

EXPLORING ORGANIZATIONAL MISSION ACCOUNTABILITY OF NONPROFIT  
LEADERS: A QUALITATIVE EXPLORATORY CASE STUDY

by

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LEADERS: AN EXPLORATORY MULTIPLE CASE STUDY

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## **ABSTRACT**

Leaders and board members of for-profit and nonprofit organizations' roles are to define their mission and effectively communicate them to board members, employees, volunteers, and the public. Board members may have difficulties understanding their role as a member to uphold their mission and integrity and protect the organization's assets and resources from theft. This qualitative study's researcher intended to gather data from five board members of American organizations in the United States with at least 6 months of board member experience. Participants were interviewed to help understand the board's methods of accountability and methods used to protect the organization from theft. Results of the study established that board members should hire an independent external auditor and oversight committee and have a governance plan and outcome measurement regarding what is generally done or believed. Results showed that board members understand the importance of accountability and what methods are used to enforce them. The conclusion confirmed the study findings and the extended hypothesis of previous literature verified through theory, research, and participants' experiences. Recommendations to nonprofit and for-profit board members that policies should address whether board members are experienced in managing the organization's financial aspect, effectively communicate any misappropriation, and holding leaders accountable for their illegal behavior. Recommendation for future research will be to use the same study's research questions on how leaders and board members can effectively determine plausible methods of accountability and enforce them.

## **DEDICATION**

I dedicate this dissertation to my late father, Arluster Maxwell, Sr., who passed away on April 27, 2021. I am so proud of my father, whose behavior was exemplary in representing the best of what a man should be. I want to dedicate this dissertation to my mother, Bettie Mae Maxwell, who has continued to be a wonderful and Godly parent who loves her children unconditionally. I want to dedicate this to my sister, Linda Faye Maxwell-Harris. She has always supported me and stayed up late at night reading over my schoolwork to ensure it was grammatically correct and met deadlines. Finally, a special thank you, to my granddaughters, Valentina and Layla Brooks, who encouraged me to continue this journey when I almost gave up on me.

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## Chapter 1

### Introduction

During the 21st century, a proliferation of 501(c)(3) nonprofit organizations led to increasing cases of misappropriation of funds in the United States (Association of Certified Fraud Examiners [ACFE], 2018; Yallapragada et al., 2010). Internal Revenue Service (IRS) Code of 1954 is used to classify nonprofits as 501(c)(3) and 501(c)(4), which are charitable, educational, religious, and civic organizations. Misappropriation of funds in nonprofits indicates inefficient oversight duties (Leroux & Langer, 2016). Weaknesses in internal monitoring provide leaders a chance for opportunism and theft (ACFE 2018; Felix et al., 2017). It has been noted that nonprofit leaders are manipulating the system and stealing money from the organization for personal use (ACFE, 2018; Harris et al., 2017). Studies indicate that nonprofit organizations are victims of fraud by leaders within their organization who steal thousands and millions of public donations for self-interest and are not held accountable for theft (ACFE, 2018).

The public supports a nonprofit's mission by giving donations, contributions, gifts, money, and other assets. The public entrusts nonprofits to honor their mission and use resources for the intended purpose (Hu, 2015). Nonprofit contributions received by the organization are exempt from levying tax and the right to claim a tax deduction (ACFE, 2018; Hu 2015). Nonprofit funds, goods, and other resources must be available for allocation, and insufficient funding or resources impact the organization's ability to survive (Helmig et al., 2014; McDonnell & Rutherford, 2018). The issue of nonprofit and for-profit leaders misappropriating funds provide better insight concerning the board's responsibility to protect the organization's resources and accountability for theft.

This chapter includes information about the background, problem and purpose statement, population and sample, significance and nature of the study, research questions, conceptual framework, definitions, assumptions, limitations and delimitations, and chapter summary.

### **Background of the Problem**

An increase in theft or fraud by nonprofit and for-profit leaders over the past two decades continues into the 21st century exceeding \$100,000 or more (ACFE, 2018; Harris et al., 2017). Studies indicate fraud in nonprofits averages a loss of about 5% of annual income (Bank, 2019). The ACFE identifies misappropriation such as fraud and theft, as the most frequent method of stealing by nonprofit and for-profit organizations. Improper disclosures of financial statements can be costly and problematic for these organizations to obtain grants, contributions, and other resources (Bank, 2019). In 2008, the IRS was aware that nonprofits and for-profit organization administrators had the discretion to secretly conceal in-house theft without notifying the public (Harris et al., 2017). New provisions under the IRS form 990 for nonprofits can improve the board's comprehension of governing the organization's finances (ACFE, 2018; Lee, 2016; Smith & Richmond, 2007).

In the United States, over one million 501(c)(3) exempt nonprofit organizations show registration in the IRS database (Cole, 2016; Gilstrap & Morris, 2015; "Industry market research," 2022; NCCS Team, 2020; Yallapragada et al., 2010). A growing population, a looming economic crisis, and insufficient government resources to assist the needy engendered a rapid growth of nonprofit organizations and increased misappropriation of funds such as embezzlement, fraud, and theft throughout the United

States (Lee 2011; Yallapragada et al., 2010). Board members discovered that nonprofit and for-profit leaders stole substantial money from the organizations, and the board decided to conceal the misappropriation of funds from the public that supports their cause (Archambeault et al., 2015; Harris et al., 2017).

Board members' decision to whitewash embezzlement engendered considerable public mistrust in these organizations' ability to protect its resources because of inadequate internal and external controls to monitor resources (Greenlee et al., 2007; Harris et al., 2017). Scandals of nonprofit leaders misappropriating funds became publicly known. Leaders were stealing contributions, cash donations, and other personal assets from the organization but were not held accountable by board members (Archambeault et al., 2015; Harris et al., 2017).

Deficiencies in governance and internal controls have resulted in misappropriation because of nonprofit leader's criminal misconduct and sanctioned lawmakers to levy new tax laws for 501(c)(3) nonprofit organizations under the Sarbanes-Oxley (SOX) Act of 2002 (Holt, 2006; Majid et al., 2014). The SOX Act of 2002 protects investors, shareholders, and workers and deters and punishes offenders of for-profits and nonprofits perpetuating an immoral act of accounting fraud (Yallapragada et al., 2010). In the United States, nonprofits no longer have an alternative of concealing or not reporting misappropriation of money or assets from the public regardless of the perpetrator when the gross diversion exceeds 5% gross receipts, 5% total assets, or a loss over \$250,000 (ACFE, 2018; Archambeault et al., 2015; Harris et al., 2017).

In 2008, the IRS mandated that nonprofits disclose publicly any knowledge of notable asset diversions or theft and the amount stolen (Harris et al., 2017; Perlman,



2014). Mandatory disclosure of nonprofit financial statements must show funds substantially allocated for charitable and altruistic purposes (Bank, 2019; Phillips, 2013). In addition, nonprofits must report any corrective measures by board members employed to recover funds or offenders attempting to make financial reparation (Harris et al., 2017; Perlman, 2014).

Studies of nonprofits indicate that board members lack knowledge or understanding regarding accounting practices, managing resources, or maintaining a commitment to the organization's mission and the public (Becker, 2019; Greenlee et al., 2007; Smith & Richmond, 2007). Proper management of financial performances is a prerequisite for a successful mission and accomplishment, organizational survival, and the ultimate criterion for success in the competitive market of nonprofits (Helmig et al., 2014; McDonnell & Rutherford, 2018). Attitudes, experience, governance, and skills are imperative for the successful management of a nonprofit organization (Coupe, 2015; Lee, 2016; Parsa et al., 2022; Smith, 2009; Toepler & Anheier, 2004). Various works of literature provide different views regarding nonprofits and for-profit leaders; to an extent, there appears to be an accurate consensus. This qualitative exploratory multiple case study signified a need to explore methods nonprofits and for-profits can implement to better protect resources more effectively and prevent theft in the organization.

### **Problem Statement**

The general problem is that some administrators for larger nonprofit and for-profit organizations made decisions to conceal the misappropriation of funds of more than \$100,000, which can negatively impact the organization's financial stability (Smith & Richmond, 2007; Yallapragada et al., 2010). In addition, nonprofit and for-

profit leaders have diverted, rerouted, and misappropriated more than \$100,000 from the organizations without penalty (Harris et al., 2017; Smith & Richmond, 2007; Yallapragada et al., 2010). Regardless of nonprofit organizations' benevolence and humanitarian concerns to assist the needy, leaders were stealing but not held accountable for theft (Alpert et al., 2010; Greenlee et al., 2007; Scott, 2009; Smith, 2009; Strom, 2008; Yallapragada et al., 2010). Decisions by board members prefer that leaders resign from the organization without legal prosecutorial proceedings or criminal fraud charges are unclear (Harris et al., 2017; Perlman, 2014). The problem is that nonprofit and for-profit leaders have been committing fraud and misappropriating funds from the organization for years (Harris et al., 2017; Rhode & Packel, 2009). No legal action for leaders' criminal behavior has been imposed (Harris et al., 2017). Some board members gave nonprofit and for-profit leaders an option to resign (Harris et al., 2017; Strom, 2008). Board members imposed mandatory termination or accepted restitution as repayment, and leaders committed theft without consequences (Greenlee et al., 2007; Harris et al., 2017).

A board member's fiduciary duty is to monitor the organization's leader or chief executive officer's (CEO) decision-making and actions and comply with its mission statement to help the public (Leroux & Langer, 2016). Nonprofit organizations with an ineffective oversight committee governing finances have resulted in more than \$100,000 stolen by the organization's leader (ACFE, 2018; Snyder et al., 2017). In addition, most nonprofit leaders have complete financial control to withdraw or allocate money without the board's approval and provide an opportunity to exploit the public's donations (Husam & board's approval and provide an opportunity to exploit the public's donations (Husam &

Delon, 2020; Synder et al., 2017). The board should establish a system of checks and balances for improving governance, oversight, internal control, and accountability for theft (Hu, 2015). An improper oversight committee entices leaders with the opportunity to misappropriate funds (Parsa et al., 2022; Reed & Guess, 2014; Smith, 2009).

Research recognizes that an accurate record maintained by board members regarding the disbursement of resources can help prevent fraud (LeRoux & Langer 2016; Wolf, 2013). Misappropriation or fraud is inevitable and likely to reoccur, especially where there are no sufficient internal and external controls, but leaders are not held accountable for theft (Felix et al., 2017; Fleak et al., 2010; Harris et al., 2017; Majid et al., 2014). Nonprofit board members have fiduciary duties and must maintain a commitment to the organization's mission, supervise fundraisers, protect resources, and implement a governing body (Becker, 2018; Reed & Guess, 2014; Wolf, 2013). The board needs to know what performance measurements to implement and ensure consistency in accounting and prevent the risk of misappropriation of funds. Accountability is a requirement of nonprofits to commit to the organization's mission, heighten public trust, and avoid abuse of authority (Baker, 2018; Becker, 2018; Hu, 2015).

### **Purpose of the Study**

The aim of this qualitative exploratory multiple case study was to understand prevention methods used by board members of nonprofit and for-profit to protect the organization's resources. The essential goals of this study were to comprehend board members' methods to prevent the misappropriation of funds and better protect the

organization's resources. The researcher explored circumstances contributing to theft in nonprofit and for-profit organizations in four American organizations.

The primary focus of this study was to shed light on how nonprofit and for-profit organizations can implement better governance policies for monitoring resources and preventing the misappropriation of funds. The researcher conducted five separate interviews via phone related to the organization's method to protect resources, archival data, organization's mission statement, and position held in the organization analyzed and provided essential data on the board's decision-making methods. Regardless of nonprofit benevolence and humanitarian concerns, the public demands for nonprofits to implement measures to improve accountability for theft (ACFE, 2018; Bernstein et al., 2015).

The results of this study are essential to help board members comprehend the significance of accountability and zero tolerance for criminal behavior. There is a new area of the prevalence of misappropriation, especially in nonprofits and upward movement (Greiling et al., 2016). In addition, pressure from donors is demanding greater accountability of nonprofits to re-establish efficient and better structured mechanisms for accountability for charitable mission (Ferrell et al., 2017; Bernstein et al., 2015). This study's researcher aimed to comprehend the organization's mission and improve methods of accountability for leaders misappropriating funds and strategies for protecting resources better (LeRoux & Langer, 2016; Reed & Guess, 2014). Nonprofits are essential to provide services that government agencies inadequately lack such as assistance with paying utilities or rent (Liao & Huang, 2016; McDonald, 2007; Siliunas et al., 2019).

## **Population and Sample**

Purposeful selection of participants and proper sampling was crucial to this research, and nonprofit 501(c)(3) organizations are tax-exempt by the IRS (Hu, 2015). The criteria for this study were nonprofit and for-profit organizations with three or more employees to help understand board members' methods to protect assets and prevent theft. The researcher recruited participants from nonprofit and for-profit organizations who were vice presidents, treasurers, secretaries, and other board members. Purposeful sampling was appropriate to use in this qualitative case study, and the researcher used a conventional method to investigate case study research methods (Gentles et al., 2015; Yin, 2018). Selected participants' knowledge and thoughts contributed to in-depth comprehension of the issue to identify and recruit a specifically targeted participant (Suri, 2011). DiCicco-Bloom and Crabtree (2006) conducted a comprehensive and thorough interview with purposeful sampling and attempted to find a depth of knowledge and "richness of data to address the research question" (p. 317).

Studies indicate that leaders of nonprofits and for-profit exhibiting transformational leadership can influence ethical behavior, encouragement, persistence, vision, and motivation can improve performance (Peng et al., 2020; Porter, 2015). A total of five participants from four American organizations participated in this study. The viewpoint of five board members' knowledge and thoughts contributed to in-depth comprehension of the issue regarding this study (Suri, 2011). The researcher collected and analyzed three datasets related to the organization's mission statement, position, and tax filing status. In addition, board members' positions in the organization helped in the recruitment and selection process.

### **Significance of the Study**

This qualitative multiple case study is significant because nonprofit and for-profit board members could benefit from understanding how board members could effectively manage resources to prevent theft. The significance sections explain why the study was a unique approach to the problem to be investigated, the potential benefits and benefactors from the proposed study, and how the study results might make an original contribution to the field. Research indicated an increase in nonprofit and for-profit organizations' need for greater accountability. This research originates from the aspiration to reveal methods to improve nonprofit accountability and provide better ways to protect the organization's resources. Greiling et al. (2016) and Young (2002) noted that nonprofit and for-profit leaders must be accountable for their mission. Studies indicate these organizations' board members are trustees obligated and entrusted to strict adherence and must maintain acceptable ethical standards (Bartholomew, 2015; Becker, 2018). The study results are valuable to future nonprofit and for-profit organizations and hold leaders accountable for the theft that impacts the organization's integrity.

Hu (2015) further stated that every public contribution a nonprofit receives is exempt from paying taxes including monetary and other types of donations; public donations to charitable organizations are tax-deductible. Research results indicated that nonprofits are susceptible to theft and fraudulent activities, mainly when receiving considerable cash donations, and using volunteers with little or no supervision. In addition, inexperienced board members with no financial background can misappropriate funds and other resources (Smith & Richmond, 2007; Young, 2014). ACFE (2018) reported fraud over \$7 billion, median loss of \$130,000 per case, reported cases of 2,690, and an undetermined number of fraud cases in nonprofits are unreported. The findings of

this study may help nonprofit board members implement better measures for strengthening internal and external controls to protect and better monitor the organization's assets and resources from theft.

### **Nature of the Study**

This was a qualitative exploratory multiple case study with the intention to gather data from five board members of American organizations in the United States. This study's researcher sought to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions of dollars and were not held accountable for theft by board members. Fraud committed by nonprofit and for-profit leaders could negatively affect the organization's financial stability and survivability. This study's qualitative research method was preferred as an exploratory investigation that examines the essential and comprehensive data collection method and employs multiple data sources (Christensen et al., 2013). A qualitative research method was most appropriate and suitable for study and helped to facilitate understanding regarding how this social phenomenon affects society (Hade & José Closs, 2016).

The foci of this research aimed to comprehend the widespread occurrence of misappropriation in nonprofit and for-profit organizations. The appropriateness of this study raises relevant questions regarding the research problem. The investigations of this phenomenon may gradually emerge in a more detailed exploration of concepts or theories (Creswell, 2014; Yin, 2018). Many questions elicit information concerning the validity of the phenomenon, such as meaning, structure, intrinsic nature, knowledge of the study (Creswell, 2014; Yin, 2018), and accuracy, reliability, and validity (Hollweck, 2015). This case study's researcher aimed to collect, examine, and analyze information about the

participants' current activities regarding the decision-making process related to misappropriation.

This qualitative exploratory multiple case study was essential to the study problem. It addressed the participants' knowledge of the study phenomenon, which follows patterns and makes informed decisions. A case study encompasses a pragmatic worldview, understanding, pluralistic consequences, centered problems, real-world theory and discipline, and present and past articles (Creswell, 2014). Case studies can generate good opinions and explain why nonprofit and for-profit leaders misappropriate funds but were not held accountable for stealing by board members. In addition, this study's findings comprehensively explain who the research is and provide essential details about the social phenomenon and methods of improving accountability (Kucuk & Cepny, 2015).

A qualitative case study was a more appropriate method for this research design and can help achieve research objectives and provide in-depth knowledge regarding the social phenomenon under investigation (Hollweck, 2015; Yin, 2018). Case studies are the preferred method as an individual's behavior is not easily influenced and aim to investigate past and present events (Yin, 2018). The case study depends on several research methods, two primary evidence sources, and interviews. Hollweck (2015) and Yin (2014) stated the research quality of the case study methodically connects with the researcher's ability to engage with participants during the interview process.

A qualitative exploratory multiple case study is designed to obtain comprehensive data about the phenomenon from a holistic perspective (Cypress, 2015; Yin, 2018). Multiple case study designs are the most appropriate method for conducting a thorough



and comprehensive research study (Preetha, 2014). Applying this qualitative method allows variables to emerge from data, so the researcher can obtain extensive knowledge about the complexity of the phenomena under investigation by exploring the participants' views (Creswell, 2014).

The case study depends on an inductive theory of reasoning, dependability, trustworthiness, credibility, transferability, and conformability concepts from examining data, which are grounded in contextual methods. A case study can be used to discover, understand, and expand perceptions about the phenomenon and why nonprofit and for-profit leaders misappropriate funds for personal use. Compared to phenomenological research, the qualitative case study design is an appropriate method that employs questions to determine how and why an incident occurred (Creswell, 2014; Yin, 2018). The phenomenon and characteristics over time are studied and can help accurately assess data collection by interviewing participants concerning the problem. Phenomenological research aims to expose the uncertainty of individuals' lived experiences and comprehend the reality of people (Flynn & Korcuska, 2017).

Applying the qualitative method can provide essential knowledge of how the phenomenon and social conditions unravel and affect a particular group. Mixed method research requires a contextual relationship that relates to the circumstances to formulate a theory, depending on the theme for discussion, comprehension, explanation, and description of chosen literature as a subject for research (Creswell, 2014; Johnson, 2019; Yin, 2018). Mixed method research combines qualitative and quantitative data analysis and collection (Hennessey et al., 2018). This research method employs multiple methods and sources and different data and methodically combines and triangulates data to

maximize strengths and compensate for weaknesses in data (Hennessy et al., 2018; Johnson, 2019). A mixed method study helps establish and combine conceptual and theoretical frameworks that enable research questions to develop (Johnson, 2019). Mixed method research is not appropriate as this research does not necessitate explanation or interpretation of data in numeric or statistical form (Creswell, 2014; Yin, 2018).

Case study research design can be helpful in mixed methods research design and bases contemporary perspectives on verifiable and observable experiences rather than logic (Creswell, 2014; Yin, 2018). The phenomenon must have considerable empirical and current evidence to support arguments concerning the prevalence of nonprofit and for-profit leaders misappropriating funds and no accountability by board members. Hollweck (2015) noted that an empirical inquiry of participants is essential to explore the present-day phenomenon in-depth and comprehensively in real-world situations. The underlying aim of this research was not to comprehend or analyze relations between social phenomenon and the case study.

A qualitative approach was most appropriate for this case study to investigate the research problem in-depth. The phenomenon's significance was determined by interviewing participants for all intents and purposes of gathering archival documents (for example, newspapers, official reports, public records, and literature reviews) and comprehensive analysis of field notes (Creswell, 2014; Leedy & Ormrod, 2013). Interview questions were seven short, open-ended research questions (Appendix F), planned and appropriate for participants to respond to the phenomena under study (Christensen et al., 2013). Conducting in-depth interviews assisted the researcher with

obtaining descriptive information regarding the participants' experiences and thoughts about the research problem.

### **Research Questions**

The research questions and phone interview questions helped to discover and develop a comprehensive understanding of the phenomenon as viewed from board members' viewpoint. The research questions helped produce an essential framework to conduct the research, and both support the discovery of the data collection approach and the research method.

In this qualitative exploratory multiple case study, research questions ask questions that explain the most appropriate research method for the analysis (Hewett et al., 2019). The research questions were well-structured and allowed the researcher to identify and collect data to analyze and interpret the research aim to discover new knowledge.

Two research questions helped form the basis for discussion.

**RQ 1:** What changes have been implemented by board members to improve accountability for misappropriation of funds for example theft, embezzlement, or fraud?

**RQ2:** How do members of the board plan to protect resources from future misappropriation better?

### **Conceptual Framework**

This qualitative study's researcher undertook a literature review verifiable through theory, research, and participants' experiences concerning the prevalence of nonprofit and for-profit leaders committing fraud and not held accountable. Literature

helps discover methods to employ and can manage and control nonprofit and for-profit organizations can employ to prevent misappropriation.

There were expectations and complications in obtaining information or difficulty analyzing data and understanding the study's outcome as limited research has been studied on nonprofit and for-profit leaders misappropriating. There are many theories about why some leaders misappropriate funds but are not held accountable for theft, embezzlement, or fraud. Theories express an argument or idea and provide an explanation, prediction, understanding of the phenomena, and new insight regarding the study.

Variables between nonprofits and for-profits are boards (nonprofits) and stakeholders (for-profit), and for-profits have more control over finances than nonprofits (Arshad et al., 2015). Contributing factors and variables associated with nonprofits' accountability is a lack of loyalty to their "operating standards and transformational leadership" (Geer et al., 2008, p. 14). Understanding that nonprofit organizations lack transformational leadership, financial expertise, accountability, and adequate internal controls for monitoring the organization's resources can help reduce theft (Arshad et al., 2015; Greenlee et al., 2007, McDonnell & Rutherford, 2018). An inexperienced board member and no financial background can create an acclimation of vulnerability to theft and corruption. Counteracting and mitigating the risk of misappropriation by monitoring the organization's finances can reduce theft (Fleak et al., 2010; Greenlee et al., 2007; McDonnell & Rutherford, 2018; Smith & Richmond, 2007). In addition, volunteers with little or no supervision help the organization carry out its duties and accept cash donations and other resources. The potential for nonprofit administrators to commit fraud

may be more accessible and easily obtained than for-profit. The public expectation of these organizations is to have ethical standards, protect resources, and be accountable (Becker, 2018; Geer et al., 2008).

