

The Relationship between Rationalization and Traits of Sympathy with One's Intention to Commit Fraud

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Abstract

This study examined whether a relationship was present between one's ability to rationalize fraud and their traits of sympathy towards others with their intention to commit fraud. Using a comparative, cross-sectional, quantitative design, 184 business students, both undergraduate and graduate, enrolled at a regional university in the South were given a survey that combined a hypothetical interpersonal fraud scenario with rationalization and intention Likert measurement items, along with traits of sympathy towards others Likert measurement items. The researcher hypothesized there was a relationship between one's ability to rationalize fraud and their traits of sympathy with their intention to commit fraud in the pre-fraud state. Multiple Linear Regression analysis revealed that sympathy and rationalization statistically significantly predicted intention to commit fraud.

Keywords: Fraud, Fraud Triangle Theory, Rationalization, Sympathy

Introduction

Fraud is an inherent risk in any organization. Fraud can impact an establishment, regardless of the size, type, or life cycle. Therefore, fraud is not discriminatory and can allow small, medium, or large, public, or private, for-profit, or not-for-profit, newly formed, or mature establishments to become victims of fraud. As such, fraud is consistently in the news, almost daily (Kreuter 2017), making headlines at local, national, and international levels. Relatedly, anti-fraud professionals reportedly see an increase in the number of frauds committed and exposed during times of economic distress such as the 2008 recession in the United States, and, therefore, anticipate they will see the same with the 2020 Global Coronavirus Pandemic (Dorris 2020; Ross and Armstrong 2016).

According to the Association of Certified Fraud Examiners' (ACFE) *Report to the Nations* (2020), based on the results of their 2019 *Global Fraud Survey*, business establishments lose about five percent of their revenues to fraud each year - exceeding \$4.5 trillion worldwide. While no organization is immune to fraud, smaller establishments often have an increased risk and greater impact when fraud occurs given their size and limited resources available to combat fraud. In fact, small businesses, those with fewer than 100 employees, consistently rank highest in fraud frequency (ACFE 2016). Leaving fraud unchecked provides the opportunity for destructive choices to be made – choices that may not be easily rectified. Therefore, it is essential for all establishments, regardless of size, type, or stage of development, to increase their fraud awareness.

Fraud, as a general term, encompasses all the diverse methods, which human ingenuity can contrive, that facilitates an individual to gain an advantage over another using false representation (Varma and Khan 2016). Fraud is defined by *Black's Law Dictionary* (2020) as "some deceitful practice or willful device, resorted to with intent to deprive another of his right, or in some manner to do him an injury." Simplistically, fraud is an act of deception performed by one or more individuals for some sort of gain (Aris, Othman, Arif, Omar and Malek 2013). The offense can be classified as criminal or civil, but regardless of the classification, the legal definition of fraud remains the same (Aris et al. 2013).

Different from unintentional errors, fraud is a form of deception that can be committed against an organization (e.g., employee fraud) or committed on behalf of an organization (e.g., Financial Statement Fraud) (Albrecht, Albrecht, and Zimbelman 2016). There are many different types of fraud, and just as many ways to commit it. However, regardless of the type and method, fraud negatively impacts each organization it infiltrates. In addition to monetary losses, fraud impacts other areas such as employee morale and retention, and business reputation and relations (Crumbley, Heitger, and Smith 2013). The impact of fraud that occurs within an organization includes damage to stakeholder confidence and organizational credibility (Chakraborty, Mazumder, and Bhowmik 2018). This ensues because of an increased level of distrust (Kennedy and Benson 2016) and can lead to reputational damage for the establishment (Sujeewa, Ab Yajid, Katibi, Ferdous Azam, and Dharmaratne 2018).

Ultimately, the economic cost of the fraud must be borne by someone, and this burden is often placed on the organization or the final consumer (Kumar, Bhattacharya, and Hicks 2018). The economic cost of fraud can be substantial because fraud, at first, can sometimes be challenging to recognize, as it often starts small and grows more significant over time (Reinstein and Taylor 2017). Further, fraud detection commonly necessitates knowledge of the fraud phenomenon (e.g., nature of fraud, why fraud is committed, and how fraud can be committed and hidden) (Varma and Khan 2016).

