

# The Influence of Pressure, Opportunity, Rationalization, Capability, Arrogance, and Collusion on Village Fund Fraud with Morality as a Moderating Variable

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**Abstract.** This research aims to determine the influence of pressure, opportunity, rationalization, capability, arrogance, and collusion on village fund fraud with morality as a moderating variable in the village government of Sampang Regency. The subjects of this research were village government officials, including the villagehead, village secretary, and head of financial affairs, who had served or were currently serving for at least two years, employing a purposive sampling technique. In this research, the primary survey research method was used by distributing 216 questionnaires to 72 villages in Sampang Regency. A total of 180 questionnaires were returned and can be processed utilizing SmartPLS software version 4.0.9.8. The results of this research unveiled that capability and arrogance positively influenced village fund fraud, and morality could weaken the positive influence of opportunity and arrogance on village fund fraud.

## 1 Introduction

Indonesia has run its government using a decentralized system since 2001. Decentralization itself has the meaning in Act Number 23 of 2014 concerning Regional Government as handing over responsibility for managing one's government through regional autonomy policies. As [1] stated, with this regional autonomy policy, people in the regions can participate in determining their interests and can be actively involved in creative initiatives in managing their government. Autonomous regions are obliged to manage their economy on how to increase regional income with their respective regional resources and how to utilize the local government budget (APBD) to develop the region. This is where each region is obliged to manage its finances in an integrated system implemented in the APBD, which is stipulated in regional regulations every year [2].

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In 2014, the government issued a policy regarding the government management system, which is divided into three levels, consisting of central, regional, and village governments. It is formulated in Act No. 6 of 2014 concerning Villages, which contains the granting of authority to villages to carry out the development and empowerment of village communities for more independent, prosperous, and competitive villages. It is expected that the authority and trust given to village autonomy can spur the growth and prosperity of village communities [3].

The central government allocates funds from the state budget to villages for governance and development. These funds, known as village funds, are distributed fairly and proportionally to reduce poverty, finance development projects, and support the village government. The funds aim to improve social and economic activities in the community and increase overall income.

According to the Central Statistics Agency, there are 83,794 villages in Indonesia with a total of IDR 70 trillion in village funds as of 2023, distributed by the central government. In East Java alone, 7,724 villages, including Sampang Regency, received IDR 7.9 trillion in funds. Essentially, well-managed village funds will produce the potential to support the village and state economy [4]. Effective village fund management is regulated by Minister of Home Affairs Regulation Number 20 of 2018. The village government must plan, budget, and be accountable for fund usage in compliance with the law. However, lack of community understanding may lead to fraud. Indonesia is ranked the fifth most corrupt country in Southeast Asia in 2022, with 579 cases reported, an 8.63% increase from the previous year, according to the Indonesian Corruption Watch (ICW). State financial inefficiencies in village government, if good governance practices are not followed in implementation, will create new opportunities for fraud perpetrators [5]. This often happens in village governments in Sampang Regency, where the phenomena that occur include (1) being involved in a direct cash assistance corruption case sourced from village funds by the former Village Head of Baruh, Sampang Regency; (2) The former Head Village of Banjar Talela, Sampang Regency, was arrested for corruption in village funds in the 2018 fiscal year; (3) The former Head Village of Tana Mera, Sampang Regency, was sentenced to four years in prison for corruption in village funds; (4) There was a demonstration led by the Sokobanah community because of no legal certainty regarding the alleged corruption case of village funds in the 2018 fiscal year, which the former Village Head carried out; and (5) Cutting village funds by a Kedungdung Sub-District Head, Sampang Regency.

Underlying the discussion, the fraud hexagon has six fraud elements related to an individual's motivation for acting, namely pressure, opportunity, rationalization, capability, arrogance, and collusion. The next theory is attribution theory, which can explain the causes of a person's behavior, which can be caused by encouragement from within (internal) or from outside (external) the person and explains the process of how this happens within a person [6]. Pressure is the first element in the fraud hexagon and is a factor in the occurrence of fraud. Pressure is an urge that forces someone to commit fraud or make a mistake, which is triggered by internal pressure, external pressure, and pressure from the organization itself [7]. Pressure can lead to a desire to commit fraud, hindering clear thinking about debt repayment. Another example is the need to follow a luxurious lifestyle for government officials to fulfill personal satisfaction. Based on research by [7-9], pressure is linked to village fund fraud, triggering fraudulent acts in fund usage. In comparison, [10] stated that pressure does not affect fraud.

Furthermore, an opportunity is the second element in the fraud hexagon, namely a situation that can be exploited by someone to commit fraud. This opportunity arises because of weak control, thus providing a gap for someone to commit fraudulent acts [11]. According to research by [10] and [12], opportunity has a positive influence on the occurrence of fraud. In contrast, [8] stated that opportunity does not affect fraud.

