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Assessment of Causes of White-Collar Crimes among the Civil Servants in Kenya: Case of Public Institutions in Eldoret Town

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Abstract:

In Kenya, the causes of White-collar crimes among the civil servants are the pursuit of profit, power, and position within their organizational environment. The study sought to find out the causes of white-collar crimes among the civil servants in Kenya. The research design was a case study type. The data for this study was collected from primary and secondary sources. While the research instruments were questionnaire, interview and document analysis, the study population comprised of 100 respondents of civil servants. The samples for the study were selected using simple random sampling method. The data from the research instruments were coded and analyzed using descriptive and inferential statistics, frequency tables, percentages and mean. Findings revealed that, corruption was rated position 1 by majority of the respondents, followed by theft 50%, fraud 12% while only 1% ranked manipulation as position 1. Findings on the ranking of the three groups of white-collar crime causes revealed that the three groups are opportunistic causes, organizational and managerial causes, and behavioral causes. The majority of the respondents perceived that white-collar crime is usually committed because there are many opportune moments for such illegalities to be perpetrated. Following opportunistic causes, the study also revealed that the causes of white-collar crime can also come from the organization and the management of the organization themselves. Behavioural factors, according to the respondents, are the least common contributors of white-collar crime in Kenya. The study concluded that, due to poor internal controls and ethical practices, potential and existing perpetrators can always find opportune moments to carry out the crime. In addition, corporate governance can always be suppressed by the board of directors by the overriding of internal controls.

Keywords: Causes, white-collar crimes

1. Introduction

1.1. Background Information

Within the field of criminology, white-collar crime has been defined by as "a crime committed by persons of respectability and high social status in the course of their occupation" (1949) Sutherland was a proponent of Symbolic Interactionism, and believed that criminal behavior was learned from interpersonal interaction with others. White-collar crime, therefore, overlaps with corporate crime because the opportunity for fraud, bribery, insider trading, embezzlement, computer crime, identity theft, and forgery is more available to white-collar employees.

The term white-collar crime refers to offenses committed by workers in the course of their commercial activities (Seetharaman, Senthilvelmurugam, and Periyamayagam, 2004). White-collar crime is crime that occurs in the context of a legitimate occupation, but it is not confined only to the actions of individuals. Companies, corporations, and organizations of all types, including political parties, church organizations, and government, can also violate the law in the pursuit of profit, power, and position within their organizational environment. For offenses involving entire firms or industries, sociologists apply the terms organizational or corporate crime. Undeniably, there is white-collar crime, and its consequences are widespread and serious. People in business may engage in income tax violations, illegal financial manipulations such as embezzlement and various types of fraud, misrepresentation in advertising, expense-account misuse, illegal campaign contributions, and bribery of public officials, to name just a few examples. In the investment business, fraudulent securities may be sold, asset statements may be misrepresented, insider information may be abused, and brokers may use customer assets illegally.

1.2. Statement of the Problem

White-collar crime tends to be made up of complex, sophisticated, and relatively technical actions. In addition, White-collar and corporate crimes tend to be intermingled with legitimate behavior for in Kenya on the Goldenberg scandal of 1990s, there was little opposition shown by some junior officers and where it was, it was simply shunted away e.g. Jacinta Mwatela said that she was

forced to write a letter granting GIL the sole rights to export gold and diamond and approving the 35% compensation(Oduor M) that withstanding the Governor of CBK was also involved-prepared memos authorizing the transactions

Victimization tends to be diffuse. Harm is not always conceptualized or identifiable as such because it is usually spread out over a substantial number of victims. Citing the Goldenberg scandal in Kenya; Kamlesh Pattni, the key architect of the scandal, had the scheme approved by the president after paying the latter Kshs. 5m as "harambee". The President took up 50% of the shares and Pattni the other 50%. In addition the PS treasury advised the Customs & Excise Dept. to make changes that would affect the payment. These examples support the allegation that White-collar criminals steal by manipulating symbols rather than objects.

It is against this background information that the researcher thought it wise to carry out this study to find out the causes of white-collar crimes among civil servants in Kenya.