Due to the detrimental impact fraud can have on organizations, individuals, and society, in general, in both monetary and non-monetary aspects more research needs to be conducted on the different elements that occur in the pre-fraud state, which is the time before the fraud occurs. Essentially, this is the pre-violation state when the individual is contemplating committing fraud while considering the associated risks and benefits. The distinction is important because the focus should be on proactive measures to stop fraud from occurring rather than reactive measures after the fraud has occurred. Therefore, an establishment's focus should be on the identification of the factors that lead to fraudulent acts (Malimage 2019). Thus, further understanding is needed to determine whether an individual's level of sympathy impacts their rationalization ability and their behavioral intentions to commit fraudulent acts in the pre-fraud state (Kramer 2015; Lee 2009; Nugrapha and Susanto 2018; Peters and Maniam 2016; Trompeter, Carpenter, Jones, and Riley Jr. 2014; Wall 2015).

Literature Review

Unethical behavior such as fraud, deception, and cheating, are amongst some of the greatest challenges facing both individuals and society alike (Shalvi, Gino, Barkan, and Ayal 2015). While these types of behavior are commonplace, often only the most sensational cases are highlighted in the media while the more predominant, ordinary types of behavior, committed by 'ordinary' individuals, with usually high morals, who relax these morals when the opportunity to gain from dishonest behavior presents itself, are shown less attention (Shalvi et al. 2015). Whether the cases are highlighted or not, the decision to commit fraud, deception, and other unethical behaviors are often complex.

Murphy and Dacin's (2011) Psychological Pathways to Fraud Model (PPFM) and Donald Cressey's 1973 Classic FT Theory guided the study. The Classic FT theory illustrates three essential elements of fraud: Opportunity, pressure, and rationalization, all of which must be present for an individual to be able to commit fraud. However, the three elements need only to be perceived to be real for an individual to consider committing a fraudulent act (Albrecht, Holland, Malagueño, Dolan, and Tzafrir 2015). The perceived notion of opportunity + pressure + rationalization = an increased risk for fraud. Hence, it is reasonable to presume that if just one element is eliminated from the equation, the risk for fraud should decline considerably. This perception of realness is different for everyone, as a perceived pressure significant enough for one individual to commit fraud might not be significant enough for another to do the same (Kirsch 2018).

The PPFM depicts if an individual is not already predisposed to committing fraud, once a perceived opportunity and a perceived pressure are believed to exist, the individual will begin the rationalization process in making the decision to commit or not commit the act (Murphy and Dacin 2011). The rationalization element of the FT theory lies solely with the individual as the ability to rationalize the decision to commit fraud is unseen, and thus, unobservable behavior. As part of the motivation to commit fraud, rationalization is an essential element of fraud that must occur before the act takes place (Sujeewa et al. 2018).

Human Behavior

Fraud originates at the individual level (Parker, Boyle, and Carpenter 2020), and is the outcome of an intricate combination of both circumstance and human motivation, with human behavior being the ultimate element in making the decision to partake in the act (Price-Waterhouse Coopers 2018). Human behavior is multi-dimensional, and thus, multi-determined (Mulder and van Dijk 2020) as behavior is contingent upon many different variables, both internal and external (Baker 2017). Therefore, human behavior is not only contingent upon a situation and the will of an individual (Raval 2018) but is also impacted by ethics and psychology as individuals think, act, and respond differently to given situations (Aris et al. 2013). Behavior is conditional based on different variables as people have many biases that can impact their approach to ethical dilemmas (Kirsch 2018). Psychological factors not only influence one's interpretation of a given situation but, in turn, also influence how they choose to act (Duffield and Grabosky 2001). Prior to committing a fraudulent act, individuals often experience feelings of guilt and discomfort (Mintchik and Riley 2019). Emotions, either at an unconscious or conscious level, can influence how individuals respond to an ethical dilemma (Baker 2017), or play vital roles in the decision-making stages of moral judgment and intention (Schwartz 2016).

