

Leveraging Age and Disability practices to combat Internal Frauds

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Abstract:

This research aims to find out if representation of diverse age group people and disabled people help in preventing frauds in the organization. Several studies reveal that individuals with disabilities often demonstrate higher efficiency in the workplace compared to those without disabilities. Further, the attrition rate among employees with disabilities tends to be lower. It is also seen that these people make sincere efforts, and they are more committed, hardworking and loyal to the organizations they work for. Having combinations of different age groups and equally respecting them also gives an additional advantage to the company. This study explores the impact of workplace diversity, specifically focusing on disability and age diversity, on workplace outcomes such as whistleblowing and the identification of red flags. Descriptive statistics reveal generally positive perceptions across dimensions like fairness, support, and opportunities, with favourable views on diversity and inclusion approach. Pearson correlations show strong, significant relationships between aspects of disability diversity and whistleblowing, particularly in supportive environments. Further analysis reveals that age diversity significantly influences whistleblowing, with aspects like culture, respect, and overall commitment playing crucial roles. These findings highlight the importance of nurturing an inclusive and diverse workplace to enhance transparency, accountability, and overall positive organizational outcomes.

Key words: Age, Disability, fraud, red flags, whistle blowing

Introduction:

The importance of workplace diversity has gained recognition in recent years. Organizations are now prioritizing strategies to promote and support diversity, seeing it as essential for improving performance and something they can no longer overlook.(Nair & Vohra, n.d.). DEI initiatives are typically aligned with a focus on procedural and distributive justice within organizations.(Arsel et al., 2022). DEI Organizations has to encourage all age groups people equally based on the requirement as young people are always creative and have lot of insights about the company and middle-aged people have more maturity levels and old age people have deeper understanding of any of the subject matters related to company affairs. So, the company should always focus on having a proper blend of all age groups so that it gets valuable input and can also try to prevent unethical practices at the root level to prevent fraud as much as possible. It is widely acknowledged today that diversity brings both tangible and intangible value, despite the challenges and costs that may come with it. (Nair & Vohra, n.d.).

Fraud can be a serious issue in today's organizations, impacting the social and mental health of employees, especially older adults. It is hypothesized that older individuals are more vulnerable to fraud victimization compared to younger adults. However, fraud affects employees across all age groups, creating unique challenges for both younger and older workers, as each group may be targeted in different ways based on their vulnerabilities and experiences. Recognizing these risks is essential for fostering a safer workplace for everyone. (Yang et al., 2024).So the company should have an extra eye to protect these people at the working places. Older fraud victims may struggle to recognize when they need assistance and may not realize when they are being financially manipulated. This makes them particularly susceptible to fraud in organizational settings, where they may be unaware of the extent of the deception.(DeLiema, 2018).

The Equality Act 2010 establishes a legal framework that protects the rights of disabled individuals, defining

disability as a physical or mental impairment that significantly and long-term affects their ability to perform daily activities. In connection to fraud, individuals with disabilities may be at increased risk, as their impairments could make them more vulnerable to manipulation or financial exploitation. Ensuring strong protections against fraud is vital in safeguarding the rights and well-being of disabled individuals under this framework.(Smith et al., 2024). Persons with disabilities face social stigma, discrimination and marginalization in all sectors and in workplace most importantly their struggle for their dignity.; many workplaces do not have adequate infrastructure and other support mechanisms, and they also lack diversity policies that would give proper representations to the disabled people. The status of these people is the same in all kinds of companies in all sectors. Recent data from Nifty 50 companies shows that only 5 out of 50 have over 1% of employees with disabilities, but diversity hiring in India is improving, with a 26% increase reported in July 2023. Organizations should increase representation of people with disabilities, as they are eager to contribute and can help prevent fraud and unethical behaviour by identifying red flags and reporting concerns as whistleblowers.