1.3. Objective of the Study

To investigate the causes of white-collar crimes among the civil servants in Kenya

2. Literature Review

2.1. The Rotten Apple Theory

The rotten apple theory states that rotten apples are weak individuals who have slipped through the screening process or deviant individuals who continue their deviance in an environment that gives them more opportunity. The basis of the rotten apple theory is a few morally weak individual's presence corrupts everyone else. The rotten apple theory is most popular with civil servants because it blames the whole affair on one highly unethical person, hence a bad apple. The rotten apple theory minimizes the public's negative response.

2.2. Concept of Corruption

The term 'police corruption' has been used to describe many activities: bribery; violence and brutality; fabrication and destruction of evidence; racism; and, favouritism or nepotism.

The legal definitions of corruption varied from country to country, but most of them focused on inappropriate behavior or abuse of authority for personal advantage by public officials or by the police (Puah, Voon, and Entebang, 2009) noted that the Brazilian penal code distinguishes between passive and active corruption with passive corruption involving use of one's post for personal gain or to benefit someone else, and active corruption defined as offering of bribes to a public employee to persuade him/her to perform, omit, or delay an official act.

police corruption as defined and discussed by Becker and Becker (2001), French (2001) and Ivkovich *et al.* (2001), included abuse of or overstepping the limits of official authority, failing to perform official duties, acceptance of bribes, kickbacks, gifts, or other benefits, protection of illegal activities, 'fixing' or destroying tickets or police records, stealing from those arrested or from crime scenes, 'planting' evidence, or cooperation with or involvement in direct criminal activities, using information gathered through the police position.

High-level public officials, who used their positions of power for personal gain or to assist others who had no right to benefit from their activities, defined corruption in the broad political sphere as including government, business and corporate wrongdoing and inappropriate actions. (Smith, Omeear, Idris, and Baharuddin, 2005), commenting on the institutionalization of corruption in Russia, stated that corruption is an element of the system of management and government. It simplifies and accelerates administrative decisions, operates under a set of established rules, and has its own set of terms and symbols.

The forms of corruption that fit this definition included bribery, showing favoritism in selecting persons for government positions, awarding contracts for public works or supplies without bids, theft through illegal distribution of public funds, and giving salaries to persons who were not providing work or service (Kumar, 2001).

3. Methodology

3.1. Research Design

This research was undertaken through a case study type of design. According to Tromp and Kombo (2006), a case study seeks to describe in detail, in context and holistically of the question at hand. It is a way of organizing educational data and looking at the object that was studied as a whole. It was used to analyze an issue in detail.

3.2. Target Population

The target population was 1000 civil servants in Eldoret town drawn from all public institutions.

3.3. Sampling Size and Techniques

Sampling is a procedure of selecting a part of population on which research can be conducted, which ensures that conclusions from the study can be generalized to the entire population. The sampling criteria used for this study was simple random sampling. Simple random sample is one in which each and every member of the population has an equal and independent chance of being selected as a respondent (Frankel, et al, 2000). Simple random sampling was utilized in the selection of 100 respondents from the 1000 civil servants in Eldoret town.

Sample size formula

$$n = \frac{N}{1 + N(e)^2}$$

Where n=sample size

N= sample population

e=precision

Therefore the sample size will be 83

Population	Target population	Sample at 10% precision
Civil servants	1000	100
Total	1000	100

Table 1: Sample Frame

3.4. Data Collection Instrument

The data for the study were generated from both primary and secondary sources. Primary data were obtained using questionnaires. Secondary sources included: internet, textbooks, government publications, journals, libraries, archives and government offices among others.

3.5. Data Collection Methods

Data collection was conducted using questionnaire, personal interviews and document analysis as the main data collection tool. The questions were subdivided into sections to capture the response and details that were required. The researcher collected data from the selected respondents after receiving permission from the Washington International University authority and government of Kenya to carry out research in the identified area of study. The researcher before collecting data from the participant informed the Director of each SME in advance and sought for an appointment to enable data collection. After familiarization, data was then collected from the respondents using the three mentioned instruments. The service of research assistant was sought to assist in the collection of the questionnaires from the respondents, while the researcher personally distributed the questionnaire. The completed instruments were verified and collected from the respondents within a period of fifteen days from the day of distribution.

