

trust which was missing in internal auditors. Different external auditors will reduce familiarity threats (Hussey, 1999).

Case Solution.

According to Paine (2000), ethical behaviour in companies enhances corporate value. Ethics pays in so many ways but. the reverse is also true, “unethical behaviour can destroy a company’s innate value” (Paine, 2000). Olympus’ unethical behaviour has already diminished stakeholder confidence, reduced stock price and investor ownership interests, resulted in potential delisting from stock markets and instigated investigations by local and foreign concerns. This is a wake-up call for corporations to improve internal compliance and ethical issues within organizations (Thomas, 2021).

Culture should be prioritized while working to improve internal controls and governance because it significantly affects how people perceive an organization. Management should be able to change approaches and train their staff on how to deal with cultural divides (Schein & Scheiner, 2016). Empowering employees will motivate them to be good stewards of the company and disclose unethical activities (Ghoshal, 2005). There will be no secrecy and group thinking will be different which will make everyone act without bias and avoiding of conflict. Olympus should ensure that their BOD has the majority of external stakeholders and no staff has a lot of power. This will reduce management fraud as all stakeholders will be working for the best interest of the company (Cohen et al., 2010).

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