Human behavior results from a complex interaction between one's motivation for action and that of desire, often led by temptation (Raval 2018). All frauds, regardless of whether they are committed by a single individual or through the collusion of two or more individuals, require ordinary people to rationalize their behavior (Reinstein and Taylor 2017) in order to quiet the morality-based protests that usually precludes engaging in such behavior (Mintchik and Riley 2019). Therefore, rationalization is a key element in helping to explain why morally upright individuals commit unethical acts (Zyglidopoulos, Fleming, and Rothenberg 2009).

Rationalization

Given an opportunity with a perceived pressure, not all honest people will refrain from committing fraud, and not all dishonest people will commit it (Aris et al. 2013). Individuals not already predisposed to fraud, go through a rationalization thought process in making their decision to commit or not commit the act (Murphy and Dacin 2011; Peters and Manian 2016). Used most often before the fraud occurs to allow potential fraudsters to alleviate their moral anxiety (Zyglidopoulos et al. 2009), rationalization is the outcome of the breakdown in allowing one to succumb to temptation (Raval 2018), by justifying the fraudulent behavior (Murphy and Free 2016) more for their own benefit than that for that of others (Mintchik and Riley 2019). Within the rationalization process, the fraudster makes excuses to explain the unethical behavior (Fitri, Syukur, and Justisa 2019) while allowing them to preserve themselves as a trusted individual (Sujeewa et al. 2018). Through rationalizing the unethical behavior, the fraudster changes their thoughts, feelings, attitudes, words, and behavior helping to generate a positive image of themselves that maintains some moral ground (Dion 2019). Judgment shifts occur in the rationalization process (Raval 2018) through the use of techniques such as neutralization (Fukukawa, Zaharie, and Romonçi 2019) and moral disengagement (Bowers 2019; Iwai, de Franca Carvalho, and Lalli 2018; Johnson 2014; Moore 2015; Mulder and van Dijk 2020) which works as a defense mechanism protecting one's ego from challenges to the constitutive narcissism of their psyche (Zyglidopoulos et al. 2009). Within the rationalization process, if an individual is not able to justify their fraudulent behavior, the act will not be committed (Aris et al. 2013).

The rationalization process is only successful to the extent that it convinces the individual of their validity, thereby reducing guilt and discomfort (Mulder and van Dijk 2020). If unconvincing, the rationalization may be of little or no use (Mulder and van Dijk 2020), for one may have to rationalize again in order to eliminate the feelings of guilt and discomfort (Zyglidopoulos et al. 2009). Thus, the process is rarely precise enough to sufficiently cover an unethical act, with one finding the need to over rationalize or under rationalize the act (Zyglidopoulos et al. 2009). When successful and more extensive than the initial unethical act, the over rationalization may act as leftovers paving the way for future and loftier unethical acts to occur because the justification is already readily available (Zyglidopoulos et al. 2009). Thus, this over rationalization allows the individual to continue to morally disengage.

Personality and Emotional Traits

Moral decision making is impacted by both reason and emotion (Baker 2017). An individual's personality traits, outside of psychopaths, who lack the emotional ability to care about any consequences of their behavior (Wong and Carducci 2016), can serve as risk factors that may indicate their propensity to commit fraud (Rodriquez 2015). These traits may make an individual more predisposed to committing the act with very little incentive or more predisposed to not committing the act when such an opportunity arises as the rationalization process might be strengthened or weakened by certain traits (Wong and Carducci 2016).