The public call for increasing organizational accountability, effectiveness, performance, and commitment to operating standards are necessary to ensure greater accountability (Becker, 2018; Porter, 2015). A good business standard can benefit nonprofit leaders and help maintain effective communication with board members, display ethical behavior for followers, and stay abreast of policy changes to ensure they reflect the organization's mission (Hötzel & Vandressen, 2022; Porter, 2015). In the literature, misappropriation of funds in nonprofits results from weak or insufficient internal controls, and sufficient controls can lead to less fraudulent behavior (Liu et al., 2015). A surge of scandalous corporate fraud in the early 2000s with Enron, Tyco, WorldCom, the American Red Cross (ARC), and other nonprofit and for-profit organizations indicates deficiencies in monitoring governance, management, auditors, investors, and internal controls. The SOX Act of 2002 observed these deficiencies and sanctioned new laws to protect investors' financial interests (Majid et al., 2014) and whistleblowers against retaliation (Bank, 2019).

### **Assumptions, Limitations, and Delimitations**

#### **Assumptions**

Based on the researcher's knowledge of nonprofits and for-profit leaders, there were five primary assumptions about this study. The first assumption was that leaders misappropriate funds from the organization for personal use (Greenlee et al., 2007; Harris et al., 2017). This assumption was based on the premise of the attrition theory on leaders

of nonprofits and for-profits having sole control to manage finances (Smith, 2009). The second assumption was that leaders commit fraud for financial obligations to pay off significant debts to creditors and for materialism and entertainment. Leaders guide this assumption of living beyond their means by buying expensive jewelry and condominiums and paying for vacations. The third was the assumption of the board's inability to manage control over accounts receivable and payable or distribution of resources. This assumption was based on the premise of previous leaders misappropriating funds and the predictors of future embezzlement. The fourth assumption was that leaders commit fraud and misappropriate funds without further consequences. This assumption was based on the premise that nonprofit and for-profit leaders continue to divert funds from the organization to control and manage financial affairs.

### **Limitations**

In this qualitative research, there were no issues during the data collection with participants. The study's researcher determined the limits and boundaries that defined the purpose and relevance of this research. Participants were encouraged to communicate openly and freely without constraint, but non-respondents who decided not to disclose information about the misappropriation of funds may have affected study findings. In addition, issues were minimized upon approval of the University of Phoenix Institutional Review Board (IRB) approval letter before data collection. With any research being conducted, there are limitations and concerns for potential weaknesses beyond the researcher's control. The limitations were an exploration of board members who manage financial transactions, insights regarding leaders misappropriating funds, and written accounts of embezzlement from different sources.

## **Delimitations**

The delimitations in this study and the data collection process are exclusive to American organizations in the U.S. The interview will not include information about the participant's workplace, name, or address. Participants were asked to respond to seven specific open-ended questions.

Research indicated that nonprofit fraud violates state and federal tax codes, such as unauthorized cash withdrawals, payroll fraud, and check fraud. Hu (2015) and Gamble and Munoz (2022) stated that every public contribution nonprofit receives an exemption from paying taxes for monetary and other types of donations collected; public donations to charitable organizations are tax-deductible. Nonprofits are nonexistent without government grants, donations, donors, partners, staff, and volunteers to support the organization's mission and succeed. Studies on nonprofits indicated that the board must communicate the organization's aim effectively throughout the organization. The board must efficiently manage daily operations and ensure the organization complies with its mission.

Multiple case studies were the research scope after identifying four organizations and specific geographic in the United States. The study may help readers understand the phenomenon studied by employing multiple sources, documents, and interviews (Kelley et al., 2015). The researcher only interviewed board members who are decision-makers within the organization. The exclusion in this research included:

1. Participants under 18 years old.
2. Board members with less than 6 months of experience as a board member in their organization.

3. Participants who were unavailable to participate in the study or in the interview process.
4. Organization leaders who were unwilling to permit employees to recruit from the organization.

### **Chapter Summary**

The reoccurrence of misappropriation and fraud in nonprofits is a social phenomenon prevalent worldwide (ACFE, 2018; Becker, 2018). Understanding why nonprofits and for-profit board members manage financial records and resources inadequately is essential to reducing fraud in nonprofits and for-profit organizations. Nonprofit leaders' wrongdoings and scandalous behavior have permeated countries like China, Europe, South Korea, and South Africa, especially in the United States (Hu, 2015). Board members are responsible for overseeing financial matters and protecting resources against theft. Unfortunately, leaders of nonprofits and for-profit have misappropriated funds for years but were held accountable by board members (Harris et al., 2017). Growing and uncontrolled incidents of misappropriation and fraud in nonprofits have ignited consensual efforts worldwide to protect resources and offer greater accountability (Arshad et al., 2015). Board members' inability to effectively manage and safeguard resources continue to be a conduit for misappropriation and fraud in nonprofits. Implementing effective monitoring and board efficaciousness mechanisms could be essential in protecting the organization against abuse of fraud and minimizing risk (Arshad et al., 2015).

Misappropriation of funds continues to be problematic within nonprofit and for-profit organizations (Harris et al., 2017). The SOX Act of 2002 was enacted to regulate



and improve nonprofit and for-profit organizations' accounting because leaders were stealing money and other resources. Leaders' unethical and illegal fraud and misappropriation of funds have generated a lack of credibility in the public eye and can impact charitable organizations' financial stability. Nonprofit and for-profit leaders' unethical behavior and the organization's failure to uphold its mission call for accountability. Chapter 2 outlines a review the literature, endeavors to use relevant literature, and gathers new knowledge about the phenomenon for improving accountability – reviews accountability methods for better protecting resources. In addition, the researcher discusses several works of peer-reviewed literature on nonprofit and for-profit board members' responsibilities, accountability, misappropriation, and protection of the organization's resources.

## Chapter 2

### Literature Review

An examination of the literature on nonprofit organizations was logical and consistent. The lack of or omitted information about nonprofit leaders misappropriating resources is insufficient. Misappropriation in nonprofits has an enormous impact on the organization's financial stability (Ashad et al., 2015; Greiling et al., 2016). The public depends on assistance from nonprofits to help provide services such as food, clothing, and shelter, whereas government agencies lack inadequate services (Liao & Huang, 2016; McDonald 2007; Siliunas et al., 2019). Nonprofit organizations receive for grants to provide services to help the needy, but some organization's leaders divert and misuse funds for personal use (Archambeault et al., 2015; Felix et al., 2017; Greenlee et al., 2007; Majid et al., 2014; McDonnell & Rutherford, 2018). Board members must prevent further misappropriation and leaders' unethical behavior, which has become a public concern (Becker, 2018; Mustafa Bakri et al., 2017). Poor management, lack of financial expertise, and inadequate selection of board members have an enormous impact on the organization's financial stability and success (Arshad et al., 2015; McDonnell & Rutherford, 2018). The aim of this qualitative exploratory multiple case was to understand prevention methods used by board members of nonprofit and for-profit organizations.

#### **Title Searches and Documentation**

The literature review included scholarly peer-reviewed journal articles on relevant data from past and current events. The search section includes a diversified selection of searches obtained from specialized databases within the University of Phoenix

EBSCOhost database, ProQuest database, College of Doctoral Studies Dissertations and ProQuest Digital Dissertations, and Emerald Sage. The research also included a search from the GuideStar, Science Direct, and Association of Certified Fraud Examiners reports. Several keywords were used for the search: *fraud, misappropriation of assets, misappropriation, nonprofit and for-profit leaders, accountability, outcome measurement, performance measurement, transformational leaders, board of directors, embezzlement, qualitative research methods, case studies, mixed methods research, phenomenology research, quantitative research, historical case study, and an exploratory multiple case study*. In addition, Internet search engines helped the researcher to seek past and current information on nonprofit organizations, including newspaper articles. The extent of the search was comprehensive but not all-inclusive enough to provide data on the topic of nonprofit and for-profit leaders' accountability. Limited information could not be found to cover the extent of the research topic.

## **Historical Content**

### **Prevention Methods**

In 1894, legislation put into law tax codes for nonprofit organizations, which were exempt for charitable purposes. In 2008, modifications in the reporting of management, governance, disclosure, and transparency were enacted (Scheetz et al., 2021). Fraud in the 1980s had known aliases as “white collar crime,” defalcation,” “irregularities,” and “embezzlement” (Levy, 1985). It became known that board members were intentionally instigating and manipulating finances throughout the organization and escaping detection (ACFE, 2014; McDonnell & Rutherford, 2018; Ries, 2004). Fraud became problematic

for these organizations as much high-dollar theft occurred throughout the business communities (Levy, 1985).

Auditing became extremely difficult when board members assisted auditors and hid irregularities. Many auditors anticipate deceit and decline to continue once deceit is found and withdrawn from the audit process (Bank, 2019; Greenlee et al., 2007; Levy 1985). Auditors believed the most effective method of preventing fraud, and theft, for embezzlement was internal controls. Levy (1985) found that the most difficult schemes are hard to detect within the organization without existing controls, which led to motives, opportunities, and methods to commit fraud.

### **Monitoring to Prevent Misappropriation**

The research was a social phenomenon based on logic and the belief that board members should be held accountable for theft, whereby methods of accountability necessitate improvement to protect better financial stability (Kowlaski, et al., 2022). Studies show that organizational leaders have excellent managerial skills and have transferred money away from the organization into a personal account (Alpert et al., 2010; Harris et al., 2017; Scott, 2009; Smith, 2009; Strom, 2008), for personal enrichment (“Head of nonprofit mental health,” 2017), and to support a lavish lifestyle (Yallapragada et al., 2010). Mustafa Bakri et al. (2017) found that firm integrity in these organizations could help prevent unethical behavior of misappropriation and fraud.

Some organizations have a governance plan, oversight committee, and internal and external control and monitoring system to control finances to prevent misappropriation. There is a new area of the prevalence of misappropriation, especially in nonprofits and upward movement (Greiling et al., 2016). In addition, pressure from

donors is demanding greater accountability of nonprofits to re-establish efficient and better-structured mechanisms for accountability for charitable mission (Bernstein et al., 2015). The aim of this study was to comprehend the organization's mission and improve methods of accountability for leaders misappropriating funds and strategies for protecting resources better (Reed & Guess., 2014).

### **Internal Controls to Minimize Assets Diversion**

Nonprofits and for-profits need to implement measures to protect assets from embezzlement and critically review financial statements to ensure the numbers add up and no inconsistencies in reporting (Smith, 2019). Recommendations include reviewing bank statements monthly and recording all transactions, keeping receipts and charge sheets, and keeping internal and external control methods and duplicate copies of every deposit Board members should remove any methods with the temptation of handling finances that can elicit opportunities for theft (Levy, 1985).

The best method to understand organizational methods of prevention is combined with monitoring assets and internal and external controls that the organization cannot be without such as an oversight committee and a governance plan to help minimize asset diversion. Although the government has agencies, the IRS created policies to help ensure that organizations follow established guidelines to prevent theft of assets and accountability enacted by legislation for nonprofit and for-profit organizations and leaders still commit fraud. To summarize, weaknesses or loopholes in financial reporting eventually become transparent in the organization. Unfortunately, this means that leaders cannot control the organization's finances when they have complete control over finances

and no accountability or prevention methods to reduce the temptation of fraud, theft, or embezzlement that can elicit opportunities for corruptive behavior.

## **Current Content**

### **Prevention of Misappropriation of Funds**

Misappropriation is the action of embezzlement, fraud, or theft of money or other assets (Greenlee et al., 2007; Harris et al., 2017). Misappropriation or assets misappropriation applies to embezzlement, theft of assets, and correction (ACFE, 2018; Harris et al., 2017). In 1894, legislators put into law tax codes for nonprofit organizations, which were exempt for charitable purposes, and in 2008, modifications in the reporting of management, governance, disclosure, and transparency were enacted (Scheetz et al., 2021). Mustafa Bakri et al. (2017) found that firm integrity among nonprofit employees could help prevent unethical behavior of misappropriation and fraud. Misappropriation of assets is a huge concern for both large and small organizations (Daigle et al., 2009; Mustafa Bakri et al., 2017). Integrity in these organizations must minimize the existence of fraud to avoid corruption or abuse of office (Harris et al., 2017). Board members need to identify fraud and know who commits theft and have prevention measures put in place.

Although the concept necessitates the prevention of misappropriation, there are approaches that board members can implement to manage the organization's finances better. Board members must develop strategies for the organization to improve method of prevention to include a governance plan and internal and external controls to be successful. The organization's success depends on organizational leaders' ability to be

competitive by meeting or exceeding the public's expectations more efficaciously than other organizations.

### **Assets Diversion Methods**

The IRS requires nonprofits to disclose any significant theft due to asset diversion, which is theft or not having permission or approval to use assets (Harris et al., 2017; Perlman, 2014). Research indicates that top-level CEOs and board members manage the organization's finances with little or no financial background creating an environment for theft of assets (Hu, 2015; Snyder et al., 2017). Leaders can control what hinders the accountability process; however, it may be difficult for organizations to establish or re-establish acceptable and structured mechanisms for protecting resources. Research indicates that nonprofit oversight functions can help ensure organizational accountability and effects that can harm public trust (LeRoux & Langer, 2016). Constructing efficient governance for protecting resources can help the organization survive (LeRoux & Langer, 2016; Smith, 2009). Internal controls incorporated by nonprofit and for-profit organizations are essential to prevent theft of assets by reconciling receivable accounts, stamping check deposits, periodically conducting outside audits, and monitoring internal controls (Cascardo, 2021).

### **Embezzlement**

A common method of embezzlement involves an employee who has access to the organization's finances and prepares checks and omissions of invoices and uses them for personal use (Stewart, 2016). Prevention against embezzlement can be costly for businesses and worth the additional measures, especially when bookkeepers receive mail and divert funds when bills are overdue. An internal auditor can ensure there are no

financial losses due to theft. Organization administrators can request potential employees or board members to sign a background form to conduct a thorough background check, references check, drug testing, and fingerprint testing to prevent theft (Bank, 2019; Levy, 1985; Stewart, 2016; Wolf, 2013). In addition, online services are available for background screening to check for prior criminal convictions and other aliases, and this tool may be effective in preventing theft. Organizations choosing any or all of these methods can lessen the possibility of theft.

### **Conceptual Framework Literature**

With insufficient internal and external control methods, it may be difficult for organizations to establish or re-establish acceptable and structured mechanisms for protecting resources when leaders misappropriate funds, and there is no accountability. Board members can help ensure organizational accountability and effects that harm public trust (LeRoux & Langer, 2016) and construct efficient governance to protect resources better (LeRoux & Langer, 2016; Smith, 2009). Instead of lacking sufficient control to protect resources from theft, board members should be held accountable to whom and for what and follow the flow of money (Gibelman & Gelman, 2001; Jeong & Kearns, 2015; Williamson et al., 2017).

The focus of this study may add value to how current and future nonprofits employ practices and be useful and significantly prevent theft and better protect resources. Carnochan et al. (2019), Mustafa Bakri et al. (2017), and Young (2002) conceded that firm integrity among board members could help prevent unethical and unethical behavior of misappropriation and fraud when wrongdoing affects the integrity and credibility of the organization. Still, it is problematic for many organizations to



obtain the support of the public because of mistrust in board members when leaders commit theft (Archambeault et al., 2015; Harris et al., 2017).

The literature suggests firm strategies and implementation of internal and external controls since some organizations lack insufficient mechanisms to prevent and protect resources (Arshad et al., 2015; Bank, 2019). Also, there are limited studies of methods organizations can use to prevent unethical behavior of leaders misappropriating and being held accountable for theft (Greenlee et al., 2007; Harris et al., 2017). If many studies have been conducted to develop effective mechanisms to prevent theft, these organizations continue to face challenges with unethical behavior and integrity among leaders (Carnochan et al., 2019). Board members are trustees and must maintain a strict and acceptable ethical standard (Bartholomew, 2015). Ultimately, these organizations continue to use traditional and unsuccessful prevention methods to protect assets (McDonnell & Rutherford, 2018; Reed & Guess, 2014; Wolf, 2013). Conducting and implementing strategic prevention methods, such as an external auditor or governance plan, require board members to display integrity in reporting financial reporting, which some members lack (Becker, 2018; Reed & Guess, 2014).

Nonprofit organizations have a social mission and depend on the public's support, which is essential to the organization's success (Dougherty, 2019; Reed & Guess, 2014; Young, 2002, 2014). In contrast, for-profit organizations establish relationships with the public and depend on the valuable products and services to customers and generate profits. Nonprofit board members are essential in acquiring trustworthy volunteers to help with charitable events and are valuable assets to the organization (McDonnell & Rutherford, 2018; Reed & Guess, 2014). It is of unique that nonprofit organizations can

organizations can employ unpaid volunteers (part-time and full-time) to assist with charitable events with or without experience (McDonnell & Rutherford, 2018).

Despite that, leaders of nonprofits can conduct background checks on board members and determine if their financial experience can assist the organization in monitoring and protecting assets and determine the volunteer's credibility to help the organization reach its goals (Fleak et al., 2010; Greenlee et al., 2007; McDonnell & Rutherford, 2018). Nonprofits and for-profits are essential to society and understanding why organizational leaders misappropriate funds and commit fraud influences public mistrust and the downfall of profits.

### **Lack of Transformational Leadership**

Transformational leaders consciously take measures to groom their followers into leaders. Their behavior evokes trust, moral passion, and commitment to their mission and aim (Porter, 2015). Avolio and Yammarino (2013) noted these leaders create an environment of awareness for their followers concerning their actions' ethical and moral consequences. Transformational leaders can be associated with transforming organizations, improving organizational effectiveness, and setting goals beyond self-interest (Avolio & Yammarino, 2013). These leaders set higher performance expectations and objectives, and thought-provoking decision-making processes (Porter, 2015). In addition, leaders displaying transformational leadership may sufficiently generate critical resources, strengthen accountability, and advance the fulfillment of the organization's mission (Geer et al., 2008). Geer et al. (2008) noted that contributing factors and variables associated with the accountability of nonprofits are a commitment to the organization's "operating standards and transformational leadership" (p. 14).

Unethical conduct calls for greater accountability in nonprofits. Leaders of nonprofit and for-profit organizations such as board members, chief financial officers, and chief executive directors are engaged in the conspiracy, corruption, embezzlement, fraud, and misappropriation of funds (ACFE, 2018; Smith & Richmond, 2007). Research indicates that a leader's compulsive ambition for self-gratitude is the beginning of self-destruction. A consequence of one's action can negatively affect public trust in nonprofit and for-profit organizations (Avolio & Yammarino, 2013; Mustafa Bakri et al., 2017). On the other hand, transformational leaders also can influence followers and trigger caring, compassion, accountability, and selflessness to serve the interest of others (Avolio & Yammarino, 2013).

Accountability significantly strengthens the organization's ability to be effective when leaders adhere to the organizational mission (Geer et al., 2008). Increasing the organization's accountability, organizational effectiveness, organizational performance, and organizational commitment to operating standards are necessary and could ensure greater accountability in these organizations. Executive commitment results in an individual's desires to be successful, normalize values, and continuance (Porter, 2015). These three components indicate that employees are attached to their job, value their job, and are obligated to their job (Porter, 2015).

Studies on nonprofits indicated that accountability would continue to focus on public and media awareness as regulatory concerns of board members, staff abilities, and willingness to protect organizational assets (Reed & Guess, 2014). Geer et al. (2008) found that the literature lacks sufficient information to encompass broader concepts

regarding contributing factors of accountability in nonprofits, such as a code of governance relating to ethical conduct and transformational leadership.

### **Lack of Financial Expertise**

Studies of nonprofits indicate that board members lack knowledge or understanding regarding accounting practices, managing resources, or maintaining a commitment to the organization's mission and the public (Becker, 2019; Greenlee et al., 2007; Smith & Richmond, 2007). Proper management of financial performance is a prerequisite for successful mission accomplishment, organizational survival, and the ultimate criterion for success in the competitive market (Helmig et al., 2014; McDonnell & Rutherford, 2018). Board members' absence of financial expertise increases the ability for fraud to occur in nonprofits (Arshad et al., 2017). Studies on nonprofits indicated that research regarding the accountability of nonprofit leaders is not extensive, nor does it encompass a broader theory of responsibility and far beyond the essential constituents of financial and program components (Helmig et al., 2014; McDonnell & Rutherford, 2018). Fraud and misappropriation of funds in nonprofits are rising and lacking regulatory resources that govern finances, and resources are vulnerable for perpetrators to commit fraud in nonprofit sectors (Arshad et al., 2017; Greenlee et al., 2007). Research indicated that nonprofits are inexperienced and lack adequate resources and sufficient internal and external controls. Studies on nonprofits indicated that charitable organizations generate about \$665 billion in revenues (Greenlee et al., 2007). Better protection of assets necessitates using adequate internal controls for monitoring, safeguarding, and maintaining accurate records of cash contributions and distributions of funds (Greenlee et al., 2007; Wolf, 2013).

Board members have fiduciary responsibilities and a moral obligation to protect resources and be proactive in auditing and financial reporting (Reed & Guess, 2014; Smith & Richmond, 2007). Board members must “ensure the protection and appropriate use of the organization’s assets” (Bartholomew, 2015, p. 12). Nonprofit organizations with adequate internal control, moral and ethical leadership, and employees who are less likely to commit theft could help reduce asset diversions and misappropriations of funds (Harris et al., 2017). Leaders’ intentional misappropriation of assets impacts larger organizations and nonprofits, and fraud occurs in every sector (Arshad et al., 2015; Greenlee et al., 2007; Harris et al., 2017). Applying adequate and efficient internal controls in nonprofit organizations could better protect resources and help prevent fraudulent activities (Archambeault et al., 2015).

### ***Board of Directors’ Responsibility***

A misappropriation is an illegal act of embezzlement or fraud, regardless of taking money for paying off financial debts or for personal use. There are no justifications for leaders of nonprofits and for-profits to misappropriate funds. Nonprofit and for-profit organizations’ leaders have stolen over \$1 million but are not held accountable (ACFE, 2018; Yallapragada et al., 2010). Leaders must be held accountable for inappropriate behavior and fraud, and the board must inform the public. The board must be capable of changing and evolving as the organization grows and necessitate changes to be effective (Wang, 2022). Periodically the committee must evaluate the organization to ensure they maintain the professional and moral support needed to further its goals and growth (Wang, 2022).

### ***Board Members Fiduciary Duties***

A nonprofit's board of directors has a moral duty to protect resources from criminality, and perpetrators must be held accountable for criminal acts. The board has fiduciary duties of being accountable for protecting resources (Reed & Guess, 2014), achieving planned objectives, managing and attaining superior performance, allocating resources, and upholding the organizational mission (Coule, 2015) and in addition, evaluating the organization's mission and implementing an effective oversight committee (LeRoux & Langer, 2016). The board has stewardship and legitimacy to control assets and finances and legitimize the organization to the public (Cumberland & Githens, 2014). The board must oversee and monitor cash on hand, cash reserves, operations and finances, and financial investments (Bartholomew, 2015; Hu, 2015). For example, board members could establish a committee to supervise an accurate account of funds and expenditures or hire an auditor to reduce irregularities in accounting (Smith, 2009). On the other hand, the board must oversee the organization's financial aspect and participate in recruiting board members (Bartholomew, 2015). Board members establish policies, manage finances, hire and fire CEOs, enlist professional supervisory and managerial staff, conduct background checks, and maintain an in-depth review of policies (Wolf, 2013).

### ***Board Member's Comprehension of Duties***

The board members must understand the different functionality between management and their roles. A board member oversees the executive budget, strategic planning, security, risk management, and succession planning (Tysiac, 2018). The board's function is supervising, protecting, and reviewing, whereas management is

responsible for developing and implementing those plans to obtain the board's approval (Tysiac, 2018). Board members have three primary duties essential to their function (Tysiac, 2018). First, they should exercise sound judgment in oversight, preparation, and participation in board meetings. Second, they should exhibit organizational loyalty explicable within terms of the conflict-of-interest policy. Third, there must be a commitment to the organization's mission and ensuring compliance with the state and federal laws and regulations to maintain an efficient board. Finally, board members must be capable of openly articulating the mission of the organization's goals and accomplishments to the public and garnering support from the community (Peppiatt, 2015).

