Occupational fraud is a global phenomenon defined as “the use of one’s occupation for personal enrichment though the deliberate misuse or misapplication of the employing organisation’s resources or assets” (Wells, 2005, p. 44). Fraud represents one dimension of corruption that occurs within both for-profit and non-profit settings. Within the non-profit sport sector, a recent media analysis across four countries identified over 70 reported cases of occupational fraud in community sport organizations (CSOs), with interpersonal trust evolving as a common factor across affected organizations (Kihl et al., 2020). This number might only be the ‘tip of the iceberg’ given that fraud goes undetected in many cases and happens in silence as affected organizations usually prefer to avoid negative publicity (Free, 2015).

CSOs may be particularly vulnerable to fraud because they are characterized by relatively informal management procedures, a high degree of trust among (board) members, and a heavy reliance on volunteers who oftentimes have limited expertise in accounting and financial management (Doherty et al., 2014; Horch, 1994). These characteristics are closely linked to four key factors within Wolfe and Hermanson’s (2004) fraud diamond theory: incentive, opportunity, rationalization, and capability. Kihl et al. (2020) have confirmed that these factors are indeed evident in the CSO context, yet no research to date has linked the indicators of fraud with specific aspects of CSO capacity.

The purpose of this study is to measure the organizational factors that contribute to CSOs’ perceived vulnerability to occupational fraud. The questionnaire includes a fraud vulnerability scale (adapted from Omar & Din, 2010) as well as a scale measuring interpersonal and institutional trust (Costa & Anderson, 2011). Specific sub-elements of organizational capacity are also included (Doherty et al., 2014; Wicker & Breuer, 2013), such as human resources capacity (e.g. members, board composition, volunteer ratio among members), financial capacity (e.g. revenues and expenses, assets), and structural capacity (infrastructure and processes, planning and development, relationships with other organizations).

The multi-country data collection was affected and delayed by the COVID-19 pandemic, with surveys being released in each country once the pandemic-related restrictions for community sport were relaxed. The data for Germany were gathered from May to July 2020 (n=668), while the survey is currently underway in Canada, the United States, and Australia.

The empirical analysis will test the fraud vulnerability scale for internal and discriminant validity and identify correlates of fraud vulnerability using regression analyses. Within the analysis, the dependent variable will be an index derived from the fraud vulnerability scale, while the measures for interpersonal and institutional trust as well as organizational capacity serve as explanatory variables.

Financial losses associated with fraud in CSOs can have a significant impact on their ability to deliver sports programs. The study therefore offers an important contribution to the governance and sport corruption literature and can also be used in practice to design and develop anti-fraud education and training resources for CSOs.