The third factor is rationalization. Rationalization is an attitude that allows someone to commit fraud and admits it as normal or natural [13]. Fraudulent behavior arises from arrogance and inadequate knowledge of village funds, justifying personal consumption. Studies by [8,12] revealed that rationalization has a positive influence on the occurrence of fraud. However, [10,13] state that rationalization does not affect fraud.

Then the fourth element is capability. Capability is a person's ability to work in the aspects of skills, behavior, and knowledge [14]. Here, capability is interpreted as a person's capacity or ability that is used to achieve their goals. The ability to find ways to gain profit through deviant behavior by taking advantage of the position or position held. Research by [8] states that capability influences fraud. Meanwhile, [13] revealed that capability does not affect fraud.

Furthermore, the fifth element of the fraud hexagon is arrogance, which can be interpreted as superiority or greedy behavior possessed by criminals or perpetrators who have self-confidence that existing policies or procedures do not apply to them [15]. Village officials can easily abuse their positions, feeling immune from punishments. Moreover, only officials know about village finances. Thus, with this, it will be very easy for him to commit fraud. Studies by [3, 8, 10] explain that arrogance is one of the factors or causes of fraud.

The final element is collusion. Collusion is illegal cooperation that harms others, whether by individuals, state leaders, or between countries. Act 28/1999 on a corruption-free state highlights how collusion can lead to fraudulent actions by village officials for personal gain. According to research by [3, 8, 10], collusion is one of the factors or causes of fraud.

Apart from using the six elements of the fraud hexagon above, this research also used the morality variable as a moderator. Morality is defined as good behavior in accordance with good manners. [16] states that someone with a low level of morality will tend to exploit the weak supervision or internal control that exists in an organization to acquire personal gain to fulfill their greedy desires. In contrast to someone with high morals, his actions will be governed by his principles [17]. As Gunawan et al. (2020) also emphasized, having high morality can prevent fraud. In line with research conducted by [16,17], there are differences between individuals who have high morality and individuals with low morality in their tendency to commit fraud. Meanwhile, research from [17] shows that individuals with high and low morality do not differ in their tendency to commit fraudulent acts.

The difference lies in the addition of moderating variables, namely morality, differences in objects, use of samples, and use of the latest fraud theory, namely fraud hexagon theory.

## **1.1 Fraud hexagon theory**

Fraud hexagon theory results from the development of three previously existing fraud theories, the first of which is [18] fraud triangle theory, which consists of pressure, rationalization, and opportunity. The second is [19] fraud diamond theory, which comprises incentive, opportunity, rationalization, and capability. The next one is the fraud pentagon theory or S.C.O.R.E, which stands for stimulus, capability, opportunity, rationalization, and ego by [20]. This fraud hexagon theory was introduced in 2019 by Vousinas. [21] added one element to the fraud hexagon, namely collusion. Thus, six elements can influence the occurrence of fraudulent practices.

## **1.2 Attribution theory**

Attribution theory was first developed in 1967 by a researcher named Kelley, and it was then updated in 1979 by Green and Mitchell. The attribution theory they developed is a type of causal attribution, which states that external and internal factors trigger a person's behavior. The causes of events, like people's motives, are fixed in the environment, shaping

experiences and triggering reactions [22]. This attribution theory can explain the causes of a person's behavior and elucidate the process of how this happens within a person [6]. In accordance with the elements in Hexagon fraud, the elements can be described one by one as external or internal factors.

### **1.3 The effect of pressure on village fund fraud**

The first element in the fraud hexagon that can influence the occurrence of fraud is pressure. Pressure is an urge to do something inappropriate or deviant, either due to internal or external pressure [8]. Pressure refers to a person's motivation to commit fraud due to personal or organizational pressure [7]. Intense pressure increases the likelihood of fraudulent actions by influencing a person's intentions and external or internal factors. Conducted by [7, 9, 12, 23, 24, 25], pressure has a positive influence on the occurrence of village fund fraud. Pressure on village officials can lead to fraud or misuse of village funds, as they view the funds to finance campaigns using capital from various sources.

H1: Pressure has a positive effect on village fund fraud.

### **1.4 The effect of opportunity on village fund fraud**

The second element in the fraud hexagon is opportunity. An opportunity is a situation that can be exploited by someone to commit fraud. An opportunity is a situation where a person must find a way to use (abuse) a position of trust to solve a financial problem while minimizing the risk of being caught [26]. Limited supervision leads to more freedom, but also increases the likelihood of fraud. External factors like opportunity can influence individual behavior. Conducted by [10, 12, 24, 27] reported that opportunity has a positive influence on the occurrence of fraud. In village government, supervision and control tend to be weak, with uneven audit practices in villages, especially in remote villages.

H2: Opportunity has a positive effect on village fund fraud.