### ***Board Members Fails to Act Responsible***

According to Greenlee et al. (2007), nonprofit board members are clueless about who, what, why, or how much money the organization receives or allocates, as most nonprofit leaders manage the organization's finances. When board members fail to act responsibly and participate in the organization's financial dealings, money is a conduit for leaders to commit fraud. Many board members lack clarity and sufficient understanding of their roles and turn a blind eye to the organizational leader's misconduct (Greenlee et al., 2007). Leaders of nonprofits must be held accountable for any unethical and criminal behavior. Board members' display of unaccountability is a means of deception. When the board covers up illegal fraud dealings and refuses to report theft, it is deceitful and unlawful (Harris et al., 2017). The board aims to maintain the organization's integrity by not reporting fraudulent acts and preventing exposure to the

media (broadcasting, Internet, mass communication, or publishing) and the public, and thwart further damage to the organizational mission (Smith, 2009).

### ***Board Members Responsible for Misconduct***

The board of directors represents the stakeholders making strategic decisions and operational changes (Cumberland & Githens, 2014). Public awareness of funds being misappropriated from nonprofits sanctioned the IRS to mandate charitable organizations and report every impropriety regardless of the culprit (Harris et al., 2017). Board members must be responsible for the organization's conduct. The board must address theft, misappropriation of funds, embezzlement, or fraud without hesitation so essential decisions can be implemented and envisioned within policy to remove any deficiencies. Board members must tackle the problem of leaders stealing rather than looking the other way. Leaders steal public donations from the organization for personal use and resign without accountability (Harris et al., 2017). Board members are decision-makers as such (Hu, 2015). They are not allowed to embezzle funds for personal gain, violate the IRS zero-tolerance policy, and can revoke the organization's 501(c)(3) exempt status. Public misconduct complaints can be troublesome for nonprofits and require the board to investigate and determine whether unacceptable or improper behavior exists and protect assets (McDonnell & Rutherford, 2018). Suspension of trustees is necessary until the outcome of the investigation is complete of any criminal activity reported by whistleblowers and shows board members' organization's ability to engage in accountability (McDonnell & Rutherford, 2018).



### ***Board Members Oversee Fundraisers***

Nonprofit board members oversee different fundraisers and for-profit activities and ensure sufficient resources to help families and communities in need (Bartholomew, 2015; Hu, 2015; Wang, 2022). Board members are responsible for maintaining an accurate record of resources and assets. They could reduce the possibility of theft or asset diversions, a sign of the board's commitment to its mission.

The board's primary aim is to ensure permanency in the organization's sustainability and survivability. The board of directors must frequently engage in designated activities for soliciting organizations and donors. Board members can use different methods of funding activities such as public funding events, fundraising campaigns, lottery, online, and short message service (SMS) donation text messages. Send letters through the United States Postal Service or emails via Internet, phone calls, or hold face-to-face meetings with long-term committed donors (Reissova et al., 2019). Board members' tenaciousness and persistent efforts help in soliciting money or other resources from public and private sources (Reissova et al., 2019). Nonprofits' dependence on donations and funding events makes the organization vulnerable to fraud (Young, 2014). Donations received at events for fundraising are impulsive donations, and board members do not maintain account receivable bookkeeping (Young, 2014). It is essential that board members implement policies and procedures for handling and dispersing resources and maintaining accuracy in financial reporting.

### ***Board Member's Effective Communication with Leader***

Board members and leaders must communicate effectively so the organization run smoothly. A commitment by board members to attend monthly scheduled meetings,

oversee the budget, and ensure it aligns with the organization's mission and vision is essential (Bartholomew, 2015). Board members and leaders must establish methods of communication such as email, mail, phone, or SMS (Wolf, 2013). Nonprofits' aims must be expressed within the organization's bylaws to avoid misunderstandings between board members and leaders. The board must outline a moral ethics statement in the organization's bylaws and report any misappropriation to law enforcement. Regardless of who the perpetrator is, appropriate procedures for handling theft or other criminal behavior legal action should reflect whether there are long-term consequences or loss of donor's respect. Board members must uphold the organization's moral standards and integrity to serve the public's best interest. The public expects board members to be committed, dependable, and responsible for carrying out the organization's mission. The board of directors must completely comprehend its functions and responsibilities for protecting resources, maintaining ethical principles, and achieving organizational goals (Reed & Guess, 2014).

### ***Board Members Alignment to Mission***

A survey of the National Index of Nonprofit Board Practices conducted in 2017 stated that nearly 25% of nonprofit board members' recruitment measures need improvement to achieve efficacy in board performance (Tysiac, 2018). Research indicates that over 50% of nonprofit administrators found difficulty recruiting new board members (Tysiac, 2018). Board members should be aligned with the organization's mission. The selection of suitable board members must be a significant and valued asset. These individuals must be passionate about the organization's aim. Diversity in board members can also strengthen and improve board performance, finance, networking, and

leadership when recruiting board members who possess those skills. Nearly 85% of nonprofit executive leaders agreed that diversity of board members is essential for establishing new resolutions to newer problems (Tysiac, 2018). At the same time, another 65% had discontentment with the variety in ethnicity (social group) and race on the board (Tysiac, 2018).

There is a general theory that attitudes, experience, governance, and skills are imperative for the successful management of a nonprofit organization (Coupe, 2015; Toepler & Anheier, 2004). Although various works of literature provide different views regarding nonprofit leaders and, to some extent, there appears to be an accurate consensus. This qualitative exploratory multiple case study signified a need for research in exploring nonprofit and for-profit board responsibility to the organization's mission regarding accountability and determines what changes the organization has made to better protect resources against theft.

### **Lack of Internal Controls**

Board members lack expertise and internal controls for managing and monitoring the organization's finances (Fleak et al., 2010; Greenlee et al., 2007; Snyder et al., 2017). An organization with weak internal controls creates an acclimation to the possibility of theft occurring. Inadequate internal controls decrease any chance of counteracting theft and contributes to a significant risk of fraud (Fleak et al., 2010; Greenlee et al., 2007; McDonnell & Rutherford, 2018; Snyder et al., 2017). Additionally, insufficient controls without monitoring resources allow leaders accessible means to steal, divert, reroute, and misappropriate large sums of public donations (Harris et al., 2017; Smith & Richmond, 2007).

Fraud in nonprofit organizations that receive government grants than for-profit organizations is likely to occur (Archambeault et al., 2015; Greenlee et al., 2007; McDonnell & Rutherford, 2018). Fraudulent activities in nonprofits than for-profits depend on “their mission and management structure” (Snyder et al., 2017, p. 57). Government-funded nonprofits primarily depend on grant funding and may be required to assume greater accountability for oversight of organizational performance and budget (LeRoux & Langer, 2016). The United States Senate Finance Committee (SFC) indicated that financial corruptions call for greater accountability within all sectors of nonprofits (Smith & Richmond, 2007). The SFC commissioned the Panel of Nonprofits Sector to implement a proposed plan that improves corporate governance, financial disclosure, and unethical behavior of management in the wake of nonprofit scandals of over \$100,000 stolen by United Way (UW) and ARC between 1992 and 2000 (Smith & Richmond, 2007). Despite the organization’s charitable mission, corporate governance may be problematic for nonprofits and require restructuring the board of directors and updating existing ethical standards to increase accountability. Scandals and reoccurrences of embezzlement by nonprofit and for-profit leaders may have resulted from inadequate and insufficient control over the organization and “failure to abide by best practices” (Smith & Richmond, 2007, para. 5).

Lack of inadequate internal controls for monitoring and detecting fraud or asset misappropriation can also result from the age and size of the organization (McDonnell & Rutherford, 2018). For example, larger nonprofits like the UW, RC, and Salvation Army are more prominent in public than smaller nonprofits with considerably more supporters, resources, and geographical areas (McDonnell & Rutherford, 2018). Larger nonprofits

interact with the public on a larger scale to generate financial support through charity fundraising events and require more staff and volunteers. More employees and volunteers come with a higher risk of theft of charitable and valuable assets than small nonprofits and minimal investments (McDonnell & Rutherford, 2018). A trusting relationship among board members, volunteers, and principals usually exist within nonprofit acclimation. Unethical conduct may be less effective when board members monitor activities and prevent fraudulent behavior (Reed & Guess, 2014). Nonprofits and for-profit organizations can reduce fraud, providing that adequate internal controls for detecting and preventing theft are implemented in the organization (ACFE, 2018).

### ***Whistleblowers***

Improving the board may help reduce fraud and increase accountability (Greenlee et al., 2007). Board members displaying ethical leadership and communicating ethical behavior may entice an employee's willingness to report fraud and deter further criminal acts (Liu et al., 2015). As whistleblowers, employees in the organization can be a valuable internal control mechanism to minimize the risk of theft and fraud and effectively uncover fraudulent behavior. In addition, whistleblowers can increase accountability better than outsiders or independent auditors as they can provide evidence of improprieties occurring in nonprofits and for-profit organizations (Bank, 2019). Fear of retaliation may limit a whistleblower's willingness to report the theft and bring forth evidence (Bank, 2019; McDonnell & Rutherford, 2018). Bank (2019) stated that employees who report incidents of criminal misconduct were fired, harassed, tasked with alternative responsibilities by management, and received an unsatisfactory performance evaluation, including voluntary termination. With provisions in the Consumer Protection

Act of 2010, Dodd-Frank Wall Street Reform, IRS, SOX Act of 2002, the Securities and Exchange Commission established programs that allow anonymous reporting to protect whistleblowers from reporting fraud.

### ***Governance Plan***

Publicizing widespread scandalous unethical conduct of nonprofit's boards of directors and executives misappropriating funds and fraud engenders proper governance standards (Lee, 2016). Asset misappropriation is an easy target for nonprofits because of the acclimation of trust. Nonprofit organizations have difficulties controlling cash donations. They cannot incorporate internal control mechanisms, lack business acumen, and depend on volunteers. Then again, nonprofits may be more susceptible to fraud and lack adequate internal control to detect and prevent theft than for-profit organizations (McDonnell & Rutherford, 2018). There are considerable variations of methods nonprofits can use to monitor the organization's effectiveness. Strong governance policies may lower the incidence of fraud or reduce the possibility of misappropriation and diversion of charitable assets (Harris et al., 2017).

Nonprofits and for-profit organizations are susceptible and vulnerable to fraud threats. About one-sixth of all embezzlement, fraud, or theft occurs in nonprofit sectors, and misappropriation of assets represents over 95% in nonprofits. Small and more significant well-known nonprofit organizations such as UW and ARC organizations are impacted by theft (Harris et al., 2017). Nonprofits with good governance could reduce the opportunity for asset diversion, fraud, or misappropriation of funds. The IRS does not require nonprofits to incorporate governance plans, although substantial dissimilarities exist in the standard of governance among for-profit organizations (Harris et al., 2017).

The IRS expect nonprofits to disclose information regarding the construct of the organization's governance (Harris et al., 2017).

A practical method of governance among nonprofits may include hiring an independent auditor or board members to monitor the organizational finances (Greenlee et al., 2007; Harris et al., 2017). Another method of efficaciousness is to increase accountability instead of independent auditors by focusing on people who work for the organization, employees, or whistleblowers (Bank, 2019). Independent auditors hired to do a job proceed into the workplace, "presumably with rubber gloves and bleach" (Bank, 2019, p. 269), clean the house, update regulations, and employ new executives.

Antecedent incidents of misappropriation of funds in nonprofits indicated that board members decided to handle fraud in-house by concealing theft to reduce public backlash and curtail damage to the organization's reputation (Harris et al., 2017; Smith, 2009). Nonprofit board members must be seriously thought-provoking about any decision not to report fraud or misappropriation of funds to law enforcement (Perlman, 2014). The consequence of writing about criminal activities might lead to negative media publicity, so nonprofits that can recover stolen money from the perpetrator may prevent undesirable press and unwarranted harm to the organization, provided it goes unreported (Perlman, 2014).

Board members have fiduciary duties to be accountable and exhaust all means to recover stolen money from the organization's leader (Perlman, 2014). The board must consider the risk of informing the public about theft or fraud and determine whether the extent of recovery is worth going public, taking legal action, or damaging the organization's reputation. Board members also must consider the relevant fact and decide

whether to sue the perpetrator or propose a repayment plan (Perlman, 2014). Using effective governance and oversight can assist board members to better protect the organization's assets from the possibility of theft. With that being so, nonprofits and for-profits may never face the consequences and scandal of embezzlement when better-governing policies are employed (Perlman, 2014).

### ***Outcome Measurement***

Outcome measurement is an essential tool for accountability for budgeting the organization's finances and documenting funders (Lee & Clerkin, 2017). Outcome measurement is also a mechanism that could be instituted into the practice of nonprofits and conceptualize essential activities and provide clearer accountability and foci on beneficiaries such as funders, recipients, or payees (Benjamin, 2013). Research indicated that only a few nonprofits incorporated outcome measurement within the organization (Lee & Clerkin, 2017). Nonprofits worldwide have been efficaciously working toward establishing outcome measurement for accountability (Yang & Northcott, 2017).

Outcome measurement aims to report activities to funders and focus on the beneficiary's outcome rather than organizational actions (Benjamin, 2013; Lee & Clerkin, 2017). Implementation of outcome measurement within nonprofits could solve accountability between nonprofits and recipients; decision-making improves public reporting, enhances and evaluates programs, and reports activities to stakeholders (Lee & Clerkin, 2017). Outcome measurement can engender optimistic modification for beneficiaries, assess the organization's efficacy, align the organization's mission and performance measurement, and improve accountability with funders and stakeholders (Yang & Northcott, 2017). In addition, it is an excellent method to document the



organization as not-for-profit organizations compete for donors and increase the supply of resources (Reed & Guess, 2014).

### **Lack of Accountability**

Scandalous conduct and ineffective means to protect resources, the public calls for nonprofits to be held accountable for not protecting resources, for failure to implement adequate internal controls, and for inadequate oversight of financial reporting (Lauer, 1995; LeRoux & Langer, 2016). Unethical misconduct of misappropriation and fraud is escalating among nonprofits worldwide. Government and nongovernment nonprofits and for-profit organizations alike, and the public, auditors, stakeholders, and bankers that support these organizations are concerned with its prevalence (ACFE, 2018; Arshad et al., 2015). Scandals of nonprofits have ignited uncertainty among public trust, threatening nonprofits' reputations across the globe and the emergence of nonprofit voluntary accountability.

Improving nonprofit accountability has gained global awareness, and organizations worldwide have adopted a voluntary accountability approach (Becker, 2018). Voluntary accountability is based on four methods including: (a) exceeding the minimal legal and regulatory standards for nonprofits, (b) providing greater transparency and no impact on donations, (c) giving the DZI Seal-of-Approval that evaluates, recognizes, and certifies an organization as having a high quality of accountability, and (d) non-compliance nonprofits are classified as no nonprofit accountability (Becker, 2018). Research on voluntary accountability suggests that nonprofits adopting this approach could improve ethical and financial integrity and trustworthiness in public donations (Becker, 2018).

### ***Regulations for Accountability***

Establishing new guidelines to govern nonprofit accountability are still debatable (Lee, 2016). Uncertainty exists despite implementing additional policies directed at nonprofit leaders might indicate a willingness to be accountable in displaying and enforcing moral behaviors within the organizational culture (Lee, 2016). According to Lee (2016), “the U.S. federal and state governments have legal mechanisms to ensure good governance in nonprofit organizations,” (p. 98). State laws regulate and allow nonprofits “to exist as a legal entity, with its board of directors as its animator” (Benjamin, 2008, p. 98). Laws define organizational guidelines and behavior for the board and ramifications for inappropriate, unlawful conduct. Federal tax exemption law can impose sanctions on the accountability of nonprofits, and it supersedes state law (Lee, 2016). Leaders who commit fraud, criminal charges, civil liability, or both can be imposed, and loss of employment if charges are filed and found guilty (Harris et al., 2017; Rhode & Packel, 2009).

### ***Misappropriation of Funds***

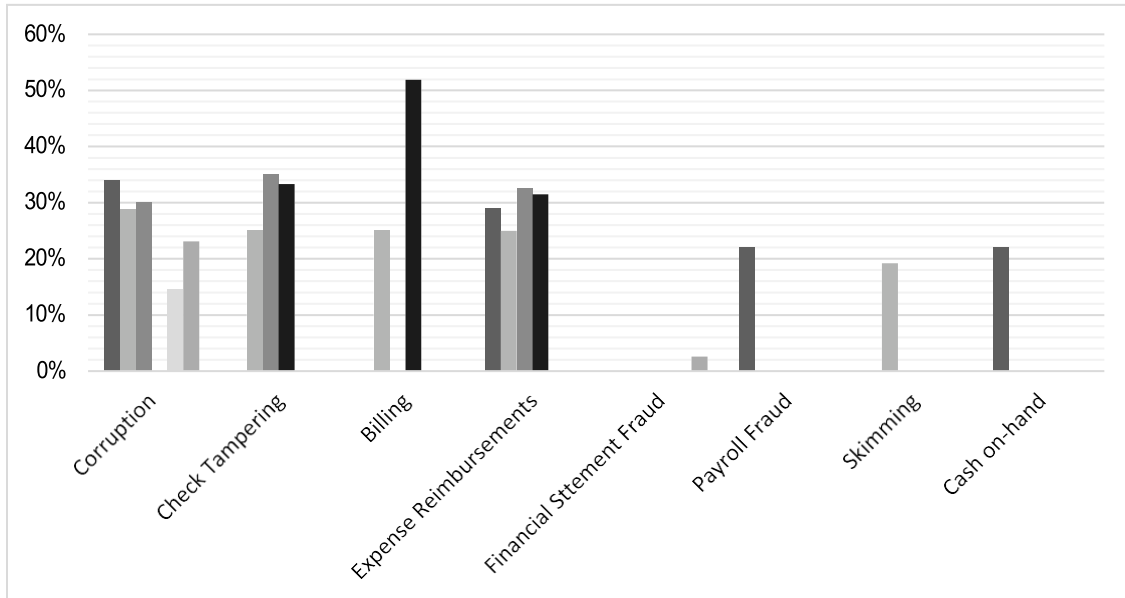
By the 1950s, the emergence of nonprofits of charitable, educational, and religious organizations began a gradual increase in the numbers of 501(c)(3) nonprofits and misappropriation of funds (Lee, 2016; Yallapragada et al., 2010). In the 21st century, the misappropriation of assets and funds is a real threat to nonprofits. The public has become critical of nonprofits over scandals of leaders misappropriating funds, and board members whitewashing leaders illegal conduct has engendered public mistrust (Greenlee et al., 2007; Harris et al., 2017).

Studies on nonprofits indicated that misappropriation of funds has increased in 501(c)(3) nonprofits worldwide. About 60% of fraud occurs in nonprofits at the executive level (Archambeault et al., 2015). ACFE (2018) reported occupational fraud is committed by directors, employees, and officers responsible for protecting resources who commit fraud within the confines of the organization. The three main classifications of occupational fraud are: (a) asset misappropriation, (b) corruption, and (c) financial statement fraud (ACFE, 2008). Although fraud occurs in nonprofit and for-profit organizations, the foci of this study was 501(c)(3) tax-exempt nonprofit organizations.

This study's researcher reviewed the percentage of three types of fraud that occurs each year, beginning with 2018, 2014, 2012, 2010, and 2008 that impacted nonprofits. As shown in Figure 1, the ACFE indicated types of occupational fraud with the highest percentage of fraud in nonprofits are presented for each year were: (a) ACFE 2018 corruption was 34%, expense reimbursements 29%, and payroll and cash-on-hand 22%; (b) ACFE 2016 report corruption 28.8%, billing, check to tamper, and expense reimbursements 25%, and Skimming 19.2%; (c) ACFE 2014 check tampering 35%, billing and expense reimbursement 32.5%, and corruption 30%; (d) ACFE 2012 billing 51.9%, check tampering, 33.3%, and expense reimbursements, 31.5%; (e) ACFE 2010 corruption 14.6%, and only 10% fraud cases reported; and (f) ACFE 2008 report indicated corruption 23.1%, and financial statement fraud, 2.6%.

Figure 1

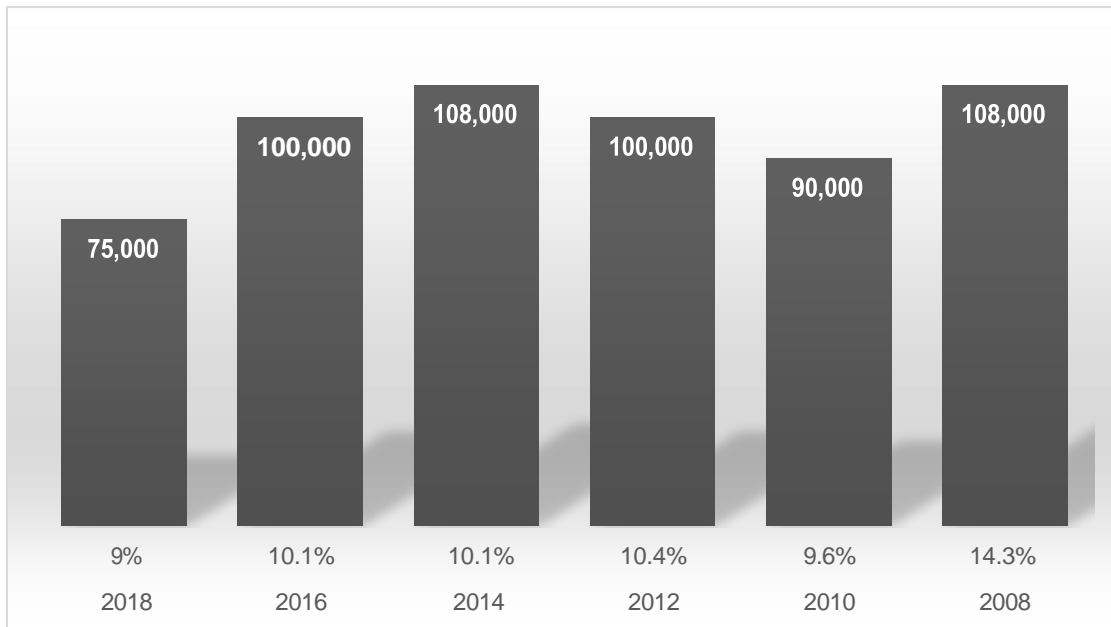
*Fraud Percentage for each year Nonprofit Fraud Reported*



As shown in Figure 2, the ACFE Global Report to the Nation, occupational fraud percentage and median loss for each year beginning with 2018, 2016, 2014, 2010, and 2008. The ACFE, 2018 indicated that fraud cases reported in nonprofits were 9%. AFCE 2018 Median loss was \$75,000. ACFE 2016 fraud cases reported in nonprofits were 10.1% and a median loss of \$100,000. ACFE 2014 fraud cases reported in nonprofits were 10.1%, and a median loss of \$108,000. ACFE 2012 fraud cases reported in nonprofits were 10.4% and a median loss of \$100,000. ACFE 2010 fraud cases reported in nonprofits were 9.6% of reported fraud and a median loss of 90,000. ACFE 2008 fraud cases in nonprofits were 14.3%, and medium loss of 109,000.