3.6. Validity of the Instruments

Validity of an instrument, according to Romney, Albrecht and Cherrington (1980) is demonstrated when an instrument is seen to be, "using the right questions framed in the least ambiguous way". Essentially validity is concerned with establishing whether an instrument is measuring what it purports to measure. This study will use Content validity method which is a non-statistical method used to ensure that the content of the questionnaire/interview schedule are accurate and relevant.

3.7. Reliability of the Instruments

Reliability refers to the consistency that an instrument demonstrates when applied repeatedly under similar conditions Romney, Albrecht and Cherrington (1980). To determine the reliability of the instruments used in this study, the researcher carried out a pilot study, at Eldoret police station. The response was then subjected to the Cronbatch Alpha Coefficient test for reliability in the SPSS computer package. An alpha coefficient of 0.8 and above will be deemed high enough to make the questionnaire reliable.

3.8. Data Analysis

The data was analyzed statistically using descriptive statistics which involved frequencies and percentages. The analysis was undertaken to establish the degree of relationships between some pertinent factors and issues as well as to show the relative size or significance of each factor relative to the others.

4. Results and Discussion

4.1. Forms of White Collar Crimes

Form	Ranking				Total
	1	2	3	4	
Corruption.	80%	20%	0%	0%	100%
Fraud	12%	40%	22%	26%	100%
Theft	50%	40%	10%	0%	100%
Manipulation	1%	9%	10%	80%	100%

Table 2: Forms of white collar crimes

Findings in table 2 show that, corruption was rated position 1 by majority of the respondents, followed by theft 50%, fraud 12% while only 1% ranked manipulation as position 1. The current study is in agreement with several other studies that sought to establish the common crimes. Gottschalk (2010) for instance categorized white collar crimes into four main forms, namely: corruption, fraud, theft, and manipulation. In a survey conducted by Pricewaterhouse Coopers in 2009, it is found that the most common types of white-collar crime perpetrated worldwide were asset misappropriation, accounting fraud, as well as bribery and corruption (PricewaterhouseCoopers, 2009). In Malaysia, the survey initiated by KPMG shows that theft of cash, theft of inventory, fraudulent expense claims, and kickbacks are the most common types of corporate fraud committed (KPMG, 2009). KPMG (2009) also reported that “49 percent of all respondents experienced at least one fraud during the survey period” from 2006 to 2008.

4.2. Ranking of the Causes of White-Collar Crime by Group

Rank	Causes of White-Collar Crime	Individual Mean	Group Mean
1.0	Opportunistic Causes		3.275
1.1	Poor internal controls	3.573	
1.2	Poor ethical practices	3.507	
1.3	Lack of control over management by directors	3.347	
1.4	Management override of internal controls	3.193	
1.5	Type of industry	3.057	
1.6	Poor hiring practices	2.973	
2.0	Organizational and Managerial Causes		3.222
2.1	There is a belief that competitors are paying bribes to win contracts	3.630	
2.2	For senior executives to achieve desired financial results	3.317	
2.3	Maintain financial performance to ensure lenders do not cancel debt facilities	3.093	
2.4	Financial targets more difficult to achieve	3.043	
2.5	Corporate culture	3.027	
3.0	Behavioral Causes		2.999
3.1	Desire to earn personal performance bonuses	3.553	
3.2	Collusion between employees and third party	3.000	
3.3	Fear of losing jobs	2.983	
3.4	Peer influence	2.760	
3.5	Bonuses not paid this year	2.700	

Table 3: Ranking of the Causes of White-Collar Crime by Group

Table 3 shows the ranking of the three groups of white-collar crime causes. The three groups are opportunistic causes, organizational and managerial causes, and behavioral causes. The majority of the respondents perceived that white-collar crime is usually committed because there are many opportune moments for such illegalities to be perpetrated. Following opportunistic causes, the study also revealed that the causes of white-collar crime can also come from the organization and the management of the organization themselves. Behavioral factors, according to the respondents, are the least common contributors of white-collar crime in Kenya.

5. Conclusion

In this study, the findings are perhaps more telling when one examines the causes of white-collar crime in terms of their grouping. Opportunistic causes are found to be the main causes of white-collar crime in Kenya. Due to poor internal controls and ethical practices, potential and existing perpetrators can always find opportune moments to carry out the crime. In addition, corporate governance can always be suppressed by the board of directors by the overriding of internal controls.

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