

Corporate Training Assessment Technique: Risk Factors Associated with Misappropriation of Assets

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Due to rapid advances in technology, companies are spending record amounts of money on training as they seek to increase employee skills (Armour 1999). Because managers believe that corporate fraud is a growing problem, an important skill for all employees should be the ability to recognize the risk factors that are frequently associated with fraud. A number of instructional cases have been developed that focus on the problems of employee fraud and unethical management practices. Training materials and professional standards now include more detailed information on the subject of fraud and the auditor's responsibility, as well as management's responsibility, with respect to the detection of fraud. The next logical step is to assess employee training on this topic. In particular, can employees recognize risk factors when they are embedded in an actual instance of misappropriation of assets? We offer a case, based on an actual instance of misappropriation of assets, that may be used as a corporate training assessment technique (CTAT). Since training dollars are an important resource allocation decision, assessment of the training that is provided to employees is essential. Further, since effective teaching produces learning, then evaluation of learning is critical to assessing teaching effectiveness. We also include instructions for using the CTAT, teaching notes, and suggestions for developing additional instructional cases.

INTRODUCTION

Due to rapid advances in technology, companies are spending record amounts of money on training as they seek to increase employee skills and to boost retention (Armour 1999). Armour notes that employers spent \$60.7 billion on training in the United States in 1998, which is a 26 percent increase from 1993. Wexley and Latham (1991) claim that almost all private and public organizations have formal training and development programs. These authors noted that some organizations spend as much as 15 percent of total payroll on these activities.