Figure 2

*ACFE Report to the Nation Report Medium Losses in Nonprofits*



The ACFE global *Report to the Nation*, presented occupational fraud percentage and median loss for each year beginning with 2018, 2016, 2014, 2010, and 2008. As shown in Figure 3, the ACFE, 2018 indicated that fraud cases reported in nonprofits were 9%, and a median loss of \$75,000. ACFE 2016 fraud cases reported in nonprofits were 10.1%, and a median loss of \$100,000. ACFE 2014 fraud cases reported in nonprofits were 10.1% and a median loss of \$108,000. ACFE 2012 fraud cases reported in nonprofits were 10.4% said fraud cases and a median loss of \$100,000. ACFE 2010 fraud cases reported in nonprofits were 9.6% of reported fraud and a median loss of 90,000. As shown in Figure 4, the ACFE 2008 fraud cases in nonprofits were 14.3%, and medium loss of 109,000.

Figure 3

*ACFE Global Report on Number of Fraud Cases Reported*

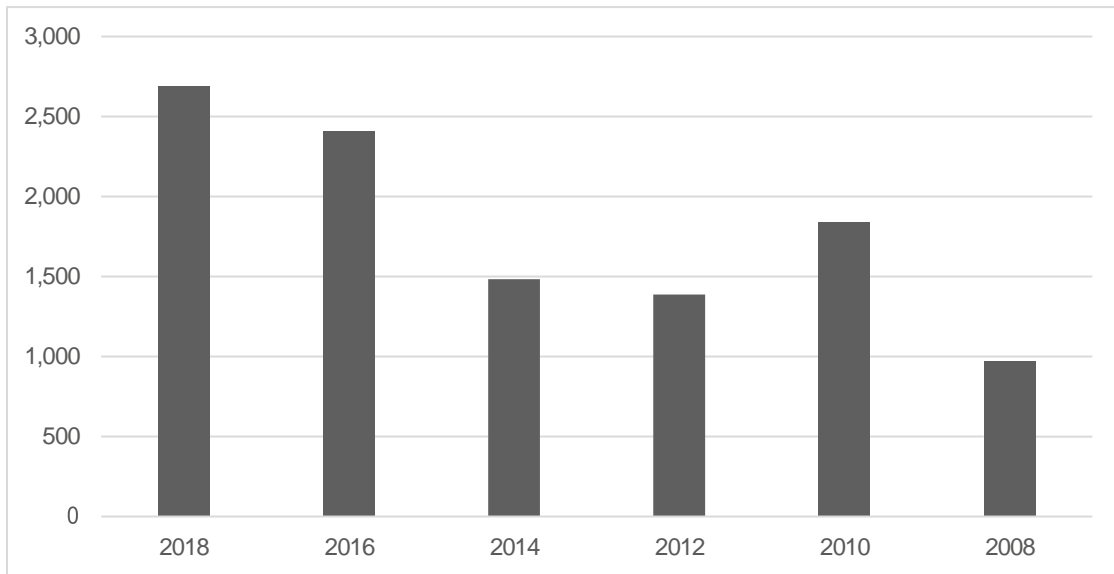
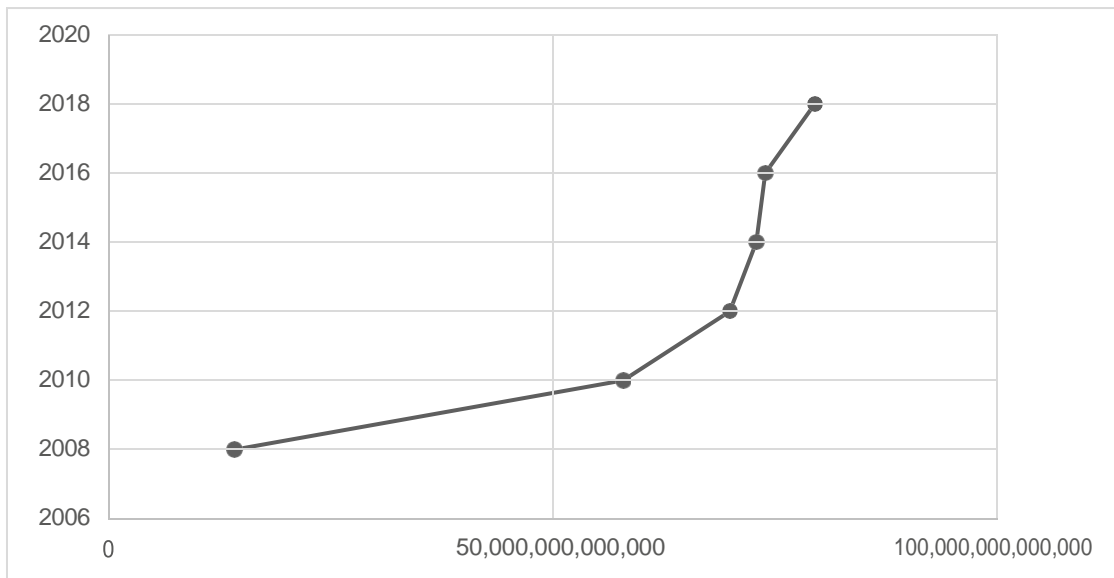


Figure 4

*ACFE Total Global Losses for Occupational Fraud*



Studies on nonprofits indicated the board may have turned a blind eye as thousands of dollars were misappropriated from the organizations and handled in-house without criminal sanctions (Greenlee et al., 2007; Harris et al., 2017; Smith, 2009). For

example, UW's CEO altered the organization's financial reports to conceal personal improprieties, falsified tax returns, and created a subsidiary company called UW Partnership Umbrella to transfer money (Hu, 2015). The misappropriation of funds created widespread mistrust between nonprofits and donors and reduced financial support to help the organization's mission (Hu, 2015). The board's dereliction of duty to act responsibly and oversee financial reporting yields opportunities and success for misappropriating funds (Snyder et al., 2017). The CEO stealing funds from the organization led to an indictment of 53 counts of fraud, and subsequently, after his retirement and sentencing to 7 years in prison (Snyder et al., 2017). Improprieties of the organization's leader misappropriating funds scandalized the UW and the board's decision to conceal the fraud.

During the same year, senior management of UW stole \$2 million from the organization (Alpert et al., 2010; Strom, 2008). An internal investigation determined that millions were misappropriated between 1999 and 2000 (Alpert et al., 2010; Scott, 2009; Strom, 2008). Executives concealed the misappropriation of funds to protect the organization and agreed to their resignation with no accountability, although their family decided to make restitution (Strom, 2008). In 2005, Ben Ladner, President of the Smithsonian Institute, embezzled over \$520,000, bringing about his resignation (Smith, 2009). The Smithsonian acknowledged a problem regarding ineffective communication between the president and the institutional board of directors over financial disclosures. Board members made a unanimous decision to improve the organization's system of governance concerning leadership compensation, external directors and auditors, legal counsel, chief financial officer, and protection of whistleblowers (Smith, 2009).

After September 11, 2001, terrorist attack in the United States, donors by the million sent money to help the ARC with victims impacted by this incident. As a result, the ARC diverted a significant amount of money to support its other operations rather than its intended purpose. In 2002, the ARC misappropriation and asset diversion scandal impacted donations. The organization took a nosedive in funds from nearly \$50 million to \$18 million a year (Yallapragada et al., 2010). Imposing additional fines for corruption may be an option, although the statute of limitations has expired (Alpert et al., 2010; Scott, 2009; Strom, 2008). Board members hired a financial auditor and legal counsel and established a highly competent management team to prevent additional incidents of fraud (Strom, 2008). Also, “30 foundations and large donors” (Strom, 2008, para. 20) and contributors of the organization decided to oversee and assess a new management system and accountability policies.

Smith (2009) said between 1995 and 2005, Ben Ladner, President of Smithsonian Institution board members, investigated his salary and expenditures and discovered that about \$520,000 was not accounted for. In 2006, Smithsonian probed into the financial dealings of Lawrence M. Small, Secretary of Smithsonian, and discovered he had stolen millions. Ladner and Small resigned from the institution, and board members agreed to their resignation without being held accountable. Board members indicated that the decision to conceal theft was the most appropriate solution for protecting the institution’s reputation (Smith, 2009).

### ***Nonprofit's Inability to Allocate Resources***

Since the 1700s, ARC and UW nonprofits have been advocating for resources for helping people and communities in need. As a result, many nonprofits have altruistic,



mortality, and selfless concern for assisting and helping others (Bank, 2019). Nonprofits fail through to carry out their mission with false organizations, leading to dismay, disbelief, and disillusion among the public (Bank, 2019; Vasquez, 2010). In addition, nonprofits are not in business to make profits but can incur profits from proceeds above regular expenditures (Bank, 2019). Trust and transparency are paramount and critical to nonprofits' ability to secure resources for survivability. According to Dougherty (2019), trust is determined by the organization's competence to achieve its mission, long-term goals, and resource allocation.

Despite nonprofits' ability to gain public accreditation of being responsible, larger nonprofits have more resources for allocation than smaller nonprofits (Dougherty, 2019). A nonprofit's inability to allocate resources could result from management overspending unnecessary money on administration, thus warning and signifying opportunism and inefficient allocation of resources (Felix et al., 2017). In addition, the excessive overhead expense of leaders can contribute to misappropriating and diverting resources, and a higher level of trust can create expediency (Felix et al., 2017).

Nonprofit leaders' ability to procure resources is challenging for nonprofits depending on the unpredictability of government funding, which can complicate financial matters (Carnochan et al., 2019). For example, nonprofit contract management has had substantial costs associated with the contract for many years, such as reporting, implementation, operations, performance management, evaluation, and budgeting (Carnochan et al., 2019). Nonprofits with government contracts have issues with measuring performance because of trying to balance the various interest of stakeholders, monitoring, enforcing, and ensuring the organization's implementation agrees with the

contract (Carnochan et al., 2019). Accountability can hinder funders and the organizational mission process of balancing various stakeholder viewpoints in finding suitable objectives and methods (Carnochan et al., 2019). Equally important, the negative impacts of scandalous behaviors of nonprofit leaders stealing can impact the organization's ability to find donors and support its mission (Archambeault et al., 2015).

In the vortex process of a continuous need for resources, nonprofits are confronted with many complex challenges, insufficient resources, and diverse interests of stakeholders to advocate or allocate for inadequate resources (Carnochan et al., 2019). Rapid social changes and economic development led to the establishment of more nonprofits and increased public discontentment with government welfare services (Liao & Huang, 2016). An upward trend in nonprofits shows the importance of each organization's unique services (Liao & Huang, 2016). The imprecise market segmentation of nonprofits has exacerbated overcrowding (Liao & Huang, 2016). Hence, employing staff and obtaining funds for maintaining operational costs and the ability to thrive have become challenging for nonprofits including the loss of confidence and consequential effect shortfall in revenue, competition with competitors, and finding sustainable resources (Liao & Huang, 2016).

Government failure to provide welfare services has engendered a plethora of nonprofits to offer alternative services to helping people lacking life necessities (Vasquez, 2010). Mistrust of public and private donors has significantly affected nonprofits' ability to secure resources in countries like Central America (Vasquez, 2010). The public entrusts nonprofits to allocate money to the needy. In contrast, the allotment of funding is sparse, scarce, and too scant for helping people over an extended period.

Public and government mistrust have warranted accountability of nonprofits that could have long-term implications, such as problems finding donors, fundraising, and loss of board members (Vasquez, 2010). Countries like Nicaragua received 48%, and El Salvador 23% in funds and other resources allocated by nonprofits, and both countries have the highest poverty rate of almost 62% in rural areas (Vasquez, 2010). As effortless as money materializes, it dematerializes through nonprofit improprieties such as mismanagement of resources and personal lifestyle enhancement (Vasquez, 2010).

### *Nonprofits vs. For-profits*

The United States' government's inability to provide much needed welfare services heavily depends on nonprofits to allocate funds and other services to help the poor (Siliunas et al., 2019). Nonprofits are vital sources for providing resources to serve the poor. Still, approval of government contracts can impact the organization's ability to receive funds contingent on unconformity to government demands for accountability. The Government Performance Act requires federal agencies to provide an annual expenditure report to improve these programs' efficacy. Siliunas et al. (2019) conducted a survey in Indiana of nearly 200 nonprofits receiving state or federal funding for Medicaid. Results indicated that only 71% showed funder's reports regarding program activities, 70% provided information about financial disbursements, nearly 60% were funders or other government agencies, and over 75% implied issues with requirements for government reporting. Based-performance programs can indicate nonprofit organizations are spending money as intended, so grants for these programs can continue.

The accountability of nonprofits is no less for public or for-profit but significantly troubling for nonprofit sectors, despite the differences in nonprofit and for-profit in

earning revenues and different purposes for making money (Bank, 2019). Nonprofits have a board of directors, and for-profits have stockholders. Nonprofit board members are responsible for ensuring the organization's adherence to its mission, providing charitable services, and protecting resources. For-profit stockholders have an invested (shared) interest in the company, usually for a profit (Bank, 2019). Although accountability and effective leadership may not ensure commitment or workable, practical guidelines, the public expects nonprofits to maintain higher standards of securing resources and being accountable than for-profits (Geer et al., 2008). Nonprofits construct a foundation on public trust to execute the organization's mission and protect resources (Dougherty, 2019; Reed & Guess, 2014; Young, 2002).

The probability of nonprofit leaders misappropriating funds is likely because the organization has complete control over finances (Wolf, 2013). Nearly 75% of nonprofits' misappropriation of funds resulted in termination, almost 8% without accountability, dismissal result of fraud is about 88%, and no punishment (Greenlee et al., 2007). Nonprofits have board members who receive funding from donors' inspiration supporting charitable organizations based on the intended aim and mission.

### ***Public Mistrust***

Studies on nonprofits indicated many reports regarding the misappropriation of funds worldwide, spawning public mistrust. With an increasing number of nefarious, fraudulent activities occurring, many nonprofit administrators have incorporated global standards for nonprofit accountability surpassing the minimum requirement by state and federal governments and adopted the CARE, UNICEF, or DZI Seal of Approval approach (Becker, 2018). These organizations are widely accepted and accredited, have a

signatory agreement with various international human rights, and adhere to a code of conduct (Becker, 2018). The American Bar Association and the Uniform Law Commission also established trust laws investigating unincorporated organizations' legal affairs (Brody, 2012). The ABA and Model Business Corporation Act, Model Nonprofit Corporation Act, and American Institutions of Law also require clarifying principles regarding laws regulating nonprofits (Brody, 2012).

Studies on nonprofits indicated that leaders of for-profits and nonprofits were engaged in fraudulent activities of misappropriating funds (ACFE, 2018; Archambeault et al., 2015). Many nonprofit board members believe the organization should conceal the misappropriation of funds in-house and establish additional regulations to improve management modus operandi (Bank, 2019; Rhode & Packel, 2009). Research indicated that nearly 40% of nonprofit employees observed theft occur within the organization but overlooked it in fear of retaliation by management or other employees, thus not being reported (Rhode & Packel, 2009). Additionally, management believes implementing a basic policy might be sufficient to stop at least 90% of fraud (Rhode & Packel, 2009). A higher standard of accountability alters the public vantage point regarding trust, quality, reputation, and donations. Nonprofits arise when stakeholders lack knowledge concerning the organization's behavior and face a lack of certainty regarding the quality of services they provide and trustworthiness (Becker, 2018).

Nonprofits displaying appropriate accountability ensure stakeholders' allocation of funds is anticipated, provided the organization's behavior is appropriate (Becker, 2018). In 2008, Brookings Institution conducted a survey showing that about one-third of Americans lack trust or confidence in nonprofit organizations (Rhode & Packel, 2009). A

questionnaire survey by Brookings Institution also showed that about 70% of the public believed donations received by nonprofits were not used according to the intended purposes, 10% stated nonprofits served their purpose, and 17% think most nonprofits do an excellent job helping people (Rhode & Packel, 2009). Accountability requires implementing a suitable method to prevent institutional oversight, educating the public, inclusiveness, and transparency in performance measurement to ensure commonality for accounting and organizational effectiveness in nonprofits (Ferrell et al., 2017; Lee, 2016; LeRoux & Langer, 2016; Rhode & Packel, 2009). The public entrusts the nonprofit's board of directors to incorporate and abide by ethical and moral principles. Board members must be cognizant of their duties and have a clear vision guided by a strong desire to carry out responsibilities effectively (Young, 2002). The board must ensure the organization serves the public's best interest, uphold moral principles, and achieve the organizational mission (Bartholomew, 2015; Coule, 2015; Dougherty, 2019).

### **Normative Principles of Behavior**

Unethical misconduct occurs when an employee or leader lacks a commitment to the organization's ethical standards. Public pressure on nonprofits has heightened concerns about morality and calls for establishing an acceptable mechanism of transparency and accountability (Benjamin, 2008; Ferrell et al., 2017; Lee, 2016). Misconduct sanctions enforcement of normative behavior and constraints regarding inappropriate conduct (Ferrell et al., 2017). Normative behavior principles comprise individual morals and values in the organization. The moral code of behavior is the foundation for establishing the core values of stakeholders and long-lasting morals about appropriate conduct (Ferrell et al., 2017), including the economic, political, and social

institutions. Stakeholders must display appropriate social behavior, make ethical decisions, and establish core values (Ferrell et al., 2017).

### **Social Constructivist Theory**

Qualitative research endeavors to explore the social interaction of others through holistic perception and aims to establish a comprehensive, intricate picture of the problem under review through different real-world perspectives, identifying many factors and briefly translating the larger picture as it emerges (Creswell, 2014; Cypress, 2015; Yin, 2018). This qualitative study was grounded primarily in the constructivist worldview philosophy concerning cultural and social theory regarding experience and reality, interpretation, and comprehension of a specific time (Bassot, 2012; French & Williamson, 2016). The constructivist worldview believes an individual searches to understand the world and the complexities relating to a society's customs, ideas, experiences, and social behavior.

This study aligned with the social constructivism model as participants' knowledge was obtained from experiences rather than complete cognition (Bassot, 2012). The social constructivism model applies the interpersonal essence of knowledge as an individual builds understanding through interaction with individuals and social behavior and passes moral principles from one generation to the next. Understanding the constructive social theory aims to explore accountability characterized need for change and improve the system of process within society's structure. The social constructivist approach can provide new perspectives on egalitarianism and social justice. It sanctions laws to protect organizations against criminality. People establish personal meanings about experiences regarding specific objects and things (Creswell, 2014).

The ethical concern of integrity in nonprofits has caused an increased lack of confidence in charitable organizations to use resources for intended purposes responsibly. Empirical research is consistent, and unethical behavior of nonprofit leaders tarnishes the reputation of charitable organizations, thus there is a decline in public donations (Perlman, 2014). Unfortunately, there is no one method to prevent nonprofit leaders from stealing money or other resources, but accountability may help hinder one's ability to commit theft before it occurs (Liu et al., 2015). Board members should enforce their fiduciary duty to protect resources and ensure the organization encompasses the principles of its mission (Coule, 2015).

### **Utilitarianism Theory**

Leaders who display ethical morals conform to the appropriateness of acceptable business standards (Reed & Guess, 2014). Leaders who commit fraud, steal, or divert money motivation are influenced by egoism theory and benefit from self-interest without considering how their actions could impact the organization or others (Reed & Guess, 2014). In contrast, nonprofits operate under 501(c)(3) exemption status must be entirely altruistic for public welfare. They acquire substantial revenues gleaned through fundraising events, cash contributions, other assets, and gifts for dispersion to the public as needed. The AFCE 2018 showed that nonprofit and for-profit organizations are vulnerable to leaders misappropriating money and fraud. According to Hirsh et al. (2018), the moral utility theory helps one understand the motivation for doing what is ethically correct and is the motivational cause of unethical behavior. It asserts that the brain's intellectual capacity calculates the extent of conscious reasons or convictions,



evaluates the usefulness of capabilities to do something, and leads to the utilities of feasibility behavior derived from envisioning current aims (Hirsh et al., 2018).

### **Gaps in the Literature**

A gap in the literature identified that corporate governance policies might be practiced in every nonprofit organization by having an audit committee overseeing finances and reducing misappropriation or asset diversion. Research findings indicate that governance can be a valuable mechanism to lessen the possibility of fraud and theft. For example, an effective policy for conflict of interest may require a nonprofit's board of directors to disclose all financial transactions and improve transparency. A few studies regarding the effectiveness of nonprofit governance plans in reporting and monitoring practices may reduce the possibility of misappropriating funds. Second, the literature lacks methods to enhance nonprofit accountability in managing cash flow and disclosure to the public, indicating a gap in the literature. Yet, effective methods of being responsible and accountable may enhance the relationship between nonprofits and the public and improve the organizational mission. There are very few studies that determined whether outcome measurement can establish a method of reinforcing accountability between beneficiaries and nonprofits. Third, the gap in the literature shows insufficient practical research regarding the misappropriation of assets for nonprofits (Harris et al., 2017). There is significant empirical research regarding fraud or misappropriating funds in for-profits and preliminary studies regarding fraud occurring in nonprofits (Archambeault et al., 2015). The study results display considerable dissimilarities in the construct of nonprofit governance policies across sectors of nonprofits. Strong governance may improve the organization and protect charitable assets

from diversion and misappropriation. The current study could help close gaps in the literature, which may contribute to knowledge development and comprehension of the specific issue of this study.

### **Methodology Literature**

Many theorists believe that building knowledge is an area of hypothesis or principle of knowledge according to reliability, truth, and general knowledge. Philosophical assumptions inquire theorists to provide explicit references to support research concerning quantitative and qualitative relevant articles and journals (Mazandarani, 2022). The research was based on the study's purpose and research questions, and the most appropriate method for qualitative research answers the research questions (Bostic et al., 2021). Nonprofits have been scrutinized since reports of misappropriation and fraud occurring in nonprofit and for-profit organizations were kept secret from the public (Lee, 2018). The researcher used a small size of five participants to establish positions in their organizations and methods to prevent and protect resources by board members. Scheetz et al. (2021) preferred a quantitative research method for comparing differences in reporting fraud in nonprofit and for-profit organizations to suggest that regulations may have significance and imbalance in the organization size in fraud reporting.

The methodology selected for this exploratory multiple case study of nonprofit and for-profit organizations misappropriating funds and committing fraud was a qualitative method. Qualitative research was used to study nonprofit methods with challenges for the IRS in reporting fraud and asset diversion that exceeds 5% of the organization's yearly income (ACFE, 2018; Husam & Delen, 2020). Researchers in

qualitative research can use a purposeful selection size typically between five and 25 participants; all selected participants have direct experience with the issue under investigation (Leedy & Ormrod, 2010; Kindsiko & Poltimäe, 2019).

### **Research Design Literature**

A qualitative case study is a research method that provides an in-depth explanation and examination of a phenomenon, social element, or system and an appropriate way of understanding the complexity of issues or things and increases existing knowledge garnered from previous studies (Preetha, 2014). Research questions are used as an interrogative method for questioning purposeful selection of participants' endeavors to expound on the phenomena under research and provide answers to the central research question. Qualitative case study research generated new reference materials such as field notes, interview transcripts, or survey responses essential in a case study and frequently examined as it develops (Widdersheim, 2018). The researcher obtained comprehension of the phenomena by conducting case studies to influence practice, policy, and future research (Roger & Willis, 2017). The primary instrument in qualitative research is the researcher exploring the phenomenon, documenting, and analyzing the phenomena to understand better and provide a helpful course of action for future research studies. As the main instrument for data collection and analysis, the researcher can include a plan for inductive investigation and deliver a rich, thick description (Cypress, 2015; Merriam & Tisdell, 2016).