The need to rationalize unethical behavior tends to be more commonplace where weak tendencies in one's moral capacity (i.e., character and integrity), and one's infrastructure (i.e., strong perceived opportunity with lack of internal control) are present along with a lack of personal constraints (i.e., strong perceived need) (Breakey 2018). When individuals experience a situation involving an ethical dilemma, there are usually two approaches they may take in the decision-making process to deal with the dilemma. They may take the rationalist approach to decision-making, which uses a rational, logical, and deliberative cognitive process to help resolve conflicts between their moral standards and the ethical dilemma at hand (Schwartz 2016). They may also take the non-rationalist approach, which tends to use intuitive and emotive processes (i.e., gut senses and gut feelings) to help generate moral judgments (Schwartz 2016). Regardless of the approach, emotion plays a vital role in the decision-making process for ethical dilemmas in both the judgment and behavioral intention stages as they can lead to moral rationalization (Schwartz 2016).

The process of moral rationalization, whether conscious or unconscious, helps one explain or justify their intended or actual behavior in a manner that helps them maintain their ethical and moral principles (Breakey 2018). Emotions, as one's feeling state, can lead one to moral rationalization (Breakey 2018). This process occurs when one desires to act to fulfill their own self-interest, albeit contrary to their self-perceived moral identity, in an attempt to avoid experiencing feelings of shame, guilt, or embarrassment (Breakey 2018). Atop the emotional traits involved in moral rationalization is empathy, one's capacity to feel compassion, sympathy, and concern for others (Pohling, Bzdok, Eigenstetter, Stumpf, and Strobel 2016) which serves as the primary motivating factor in one maintaining consistent moral conduct (Breakey 2018). As a crucial moral capacity element, empathy helps explain the differences between an individual's moral cognition process and that of their moral conation (Pohling et al. 2016) as one's morality shares a core context made up of elements such as honesty, cooperativeness, constrained beneficences, and non-harm or interference with another's body or property (Breakey 2018). Sympathy, separate but similar to empathy, also impacts behavior.

Sympathy is naturally aroused (Gregory 2015), and like other emotions can be activated through observing another's pain or joy (Baker 2017). Sympathy, comprised of emotional, cognitive, and behavioral tendencies, is often initiated when another is in distress (König, Graf-Vlachy, Bundy and Little 2020), and, thus, this and other emotions are not as likely to arise if there is an insufficient degree of proximity (Gregory 2015). Many people can feel sympathy for pressures such as facing the potential loss of a house, catastrophic medical costs, and uncontrollable addiction (Kirsch 2018). Most people transcend themselves so as to overcome their selfishness and behave ethically by means of traits such as empathy and compassion (Pohling et al. 2016). This includes individuals with a narcissistic personality, who while not necessarily selfish, tend to have a self-centered focus (Raval 2018).

Prior research showed that rationalizations for committing fraud included entitlement due to being underpaid, unacceptable working conditions or hours, unawareness that the behavior was wrong, or rationalizing the money taken was just a loan (Kramer 2015). Rationalization had also been found to have a partial mediating effect on the acceptance of fraud when viewed as a justification mechanism in the unfairness and inequity perception and attitude toward fraud (Zourrig and Park 2019), and a significant impact on triggering fraudulent behavior among individuals serving prison time for committing fraud (Syofyan, Dwita, and Afridona 2019). An individual's rationalization process had been revealed to be a motivating factor on whistleblowing intentions with the decision on whether to report or not report the wrongdoings largely based on whether doing so would help those victimized by the wrongdoings (Latan, Chiappetta Jabbour, and Lopes de Sousa Jabbour 2019). In a study of public procurement fraud in Indonesia, negative affect was found to mediate the relationship between fraud behavior and rationalization as individuals with high pressure and high opportunity to commit fraud experienced higher negative affect and engaged in rationalization, especially the 'displace responsibility' category of rationalization in order to commit fraud (Rustiarini, Sutrisno, Nurkholis, and Andayani 2019).

An individual's ability to rationalize their behavior in the pre-fraud state is concerning. Given an opportunity, an estimated 80 percent of people would commit fraud (Wells 2018). Many fraudsters are 'accidental fraudsters' – individuals with high moral standards who under intense pressure and a perceived opportunity resort to committing fraud (Ramamoorti, Morrison, and Koletar 2014; Reinstein and Taylor 2017). In fact, the majority of people (almost 96 percent) who commit fraud are first-time fraud offenders (ACFE 2019) with 94 percent of them having no prior criminal record (Lakatos and Shoulders 2020). Organizations must acknowledge that some people are prone to committing fraud, while others may have undeveloped or marginal ethical attitudes that place them at an increased risk of succumbing to a personal or organizational pressure, thereby heightening their ability to rationalize committing fraud (Lakatos and Shoulders 2020).

