Opportunities for Fraud and Embezzlement in Religious Organizations: An Exploratory Study

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Abstract

This research develops a rationale for why religious organizations are particularly vulnerable to financial fraud and embezzlement. The rationale is then validated through an exploratory survey of Christian Churches in California and Hawaii. Data from 41 church members and 32 pastors from churches were analyzed to examine the relationship between trust and the oversight of financial management and segregation of duties affecting the opportunity for fraud. The results provide a framework for future empirical research that would test the unique roles of trust and opportunity in the financial management practices of churches and the incidence of fraud and embezzlement.

Keywords: Fraud, non-profit organizations, trust, embezzlement.

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