By employing diverse representation like including all age group people and disabled people in the organizations, the company can provide them with guidance on how fraud allegations should be handled within the organization. Educating those who handle informal complaints on proper protocols is crucial for preventing fraud. Effective whistleblowing systems, combined with good governance, enhance fraud prevention by increasing fraud awareness. Studies show a strong positive link between whistleblowing systems and greater fraud awareness, helping to prevent fraudulent activities.(Periansya et al., 2023).

Review of literature:

Workplace diversity encompasses a range of characteristics, including age, gender, sexual orientation, ethnicity, race, culture, and disability, that collectively shape an organization's workforce.(Rao, 2023). Diversity has become a critical focus for organizations, as neglecting it can lead to the loss of valuable business and increase the risk of fraudulent activities. Employees are more likely to remain with companies where they feel included and valued, fostering a culture of trust and openness. This inclusivity not only enhances employee retention but also encourages reporting of unethical behaviour, making it easier to identify and prevent fraud. (Sangwan & Garg, n.d.). At the organizational level, DEI boosts creativity, adaptability, and problem-solving.(Newbury et al., 2022). Therefore, Over the past four decades, many developed countries, both large and small, have been striving to create diverse and inclusive workplaces. (Nair & Vohra, n.d.).

Disabled individuals often encounter perceived barriers when seeking employment, including challenges in accessing facilities, limited job opportunities, transportation difficulties, negative employer attitudes, low self-confidence, insufficient assistance, and a lack of qualifications or relevant skills and experience. (Smith et al., 2024). These are the systemic barriers which are present in most of the companies and the companies need to address these issues to create level playing field for everyone. Studies show that hiring people with disabilities offers benefits like higher profitability, cost-effectiveness, lower turnover, improved retention, and a positive company image. Employees with disabilities also gain improved quality of life, self-confidence, and a stronger sense of community. As a result, companies are increasingly adopting diverse hiring practices to leverage these advantages. Hence our study focuses on the additional benefits that diverse representation can bring by cultivating ethical environment, identifying red flags and taking courage to become whistle blowers and help in preventing frauds.

According to routine activity theory, the likelihood of crime increases when suitable targets are near motivated offenders in unsupervised environments. To prevent fraud, it is essential to address factors such as higher education, marital status, under representation of diverse employees, previous fraud experience, and heightened positive urgency, which have been identified as predictors of vulnerability to scams. By understanding these predictors and creating more supervised and secure environments, organizations can reduce the risk of fraud and better protect their employees from becoming targets.(Yang et al., 2024). According to a study conducted in 2018 one of the most effective strategies to avoid falling for scams is to refrain from making decisions in the "heat of the moment" and instead wait until emotions have settled to a calm, neutral state.(Kircanski et al., 2018). This approach not only protects individuals but also helps organizations mitigate the risk of fraud overall. This principle can also be applied to organizations aiming to reduce fraud by embracing a diverse workforce that includes individuals of different ages and those with disabilities. Hiring employees from various age groups can bring a wealth of perspectives and experiences, which can contribute to more thoughtful decision-making processes. Older employees often possess greater emotional maturity and a more cautious approach to risk, helping to counter impulsive actions that can lead to fraud.

To reduce internal fraud, organizations should encourage the psychological community to critically evaluate the concept of mental age and consider discontinuing its use in reporting and communication across various settings. By promoting a more supportive and inclusive environment, companies can better meet the needs of older employees, ultimately reducing the risk of internal fraud.(Rogers & McGuire, 2024). Data reveals a significant correlation between the age of fraud perpetrators and the median losses they inflict, with older fraudsters, particularly those over 60, causing median losses of USD 675,000—27 times higher than those caused by perpetrators under 26. However, despite these substantial losses, older fraudsters are not the most prevalent;

individuals aged 31 to 50 committed 69% of the frauds in the study. To effectively reduce internal fraud, organizations must implement targeted prevention strategies that address the motivations and behaviours of fraudsters across different age groups. By fostering a culture of transparency and accountability, enhancing fraud detection systems, and providing training on ethical practices for all employees, companies can significantly mitigate the risk of internal fraud, regardless of the perpetrator's age. (ACFE Report 2024).