As long as there is a human element present, there will always be a risk of fraud. Thus, there is an increased need to expand fraud awareness for practitioners, organizations, and researchers alike. For the more that is known about the root causes of fraud, especially in the pre-fraud state, the better-prepared establishments can be to combat fraud. Trompeter et al. (2014) maintained fraud awareness can be brought about by further understanding the elements that help establish the foundations for fraud to occur. With further insights into the fraud phenomenon, fraud prevention and detection controls can be implemented to help organizations reduce the risk of fraud infiltrating their establishments (Trompeter et al. 2014). However, in order to implement effective prevention and detection controls, professionals need to understand further why and how perpetrators commit fraud (Ozili 2015). Still, much about why and how individuals decide to act unethically or fraudulently remains a mystery (Harrison, Summers, and Mennecke 2018).

While there have been multiple studies regarding different aspects of fraud, the rationalization element is still the least understood, and the least researched (Trompeter et al. 2014). The rationalization element focuses on the behavioral aspects associated with one's propensity to commit unethical acts and is the most overlooked aspect (Parker, Boyle, and Carpenter 2020). The existing literature offers little knowledge about whether an individual's ability to rationalize committing fraud is related to their level of sympathy towards others. Therefore, the goal of this study was to further examine the rationalization element of the FT Theory in the pre-fraud state to determine whether an individual's level of sympathy impacts their ability to rationalize committing fraud.

Methodology

A cross-sectional, comparative, quantitative design using the survey method was used to examine whether a relationship exists between sympathy and rationalization with one's intent to commit fraud. This method was the most appropriate method for the study, as it allowed for participant anonymity. This is essential in helping to ensure participants can be honest and forthcoming with their responses, as most individuals are not likely to openly admit to considering partaking in fraud. A survey combining measurement items from Harrison's (2018) Fraud Scenario survey and Lee's (2009) Traits of Sympathy survey with permission was the instrument used to collect the study's primary data. Prior to any data collection, the study was approved by the host institution's IRB.

The population for this study were the 527 undergraduate and 665 graduate business students at a regional university in the South. Of these, 184 students chose to participate in the study. A convenience sample was used to draw the needed sample size – 36 participants – to detect a medium effect size of $r = 0.3$ (Coffey 2010) at the research standard alpha level of .05 and power level of .80 (Piasta and Justice 2010) for a Multiple Linear Regression used to test the null hypothesis in relation to relationships between rationalization and sympathy with intent to commit fraud.

The survey was housed in the Survey Monkey platform with no personal identifying information being collected, including no IP addresses. The participants had to electronically consent to the information found in the Informed Consent Form prior to obtaining access to the survey. Those not agreeing to the consent information were exited from the study. The survey was open for three weeks. After this time, the survey link became inactive, and the data were downloaded and analyzed.

Assumption tests

Multiple Linear Regression helps in examining relationships between multiple independent variables and a single dependent variable (Field 2018; Pallant 2016), the model was used to examine and draw conclusions from what relationship, if any, is present between rationalization and sympathy with an individual's behavioral intent to commit fraud. Multiple linear regression requires eight assumptions to be met prior to using the model to examine relationships. Under the eight assumptions, the data should possess:

- One dependent variable, measured at the continuous level (e.g., ratio or interval)
- Two or more independent variables, measured at the continuous (e.g., ratio or interval) or nominal level
- Independency of errors (residuals)
- A linear relationship between the dependent and independent variables
- Homoscedasticity of residuals (equal error variances)
- No multicollinearity
- No significant outliers, and
- Errors (residuals) should be approximately normally distributed (Field 2018; Pallant 2016).