This qualitative exploratory multiple case study's researcher aimed to understand prevention methods used by nonprofit and for-profit board members to protect the organization's resources. The essential goals of this study were to comprehend board

members (at least 6 months of experience) methods to prevent the misappropriation of funds and protect the organization's resources better. In addition, this study's researcher sought to gain an in-depth understanding of the social phenomenon under study concerning board members' perspectives on implementing internal and external controls to better prevent and protect the organization from the misappropriation of funds. Finally, the purpose of this research was also to identify what methods board members can use to help the organization implement better measures for accountability. The focus of this study was to shed light on how nonprofit and for-profit organizations can effectively communicate the need for accountability to reduce the misappropriation of funds.

### **Conclusions**

Qualitative research was the preferred method for providing a comprehensive exploration of why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions and were not held accountable for theft by board members. The misappropriation of funds could impact the organization's financial stability, but leaders are not held accountable for stealing (Helmiget al., 2014; McDonnell & Rutherford, 2018). The researcher used exploratory multiple case study research to investigate the in-depth phenomena of nonprofit leaders misappropriating. As previous literature indicated, there is limited research about nonprofit leaders misappropriating funds (Husam & Delen, 2020).

### **Chapter Summary**

Chapter 2 included a critical general review of four essential areas in nonprofits concerning a lack of accountability reviewed in the literature. These included a lack of transformational leadership (Avolio & Yammarino, 2013; Porter, 2015), financial

expertise (Arshad et al., 2017), internal controls (McDonnell & Ruthford, 2018), and accountability (Becker, 2018). The literature review presented research on different approaches to improving accountability in nonprofits. The history of nonprofits emerged because of insufficient government resources to assist the public (Liao & Huang, 2016; McDonald, 2007; Siliunas et al., 2019). In a rapidly growing economy, more than 1.5 million nonprofits are in the United States (Bank, 2019). The growth of nonprofits has led to an escalation in occupational fraud such as misappropriation of assets, theft, and nonprofits, including for-profit organizations (ACFE, 2018). Public demand for nonprofits to implement measures to improve accountability against the prevalence and pandemic of misappropriation of funds occurring in every type of 501(c)(3) tax-exempt nonprofit organization (ACFE, 2018; Coussi et al., 2018).

Research in social services has conducted many studies on nonprofit organizations, such as methods for improving accountability, implementing a governance plan, and the board's responsibility for protecting resources (Harris et al., 2017; LeRoux & Langer, 2016; Tysiac, 2018). Different methods of finding new approaches aim to improve nonprofits' internal and external stability and reduce the growth of the worldwide pandemic regarding misappropriating funds (ACFE, 2018; LeRoux & Langer, 2016; Perlman, 2014). Mechanisms also are being implemented to ensure the organization has sound corporate governance policies that may prevent the prevalence of fraud from occurring (Archambeault et al., 2015; Greenlee et al., 2007; Harris et al., 2017; Yallapragada et al., 2010).

## Chapter 3

### Research Methodology

This qualitative exploratory multiple case study aimed to understand prevention methods used by nonprofit and for-profit board members to protect the organization's resources. The essential goals of this study were to comprehend board members (at least 6 months of experience) methods to prevent the misappropriation of funds and better protect the organization's resources. In addition, this study's researcher sought to gain an in-depth understanding of the social phenomenon under study concerning board members' perspectives on implementing internal and external controls to prevent and protect the organization from misappropriation of funds. Finally, the purpose of this research was also to identify what methods board members can use to help the organization implement better measures for accountability.

The focus of this study helped to shed light on how nonprofit and for-profit organizations can communicate the need for accountability to reduce the misappropriation of funds. Chapter 3 begins with the research method and design appropriateness. Chapter 3 also includes the population and sample, research procedures, rationale, and validity of data collection. A discussion of the validity of how data were collected and analyzed for this study is included. Cypress (2015) indicated that qualitative questions purport to be a reliable method in the discipline of social sciences exploration compared to quantitative research. In addition, Chapter 3 includes a synopsis of this chapter and summarizes Chapter 4.

## **Research Method and Design Appropriateness**

The qualitative case study design was appropriate for this research to provide a comprehensive account of the reasons why some leaders of nonprofit and for-profit organizations in the past misappropriated thousands and millions but are not accountable for theft. The qualitative approach broadens insight into the phenomenon of responsibility of leaders in nonprofit organizations. Case studies, books, research, and written publications provided a necessary course of action that explained the logic behind leaders misappropriating funds. Qualitative research analysis was appropriate for this case study. It helped the researcher understand the processes nonprofit and for-profit board members can use to improve accountability for misappropriation of funds (Reed & Guess, 2014). No one method has successfully been theorized because nonprofit or for-profit leaders are not held accountable for stealing. Considerations are cultural influences, ethical acclimation, moral blinders, moral meltdown, and insufficient internal controls (Arshad et al., 2015; Majid et al., 2014; Rhode & Packel, 2009; Young, 2002). A qualitative exploratory multiple case study was most appropriate for this research in exploring elucidations to the research questions gathered from a purposeful selection of participants' vantage points concerning the phenomena under study.

Researchers have conducted studies regarding nonprofit accountability and acceptable explanatory variables to yield an outcome on the topic. The exploration of the research question helped to determine a research method (Rutberg & Bouikidis, 2018). An appropriate research method for this was qualitative to address the phenomenon of nonprofit leaders embezzling money from the organization but are not held accountable for theft.

Comprehensive interviews enabled the researcher to obtain detailed information about the participants' thoughts and experiences about the research problem. The study depended on the assumption that board members' internal and external controls were inadequate to protect the organization's assets and resources from theft and employ effective measures to protect them. This research method was useful because qualitative data collection methods allow the development of explanations in unusual circumstances to better comprehend the phenomenon, including new knowledge about the research problem (Hollweck, 2015).

### **Qualitative Research Method**

Methodologies can be used to explore and describe what influences the phenomenon of misappropriation of funds by nonprofit leaders. Exploration includes a series of investigative processes and strategies. The researcher investigated various philosophies about the phenomenon, including decision-making processes, experiences, and knowledge. The study explored databases for searching and gathering information about the research topic and identifying the most appropriate key terms to help guide the search. A qualitative research method is a preferred method used in this case study. The technique engendered cognizance regarding complex emanates affecting social relations and support from the public. The case study method allows for understanding and interpreting the phenomenon and a deeper comprehension of the research problem (Cypress, 2015; Yin, 2018). A qualitative approach can provide logical solutions to answer specific questions about the why and how (Cypress, 2015; Hewett et al., 2019) concerning the multifactorial crisis produced by the emergence of industrial society (Yin, 2018). Qualitative research enables the researcher to conduct face-to-face interviews and



aims to explain and understand the identified problem (Becker et al., 2019; Christensen et al., 2013; Creswell, 2014; Yin, 2018) regarding members of the board's decision to conceal the fraud, but leaders are not held accountable.

The qualitative method depends on the researcher's efficacy of engagement with participants. It is unbiased in the exploration process to seek an in-depth and thorough understanding of phenomena regarding individuals' behavior, experience, and lives (Cypress, 2015). Qualitative research is supported by several theoretical vantage points, such as the feminist movement and constructivist-interpretive (Cypress, 2015). The researcher conducted a qualitative study by interviewing board members aiming to explore, comprehend, and explain the phenomenon regarding members of the board's decision to conceal theft in the past without leaders being accountable (Hade & José Closs, 2016).

Qualitative research alludes to different studies that produce findings compared to a quantitative method in which results are analyzed statistically or quantified to obtain mean values (Cypress, 2015). Qualitative research involves various interpretation methods to explore, understand, and elucidate participants' experiences utilizing non-numerical data (Cypress, 2015; Hade & José Closs, 2016; Rutberg & Bouikidis, 2018). According to Hade and José Closs (2016), qualitative methodologies are gathered from interviewing or observing participants, generally in text format. Data were collected and analyzed subjectively and unbiasedly by the researcher (Hade & José Closs, 2016). The qualitative research method can determine dependability, trustworthiness, credibility, and transferability. The qualitative research method can also determine the research's conformability (Hade & José Closs, 2016). In contrast, the quantitative method

determines data methods' reliability, internal validity, objectivity, and generalizability (Hade & José Closs, 2016). Cypress (2015) indicated that qualitative questions purport to be a reliable method in the discipline of social sciences' exploration compared to quantitative research. Qualitative research designs are case studies, phenomenology, historical research, grounded theory, ethnography, and narrative research (Cypress, 2015; Rutberg & Bouikidis, 2018).

### **Case Study Research Design**

A qualitative research case study design was a suitable method for understanding why nonprofits and for-profit board members decided not to hold nonprofit leaders accountable for misappropriating assets, including responsibilities to the organizational mission. This qualitative case study's researcher used a case study design. In the case of study research, participants were asked to describe their experiences regarding the phenomena through an in-depth interview with seven simple, short interview questions, which were used to capture each individual's perspectives (for example, attitudes, beliefs, emotions) regarding the topic under study (Cope, 2014). The qualitative method experimental single case study design involves the use of a theoretical framework that relies mainly on theory and is often not aligned with qualitative research but aims to test the validity of the current theory. Qualitative case studies are exploratory questioning that allows meaningful interaction with research participants (Rutberg & Bouikidis, 2018). Case study research describes, explains, and explores the phenomenon with one individual or multiple individuals, organizations, groups, or events (Yates & Leggett, 2016). The study provided an accurate and detailed portrayal of participants in their

naturalistic setting and maintained a holistic and real-world interpretation of phenomena (Rutberg & Bouikidis, 2018; Yin, 2018).

Qualitative exploratory multiple case study research aims to investigate social interaction by allowing the researcher to engage in the experiences of others while attempting to understand phenomena occurring in natural settings (Leedy & Ormrod, 2013; Harris, 2016). Qualitative research design deals with “what” questions, such as what data are collected and relevant and “how” to analyze the results (Yin, 2018). Research designs’ primary aim is to avoid circumstances where the evidence does not substantiate the research questions. The qualitative method suggested the significance of findings and interpretation. This study’s researcher analyzed and comprehended the meaning of each participant’s experience. Qualitative research is dissimilar to that quantitative research because it tests hypotheses to substantiate facts. Still, it intends to classify and differentiate relationships between variables and one conclusion (Rutberg & Bouikidis, 2018; Yin, 2018).

Case study research was found to be beneficial to social sciences preceding the establishment of philosophical theory to guide the design, data collection and analysis, and other findings (Yin, 2018). Case study research employs several sources of evidence (Cypress, 2015), with data needing to converge in a triangulating manner (Yin, 2018). Establishing convergent evidence and data triangulation strengthens the validity of case study research (Cypress, 2015; Yin, 2018). Multiple sources of evidence provided many quantities of the same phenomenon, although they may differ in different case studies (Yin, 2018). Qualitative research studies are used to explain the phenomena using a detailed and comprehensive holistic approach and research design to develop a rich,

revealing narrative (Rutberg & Bouikidis, 2018). The case study design is the most appropriate method for qualitative research method. Cypress (2015) stated there are three case study types including: (a) single case study, (b) intrinsic case study, and (c) multiple case study. The phenomenon's existence is best described using a single case study for nonprofit leaders misappropriating funds.

### ***Single Case Study***

Single cases studies result in a more robust and deeper understanding of misappropriating funds and can provide ideas for improving nonprofit accountability (Coussi et al., 2017). Single case research design may refuse hypothesis, although the researcher can produce a theory from single cases and multiple cases (Krause-Kjaer & Nedergaard, 2015). A single case study does not provide a foundation for trustworthiness; however, it can present a thorough and accurate data analysis (Coussi et al., 2017). A single case study is appropriate for testing theory. It produces a transparent set of ideas, constitutes an utmost or uncommon case, and is typical of a circumstance and longitudinal data (Coussi et al., 2017).

### ***Multiple Case Study***

Multiple case studies aim to understand similarities and dissimilarities between cases and examine data within and across circumstances (Cypress, 2015). The advantages of employing various case studies can either predict different results for specific reasons or expect similar results. Facts developed from multiple case studies are measured as dependable and trustworthy as persuasive theory is put forward and grounded in considerable empirical evidence to support the argument (Cypress, 2015). Multiple case

studies also prepare for significant exploration of research questions and hypothetical development.

### ***Intrinsic Case Study***

An intrinsic case study approach focuses primarily on applying one distinctive phenomenon. It allows a researcher to conclude the importance of specific activities and broader conceptual and theoretical discussions concerning phenomena (Zelig et al., 2019). An intrinsic case study can help the researcher understand the issue and answer research questions (Kelley et al., 2015). An intrinsic case study is used, providing that the main problem is the case (Long et al., 2018). Intrinsic case study designs necessitate comprehensive and holistic data that permits a reader to understand the phenomenon under study by employing multiple sources, documents, interviews, and observations (Kelley et al., 2015). Qualitative research designs include case studies, phenomenology, grounded theory, narrative research, ethnography, and historical research (Rutberg & Bouikidis, 2018; Cypress, 2015).

### **Phenomenological Research Design**

Phenomenological research intends to explore a new understanding of an individual's lived experiences by uncovering the intrinsic nature or indispensable quality that determines an individual's character (Flynn & Korcuska, 2017; Gentles et al., 2015). The phenomenological method captures the vantage point of objects that occur independently of being understood. It is grounded in constructionism. For example, constructs knowledge and reality inward and outward of interconnections between individuals' lives and society (Flynn & Korcuska, 2017; Leedy & Ormrod, 2013). This research method was appropriate for a qualitative study, and persuasion is used to obtain

essential information about how and why concerning research questions (Yates & Leggett, 2016). Hodson et al. (2011) analyzed and collected a phenomenology research study that involves coding protocols such as axial coding, opening coding, and selective coding. It establishes theory in methodical and structure to understand large quantities of data into accurate theoretical ideas that elucidate an account in text and relevant attributes of events by reporting essential facts and theories (Leedy & Ormrod, 2013).

### **Grounded Theory Research Design**

Grounded theory is an experimental research method aiming to create or develop a theory instead of a test. The researcher conducts grounded theory in participants' natural environment such as work or home, and data are collected from participants willing to share their experiences. Grounded theory can use quantitative and qualitative methods in the data collection, but it is generally used in qualitative research methods. According to Firn et al. (2018), grounded theory considers the event being studied and makes sense of the individual's perceptions through constant comparison and discussions until no new data are included. This data collection method obtains information to compare groups as they emerge, referred to as the "constant comparative method of data analysis" (Yates & Leggett, 2016, p. 229). Researchers can collect rich data in ground theory and provide for the emergence of themes for data interpretation and construct authentic theory. Categories and themes are foci of the experiences shared by participants concerning the phenomenon and then employed to discover by casual circumstances, materializing conditions, strategies, and results (Yates & Leggett, 2016). As a result, a theory or hypothesis emerges in the field and is grounded in discovering a new theory.

## **Narrative Research Design**

Narrative case studies research the development of phenomena that transition within an individual's life, relate to daily life, and construct the meaning of life as explicitly lived (Treloar et al., 2015). In narrative case research design, the narrator is the main character, either to observe others' actions or as an actor to provide vantage point about phenomena (Treloar et al., 2015). Narrative research focuses on what is different about each individual's action and event and relevant to the anecdote about the life experiences of single or large group of people (Yates & Leggett, 2016). Based on conventional methods of collecting narratives and analyzing themes, the same as literary analysis, the researcher depends on one specific research question (Treloar et al., 2015). Researchers can use it as a single approach or method for data collection within other qualitative methods (Yates & Leggett, 2016). Predetermined questions are employed during the interview and might ask additional questions for clarification (Treloar et al., 2015).

## **Ethnography Research Design**

Grounded theory aims to generate and not test a hypothesis (Yates & Leggett, 2016). Ethnography research displays how society elucidated an individual's behavior and culture and how it is perceived. Ethnography design allows the researcher to examine shared meanings that control the behavior of a community (Rutberg & Bouikidis, 2018). Employing a qualitative ethnography research design, researchers can conduct an in-depth and thorough study of society and have the same interest. Ethnography study occurs over time, from months to years, to conduct research (Jordan et al., 2021). The data analysis process in ethnography research requires methodical and systematic data

structuring, classifying data according to actual events, patterns, regularities, and interpretation (Leedy & Ormrod, 2013; Rapp, 2021). Grounded theory research design also investigates an individual's actions and the effects of their behavior in society (Rutberg & Bouikidis, 2018).

### **Historical Research Design**

Historical research evaluates past events using written records, such as objects and photos (Rutberg & Bouikidis, 2018). History primarily depends on interviews, observation, and small quantities of archival documents to describe and elucidate phenomena from long periods or memories of those few who may still exist (Widdersheim, 2018). Historical case studies combine history and case studies and evaluate issues from past to present (Widdersheim, 2018). The quality of historical events does not draw generalizable conclusions or the discovery of general scientific knowledge (Hallström, 2022). The researcher analyzed current cases without the breadth of historical knowledge. Historical studies are the most appropriate methods to address modification, continuity, evolution, and transformation.

### **Quantitative Research Method**

Quantitative research suggests elucidating relations between variables evaluated by the researcher (Creswell, 2014). The qualitative research method measures variables with specific research instruments for analyzing numeral data employing statistical methodology (Creswell, 2014; Yin, 2018). Researchers applying quantitative research methods have informed assumptions concerning theories being tested deductively and controlling design to elucidate the phenomena capable of generalizing and duplicating findings and obtaining an accurate measurement (Rutberg & Bouikidis, 2018).



Quantitative research designs include experimental (isolating the phenomenon and controlling circumstances under which experimentation occurs). A non-experimental variable allowed manipulation to transpire. Attention remains to discovering the phenomena and establishing whether a relationship exists, and quasi-experimental intervention within the design for outcome measurement before and after intervention implementation and a comparison is made to determine whether the intervention has made a difference (Rutberg & Bouikidis, 2018). The researchers' opinion regarding the fundamental assumptions and primary characteristics that differentiate what it means to take action from a qualitative position was appropriate for this research. The researcher argues that quantitative methods could evoke or draw out rich, descriptive data necessary to achieve the intended research purpose.

### **Mixed Method Research**

Mixed methods research employs qualitative and quantitative research methods (Rostad et al., 2017; Rutberg & Bouikidis, 2018). The researcher can conduct qualitative case study research in mixed methods to gather information about the phenomena through in-depth interviews of participants (Rostad et al., 2017). The researcher collects and analyzes data, combines findings, and draws conclusions based on evidence and reasoning by employing qualitative and quantitative research methods (Rutberg & Bouikidis, 2018). Data collected are obtained from one method to elucidate feedback and develop data comprehension from the other method. Researchers using mixed methods can employ qualitative interview techniques focused on various participants' experiences, experiences in the study, the interest in participants' activity, and how to best serve a community of people with disabilities (Rostad et al., 2017). Qualitative and qualitative

data analysis and collection are used in mixed methods research (Rostad et al., 2017) and are unsuitable for this study.

### **Research Questions**

This qualitative single case study explored perspectives from five board members of American organizations to help understand why some leaders of nonprofit and for-profit organizations in the past stole thousands and millions from the organization but were not held accountable by board members for stealing.

Based on the study's aim, the researcher obtained responses to the following research questions:

**RQ1:** How have board members implemented changes to the organization's mission to improve accountability for misappropriation such as theft, embezzlement, or fraud?

**RQ2:** How do members of the board plan to protect resources and other assets from future misappropriation better?

### **Population and Sample**

#### **Population**

This study's researcher selected five board members of American companies in the United States. A criterion for this study was nonprofit and for-profit organizations with three or more employees to help understand board members' methods to protect assets and be accountable for theft. The researcher recruited participants from nonprofit and for-profit organizations who were vice presidents, treasurers, secretaries, and other board members. Nonprofits campaign to attract more donors to seek financial support and other charitable goods and services from the public. Nonprofits aim to provide resources

that private or government sectors inadequately lack such as welfare services (Liao & Huang, 2016; McDonald, 2007; Siliunas et al., 2019). A well thought selection of sources was used to make a conclusion and generalization by reasoning. There was a level of doubt and refusal of non-respondents and inference that participants may be non-responding based on the research topic. A lack of representatives to participate in the research could have presented bias and context surrounding the research topic or circumstances, population, and sampling may have an adverse result.

### **Sample**

The qualitative research sample size typically is between five and 25 participants; all selected participants have direct experience with the issue under investigation (Clive, 2016; Hennink & Kaiser, 2022; Leedy & Ormrod, 2013). The selection of data sources collected addressed the objectives and desired to achieve analytic generalizability in the study (Gentles et al., 2015). A criterion for the selected participants was that participants must be board members of a nonprofit or for-profit organization or incorporation and age 18 and older. The researcher determined a timeframe to ensure an adequate understanding of the board members' responsibility to the organizational mission.

The purposeful sample for this study included five nonprofit board members and with at least 6 months of experience as a board member. Maximum variation (heterogeneity) sampling identified essential characteristics and unpredictable features concerning the phenomenon experienced by various nonprofit organizations. Maximum deviation seeks common patterns that emerge from considerable dissimilarities (Merriam & Tisdell, 2016).

Research synthesis can facilitate informed worldwide decision-making regarding methods to improve accountability in nonprofit for-profit organizations (Gentles et al., 2015). The researcher obtained sampling demographics systematically to provide accurate and subjective judgments of board members' responsibility relating to the misappropriation of funds and the significance of large and small nonprofits obtained data from various databases.

### **Ethical Considerations**

Ethical issues regarding the protection of participants are essential in any research study, for example, confidentiality, deception, and risks of the methods (Christensen et al., 2013; Cone & Foster, 2006). Before the investigation begins, the researcher debriefed participants about the study, solicited participants without obligation, and protected anyone who agrees to participate (Cone & Foster, 2006; Torabi et al., 2019). The primary problem regarding protecting participants determined the methods best for safeguarding information. The consent form assured participants that the researcher would not use their identity in the study. Participants could withdraw from participating in the study before, during, or after the interview was concluded by contacting the researcher by phone call, text messaging, or email without penalty or risk. The researcher used several preventive measures to protect participants' privacy and well-being so that no dire consequences or risks affected any participants. The ethical considerations that pertain to participants may generate a new body of knowledge about the research. It indicated how the participant's privacy is protected regarding the process outlining the terms for research ethics of the University IRB.

## **Informed Consent and Confidentiality**

The research process involved soliciting participants to take part in the study. The researcher emailed the consent form to participants as an attachment using Adobe DC Pro e-signature to sign and return after signature. Each participant signed an informed consent form and accepted to participate in the research (Barkhordari-Sharifabad et al., 2018; Christensen et al., 2013; Yin, 2018). The signed consent form acknowledges that participants understand their rights and the reason for the study and ensure confidentiality throughout the research process (Creswell, 2014; Yin, 2018). Confidentiality requires the researcher to respect the participant's privacy and not disclose their privacy, personally identifiable information, and organization (Christensen et al., 2013; Yin, 2018). The consent form informed participants that their identity and organization would remain confidential and not be disclosed to any party outside this study. The researcher assigned a pseudonym as an alias in place of the participant's name and organization's provided code number.

Each participant was informed that participation in the study was voluntary, and any participants who declined to sign the signature line on the informed consent could not engage in the study (Torabi et al., 2019). Participants were informed before the interview began that they could withdraw from the study by contacting the researcher by phone, text messaging, or email without risk to the participants or organization, and the researcher would discard any information they provided from the study. The informed consent informed participants about the research study, time frame, potential impact, and outcome (Appendix B), and any issues concerning protecting those who participate in any research study. Christensen et al. (2013) noted that the primary concern is protecting

participants' privacy, identity, and information. The researcher took precautionary measures to ensure the participants' information remained confidential. The researcher avoided bias and strived for the highest moral research ethics, such as preventing deception, being honest, and neither fabricating nor infringing the copyright of documents (Christensen et al., 2013; Yin, 2018).