Research gap Analysis:

The above literatures have focussed on the benefits of diverse workplaces but very few of the authors or literature speaks about having workplaces with diverse representation especially with different age groups and disabled people will help in identifying the frauds and building ethical environment. There is a limited survey which talks about having diverse representation with age combinations and disabled employees in the workplace and creating a fraud risk free environment. So, in this study we focus on establishing the relationship between the different variables of Diversity like Age and Disability and how it helps in curtailing the frauds in the organization.

Research Methodology:

The research investigates the efficacy of Diversity practices in countering fraud within the MNC's based in Bengaluru. A total of 182 responses were gathered from employees working in multinational corporations. A primary questionnaire, distributed via WhatsApp and mail comprised inquiries on Diversity practices and employee's readiness in fraud prevention. The study utilized both primary data obtained through the questionnaire and secondary data. Convenience sampling and snowball sampling methods were employed to gather responses. The data was analysed through Correlation, Anova and chi-square tests. The Construct under study is Diversity. Age diversity and Disability diversity were the dimensions under diversity and 5 items were used through 5-point Likert scale. Age and disability were the independent variables and fraud prevention through identifying red flags and employees turning out to be whistle blowers were the dependent variables used in the study.

Objectives of the study:

1. To investigate the correlation between employees perceived disability diversity in whistle blowing.
2. To analyze the association between employees perceived disability diversity in identifying red flags.
3. To find out the impact of employees perceived Age diversity in identifying red flags.
4. To assess whether employees perceived Age diversity has association with whistle blowing.

Hypothesis:

H1: Perception of Disability diversity is positively correlated to Whistle blowing.

H1: Perception of employee disability diversity at workplace will be positively related to identifying red flags.

H1: Perception of Age diversity at workplace will have positive impact on identifying red flags.

H1: Perception of Age diversity has a positive association with whistle blowing.

Data Analysis:

Table 1: Representing the Descriptive statistics:

| Descriptive Statistics | | | | | |
|----------------------------|-----|---------|---------|------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Gender | 182 | 0 | 2 | .59 | .514 |
| Age | 182 | 0 | 2 | .16 | .401 |
| DD valued | 182 | 1 | 5 | 3.77 | 1.314 |
| DD fair & respect | 182 | 1 | 5 | 3.95 | 1.155 |
| DD Support & accommodation | 182 | 1 | 5 | 3.92 | 1.191 |
| DD promotion | 182 | 1 | 5 | 3.73 | 1.235 |
| DD Supportive Environment | 182 | 1 | 5 | 4.04 | 1.121 |
| AD Valued | 182 | 1 | 5 | 3.85 | 1.252 |
| AD Equal opportunities | 182 | 1 | 5 | 3.81 | 1.170 |
| AD inclusion | 182 | 1 | 5 | 3.93 | 1.169 |
| AD promotion | 182 | 1 | 5 | 3.84 | 1.164 |
| AD Overall | 182 | 1 | 5 | 3.78 | 1.224 |
| Red flags | 182 | 1 | 5 | 3.91 | 1.047 |
| whistle blow | 182 | 1 | 5 | 3.87 | 1.064 |
| Valid N (listwise) | 182 | | | | |

Table 2: Representing Pearson Correlations with the Disability Diversity with whistle blowing.

