

Chapter 13

Mitigating Financial Anomalies Dimensions Vulnerability and Stratagem in Service Organizations: Policy and Ethical Considerations in Public Administration

Arjun J. Nair

 <https://orcid.org/0000-0002-2287-3174>

Chitkara University, Canada

Satish Rao A. B.

 <https://orcid.org/0009-0003-5379-9688>

Manipal University, India

ABSTRACT

The chapter examines the intricate landscape of financial fraud within public administration, emphasising the vulnerabilities that service organisations face in an increasingly complex environment. It delineates the concepts of vulnerability and stratagem, elucidating how determinants such as opportunity, pressure, and rationalisation contribute to fraud susceptibility. The chapter offers a comprehensive exploration of effective fraud detection and prevention strategies, highlighting the importance of robust policy frameworks and ethical standards. By integrating vulnerability assessments into operational practices and developing strategic responses, public administrators fortify their organisations against fraudulent activities.

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Through illustrative case studies and practical applications, the chapter underscores the critical need for transparency and accountability and advocates for continuous improvement and collaboration among stakeholders.

1. INTRODUCTION

The nexus between public administration and the financial architecture of service organisations is becoming increasingly intricate in an era defined by heightened scrutiny, globalisation, and the incessant proliferation of digital finance mechanisms. Within this sphere, policy and ethical considerations play an indispensable role in safeguarding the integrity of financial transactions, mitigating anomalies, and shielding the most vulnerable strata of society from economic exploitation (Riefa & Saintier, 2020; Radanliev et al., 2024). Public administration, traditionally viewed through the lens of bureaucratic efficiency and regulatory oversight, now assumes a more dynamic and multi-dimensional role as a custodian of ethical governance and a bulwark against financial improprieties. The manifold complexities of this role are particularly pronounced within service organisations, where the fluidity of transactions and the intangibility of services render them uniquely susceptible to a panoply of financial irregularities. In the wake of financial crises and emerging vulnerabilities exacerbated by rapid digitalisation, service organisations have become focal points for financial anomalies ranging from fraud and embezzlement to more nuanced transgressions such as financial misreporting and unethical fiscal practices (Markowitz et al., 2021; Hilal et al., 2022). The chapter seeks to explore these dimensions, offering a comprehensive discourse on how policy frameworks and ethical considerations in public administration can be harnessed to both identify and mitigate the vulnerabilities inherent in financial systems within service organisations. The discourse will unfold through an examination of the operational and strategic intricacies that characterise modern financial systems, delving into the nuances of vulnerability that exist at the confluence of public oversight and organisational financial practices. At the heart of this analysis lies an investigation into the multidimensional nature of financial anomalies, which, far from being singular events, often arise from systemic weaknesses embedded within the organisational structure. These weaknesses are not merely technical or operational but are deeply intertwined with ethical lapses, policy ambiguities, and strategic oversights. As service organisations are increasingly compelled to balance profitability with accountability, the susceptibility to financial anomalies intensifies, calling for a more robust policy apparatus and an ethical recalibration within the domain of public administration.

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