The assumption was made that there are equal and fixed intervals between the individual Likert scale items seven levels of agreeableness for rationalization, sympathy, and intention to commit fraud. Thus, allowing for the data to be measured at the interval level. However, to avoid the ongoing dispute on whether Likert items are considered ordinal or interval for parametric versus non-parametric data analysis, the common Likert items (e.g., rationalization, sympathy, and intention) were summed prior to conducting the statistical analysis (Schrum, Johnson, Ghuy, and Gombolay 2020). Summing these individual scale items helps ensure the multi-item scale could be safely analyzed using parametric tests (Schrum et al. 2020).

Multiple regression was run to predict the intention to commit fraud with one's rationalization and sympathy. All assumptions were met. There was linearity, as well as homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 1.846. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. As all the tolerance values are greater than 0.1 (the lowest is 0.941), this is indicative of a fairly-high confidence level providing evidence that there is not a problem with collinearity in this particular data set. There were no studentized deleted residuals greater than ± 3 standard deviations, no leverage values greater than 0.2, and values for Cook's distance above 1 and the assumption of normality was met.

FINDINGS

The goal of this study was to help in increasing fraud awareness in seeking to understand whether there is a relationship between rationalization (Kramer 2015; Nugrapha and Susanto 2018; Peters and Maniam 2016; Trompeter et al. 2014) and traits of sympathy (Lee 2009; Wall 2015) with one's behavioral intent to commit fraudulent acts in the pre-fraud state. After running the tests and checking for violations of the intended statistical tests' assumptions, the data were analyzed using SPSS version 27 using both descriptive and inferential statistics.

Descriptive statistics were used to report the mean, median, mode, and standard deviation of the student's age and gender. For gender classification, students selected from male, female, other (please specify), or prefer not to answer. For age classification, students selected from the following age categories:

- 18 – 24 years old
- 25 – 34 years old
- 35 – 44 years old
- 45 – 54 years old
- 55 – 64 years old

- 65 years old and older
- Prefer not to answer

The frequency and percentage of the gender and age categories selected are shown in Figures 1 and 2, respectively. These statistics for age and gender are shown in Table 1 and Figure 3.

Figure 1

Gender Classification

		What is your gender?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	106	57.6	57.9	57.9
	Male	76	41.3	41.5	99.5
	Prefer not to answer	1	.5	.5	100.0
	Total	183	99.5	100.0	
Missing	Other (specify)	1	.5		
Total		184	100.0		

Figure 2

Age Classification

		What is your age?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	28	15.2	15.2	15.2
	25-34	50	27.2	27.2	42.4
	35-44	75	40.8	40.8	83.2
	45-54	27	14.7	14.7	97.8
	55-64	3	1.6	1.6	99.5
	Prefer not to answer	1	.5	.5	100.0
	Total	184	100.0	100.0	

Table 1

Descriptive Statistics for Age and Gender

	N	Mean	Median	Mode	Standard Deviation
Age	184	2.625	3.000	3.00	1.02196
Gender	184	1.4262	1.000	1.00	.50684

Figure 3
Descriptive Statistics for Age and Gender

		Statistic	Std. Error
What is your age?	Mean	2.6250	.07534
	95% Confidence Interval for Lower Bound	2.4764	
	Mean Upper Bound	2.7736	
	5% Trimmed Mean	2.6027	
	Median	3.0000	
	Variance	1.044	
	Std. Deviation	1.02196	
	Minimum	1.00	
	Maximum	7.00	
	Range	6.00	
	Interquartile Range	1.00	
	Skewness	.340	.179
	Kurtosis	.898	.356
	What is your gender?	Mean	1.4262
95% Confidence Interval for Lower Bound		1.3523	
Mean Upper Bound		1.5002	
5% Trimmed Mean		1.4120	
Median		1.0000	
Variance		.257	
Std. Deviation		.50684	
Minimum		1.00	
Maximum		3.00	
Range		2.00	
Interquartile Range		1.00	
Skewness		.429	.180
Kurtosis		-1.512	.357