| Correlations |
|--------------|
|--------------|

| | | DD valued | DD fair | DD Sup & accommodation | DD pro | DD Sup env | whistle blow |
|---------------------------|---------------------|-----------|---------|------------------------|--------|------------|--------------|
| DD valued | Pearson Correlation | 1 | .749** | .730** | .710** | .697** | .460** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N | 182 | 182 | 182 | 182 | 182 | 182 |
| DD fairness | Pearson Correlation | .749** | 1 | .792** | .787** | .778** | .570** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 |
| | N | 182 | 182 | 182 | 182 | 182 | 182 |
| DD Support | Pearson Correlation | .730** | .792** | 1 | .841** | .821** | .532** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 |
| | N | 182 | 182 | 182 | 182 | 182 | 182 |
| DD Promotion | Pearson Correlation | .710** | .787** | .841** | 1 | .814** | .611** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 |
| | N | 182 | 182 | 182 | 182 | 182 | 182 |
| DD Supportive environment | Pearson Correlation | .697** | .778** | .821** | .814** | 1 | .653** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .000 |
| | N | 182 | 182 | 182 | 182 | 182 | 182 |
| whistle blow | Pearson Correlation | .460** | .570** | .532** | .611** | .653** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 182 | 182 | 182 | 182 | 182 | 182 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3: Representing chi-square Association of disability diversity in identifying red flags.

| Variables of Disability Diversity & Red flags | Pearson chi-square Value | | Linear Association | Asymptotic significance (2-sided) |
|---|--------------------------|--|--------------------|-----------------------------------|
| Valued | 2.506 | | 222 | 0 |
| Fair treatment | 0.431 | | 469 | 0 |
| Support and accommodation | 0.539 | | 532 | 0 |
| Promotion | 2.843 | | 158 | 0 |
| Supportive environment | 3.964 | | 357 | 0 |

Table 4: Representing Model Summary of Age diversity at workplace impact on identifying red flags.

| | |
|--------------------------------|-----|
| Model | 8 |
| Square | 0 |
| Adjusted R square | 8 |
| Standard Error of the estimate | 0 |
| Square change | 0 |
| Change | 652 |
| | |
| | 5 |
| F change | 0 |
| Levin Watson | 39 |

Table 5: Representing Regression Model Summary of Age diversity at workplace impact on identifying red flags.

| ANOVA ^a | | | | | |
|--------------------|----------------|-----|-------------|--------|-------------------|
| Model | Sum of Squares | Df | Mean Square | F | Sig. |
| Regression | 117.168 | 5 | 23.434 | 50.652 | .000 ^b |
| Residual | 81.425 | 176 | .463 | | |
| Total | 198.593 | 181 | | | |

Table 6: Representing coefficients of Age diversity at workplace impact on identifying red flags.

| Coefficients ^a |
|---------------------------|
|---------------------------|

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------------------|--------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.062 | .190 | | 5.594 | .000 |
| | AD Valued | .005 | .069 | .006 | .073 | .942 |
| | AD equal opp | .157 | .083 | .176 | 1.897 | .059 |
| | AD culture | .242 | .082 | .270 | 2.936 | .004 |
| | AD Promotion | .082 | .089 | .092 | .926 | .356 |
| | AD Overall | .255 | .085 | .298 | 3.004 | .003 |
| a. Dependent Variable: red flags | | | | | | |

Table 7: Representing chi square Association of Age diversity in whistle blowing.

| Variables of Age Diversity & Red flags | Pearson chi-square Value | Linear Association | Asymptotic significance (2-sided) |
|--|--------------------------|--------------------|-----------------------------------|
| AD Valued | .773 | .872 | .0 |
| AD equal opp | .047 | .613 | .0 |
| Culture of respect | 5.288 | .676 | .0 |
| In promotion | 0.617 | .963 | .0 |
| Overall Commitment | 5.939 | .068 | .0 |

Results and Discussions: Table 1:

The table summarizes data on Age diversity and disability diversity, showing positive perceptions across dimensions like fairness, support, and opportunities, with mean ratings ranging from 3.73 to 4.04. Gender and age distributions suggest a younger and possibly more gender-homogeneous group. Variability is present, but overall responses reflect favourable views on diversity in the workplace.

