in higher positions, fraudulent activities in higher positions, fall in financial performance, loose administration etc. Internal audits can reduce these activities up-to a certain level. But, in interaction with employees who had responded in this survey pointed that internal politics, grouping among employees, multi-level in hierarchy and silent support of management or favoritism of management etc are informal factors that encourage fraudulent activities and they create own protection system that other employees cannot challenge them. This is an observation the researchers had during data collection. This shows that a layer is formed within the firm that disrupts the creation of shared values within the firm. This can be overcome only through two things, an effective and ethical management and a strong ERP system. This can reduce the possibility for an external forensic auditing.

5. Conclusions and Recommendations

Creative shared values and the opportunities for developing frauds within the organization are mutually opposing events. The creative shared values will be possible only if there is an effective system and a committed management. The survey was conducted among the employees to understand their perception on creative shared values and how the created shared value can minimize fraudulent activities in a firm. The results reveal that the fraudulent initiate when the system is weak, the administration is loose and the management is weak. The first step to control fraudulent activities is to implement an effective ERP system. The second is an effective internal audit system and the internal audit system itself develop a created shared value, to keep the targets achieved and non-value creating activities can be removed. The internal audits can be improved to a level of forensic audits to analyse the performance more rational and critical.

In brief, created shared value can make the firm clean, rational and performing.

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