Evaluation of the Findings

Human behavior results from a complex interaction between one’s motivation for action and that of desire, often led by temptation (Raval 2018). With any given situation, ethical decision-making is influenced by multiple variables – both internal (psychological) and external (social) (Baker 2017). As Murphy and Dacin (2011) proposed in their Psychological Pathways to Fraud framework, these factors can influence whether an individual will make the decision to partake in committing fraudulent acts. As all frauds require ordinary people to rationalize their behavior (Reinstein and Taylor 2017) in order to quiet the morality-based protests that usually precludes engaging in such behavior (Mintchik and Riley 2019), rationalization is a key element in helping to explain why morally upright individuals commit unethical acts (Zyglidopoulos et al. 2009).

Emotions, as one’s feeling state, can lead one to moral rationalization (Breakey 2018). This process occurs when one desires to act to fulfill their own self-interest, albeit contrary to their self-perceived moral identity, attempting to avoid experiencing feelings of shame, guilt, or embarrassment (Breakey 2018). Atop the emotional traits involved in moral rationalization is empathy, one’s capacity to feel compassion, sympathy, and concern for others (Pohling et al. 2016), which serves as the primary motivating factor in one maintaining consistent moral conduct (Breakey 2018). Sympathy is naturally aroused (Gregory 2015), and like other emotions, can be activated through observing or considering another’s pain or joy (Baker 2017). Many people can feel sympathy for pressures such as facing the potential loss of a house, catastrophic medical costs, and uncontrollable addiction (Kirsch 2018). Most people transcend themselves to overcome their selfishness and behave ethically by means of traits such as empathy and compassion (Pohling et al. 2016).

The multiple regression model revealed sympathy and rationalization statistically significantly predicted intention to commit fraud $F(2, 174) = 17.136, p < .0005$. with an adjusted $R^2 = 15.5\%$, (shown in Figures 4 and 5). R , as a measure of the strength of the linear association between these two variables, gives an indication as to the goodness of the model fit with a value that can range from 0 to 1, with higher values indicating a stronger linear association (Field 2018; Pallant 2016). A multiple correlation coefficient of 0 (zero) indicates no linear association between the dependent and independent variables, and a value of 1 a perfect linear association. $R = .406, R^2$ for the overall model was 16.5% with an adjusted R^2 of 15.5%, a medium-size effect, according to Cohen (1988).

The model, shown in Figure 6, provided the following regression equation: Predicted intention = 1.773 + (.115 * rationalization score) + (.002 * sympathy score).

Figure 4
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	100.619	2	50.310	17.136	.000 ^b
	Residual	510.850	174	2.936		
	Total	611.469	176			

a. Dependent Variable: TOTAL INTENTION

b. Predictors: (Constant), TOTAL SYMPATHY, TOTAL RATIONALIZATION

Figure 5
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.406 ^a	.165	.155	1.71345	1.846

a. Predictors: (Constant), TOTAL SYMPATHY, TOTAL RATIONALIZATION

b. Dependent Variable: TOTAL INTENTION

Figure 6
Regression Equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	1.773	.761		2.330	.021	.271	3.275						
	TOTAL RATIONALIZATION	.115	.020	.405	5.667	.000	.075	.154	.406	.395	.393	.941	1.062	
	TOTAL SYMPATHY	.002	.034	.004	.050	.960	-.066	.070	.102	.004	.003	.941	1.062	