Table 2: The Pearson correlation table shows significant positive relationships between all aspects of disability diversity and whistleblowing, with correlations ranging from .460 to .653. The strongest correlation is between supportive environment and whistleblowing ($r = .653$), indicating that a supportive environment is closely linked to a willingness to report issues which encounter in the due course of work in the business. All correlations are significant at the 0.01 level, suggesting healthy relationship. **Table 3:** The chi-square table shows significant associations between various aspects of disability diversity and the identification of red flags, with all variables having high Pearson chi-square values and p-values of .000, indicating significant statistical relationship. This suggests that perceptions of being valued, fair treatment, support, promotion, and a supportive environment are strongly linked to the ability to identify potential issues or red flags in the organization. The linear associations are also high, emphasizing a strong relationship between disability diversity measures and the detection of potential frauds in the organization. **Table 4:** The model summary shows that age diversity at the workplace has a significant impact on identifying red flags, with an R-square of .590, indicating that 59% of the variance in identifying red flags is explained by age diversity. The model is statistically significant ($F = 50.652$, $p = .000$), and the Durbin-Watson value of 2.039 suggests no major autocorrelation issues. This highlights a strong relationship between age diversity and the detection of red flags. **Table 5:** The ANOVA table indicates that the model examining the impact of age diversity on identifying red flags is statistically significant, with an F-value of 50.652 and a p-value of .000, confirming the strong predictive power of the model. The regression model as depicted explains a significant portion of the variance, with a regression sum of squares of 117.168 compared to the residual sum of squares of 81.425. This suggests that factors like feeling valued, equal opportunities, and respect/promotion contribute meaningfully to the ability to identify red flags in the workplace. **Table 6:** The coefficients table shows that several aspects of age diversity significantly impact identifying red flags. Age diversity culture of respect and inclusion towards all age groups ($\beta = .270$, $p = .004$) and promoting overall age diversity ($\beta = .298$, $p = .003$) have strong, statistically significant positive results. Although Age diversity equal opportunities approach significance ($p = .059$), its impact is weaker. Other variables like Age diversity valued and Age diversity in recruitment and promotion are not significant, indicating limited influence on red flag identification. The model constant is significant ($p = .000$), reflecting the limited effect. **Table 7:** The chi-square table shows a significant association between various aspects of age diversity and whistleblowing, with all variables having high Pearson chi-square values and p-values of .000. This indicates that perceptions of being valued, equal

opportunities, a culture of respect, promotion, and overall commitment are strongly linked to whistleblowing behaviour. The high linear associations further emphasize the strength of these relationships, suggesting that age diversity plays a critical role in encouraging whistleblowing in the workplace.

Conclusion:

In conclusion, the data highlights the significant role of both disability and age diversity in creating a positive workplace effect, including the identification of red flags and taking a chance to become a whistleblower. Perceptions of fairness, support, and inclusion are strongly linked to these behaviours, with supportive environments and overall commitment being particularly influential. Age diversity also plays a crucial role in promoting accountability and transparency, as evidenced by its impact on whistleblowing and red flag identification. By looking at the above findings we can say that if organizations start having diverse representation ignoring traditional way of hiring, it has common benefits like increased creativity, decision making capacity, reduced turnover etc. but it is also coupled with additional benefits like identifying the red flags in the organization and blowing the whistle if unscrupulous activities take place. Such kind of Literature is something new where all organizations must try because fraud is a costly affair, and it should be stopped at the initial stages rather than allowing it to grow and making the company go bankrupt. Overall, having a diverse and inclusive workplace positively influences both individual and organizational outcomes and most importantly it adds to the corporate governance practices.

Future scope for research:

The research focused in this study is confined to only the two Diversity variables that is Age and disability. Here different constructs, dimension and items are being used but when different variables which is related to Diversity like Ethnic, racial, gender etc. are used in future study, the results may vary and depending upon the statistical tests also the result may vary. Further, it may contribute enormously to the work of corporate governance measures where practicing diversity, equity and inclusion has become paramount in her recent days. In future studies the other researchers can focus on trying out all three variables of diversity, equity and inclusion in combating frauds in organization.

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