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SYNOPSES

FROM WRONGDOING TO IMPRISONMENT: TEST OF A CAUSAL-MORAL MODEL

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When people learn of a wrongdoing, they intuitively desire that the wrongdoer be somehow punished. Why? According to the model of intuitive prosecutors, wrongdoings signal threats to the normative order that must be eliminated through punishment. Between the awareness of wrongdoing and the punishment meted out, causal attribution, anger, blame and punishment goals of retribution (i.e., making the offender atone for the harm done) and deterrence (i.e., preventing future harm in the society) intervene. How and in which order do causal attribution and blame transmit the effects of causal variables of culture, circumstance of wrongdoing and severity of outcome on punishment? The authors tested a causal-moral model of punishment in which dispositional attribution leads to blame which, in turn, determines imprisonment. Specifically, whereas severity of outcome impacts punishment directly, circumstances of the crime and the culture of the observers impact punishment through dispositional attribution and blame, respectively. Singaporeans and Americans read about a crime that (a) was committed intentionally or under an extenuating circumstance and (b) had low or severe outcome for the victim. Participants made dispositional attribution to, assigned blame to, and recommended imprisonment for the offender. Results supported the causal-moral path model that specified a direct effect of severity of outcome, an indirect effect of country via blame, and the indirect effects of circumstance via dispositional attribution to blame on imprisonment but rejected two alternative path models. Findings provided a new perspective on (a) why the same action that is construed as right in one culture is construed as wrong (or less right) in another culture and (b) the understanding of whistle blowing. In particular, those who highlight wrongdoings by government, management and outsourcing agencies in the media are intuitive prosecutors driven by the goal of upholding normative order, not trouble-makers seeking mere pleasure.

DETERMINING EXPECTED BEHAVIOUR OF FRAUDSTERS FOR A CONTINUOUS AUDIT SYSTEM

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Managements and external auditors are expected to assess and evaluate controls that prevent and detect fraud. A key part of this assessment is determination of fraud—prone areas and the determination of those systems or sub systems that are susceptible to fraud. There are several approaches that are used to find such areas. In this research, we attempt to model the behaviour of fraudsters in order to help determine systems that require close monitoring. We attempt to determine the behaviour of fraudsters in a continuous audit system and where the fraudsters have multiple options for committing fraud. The system is modelled as a Continuous Time Markov Chain where the state changes are caused by the fraudster's actions. In each state the fraudster can either choose to continue the fraud or to resign. The possibility of success in each case is assumed to be probabilistic. This state of affairs is represented as a dynamic game with probabilistic transitions. Since the fraudster assumes that the audit system is a rational player who seeks to minimise the fraudster's expected payoff, the Nash Equilibrium of the complete stochastic game is calculated. The Nash Equilibrium is a set of minimax vectors. These solution vectors represent a complete fraud strategy, which maximises the expected payoff of the fraudster and ensures that she has no ex-post regrets.