a. Dependent Variable: TOTAL INTENTION

Conclusion

In the thought process of choosing to commit fraud (Murphy and Dacin, 2011), the rationalization process helps an individual to justify unethical, fraudulent behavior before or after the behavior occurs. The process helps them cope with feelings of guilt, remorse, or discomfort while maintaining their moral principles (Mulder and van Dijk 2020). However, the rationalization is unseen and, thus, unobservable behavior. Hence, the rationalization element has remained the least understood and the least researched element of the FT theory (Trompeter et al. 2014). Prior research suggested to increase further understanding of the elements that help establish the foundations for fraud to occur (Trompeter et al. 2014), it was necessary to view the rationalization element of the FT theory (Kramer 2015; Nugrapha and Susanto 2018; Peters and Maniam 2016; Trompeter et al. 2014) in relation to the psychology of the potential fraudster considering personality traits such as the ability to sympathize with others (Lee 2009; Wall 2015). Therefore, the purpose of this quantitative study was to examine whether there was a relationship between one’s traits of sympathy and rationalization ability with their behavioral intentions to commit fraudulent acts in the pre-fraud state. In understanding who is more likely to rationalize fraud, the focus can be on internal and external forces facilitating the rationalization (Schnatterly, Gangloff, and Tuschke 2018).

Using a behavioral/psychological lens, the study examined the rationalization element in relation to traits of sympathy with the intention to commit fraud. The results indicated that one’s rationalization ability and traits of sympathy were significant factors in predicting one’s intention to commit fraud. This work contributed to the argument that efforts to further understand the rationalization element in the pre-fraud state necessitate the exploration of the human psyche to increase knowledge of what remains hidden in the minds of potential fraudsters.

Regardless of the size or type of organization, fraud is an undeniable risk that cannot and should not be ignored. For ignoring the risk can have damaging effects on any establishment in both economic and non-economic terms. Given Wells (2018) estimates 80 percent of individuals would commit fraud if given an opportunity, organizations cannot afford to become complacent to fraud risk and have an ‘it will not happen to me’ mindset. As efforts to

minimize fraud occurrences have increased, so have the efforts of fraudsters who are finding new and ingenious ways to commit these acts. As the types of fraud and methods to commit fraud continue to evolve, so much the knowledge of practitioners, organizations, and researchers alike. Thankfully, increased fraud awareness can help reduce the likelihood of fraud infiltrating an establishment. Now is the time for them to look towards the future and increase their fraud awareness to better protect themselves from fraud. Practitioners, organizations, and researchers must arm themselves with knowledge of the theories and practices addressing the phenomenon, especially regarding insights into a fraudster's behavior in the pre-fraud state. Increased and continued awareness will allow for establishments to focus on being proactive, instead of reactive, to address and combat fraud.

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Scenario example: You are selling a tablet computer online and intend to use e-mail to communicate with the potential buyers. If you state, the condition of the tablet computer to make it appear better than it really is, you could gain an additional \$100 from the sale.

Please use the following scale to your level of agreeableness:

Strongly Disagree	Mostly Disagree	Disagree	Neutral	Agree	Mostly Agree	Strongly Agree
1	2	3	4	5	6	7

1. Selling a tablet computer for more than it is worth would benefit me.
2. I would benefit by selling my table computer to someone else for more than it is worth.
3. I have something to gain by overstating the value of the tablet computer I am selling.
4. I could benefit by selling the tablet computer for more than it is worth.
5. Making a tablet computer appear to be in better condition than its true condition would be beneficial to me.
6. I can justify selling this tablet computer for more than I think it is worth.
7. I believe that it is appropriate to sell the tablet computer for more than it is worth online.
8. In my opinion, it is acceptable to sell this tablet computer for more than I think it is worth.
9. In this circumstance, it is acceptable to make the tablet computer appear to be in better condition than it really is.
10. I deserve the chance to make a little extra by selling this tablet computer for more than I think it is worth.
11. If I were going to sell a tablet computer online, I would misrepresent the condition of the tablet computer.
12. I intend to misrepresent the condition of the tablet computer if I sell it online.

Please use the following scale to your level of agreeableness:

Strongly Disagree	Mostly Disagree	Disagree	Neutral	Agree	Mostly Agree	Strongly Agree
1	2	3	4	5	6	7

1. I really don't get emotional when I see people crying.
2. It's common for me to become teary eyed or close to crying when I see others crying.
3. I don't tend to have feelings of sorrow or concern when I see others crying.
4. I don't usually get emotional when others around me feel embarrassed or ashamed.
5. I'm inclined to feel really troubled when someone I know is crying.
6. It doesn't bother me very much when sensitive people get their feelings hurt.