Informed consent was the primary concern and foci throughout the study. Informed consent assures the researcher that each participant fully understands the aim, benefits, purpose, procedures, and risks involved in the study. In addition, informed consent aims to protect participants' rights and privacy and guarantee confidentiality (Creswell, 2014; Shaw, 2008; Yin, 2018). The researcher's intent was to interview the participants via Zoom's audio recording features and the camera off during calls or by phone. Phone interviews with participants' conversations were digitally recorded and transcribed or handwritten only (paper and pen) and transcribed (Christensen et al., 2013; Creswell, 2014; Torabi et al., 2019; Yin, 2018). A detailed recording is essential to discussions because it justifies the data analysis (Yates & Leggett, 2016).

The researcher understood that nonprofits or for-profit board members may be unwilling to participate. The researcher understood why some nonprofit and for-profit board members in the past chose to commit fraud but were not held accountable for theft. Consequently, leaders' illegal behavior could have a detrimental impact on the organization's financial stability and survivability; however, leaders commit fraud but are not accountable for stealing. The researcher reiterated that the confidentiality agreement is a legal document asking for voluntary study participation. The participant's identity and organization will remain confidential and not be disclosed to any party outside this

study. The researcher considered the participant's privacy regarding data dissemination and reporting, including measures to safeguard all related research records and data.

The researcher has exclusive access to research materials, including protection measures (Christensen et al., 2013), a prerequisite of the University of Phoenix IRB. A Collaborative Institutional Training Initiative human rights refresher course was completed and ensured the researcher fully comprehends the IRB confidentiality and protection of human rights. With the approval of the IRB, the researcher completed the study. By signing the researcher's name on the University of Phoenix's consent form, the researcher secured all electronic data and paper documents.

Electronic data are stored and secured in password-protected disc files on an Apple MacBook Pro laptop. The researcher stored identifiable information in a Master Lock 7148D secure storage box. Consent forms were stored separately and protected in a Honeywell 6108 fire resistant steel security box. The Apple MacBook Pro laptop was placed in the researcher's home in a secured file cabinet when not used. Audio recordings were destroyed after participants' transcripts are reviewed and approved, and the researcher will keep the data for three years. After that, electronic data would be erased and permanently destroyed from the hard drive using the manufacturer's preinstalled Disk Utility software. The researcher will shred paper documents at a UPS Store Service Shredder.

### **Instrumentation**

In qualitative and quantitative research, the procedure for collecting data may vary. The researcher was the primary instrument in this qualitative case study (Creswell, 2014; Merriam & Tisdell, 2016). The researcher can increase the understanding of data

analysis through nonverbal and verbal transmission and process data immediately for clarification and synopsis of materials, member check for accuracy of interpretation, and explore unpredicted responses (Merriam & Tisdell, 2016). Researchers' intuition can yield the possibility to build a depiction of the significance of each participant's experience that affords to study. The researcher aimed to apply effective communication, obtain a description, comprehend, and interpret data captured from the participant's knowledge, and construct a context for the conclusion. The researcher as an instrument allowed flexibility to adjust, study new perceptions, and address revisions to the research questions as needed. The interview questions were designed to explore board members' knowledge, experience, and method used to protect the organization's assets and resources and determine methods of accountability.

### **In-depth Interviews**

With the approval of the IRB, each potential participant was emailed an introductory participatory letter (Appendix A). The participants were informed of the research's intent by eliciting their participation and emphasizing anonymity standards and confidentiality. The researcher requested a date and time for the interview via Zoom audio recording, and the camera was off. An introductory participatory letter explained the detail of the interview process and provided a synopsis of relevant facts. A second email, a confirmation letter (Appendix C), was sent to participants to confirm participation in the interview. Participants received informed consent to read and sign a university requirement before the interview (Appendix B). An informed consent form signed by participants protected their rights and privacy and ensure they understood the study's intent, including how data were collected, handled, and used.



Interviews were conducted with purposeful sampling, which involved the gathering of data from five board members of American organizations in the United States. Interviews consisted of seven questions and took approximately 30 – 60 minutes to complete (Yin, 2018). Questions were predetermined to elicit rich, thick descriptions regarding the topic and aim of data collection (Creswell, 2014; Leedy & Ormrod, 2013). Research questions elicited information concerning critical events for capturing the participant's relativist perspectives (attitudes, beliefs, and emotions) regarding the topic without hinting at an answer but exploring and probing to uncover additional pertinent information and defining and clarifying any previous statements (Green & Kent, 2016; Leedy & Ormrod, 2013; Yin, 2018). , participants' responses were analyzed several times by reading interview transcripts or other substance materials to identify themes as they emerged (Yates & Leggett, 2016).

The researcher gathered shared knowledge of participants regarding board members' responsibilities from their responses to the interview question. Yin (2018) asserted that the interview process is an essential method of evidence in a case study regarding human affairs and actions. The researcher described the organization's background, culture, environment, history, mission, policies and procedures, and population in which the research sample was drawn. The researcher concluded that participants' non-respondents and data are challenging to obtain, examine, and retrieve. The researcher examined and analyzed publications from 2008 to 2022 regarding leaders of nonprofit and for-profit misappropriating, for example, theft, embezzlement, or fraud. The study's foci concerning the organization's primary characteristics were the board's responsibility, organizational mission, accountability, and business governance plan for

guiding the organization. In addition, the researcher determined what methods the organization established and implemented to monitor and protect its resources and the effect of misappropriation of funds on the public interests and organization. The researcher maintained a planner and daily log of participants contacted and obtained confirmation of the scheduled date and time for the phone interview and left a message or text message when there was no answer (Burke & Miller, 2001).

### **Interview via Zoom**

An introduction was given to the participants, which provided the topic for discussion and informed participants that any information provided would remain confidential and be used only in the data collection when documenting and organizing research findings (Burke & Miller, 2001). In addition, the researcher informed the participants interviewed via Zoom audio recording that cameras would be off during the interview and will not occur without them signing the informed consent giving the researcher permission to audio record the interview. Participants also had an option to decline or accept. If during the Zoom, audio recording and malfunctioning occur, handwritten field notes (paper and pen) will use as the researcher's requirement. At the end of each interview, the researcher reread field notes obtained from the participants to ensure they were accurate and complete. Each research participant declined to be interviewed via Zoom audio recording, and preference was by phone.

### **Interview via Phone**

Interviews by phone were digitally recorded and transcribed verbatim. Interviews by phone was an alternative method only at the request of the participants. A field test of the interview questions was conducted before the researcher made any attempts to collect

data to determine the interview length. Issues regarding words were identified and addressed to assess clarity, which increases data integrity. Before a phone interview can begin, a field test is necessary to ensure two communication and reliability of the device (Burke & Miller, 2001).

The researcher contacted the participants by phone and scheduled a convenient time and date for the interview (Burke & Miller, 2001). As a courtesy, participants were contacted by email or phone to confirm the agreed upon time and record the appointment in a planner should they need to reschedule. The researcher maintained a daily log of all contacts by phone regarding who was called and the results of the call, such as interviews scheduled or messages left (Burke & Miller, 2001). The participants were informed that their conversation would be digitally audio recorded. Three participants agreed to be digitally recorded by phone, and two participants' preferences were handwritten (paper and pen) only. Participants were informed that any comments, statements, or remarks disclosed would remain confidential and used only to collect and document the research findings (Burke & Miller, 2001). At the end of each interview with the participants, the researcher reread field notes from the phone conversation to ensure it they were accurate and complete (Burke & Miller, 2001). Drawbacks to using an audio recording during an interview and equipment malfunctioning occur, and participants may have feelings of anxiety or discomfort (Merriam & Tisdell, 2016).

During the phone interview, establishing a rapport with participants was essential to comfortable talking with the researcher openly and honestly. Participants were given helpful feedback without distorted data, and the researcher was mindful of the length of time (Burke & Miller, 2001). The researcher's reflection also was captured immediately

after the interview. Data collection was revisited for accuracies, such as detailed notes regarding insights, nonverbal and verbal behavior, and insights and parenthetical remarks handwritten in the margin of every page. Finally, the researcher prepared the data analysis and the time allotted for the data analysis. The researcher used NCH Express Scribe Transcription Pro Software to listen to the recordings with headphones and repeat the recorded text as needed. Using the participant's voices to speak the text aloud enabled the Apple MacBook Pro laptop to transcribe the audio accurately. The Apple MacBook Pro laptop fine-tuned the sound of voice recognition, and sounds were interchanged from speech into text format as quickly as words are spoken without constant reversing or rewinding audio while typing corresponding text.

The researcher formatted the content of the interview transcript to enable data analysis. The researcher maintained a separate paper and list for each participant to identify each participant interviewed and the time of the interview. The participants were informed they would obtain a copy of the recorded interview and check for accuracy and completeness. The researcher maintained the saved, stored, and encrypted audio recordings on an Apple MacBook Pro laptop to ensure confidential information and access only to the researcher for data collection. Electronically obtained data were stored and secured in password-protected disc files on an Apple MacBook Pro laptop.

### **Archival Documents**

An assortment of archival records, for example, public records, organizational records, newspapers, and Internet searches of articles, was gathered and analyzed to understand the issue and address the research questions. Archival documents included the nonprofit's bylaws, field notes, interviews, mission statements, internal and external

controls, and government records. Archival materials allowed the inventory of sources to be created and accessible to all archival data sources for examination. Archival documents were a realistic source to provide a substantial amount of archival material gleaned from various sources. A problem with using archival data occurs when choosing a perimeter regarding collecting and analyzing data systematically and what should be included and not usable or of theoretical interest. Archival documents can also be used with sources of multiple data (archives, observation, interviews) and triangulate the evidence to confirm, strengthen, and validate the findings (Lento et al., 2021; Yin, 2018).

### **Field Notes**

According to Yin (2018), field notes are an essential element of a database in interviews, audio recorders, document analysis, handwritten, video recorders, word-processing, and other electronic files. Regardless of how the researcher obtains the field notes, jotting them down on a piece of paper, handwriting notes on a pad, or recording, they were stored efficiently for quick retrieval by the researcher or other persons (Yin, 2018). The researcher organized field notes according to classification. Field notes were complete, legible, and labeled according to types such as interview data, field notes, and transcripts. Field notes were not rewritten, and the researcher directed any editing to the case study rather than the notes. Field notes were arranged systematically, classified, complete, and accessible. Jotting down field notes was converted into more structured field notes every day or night and included brief and structured notes (Kawulich & D'Alba, 2019).

## **Field Test**

The purpose of the field test determines if research questions were clearly understood and could be interpreted and elicit a response and follow-up if needed. The field test was conducted with three professionals in their field to determine if the qualitative research questions elicited responses to the open-ended questions. The field interviewee did not indicate that participants experienced any problems or strain during the interview or identified ambiguities in research questions. The field interviewee noted that the interview questions were appropriate and well-structured to elicit a follow-up and all responses to the questions can be clearly understood and interpreted as required. The field interview indicated a positive response to the research questions, and no changes to the research questions were needed.

## **Credibility, Transferability, and Confirmability**

### **Credibility**

Credibility is any research bias regarding the study and engaging in the field by providing a more in-depth comprehension of the phenomenon. Credibility is confidence in the quality of truthfulness of data providing findings are accurate and credible; it is an essential standard of accuracy and can be comparable to internal validity in quantitative research (Alder, 2022; Connelly, 2016). Credibility also showed prolonged engagement by interviewing participants to establish rapport and trust and ensures the exploration of the research topic is thorough to enable the researcher to obtain more in-depth data from participants (Cope, 2014; Hade & José Closs, 2016). Credibility allowed the researcher to gather the participants' opinion regarding data, including the researcher's rendition and depiction, and establish credibility (Connelly, 2016). Credibility is the researcher

describing participants' experiences and confirming with the participants (Closa, 2021; Cope, 2014). Credibility maintains an audit trail, member-checking, observation methods, peer debriefing, and reflexive journaling (Connelly, 2016; Cope, 2014; Ellis, 2019).

### **Transferability**

Transferability is the useful findings applied to a person or other characteristics, groups, or settings. The readers determine how relevant the results are to the situation. Although comparable to generalization in quantitative research, it is dissimilar and uses statistics generalization. Thus, sufficient data were obtained from participants, and the context of the study enabled the readers to evaluate the findings' capability of being transferable (Cope, 2014; Ferrando et al., 2019). Transferability is supportive by providing a rich, thorough interpretation of the circumstances, individuals, and site, having transparency regarding the analysis and trustworthiness (Alder, 2022; Connelly, 2016; Hade & José Closs, 2016).

### **Confirmability**

Confirmability shows the researcher's ability to display data representative of participants. It excludes any bias of the researcher and the participants' opinions (Cope, 2014). Confirmability is neutrality when the findings display consistencies that can be repeated, and it differs from quantitative research (Haven & Van Grootel, 2019). Confirmability keeps an audit trail of analysis and detailed notes concerning decisions, progression, and applied methods. Confirmability also describes how the researcher established the findings, interpreted data, and explained the conclusion (Cope, 2014; Ellis, 2019).

## **Data Collection**

With the approval of the IRB, an email was sent to each potential participant informing them about the study's aim to elicit their participation. Informed consent was provided to participants to read and sign as a university requirement before participation (Appendix B). Each participant's signature on the informed consent elucidated the interview protocol to include Zoom audio recording, and the cameras being off during calls or by phone. The interview was comprised of seven open-ended questions lasting about 30 to 60 minutes. The researcher provided a participatory introductory letter to participants explaining the interview process's details (Appendix B). Data obtained from participants formed the basis for the overall findings of the case study research.

A pseudonym identified each individual being interviewed to protect the participant's identity, followed by open-ended interview questions, the participant's comments, and the date and time the interview ended. Three participants agreed to digital audio recording, which was transcribed verbatim to substantiate the outcomes from in-depth interviews, including noncommunication characteristics such as laughter, pauses, or interruptions, then placed with parentheses. All participants declined to be interviewed through Zoom audio recording.

Clausen (2012) noted that audio recording or transcribing verbatim may not be suitable for recording and analyzing data. Notetaking can substitute for audio transcription under certain circumstances and does not interfere with data reliability, validity, and transparency (Clausen, 2012). Audio recording requires many hours of listening and does not allow corrections without the interviewee's presence (Gesink & Nattel, 2015). Recording the interview verbatim may be a suitable method for



transcribing and converting a conversation into a literary style, making the interpretation of narration easier for readers to understand (Clausen, 2012).

The researcher obtained the data collection from nonprofits and for-profit board members. Participants in this qualitative study have a useful purpose compared to random sampling in quantitative research. The sampling foci in the study related to the participant's comprehension of the central question and problem under investigation (Singh et al., 2011). The researcher used multiple methods of collecting data including by phone, archival documents, and field notes. Various methods and triangulation were crucial to articulate and glean a detailed understanding of the phenomena under examination (Cope, 2014). The aim is to reduce bias related to a single method (Hade & José Closs, 2016).

Triangulation increased the quality of engaging, rigorous, breadth, and in-depth knowledge supporting the findings of evidence gathered from the data collection, determined the validity of inferences obtained from sources of multiple data, and helped strengthen the construct validity of the study (Yin, 2018). The researcher collected data from various sources, inductive meanings from participants, and the researcher's reflexivity and holistic characteristics of data comprehension.

A reflexive researcher comprehends a general opinion as an essential method or theory in social sciences. It considers the effect of the presence or personality of the researcher regarding what is under investigation (Mauthner & Doucet, 2003). The importance of being reflexive is accepting social science, recognizing and interpreting data analysis methods, and using them. Yin (2018) noted that employing multiple sources of evidence enabled going beyond appreciating the scope of a case study and increasing

trust. The study findings provided a factual rendition of the phenomenon, established convergent evidence, confirmed evidence from different methods, and constituted credibility. Multiple sources can also improve the study's conclusion (Yin, 2018).

The researcher used different databases for organizing and documenting the data collection individually and a well-organized group of all data in the case study. Both narrative and numeric formats of data represented all sources of evidence. The researcher used NVivo computer-assisted qualitative data analysis software. Microsoft Word was used to categorize, arrange, retrieve, store, and compare many narrative texts and numeric data (Merriam & Tisdell, 2016; Yin, 2018). Other researchers can also examine the entire database aside from reading the report, increasing the study's trustworthiness (Yin, 2018).

The purpose of the database is to maintain and preserve an orderly collection of data and easy access and quick retrieval (Yin, 2018). The researcher compiled data as part of the computer database and included various classifications such as cross-references or annotated bibliographies, which helped to organize other data for quick access. Narrative data helped to collect evidence associated with ideas or themes during and after data collection. The data collection helped classify the evidence methodically to determine the extent of the empirical support regarding the ideas and themes (Yin, 2018).

Employing a chain of command increased and constructed validity. It enabled the induction of any evidence from the beginning of the research questions to the study's findings by tracing steps back in either direction. The results included narrative data from the case study database that refers to documents, field notes, or interviews (Yin, 2018). The examination of specific sources consists of the existing evidence. It contained the

circumstances, time, and place where the researcher collected the evidence and was consistent with the data collection protocol and interview questions (Appendix F).

### **Data Analysis.**

The study's researcher intended to comprehend why board members of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions of dollars and were not held accountable for theft by board members. Consequently, the misappropriation of funds could detrimentally impact the financial stability and survivability of the organization. The researcher examined the data and determined how to manage it. The primary goal of data were to make sense of data, including integrating, minimizing, and interpreting what the participants stated and making sense of the meaning. Qualitative case study research, documents, field notes, interview logs or transcripts, records, reports, researcher's documents of physical traces, and reflective members were organized and labeled chronologically and systematically according to the researcher's coding schemas for easy retrieval of specific data during through analysis.

The beginning of the data analysis identified segments (units of data) in the data set receptive to the research questions that answered or partially responded to the research questions. A data team can describe a single word the participants used to express feelings or several pages of field notes describing the phenomenon considered meaningful because of the researcher's uncertainty about the meaning (Christensen & et al., 2013).

The researcher compared the task to the next unit of information, looking for repetitive regularities in the data and, breaking data into smaller pieces of data, then assigning them into categories. Some categories were separate units and included other

units under two broad categories of abstract concepts. The researcher used coding to manage and quickly retrieve data as needed. Coding consisted of an alphanumeric system and a phrase or word represented that. Participants' interviews, archival documents, and field notes were coded and assigned descriptive narrative notations. The researcher assigned a pseudonym regarding the participant's age, sex, location, and years of experience being a board member. The researcher provided the organization's size to identify each participant and minimize bias during data analysis. The interviews were transcribed by NCH Express Scribe Transcription Pro on an Apple MacBook laptop and repeatedly assessed to obtain useful data and ensure reliability. The researcher had sole access to a particular interview transcript, or various transcripts could be withdrawn from the entire data set of any coded dimensions or combinations of sizes.

Comments, notes, observations, and additional questions were jotted down in the margin, so the researcher could access them during the data analysis and complete a written account of the findings. The conceptual framework that guided the study and data were coded according to the schema relevant to the study. Notations were added next to pieces of data and marked as interesting to code pertinent or essential to answering the research questions. The researcher identified data segments used as open coding, assigning codes to each piece of data to construct highly inductive categories. The data analysis process was initiated by researchers inductively aiming to establish "the conceptual framework and resulting codebook" (Yates & Leggett, 2016, p. 227). Any comments or notes (codes), axial coding, or analytical coding (reflexive meaning and interpretation) in the margin were grouped according to the similarity in the entire transcript. A separate paper contained a list of groupings attached to the transcript.

The researcher's feelings, ideas, reflections, or speculation concerning theory or conjecture were included in the field notes or margin of the interview transcripts. The raw data were retained as a separate file. The participants' attitudes, beliefs, and opinions were grouped into categories and coded for themes. An inventory of the entire dataset was maintained, organized, and labeled according to the researcher's coding schemas and enabled any piece of data to be accessed. The researcher set apart an electronic copy of the entire data set and coding schemas from the data set. Coding schemas coded documents were examined carefully and thoroughly by the researcher.

Documents, field notes, and transcripts were scanned as outlined and checked to determine whether the list of groupings extracted from the first transcript was also present in the subsequent transcript. Data analysis allowed the researcher to identify relative differences between people having shared characteristics. Dissimilarities among participants that relate to individual experiences were determined. A detailed structural and textual examination of the elements was employed for interpretation. The researcher carefully and systematically attempted to seek textual analysis to explain a description of the participants' experiences.

A separate list of comments, notes, and terms was made from the set and compared with one obtained from the first list, then emerged into one master list of concepts obtained from both data sets. The master list was combined and constituted the early stages of classifications reflecting repetitive patterns or regularities in the study. The frequencies and patterns are categories of following group items or smaller subgroups of words that express the participant's feelings, opinions, or views. Primary foci sought common themes among the representation of individual experiences. Various

themes were identified from multiple methods, and data were identified as it relates to the research topic and grouped according to the significance of each component.

Category names, codes, or themes were compiled into a separate paper and related across more than one set of field notes or interviews. First, the researcher created a file folder and labeled each category by name. Next, the researcher color-coded each group by theme and placed it into a file folder using NVivo to analyze data after interviewing each participant to generate codes and themes methodically to help answer the research questions. Each data unit included the original identifying codes, for example, line numbers of the extract and the participant's name to enable the researcher to go back to the original document, field notes, or transcript to review ideas or statements identified. In addition, the researcher entered field notes, documents, and interview transcripts verbatim into the computer.

Written documents, field notes, and interview transcripts were analyzed throughout the process. Notes were handwritten in the margins to include developing categories and themes. The researcher grouped classes and entered corresponding and retrieval them as necessary. Pieces of segment data, groups of cluster data that appear to go together, and a name was given to the cluster. The meaning was formulated from the participants' statements and organized into three themes (Christensen et al., 2013). The beginning list of inductive categories immersed in the data may be deductive to determine whether a class exists in subsequent data. The researcher proceeded deductively by employing codes for identifying and categorizing essential quotes inside the transcripts.

There was no new information, insights, or understandings available; the researcher tested the tentative category scheme against the data seeking additional evidence to confirm the concluding set of categories and the saturation point reached. Categories were receptive to the research aim and answered the research questions. All data were categorized or subcategorized according to the essential or relevant data, mutually exclusive to conform to only one category, and sensitized according to the data. The same degrees of abstraction were conceptually congruent; all data categorized at the same level, in turn, helped provide that the categories together make sense.

The researcher used thematic analysis to compare the phone interview responses. Thematic analysis systematically arranged the data collected into categories and sought recurring themes (Burke & Miller, 2001). The purpose of the thematic analysis is not to generalize above and beyond the case but to obtain a detailed, thick description of the circumstances and comprehend considerable complexities issues. The thematic analysis also “allows categories to emerge from the data” (Saldaña, 2013, p. 177), including analyzing all elements in the participants’ interviews to display a complete and thorough visualization of shared experience (Leedy & Ormrod, 2013).

### **Chapter Summary**

In conclusion, Chapter 3 provided a comprehensive and complete explanation of the research methods used in the study to understand why some nonprofit and for-profit leaders in the past chose to misappropriate thousands and millions of dollars but were not held accountable by board members. With the approval of the IRB, the researcher asked five purposefully selected board members to participate in the interview process. The researcher gave an informed consent form to each participant to sign. The informed

consent ensured that participants understood the study's purpose and participation in the research and identity would remain confidential and not be disclosed to any party outside this study. The informed consent ensured confidentiality throughout the entire interview process. The interview was comprised of seven open-ended questions to understand the board's responsibility to protect resources and accountability for theft. The data collection employed three methods, for example, Zoom audio recording and camera off during calls or by phone, archival documents, and field notes.

The dependability of the research determines whether consistency exists in the results or if other researchers can repeat it and get the same results. Trustworthiness in the study reduced inaccuracies or bias in the study. The researcher obtained credibility by keeping an audit trail, peer debriefing, and reflexive journaling. Transferability determined the usefulness of the findings and whether the readers found the results relevant and capable of being transferable. Conformability is neutrality, consistencies, and replicability in the findings, including how the researcher obtained the findings. The researcher explained trustworthiness and dependability in every system, source, and triangulation procedure. The researcher took several steps in the data analysis process to find and identify themes from the results.

This study might help other nonprofit and for-profit board members acquire better knowledge about managing the organization and incorporating a business governance plan to manage the staff, employees, finances, and the organization. Protocols and guides were introduced and attached as appendices. Finally, Chapter 4 provides the findings regarding the results of the method and address them in greater detail in the data analysis.



## Chapter 4

### Results

The aim of this qualitative exploratory single case study was to explore the phenomenon of misappropriation of funds in American organizations in the United States by conducting interviews by phone with vice presidents and board members. The researcher examined methods to minimize the phenomenon of theft or fraud by: a) accountability, (b) internal controls, (c) whistleblowers, and (d) governance plan. Single case studies result in a more robust and deeper understanding of misappropriating funds and provide ideas for improving nonprofit accountability (Coussi et al., 2018). Single case research design may reject the hypothesis, although the researcher can produce a theory from single cases and multiple cases (Krause-Kjaer & Nedergaard, 2015). A single case study does not provide a foundation for trustworthiness; however, it can present a thorough and accurate data analysis (Coussi et al., 2018). A single case study is appropriate for testing theory and produces a transparent set of ideas that constitute an uncommon case and has distinctive qualities of circumstances and longitudinal data (Coussi et al., 2018).

The researcher did not select a multiple case study because a multiple case study aims to understand similarities and dissimilarities between cases and examine data within and across circumstances (Cypress, 2015). Facts developed from multiple case studies are measured as dependable and trustworthy as persuasive theory put forward and grounded in considerable empirical evidence to support the argument (Cypress, 2015). Multiple case studies also prepare for significant exploration of research questions and hypothetical development.

The researcher interviewed five participants to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions of dollars and were not held accountable for theft by board members. A review of the historical documents provided insights into internal controls. Chapter 4 contains data from five interviews from representatives at four American companies in the United States.

### **Research Questions**

Two research questions helped form the basis for discussion.

**RQ1:** What changes have been implemented by board members to improve accountability for misappropriation of funds such as theft, embezzlement, or fraud?

**RQ2:** How do members of the board plan to protect resources from future misappropriation better?

The general problem is that some larger nonprofit and for-profit organizations made decisions to conceal the misappropriation of funds, which can negatively impact the organization's financial stability.

### **Research Methodology**

#### **Instrument Validation**

The primary instrument was the researcher so that the researcher could establish content validity and align the instruments used in the study. Experts in the field were solicited on the research topic based on their knowledge and provided feedback regarding whether ambiguities exist concerning the appropriateness, misinterpretation, and presentation of the interview questions concerning the research topic. The research instruments for this study included phone interviews, interview questions, and approval

or disapproval of the appropriateness of the research questions, including how they correlated with the study focus and the intended sample (University of Phoenix, n.d.). The researcher gave the field interview questions to three experts in their field to validate, confirm reasoning, clarify, and answer the interview questions. Based on the feedback, the field testing of interview questions were finalized with seven questions (Appendixes E and G).

### **Participation Selection**

There are over 1.5 million nonprofit 501(c)(3) organizations in the United States, including public charities, private foundations, schools, and other nonprofit organizations (Charitable Sector, 2022) with 31.7 million small for-profit organizations and 131,546 corporations in the US in 2022. Participants' selection for this study was defined by nonprofit and for-profit organizations with three or more board members. Before the IRB approval, 56 companies were contacted through LinkedIn to participate in this research. There were 27 companies contacted through Internet searches and by phone, and 23 voicemails left. Two leaders contacted me by phone to ask for more details about the research and declined to participate. Leaders were reluctant to participate in the study because of the research purpose of why leaders who committed theft or fraud were not held accountable by board members. Four leaders willingly agreed to participate in the study after the researcher provided details about its purpose and accepted the invitation.

A premises, recruitment, and name (PRN) form was emailed to leaders to recruit volunteers to participate in the study. The CEOs and directors were emailed a flyer explaining the research purpose and requesting participants to participate voluntarily. Upon receiving the PRN and IRB approval, the participants were contacted to schedule a

date and time for the interview. A participatory introductory letter and informed consent form were emailed to each participant as an attachment through Adobe DC Pro e-signature to sign and return. A consent form, a requirement of the University of Phoenix, was emailed to participants before any participants could participate in the study.

The consent form was explained to each participant, and they were asked to accept or decline to participate in the study. Upon receiving a signed participatory introductory letter and consent form, each participant was asked if the interview could be conducted by Zoom audio recording with cameras off during calls or by phone. Of the five participants, no participants agreed to be interviewed by Zoom audio recording. Three participants decided to be digitally recorded by phone—two via phone and handwritten notes (paper and pen) only. The participants were interviewed by answering seven open-ended questions about the board’s responsibility to protect assets and other resources and accountability for theft and fraud. Three phone interviews digitally recorded were transcribed on Microsoft Word and saved, stored, and encrypted on an Apple MacBook Pro laptop. The researcher only typed out handwritten (paper and pen) interviews, and the original copy was saved and stored in Master Lock 7148D security storage box.

### **Data Collection**

Data were collected in two phases. First, structured interviews and data collected by phone were digitally recorded, and all participants declined Zoom audio recording and camera off during calls. Second, the demographic was only collected by phone and handwritten (paper and pen). The interview took between 25 – 30 minutes. There were no

deviations from the data collection procedure described in Chapter 3, and the researcher did not experience any unexpected circumstances.

### **Demographics**

The researcher contacted 84 nonprofit organizations via LinkedIn, email, and phone. The researcher stopped contacting organizations to participate in the research because 63 did not respond, and 16 indicated they might participate. A follow-up by phone revealed that 16 organizational leaders were reluctant to participate in the study based on the research topic. The eligibility criteria for participants called for participants 18 years or older with at least 6 months of experience as a board member in their organization. The purposive sample included five board members, who were executive directors, vice presidents, and board members of American organizations in the United States. Participants' mean age was between 25 and 70 years. Participants' mean years of experience in their current position was between 1 and 5 years, and the mean number of years in their current position was between 3 and 8 years.

Table 1

#### *Participant Demographics*

| Pseudonym | Gender | Age range of board members | Years of experience as board members | Number of board members |
|-----------|--------|----------------------------|--------------------------------------|-------------------------|
| P1        | Male   | 25 to 50                   | 2                                    | 8                       |
| P2        | Female | 25 to 50                   | 5                                    | 8                       |
| P3        | Male   | 27 to 67                   | 1                                    | 7                       |
| P4        | Female | 29 to 32                   | 4                                    | 3                       |
| P5        | Female | 40 to 70                   | 5                                    | 4                       |

## **Data Analysis**

The researcher used Microsoft Word to categorize, arrange, retrieve, store, and compare many narrative texts and maintain and preserve an orderly collection of data, easy access, and quick retrieval. First, the participants' transcripts were re-read. Second, data were broken down into smaller components, such as word groups and categories. Next, the researcher labeled the word groups with descriptive words after breaking them down into smaller categories to be analyzed and make sense of the meaning. Finally, participants' comments, reflexive meaning, and additional questions were jotted down, placed in the margin parenthesis, grouped according to similarities, and analyzed and retrieved as needed. The research questions developed the basics for a system of words and categories for classification, identification, and themes. The researcher placed the interview transcript and handwritten notes in the margin into developing categories and themes. Categories were set up to enter corresponding and retrieval data as needed. Clusters of data that appeared to go together were named. The participants' statements were formulated and organized into clusters of themes. The researcher employed codes for identifying and categorizing essential data inside the transcripts. The tentative categories scheme was tested against data seeking additional evidence to confirm the concluding categories until the researcher reached a saturation point. The researcher ensured that the categories were aligned and answered the research questions. Data were subcategorized according to importance or relevant data, correlated to one category, and sensitized according to data. The abstraction of data were congruent with all data categorized to make sense of the data. Finally, a thematic analysis was used to systematically arrange data collected into categories and seek recurring themes.

### **Evidence of Trustworthiness**

Trustworthiness involves conducting research ethically, reducing inaccuracies and bias in the study and allowing the researcher to openly speak about their position, personal beliefs, and previous experiences that may develop into findings.

### **Credibility**

The researcher gathered field tests of the interview questions from experts in their field to ensure the data and findings were credible and aligned with the research. Participants' opinions regarding data depiction and rendition established credibility. In addition, an audit trail, member-checking, and reflexive journaling-maintained credibility (Ellis, 2019).

### **Transferability**

Findings in the study allowed future researchers to judge the transferability of the results in the current study. The findings applied to each participant provided a rich and thorough interpretation of the circumstances and individuals being interviewed.

### **Dependability**

The researcher increased the dependability of the research and consistency in the results by maintaining an audit trail, peer-debriefing, and reflexive journaling.

### **Confirmability**

During the interview, the researcher repeated the interview questions to the participants differently to allow a consistent response.

### **Data Triangulation**

Data were analyzed after the interviews, and themes were identified and triangulated using information from the archival documents. Case study research

indicates that using convergent evidence and data triangulation strengthens the validity of case study research (Yin, 2018). Multiple data sources such as participant interviews, recruitment, mission statement, bylaws, and documentation selection were used to help the researcher understand the phenomenon. The researcher obtained information on the participant's mission statement, the past 6 months of board meetings, and the board's fiduciary responsibility.

The researcher's first goal was to confirm if the board's method of accountability for protecting and preventing misappropriation such as theft, fraud, or embezzlement in their organization had corresponding data. The second goal was to verify if the statement board members made about methods of accountability correlated with data in the organization's bylaws. If protection, prevention, and accountability measures were a primary concern, then the importance should be implemented within the organization and representation of its value to the public. Having a solid system of protection measures displays board members' devotion to the organization and upholding its mission.

The researcher assumed that board members' method of accountability could provide more effective methods of prevention and accountability. For example, board members could implement better prevention and accountability methods and implement a governance plan, internal and external auditors, outcome measures, and oversight committee to provide additional protection to protect its assets.

In this qualitative exploratory multiple case study, the purpose was to identify what methods were used by board members of nonprofit and for-profit organizations to protect the organizations' resources. The researcher had concerns about interviewing with purposeful sampling and attempting to find a depth of knowledge and richness of data to



knowledge and richness of data to address the research question and deliver a rich, thick description and revealing narrative (DiCicco-Bloom and Crabtree, 2006; Rutberg & Bouikidis, 2018). Data triangulation was used to improve the study's credibility among board members and reduce the researcher's subjectivity judgments regarding misappropriation of funds and assumptions.

## **Results**

The purpose of this research data analysis was to answer the research questions and identify methods that must be identified to improve the protection, prevention, and accountability of misappropriation of funds by board members. In addition, the researcher regards it as essential to confirm that the organization's board members with experience longer than six months as decision makers to implement a plan of action to protect resources.

In this study, board members are chosen to manage an organization and decision-makers, establish bylaws to control members' actions, enforce relevant laws, ensure organizational compliance with the mission statement (Tacon et al., 2017; Wolf, 2013), and perform public service. The board's primary goal is to effectively monitor and control the organization's resources and deal with legal aspects, financial oversight, and fundraising. In addition, having a fiduciary duty, the board must ensure stability within the organization and protect assets (Reed & Guess, 2014).

The results of the data analysis were organized within groups and categories by the research questions and sub-categories by themes. The research questions were: How have board members implemented changes to the organization's mission to improve accountability for misappropriation such as theft, embezzlement, or fraud? How do

members of the board plan to protect resources or other assets from future misappropriation better? Regarding sub-question 1, results indicated board members' methods to prevent theft and fraud. In addition, the results showed board members' responsibility to report theft or fraud in nonprofit and for-profit. A theme was identified when four participants reported similar methods during the interview.

Sub-questions 1 was: How do board members manage the organization's assets and resources to prevent theft by board members? Table 2 shows the number of participants who participated and themes that emerged from the questions and responses.

Table 2

*Sub-Question 1 Themes*

| Theme   | Participants contribution through phone digitally recorded or handwritten (pen and paper) interviews and experience | Participants contribution through by phone digitally recorded or handwritten (pen and paper) interviews and no experience or N/A |
|---|---|--|
| Theme 1: Board members have no experiences to manage finances or limited experiences as board members | 1   | 4  |
| Theme 2: Board members have multiple measures to prevent fraud or theft                               | 3   | 2  |
| Theme 3: Board's methods of accountability to report theft  | 4   | N/A  |

***Theme 1: Board members have limited experience or no experience but maintain a level of expertise in managing finance.***

The selection of board members is obtained through a voting system or who have previous experience on the board. Board members use best practices in selecting and recruiting board members with a Business Degree in Finance, CPA, treasurer, or other qualified individuals to govern the organization's finances. The thematic analysis for the discussion indicates that an essential factor is board members protecting resources from misappropriation of funds and commitment to the organization's mission and to the public. Four out of 5 participants had no experience managing or dealing with finances. Participants were asked during the interview to explain, and 4 out of 5 stated they have no experience, and board members such as the treasurer are responsible for managing finance. P3 stated the president and education coordinator and program leader (ECPL) are CPAs. In addition, the president and ECPL have master's in finance and handle grants and donations. P3 had limited finance experience and was asked follow-up questions to describe their knowledge. P5 refused to speak about their experience managing finance. Table 3 shows how the interview codes were grouped.

Table 3

*Codes From Theme 1*

| Code  | Participants contribution through phone digitally recorded or handwritten (pen and paper) interviews and experience | Participants contribution through by phone digitally recorded or handwritten (pen and paper) interviews and no experience or N/A |
|---|---|--|
| Admitted no financial experience dealing with money | 4   | 1  |
| Limited experience managing finance                 | 1   | 4  |
| Refusal to answer questions about Finances          | 1   | N/A  |

Two leading questions helped to communicate board members' protection methods, if any: (a) What is your responsibility as a board member in your organization? and (b) What is your experience managing finance are you a certified public accountant, or do you have a business degree? Most board members believe that the following could lead to better management of resources including: (a) board members with financial experiences, (b) background checks of board members and volunteers, and (c) dedication to the organization's mission. Four participants admitted they had no experience managing or refused to answer the interview question. Four of the participants began with a pause before answering the question. P3 immediately indicated limited experience handling finance. P4 stated that board members have a CPA or a finance degree to handle finances. P5 immediately refused to answer the interview question, their voice's tone rose with a direct response, and they stated not going to answer that.

***Theme 2: Board members have multiple measures to prevent theft or fraud.***

Participants indicated that organizations have policies to prevent theft according to the bylaws, implementation by board members, and who handles finances. Table 4 shows how the interview codes were grouped from Theme 2.

Table 4

*Codes From Theme 2*

| Code  | Participants contribution through phone digitally recorded or handwritten (pen and paper) interviews and detailed descriptions | Participants contribution through by phone digitally recorded or handwritten (pen and paper) interviews or no details description or N/A |
|---|--|--|
| Two or three board members sign off on checks and make deposits, pay bills, and employees | 4  | N/A  |
| The only treasurer is responsible for handling finances                                   | 3  | N/A  |
| Maintain a record of cash donations assets and other resources                            | 4  | N/A  |

Themes collected from Question 3, “How does your organization protect its financial resources or other assets from theft?” and question 6, “How does your organization uphold and maintain integrity in safeguarding financial resources?” Board members stated methods of protecting the organization’s resources were effective and requires other measures of protection. Four participants indicated two or more board members’ signatures must be on checks before deposits are made and to withdraw money. P5 said no employees are stealing from the company because it is a startup company. P1 and P2 stated that only the treasurer makes bank deposits and is trustworthy. Four participants

indicated that the board maintains records of the organization’s finances or other assets and resources, deposits, withdrawals, payouts for salaries, and monthly utilities. Four participants stated board members check for accuracy in financial reporting, monitor finances, and record finances in minutes in board meetings. P5 declined to respond. Overall, board members had a consensus that protecting their resources is essential to the organization and that the participants’ responses to hold board members responsible for fraud or theft and no policies enacted by the board for accountability. Table 5 shows how the interview codes were grouped.

Table 5

*Codes From Themes 3*

| Code                             | Participants contribution through phone digitally recorded or handwritten (pen and paper) interviews and detailed descriptions | Participants contribution through by phone digitally recorded or handwritten (pen and paper) interviews or no details description C<br>N/A |
|----------------------------------|--|--|
| Governance plan to prevent theft | 2  | 3  |
| Report fraud to law enforcement  | 3  | 2  |
| Oversight committee and auditing | 2  | 3  |

This theme discusses plans the organization were used to protect its resources. For example, when asked, “What governance plans does the organization implement to prevent fraud? P1, P2, and P5 did not understand the questions of implementing a governance plan. The researcher reworded the question for better comprehension and clarification and said that the organization does not have a governance plan to manage the

organization, and the participants were “hesitant” to answer the question. Three board members stated that they did not have a governance plan. They also did not have a system in place to report theft. P3 stated that knowing their employees, supervising them closely, using purchasing orders, controlling cash receipts, and tracking checks and accounts receivable provide ways for employees to report theft.

P4 stated,

Three people are on the bank account, and they don’t use apps or mobile banking because of digital fraud and hacking, so we try to stay away from online purchasing and banking, and we don’t have to worry about digital fraud.

P1 and P2 were in the same organization and had different perspectives on their responsibility to report fraud or theft to law enforcement. P1 stated belief in the 10 commandments, that thou shall not steal, and that the police should not be involved in their affairs. P2 said they will double-check finances to see if they were correct and, if not, call law enforcement.

P3 stated, “It is not my responsibility; it is the responsibility of the accountant and treasurer.”

P4 said, “We are always transparent regarding finances, so if it were happening, which has not happened, it will be known at the board meeting.”

P5 had no response. Two out of 5 participants have an oversight committee within the board.

P3 stated,

The audit committee ensures that appropriate policies and processes are in place to prevent and identify fraud, such as asset misappropriation, corruption, and

financial statement fraud. The audit committee works with management to ensure that necessary steps are taken to detect fraud.

P4 shared they have a financial advisor that helps start the organization; people have been financial advisors for 30 years, have an honorary treasurer and board, make sure there is no theft, and triple-check finance books, as stated. Three out of 5 participants did not provide a direct response to the question or had no idea how to answer the question. The question was reworded, and the researcher collected no valid responses to the question regarding the auditing process. As revealed by board members, the lack of integrity in maintaining integrity in the auditing process could lead to more misappropriation of funds if there continues to be a lack of governance by board members.

### **Chapter Summary**

The intent was to ask questions to nonprofit or for-profit organization board members from three to five board members in the United States. The study's researcher sought to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions of dollars and were not held accountable for theft by board members. The research questions were: (a) What changes have been implemented by board members to improve accountability for misappropriation of funds such as theft, embezzlement, or fraud?, and (b) How do members of the board plan to protect resources from future misappropriation better? The comprehensive questions were answered by board members. Chapter 5 includes the findings, conclusions, limitations, recommendations, and suggestions for further research.



## Chapter 5

### Conclusions and Recommendations

The purpose of this qualitative case study was to gather data from board members with at least six months of experience as a board member in their organization at four American organizations in the United States. This case study involved in-depth phone interviews, digital audio recordings, phone interviews (no audio recordings), handwritten notes, paper and pen only, and open-ended questions to explore board members of nonprofit and for-profit methods to protect the organization's assets and accountability for theft. Chapter 5 engenders a summary of the research study's results that were analyzed in Chapter 4. Appropriate conclusions are drawn from the research study, recommendations are made for further research, and the chapter closes with a summary.

Misappropriation is an illegal criminal act of embezzlement or fraud committed by an individual or group against an organization. Nonprofit and for-profit are organizations provide different types of services to assist the public. According to Harris et al. (2017), misappropriation of assets is a criminal and immoral act committed by an individual or group against an organization and a type of fraud used for unauthorized charitable purposes.

The researcher recruited a purposive sample of five board members to participate in the study, and participants lived in different states throughout the United States. Two board members were executive directors, and three were board members. After the board director granted permission for the study, the researcher used two methods of data collection: (a) phone interviews and digital audio recording and (b) phone interviews (no

audio recording) and handwritten paper and pen only. Yates and Leggett (2016) stated that a detailed recording is essential to discussions because it justifies data analysis.

Results showed that nonprofits and for-profit board members are responsible for reporting theft or fraud to improve accountability for misappropriation. The organization's bylaws or governing bodies were implemented to control the actions of its board members. Results also indicated that nonprofit board members are required by law to uphold the organization's mission statement and abide by its bylaws. For-profit board members are held accountable by stakeholders for theft.

### **Research Questions**

Two research questions helped form the basis for discussion.

**RQ1:** What changes have been implemented by board members to improve accountability for misappropriation of funds such as theft, embezzlement, or fraud?

**RQ2:** How do members of the board plan to protect resources from future misappropriation better?

The problem is that some nonprofit and for-profit leaders have been committing fraud and misappropriating funds from the organization for years and board members have taken no legal action for criminal behavior.

### **Discussion Findings and Comparison to Existing Literature**

This section includes a discussion of the study findings to confirm or extend the hypothesis of previous literature verified through theory, research, and participants' experiences. The discussion includes one synopsis under RQ1 and three from RQ2. As noted in Chapter 1, the conceptual framework was to discover methods nonprofit and for-profit organizations could employ to protect and prevent the misappropriation of funds. A

system to protect assets and leaders from misappropriation can be implemented in four ways including: (a) accountability, (b) whistleblowers, (c) governance plan, and (d) outcome measurement.

### **Accountability**

Researchers have recognized that the misappropriation of funds could negatively affect the organization's financial stability (Arshad et al., 2015). Understanding the board's responsibility can help identify better mechanisms to protect resources and make ethical decisions regarding accountability. As a result, increased pressure from donors demand greater accountability of nonprofits to re-establish efficient and better structured mechanisms for accountability (Bernstein et al., 2015).

Additionally, it is essential to understand the phenomenon and research problem and what influences the misappropriation of funds by leaders. A prerequisite for a successful mission and organization survival, board members are encouraged to implement effective monitoring and means to better protect the organization against abuse and fraud to minimize risk (Arshad et al., 2015; Helmig et al., 2014; McDonnell & Rutherford, 2018). Ries (2004) further stated that to preserve the organization's integrity, board members must thoroughly investigate the organization's policies and procedures for greater oversight. Board members are morally obligated to oversee and protect the organization's finances and resources from theft and hold perpetrators accountable for embezzlement. An independent auditor can provide external assurance that accounts are accurate and regulatory guidelines are adhered to, detect fraud, and provide adequate protection against theft (Greenlee et al., 2007; Husam & Delen, 2020; McDonnell & Rutherford, 2018; Ries, 2004). Additionally, independent external auditors and an

oversight committee are a choice of executives and board members but could be an effective tool for accountability.

### **Whistleblower**

A whistleblower can be an essential asset in the organization. A whistleblower is an employee or person who has observed someone in the workplace committing fraud or embezzlement and reported the theft to management or authorities of wrongdoing (Rothschild, 2013). The SOX Act of 2002 protects whistleblowers of nonprofit and for-profit organizations against termination, harassment, or being threatened or demoted for providing information to assist in an investigation (Scheetz & Wilson, 2022, Steuer, 2007). The SOX Act of 2002 amended federal codes that applied to for-profit organizations and nonprofits, including record retention and whistleblower protection (Steuer, 2007). The SOX Act of 2002 also indicated it is criminal for organizations to take adverse action against an employee for reporting suspected misappropriation of funds or fraudulent activities.

Nonprofit and for-profit organization administrators believe they are under pressure to be audited, attract donors, and maintain tax-exempt status. Nonprofits must give the appearance to the public that board members are constantly seeking to improve services and promote the welfare of others, especially by donating money and other resources to the needy (Feng, 2014; Scheetz & Wilson, 2022; Vermeer et al., 2014). Nonprofits are known for being generous and providing services for charitable purposes rather than making a profit and receiving financial support from individuals or other organizations that support their organization. Nonprofit executives are more aggressive than for-profits and are willing to manipulate finances to appeal to and attract donors to

meet a specific goal (Scheetz & Wilson, 2022). Between 2008 and 2012 there were over 1,000 nonprofits that checked the IRS box Form 990 and indicated they experienced asset diversion facing a loss of more than \$250,000 that attributed to misappropriation of funds such as theft, fraud, and embezzlement (Scheetz & Wilson, 2022; Stephens & Flaherty, 2013). The SOX Act of 2002 indicated it is a criminal act for nonprofit personnel to knowingly and with intent to alter, destroy, falsify, or cover up any documents valid to an investigation. Some organizations' directors or managers will attempt to slander and destroy the whistleblower's credibility, give them a bad name, and terminate their employment for providing information during an investigation to authorities.

### **Governance Plan**

The SOX Act of 2002 allowed for-profit and nonprofit organizations to implement effective governance, ethics, and transparency by a willingness to adopt stakeholders' principles and best practices. Limited information regarding nonprofit governance reporting of fraud is available to the public (Husam & Delen, 2020). It is essential to strengthen the governance, ethics, and transparency that can assist in obtaining the organization's mission and meeting stakeholders' expectations. Employees perceive a lack of governance in an organization as an opportunity to commit or conceal fraud (Husam & Delen, 2020). An independent external accountant can review and compile financial statements for auditing. Nonprofit and for-profit organizations can minimize opportunistic behavior by controlling the nature of activities and associated risks. Most frauds have occurred at the executive level, reinforcing the importance of an independent audit and board oversight committee (Greenlee et al., 2007; Husam & Delen, 2020; McDonnell & Rutherford, 2018; Ries, 2004). Nonprofit and for-profit

organizations without policies addressing conflict of interest can provide opportunities for fraud to occur when there is no effective governance policy (Husam & Delen, 2020). Board members should document minutes for better governance practices to detect allegations of wrongdoing and maintain an accurate business record (Harris et al., 2017; Husam & Delen, 2020). The best method of fraud detection is through whistleblowers, who can provide inside information about the theft through anonymous and confidential reporting, legal chairpersons, or an audit committee (Husam & Delen, 2020; Nonprofit Adopt Governing Policies, 2008).

### **Internal controls**

Internal controls are important in the organization, and they can help leaders control the organization and operations, monitor activities, environment, and communications, and assess risk. Some leaders have established policies and procedures to protect the organization and ensure it follows rules and regulations. Management must consider the specific impact that can affect operations and risks faced by the organization (Ha Le & Tran, 2018). Internal controls can detect weaknesses in the organization and can be susceptible to losses and misappropriation. Organizations without adequate internal controls show weaknesses in systems and are vulnerable to systems not functioning properly to protect the organization from loss or misappropriation (ACFE 2018; Felix, et al., 2017). In the news, nonprofit and for-profit leaders have committed fraud or theft because the organization lacked internal controls. The risk of misappropriation in nonprofits is because of an inadequate system to monitor internal controls, especially when large amounts of cash donations are received by board members.

## **Outcome Measurement**

Outcome measurement aims to elicit better accountability for organizations and evaluate the effectiveness of a program and interventions (Buckmaster, 1999; Kowlaski et al., 2022). There has been an increasing concern about nonprofits implementing outcome measures, yet only a small percentage of them have adopted outcome measurements (Lee & Clerkin, 2017). Organizations implementing outcome measurement can effectively provide feedback, learning, and favorable outcomes in e-public service (Buckley, 2003; Buckmaster, 1999). An organization that receives federal government funding as a requirement has to implement goals for program outcomes to be viewed by the public.

Various organizations, such as clients, donors, and governments, entrust money is used according to the intended purposes. Organizations that provide funding for specific purposes want confirmation that money is used for intended purposes and program results (Buckmaster, 1999). It is through the selection of appropriate governance and outcomes that intended targets are identified to hold management accountable regardless of volunteers or employees, staff, and personnel (Buckmaster, 1999; Moura et al., 2019). Holding organizations accountable is essential for criteria implemented by the United States federal government to affect funding. The primary focus was performance measurement and identifying long-term and comprehensive plans and methods to attain them. In addition, organizations must have an all-inclusive mission statement, set program and outcome-related goals, and publicly report on these goals' achievements.

## **Limitations**

The limitations of this study included the researcher's biases regarding the accountability for theft in nonprofit and for-profit organizations. When interviewing participants, the researcher used parentheses to acknowledge the researcher's viewpoint, hypothesis, and experiences related to the study topic while being neutral throughout the process. In addition, the researcher kept a journal to record responses to questions and emergent findings during the data collection process. The purpose was to become conscious of one's own beliefs and prejudice as these became apparent to obtain the desired result and put aside the underlying viewpoint and discernment.

The transferability limitations were that all participants are board members of a nonprofit or for-profit organization in the United States. There were complications in obtaining information or difficulty analyzing data and understanding the study's outcome. There is limited research on accountability, particularly in nonprofit organizations, and many organizations were reluctant to participate in the study based on the research topic. To address these limitations, the researcher attempted to conduct the case study to include several American organizations throughout the United States. The researcher has provided as much information as allowable about the participants and their organizations to assist future researchers in accessing transferability, which was consistent with the confidentiality requirements.

## **Recommendations to Leaders and Practitioners**

One recommendation to board members of nonprofits and for-profits that desire to implement accounting policies and prevent theft, embezzlement, or fraud in the organization is to hire an external independent auditor and oversight committee to



maintain an accurate record of reporting to prevent theft. The policies should address whether board members are experienced in managing the organization's financial aspect, effectively communicate any method of misappropriation, and hold leaders accountable for legal behavior. Employees should have ways to confidently report any observable theft methods to management, legal authorities, or other officials of the organization without being harassed.

Secondly, it is recommended that board members conduct a thorough background check to determine credibility, although not all individuals who commit crimes are held accountable for criminal actions. Board members should have monthly meetings to access financial records to ensure accuracy in reporting and knowledge of accounting practices. It is recommended that board members have an effective way to record cash donations or other resources given to board members, employees, or volunteers to deter theft. This process includes having a paper trail of contributions, effective recordkeeping, and involving shareholders and public access to financial records.

Implementing methods of accountability as suggested requires all board members to be onboard. Board members may be employed by the organization, an employee of another company, or self-employed and find it challenging to attend monthly meetings in person. It is recommended that leaders set up a system of virtual meetings through Zoom, Google Duo, or another platform, so all board members can be in attendance anywhere if they have a phone, computer, or tablet with Internet or Wi-fi capabilities.

In addition, board members should review monthly minutes to ensure accuracy in reporting, determine if there are inaccuracies in recordkeeping, and clarify any discrepancies. Board members should meet with the employees and volunteers and plan

how to deter theft of cash donations or other resources to meet the organization's financial goals. Appointed board members should work directly with the employees and volunteers to ensure they have communicated the organization's goals and the aim of its mission. Additionally, communicate to board members, employees, and volunteers the importance of accomplishing the organizational goals. It is further recommended that board members assess annual reports to ensure the organization is achieving its financial goals; if not, they must think strategically about how to solicit funders and public donations. Finally, it is recommended that leaders use the existing literature in this study to identify methods that could influence board members to implement a plan to include how accountability, an external auditor, and an oversight committee could effectively reduce theft and bring about the success of the organization.

### **Recommendations for Future Research**

The conclusion of this research draws on the recommendations suggested by the researcher for future board members of nonprofit and for-profit organizations to effectively communicate the need for accountability to reduce misappropriation of funds and uphold the organizational mission to the public. Since leaders are at the helm of the organization, the importance of accountability must be a priority of all board members, it is recommended that future studies use the same research questions. Future studies should be conducted to evaluate how leaders and board members can effectively determine plausible methods of accountability and enforce them. Future studies are necessary to gain new insight to identify factors that may have resulted in the theft and how board members can effectively communicate the importance of accuracy in reporting to achieve the organizational goals.

Additional research is recommended and may be necessary and use this study concerning the leader's viewpoint regarding the research questions. Future research is recommended to use both research questions but should be conducted with the employees and volunteers on the research topic. Additionally, the research questions should be reversed to conduct each study. What methods of accountability by the board have been used to deter theft? How have board members protected the resources and other assets theft? The researcher hopes that in the future, applying these methods might address the issues that eluded the research and shed new light on the research questions.

### **Chapter Summary**

The purpose of this qualitative case study was to explore the perceptions of five board members with at least 6 months of experience as board members from American organizations in the United States. Two research questions form the basis of this research: What changes have been implemented by board members to improve accountability for misappropriation of funds, such as theft, embezzlement, or fraud? How do members of the board plan to protect resources or other assets from future misappropriation better? The foci of this research interrelate with the quality of leadership by the board members. Board members' perspectives on accountability and protecting the assets from theft.

Based on what is generally done or believed, dictated behavior intended to convey a particular meaning according to an agreed-upon method is commonly held as an acceptable standard by board members. Recommendations were based on the research study and literature reviews. It was recommended that board members assess annual reports to ensure the organization achieves its financial goals through donors and public support. Recommendations were made to board members to implement a strategic plan

for accountability for theft and hire an independent external auditor and oversight committee.

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## Appendix A

### Participants Introductory Letter

#### Exploring Organizational Mission Accountability of Nonprofit Leaders: An Exploratory Case Study

Dear Prospective Participants

My name is Cheryl Kinder. I am a student at the University of Phoenix working on a Doctor of Management in Organizational Leadership degree. I am conducting a research study entitled: Exploring Organizational Accountability of Nonprofit and For-profit Leaders: An Exploratory Case Study. The intent is to gather data from three to five board members of American organizations in the United States. This study seeks to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions and were not held accountable for theft by board members.

Participants must sign an informed consent form stating they understand the study's purpose to participate in this study. The participants can choose between Zoom audio recording and camera off during calls or by phone. Interviews consisted of seven questions and take approximately 30 – 60 minutes to complete. The research study results may be published, and the participant's identity and organization will remain confidential and not be disclosed to any party outside this study. The researcher assigned a pseudonym as an alias in place of the participant's name, and the organization provided a code number. The primary focus is on members who served as board members or leaders of a nonprofit and for-profit organization and to communicate methods of preventing theft and improving accountability for misappropriating funds. Follow-up interviews with

the participants may be necessary to allow for clarifications and additional information. Participation in this study is voluntary. Study participant's identities will remain confidential. In addition, participants can review and approve the transcript of their interview responses.

Upon the participant's decision to participate in the study, the participants will provide a date and time, and the researcher will make every effort to be available. The research can occur with the participants by Zoom audio recording and camera be off or phone. The researcher will email the informed consent form, which is a requirement of the University of Phoenix, before any participants can participate in the study. The researcher will email the documents to participants as an attachment using Adobe DC Pro e-signature to sign and return via Adobe DC Pro e-signature after signing. As a courtesy reminder, participants will be sent an email two days before the interview to confirm the agreed date and time if there is a need to reschedule.

Should you have any questions concerning the confidentiality or credibility of this research, please contact the University of Phoenix Institutional Review Board at IRB@phoenix.edu

Participant's interview Method: \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/2022

Time: \_\_\_\_\_ AM/PM

## Appendix B

### INFORMED CONSENT: PARTICIPANTS 18 YEARS OF AGE OR OLDER

Dear Prospective Participant

My name is Cheryl Kinder. I am a student at the University of Phoenix working on a Doctor of Management in Organizational Leadership degree. I am conducting a research study entitled: Exploring Organizational Mission Accountability of Nonprofit and For-profit Leaders: An Exploratory Case Study. This study seeks to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions and were not held accountable for theft by board members.

As a study participant, you have the opportunity to be interviewed via Zoom audio recording, and camera turned off or by phone. Phone interviews are available as an alternative to an audio recording, and participants' conversations audio recorded. The interviews consist of seven questions and take approximately 30 to 60 minutes to complete. The researcher will capture the interview directly into a MAC Pro computer, saved, stored, encrypted, and secured in an encrypted disc file. The participants who declined Zoom audio recording and phone interviews will be used as an alternative to an audio recording. During the audio recording and a malfunction occurs, handwritten field notes (paper and pen) are used as the researcher's requirement. At the end of each interview, the researcher will reread field notes obtained from the participants to ensure they are accurate and complete. The research study results may be published, and the identity of the study participants will be kept confidential and not disclosed to any outside party.

In this research, there are no foreseeable risks to participating in the study:

Although there may be no direct benefit to participants who participate in the study, participating might help some organizations' board members acquire a better understanding and knowledge of managing staff, employees, finances, and the organization by incorporating a business governance plan.

For questions about your rights as a study participant or any concerns or complaints, please contact the University of Phoenix Institutional Review Board at [IRB@phoenix.edu](mailto:IRB@phoenix.edu)

As a participant in this study, participants should understand the following:

1. Participants can withdraw from participating in the study before, during, or after the interview is concluded by contacting the researcher by email at [CAnder9505@email.phoenix.edu](mailto:CAnder9505@email.phoenix.edu) without penalty or risk, and the researcher will immediately discard their contributions from the study.
2. The researcher will assign numerical codes to protect participants' personally identifiable information and access granted only to Cheryl Kinder.

3. Cheryl Kinder, the researcher, has fully explained the nature of the research study and has answered all the Participants' questions and concerns.
4. Participants will be recorded only with consent and permission for the researcher, Cheryl Kinder, to record the interview. Participants understand that when the recorded interviews are transcribed, the participants will have an opportunity to review and approve their statements. In addition, the researcher will develop a way to code the data to assure that participant's identity is protected.
5. Data obtained electronically will be stored and secured in password-protected disc files on a MAC Pro Computer Laptop. Personally identifiable information will be stored in a Master Lock 7148D Secure Storage Box. Consent forms will be stored separately and protected in a Honeywell 6108 Fire Resistant Steel Security Box. Mac Pro Computer Laptop will be placed in the researcher's home in a secured file cabinet when not in use. Audio recordings will be destroyed after transcripts are reviewed and approved by participants and data will be kept for three years. After that, electronic data will be erased and permanently destroyed from the hard drive using the manufacturer's preinstalled Disk Utility software. The researcher will shred audio recordings and paper documents at a UPS Store Service Shredder.
6. Any/all applicable COVID-19 protocols will be followed to minimize potential health risks to participants.
7. The results of this study may be published.

"By signing this form, you agree that you understand the nature of the study, the possible risks and benefits to you as a participant, and how your identity will be kept confidential. In addition, signing this form means that you are 18 years old or older and give your permission to volunteer as a participant in the study described here."

Signature of the research participant \_\_\_\_\_ Date \_\_\_\_\_

Signature of the researcher \_\_\_\_\_ Date \_\_\_\_\_

I accept the above terms.       I do not accept the above terms. (CHECK ONE)

Cheryl Kinder  
University of Phoenix  
Doctoral Student



## Appendix C

### Email Participatory Confirmation Letter

#### Exploring Organizational Mission Accountability of Nonprofit Leaders: An Exploratory Case Study

Date:

Dear Prospective Participant

My name is Cheryl Kinder; I am a student at the University of Phoenix working on a degree in Doctor of Management in Organizational Leadership. I am conducting research study entitled “Exploring Organizational Mission Accountability of Nonprofit Leaders: An Exploratory Case Study.” The intent is to gather data from five board member of American organizations in the United States. This study seeks to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions and were not held accountable for theft by board members.

This email serves as confirmation to participate in the study. Your participation in this research is voluntary and you may withdraw from the study without any risk. All information provided in this study will be confidential and your name and organization will not be used in the study, and you will be given an opportunity to review the final analysis.

Interview Method: Zoom audio and camera will be off during call or by phone.

Interview Method of Preference: \_\_\_\_\_

Interview Date: \_\_\_\_\_ Time: \_\_\_\_\_

Any questions concerning the study, please contact Cheryl Kinder by email:

CAnder9505@email.phoenix.edu

Thank you for your consideration to participate in my research study.

Cheryl Kinder  
University of Phoenix  
Doctoral Student

## Appendix D

### Interview Protocol

#### Exploring Organizational Mission Accountability of Nonprofit Leaders: An Exploratory Case Study

Interview Time: \_\_\_\_\_

Location: \_\_\_\_\_

Interviewer: \_\_\_\_\_

Interviewee: \_\_\_\_\_

Thank you for choosing to participate in this study concerning nonprofit board's responsibility to the organizational mission, any information you provide will be kept confidential and private. Your identity or organization will never be made known and maintains confidentiality throughout the dissertation's data analysis.

The topic of this study is “Exploring Organizational Mission Accountability of Nonprofit and For-profit Leaders: An Exploratory Case Study.” The intent is to gather data from five board members of American organizations in the United States. This study seeks to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions and were not held accountable for fraudulent, and illegal acts.

1. The interview will consist of an audio recording. Do you agree to have the interview recorded?
2. Are you of your own choice willing to participate in this recorded interview?
3. Did you read the informed consent form?
4. Do you understand the informed consent form?
5. Did you sign the informed consent form?
6. You realize that you may withdraw from participating in the study at any time, before, during, or after the interview is concluded, and no risk to you or your organization.

Thank you for your answers, and we may now begin the interview process.

The questions that will be asking are open-ended, and there are no wrong answers. Please elaborate on the questions, and the more detailed descriptions, the better for the study. The interview will not take more than 30 to 60 minutes. The first question is:

1. What is your responsibility as a board member in your organization?
2. What is your experience managing finance such as are you a certified public accountant, or do you have a business degree? Please explain.
3. How does your organization protect its financial resources or other assets from theft?
4. How does your organization uphold and maintain integrity in safeguarding finances and resources?
5. What governance plans does the organization implement to prevent theft?
6. What is your responsibility to report theft or fraud to the board members?
7. What oversight committee does your organization have to maintain integrity in the auditing process and detect fraud?

The interview has concluded. Thank you for participating in the study. I will call you for a follow-up meeting, so you may review the transcribed interview questions you answered. Any questions?

## Appendix E

### In-depth Interview Questions

1. What is your responsibility as a board member in your organization?
2. What is your experience managing finance such as are you a certified public accountant, or do you have a business degree? Please explain.
3. How does your organization protect its financial resources or other assets from theft?
4. How does your organization uphold and maintain integrity in safeguarding finances and resources?
5. What governance plans does the organization implement to prevent theft?
6. What is your responsibility to report theft or fraud to the board members?
7. What oversight committee does your organization have to maintain integrity in the auditing process and detect fraud?

## Appendix F

### Data Collection Protocol

1. The data collection will provide a description of the document sources and how data will be collected from each source and incorporated into the database.
2. The data collection will provide a description of the methods in which the data will be collected and stored, for example, documents, field notes, hard copy, public records, transcripts).
3. The data collection will provide a description of where each method of data will be stored and how each method will be maintained in a secured manner (MAC Computer Disk, Master Lock 7148D File Safe File Box, and Honeywell 6108 Fire Resistance Steel Security Box).
4. The data collection will provide a description of who will have access to each method of data and how each method of data will be transferred to any collaborators.

## Appendix G

### Field Test

The following interview protocol will be essential to elicit qualitative responses to attain testing validity:

- Are the interview questions in-depth to explain the intent of the research and achieve the aim of the study to be explored? Yes \_\_\_ or no \_\_\_  
Comments
- Do the questions provide an essential framework for testing participants and reflect inclusively on the value of each participant's understanding of the problem? Yes \_\_\_ or no \_\_\_  
Comments:
- Do the questions sufficiently elicit the opportunity for the board to implement change to protect the organizational assets? Yes \_\_\_ or no \_\_\_  
Comments:
- Do the questions help other organizations gain a better understanding of the importance of incorporating a mechanism to efficiently manage the organization and deter theft? Yes \_\_\_ or no \_\_\_  
Comments:
- Do the questions encourage and motivate the participants to provide accurate responses? Yes \_\_\_ or no \_\_\_  
Comments:
- Do the questions provide information on generalizability relative to the research methodology? Yes \_\_\_ or no \_\_\_  
Comments:

## Appendix H

### Interview Rational Sheet

The researcher asking participants open-ended questions will help keep a more thorough and comprehensive discussion and persuade participants to convey their experience, answering the central questions. The research will help the researcher understand the board of directors' fiduciary responsibilities regarding misappropriation and the accountability mechanisms to govern leadership behavior. The goal is to collect information from the interview questions, discover what is essential to the participants, tune in to themselves, and provoke thinking and consideration. Qualitative research seeks to describe the meaning from the Participant's viewpoint. The interview will be informal, no predetermined questions will be asked, and the same standardized questions will be asked of each Participant.

Appendix I  
Field Test Protocol

1. Participants will be administered the interview questions as directed.
2. Ask the participants if they experienced any problems or strain or identified ambiguities in such interview questions.
3. Record the full length of the interview process and determine whether the time is adequate.
4. Rearrange the interview questions with the complete removal of the vague, unclear, or ambiguous interview questions.
5. Determine whether each interview question is well-structured to elicit a follow-up interview question if needed.
6. Determine whether all responses to the interview questions can be clearly understood and can be interpreted as required.
7. Determine that all interview questions have been asked and answered.
8. Reword any of the interview questions that are not answered as anticipated.
9. Make a correction to the interview question, if considered necessary, and repeat the field test, if feasible.



## Appendix J

### Field Test Letter to Participants

Date: \_\_\_\_\_

Dear Participant:

My name is Cheryl Kinder, I am a student at the University of Phoenix working on a degree in Doctor of Management in Organizational Leadership. I am in the process of submitting my proposal to the quality review methods committee and I need to obtain a scholarly review of my research questions.

I am conducting a research study entitled “Exploring Organizational Mission Accountability of Nonprofit Leaders: An Exploratory Case Study.” The general problem is that nonprofit and for-profit leaders are misappropriating funds such as donations and other charitable assets from the organization for personal use but not held accountable for stealing.

The intent is to gather data from five board members of American organizations in the United States. This study seeks to understand why some leaders of nonprofit and for-profit organizations in the past chose to misappropriate thousands and millions and were not held accountable for theft by board members.

Could you please review the attached interview questions and provide feedback regarding the interview questions below and any other comments as well? As an expert in the “field test,” you will help determine if the research questions need to be improved or refined. Your participation will lead to revising the interview questions to avoid

ambiguity and bias, reduce the repetition of the questions, or adjust word choice to establish authenticity.

Thank you in advance for your help and participation in the “field test.” My dissertation chairperson is Dr. Donald Hsu. If you have any questions, please contact me by email: CAnder9505@email.phoenix.edu or cell: 346-297-3600

Signature of the participant \_\_\_\_\_ Date \_\_\_\_\_

Signature of the researcher \_\_\_\_\_ Date \_\_\_\_\_