### **1.5 The effect of rationalization on village fund fraud**

The third element in the fraud hexagon, namely rationalization, is an attitude that allows someone to commit fraud and recognize it as normal [13]. Cheating is widely justified in society, leading to ongoing fraud. Rationalization and external factors contribute to the perception of fraud as natural and normal. Rationalization positively affects the incidence of fraud, according to studies conducted by [8, 12, 24, 27] Perpetrators of fraud will perceive their activities as routine and exempt from scrutiny, given their knowledge that this deceitful practice is prevalent not only in Indonesia but also in other nations.

H3: Rationalization has a positive effect on village fund fraud.

### **1.6 The effect of capability on village fund fraud**

Capability is the fourth element of the fraud hexagon. Capability refers to an individual's physical and mental capacity to engage in fraudulent activities, including those that occur within the workplace [28]. This pertains to an individual's ability to understand and find ways or systems that can provide benefits [29]. Capability drives fraudulent behavior by leveraging an individual's internal factors and knowledge. According to studies conducted by [8, 13, 24, 27], capability positively influences fraud. Fraud involves fabricating evidence of budget realization or creating false expenditures on nonexistent activities.

H4: Capability has a positive effect on village fund fraud.

### **1.7 The effect of arrogance on village fund fraud**

Arrogance constitutes the fifth element within the fraud hexagon. Arrogance is an individual's attitude, which refers to the nature of arrogance and egoism [8]. Arrogant regional officials may commit village fund fraud by disregarding laws and using funds for personal gain. As demonstrated by [25, 3, 8, 23], arrogance constitutes a significant determinant or origin of fraudulent activities. Selfishness and arrogance will serve as the primary underpinnings for claiming the rights of others without regard for the ethical implications of such behavior.

H5: Arrogance has a positive effect on village fund fraud.

### **1.8 The effect of collusion on village fund fraud**

Collusion is the sixth element in the fraud hexagon. Collusion is the existence of a contract between two or more parties, one of whom deceives another party with the aim of defrauding the rights of a third party or with the aim of causing harm [21]. Collusion is also a cooperative action carried out to protect each other in the implementation of fraud [8]. Attribution theory suggests that collusion, which involves the collaboration of internal elements (such as the intention to commit fraud) and external factors (such as support or assistance), has a role in the incidence of fraud. Research from [3, 8, 10, 23] explain that collusion is one of the factors or causes of fraud. In these studies, collusion has a positive effect on fraud. Individuals in an organization can work together and protect each other. Hence, it will be very easy for them to commit fraud together.

H6: Collusion has a positive effect on village fund fraud.

### **1.9 Morality weakens the effect of pressure on village fund fraud**

Morality is the ability to understand what is right and wrong [30]. Morality can determine how far a person can carry out leadership in accordance with ethics, norms, and morals. Meanwhile, pressure is something that encourages someone to do something. Research conducted by [31] produced or stated that having high morality can prevent fraud. According to attribution theory, morality is an internal motivation that compels individuals to prevent fraudulent behavior. High morality helps solve problems effectively, as virtuous village officials ensure fair outcomes without harm or wrongdoing.

H7: Morality weakens the effect of pressure on village fund fraud.

### **1.10 Morality weakens the effect of opportunity on village fund fraud**

According to [30], morality refers to the capacity to discern between right and wrong. Morality plays a crucial role in determining the extent to which a person may effectively exercise leadership in alignment with ethical principles, societal norms, and personal values. Meanwhile, opportunity is a chance that can be used for positive things or even bad things. The opportunity in this fraud hexagon element is an opportunity to misappropriate funds, especially in the context of village funds. A study states that having high morality can prevent fraud [31]. Based on attribution theory, morality is a drive to prevent fraud that comes from a person's internal drive. Officials with high morality in the village can improve themselves by assessing their performance and work programs for a prosperous and competitive community, reducing fraud.

H8: Morality weakens the effect of opportunity on village fund fraud.

### **1.11 Morality weakens the effect of rationalization on village fund fraud**

Morality is the ability to distinguish between what is right and wrong [30]. Morality can influence how far a person can lead in line with ethics, norms, and morals. In comparison, rationalization is an action that justifies unethical or deviant behavior. One study found that having high morality can prevent fraud [31]. Attribution theory suggests that morality is a drive to prevent fraud that comes from a person's internal drive. Village officials with high morality and rational thinking are less likely to commit fraudulent acts due to anticipating consequences.

H9: Morality weakens the effect of rationalization on village fund fraud.

### **1.12 Morality weakens the effect of capability on village fund fraud**

The capacity to distinguish between right and bad is known as morality [30]. How much a person may exercise leadership in conformity with ethics, conventions, and morals depends on their morality. Capability, on the other hand, refers to the capacity for action. This capability in the fraud hexagon aspect refers to a person's capacity to devise schemes to commit fraud. According to one study, morality has a role in preventing fraud [31]. Under attribution theory, morality is an innate desire on the part of an individual to avoid deception. The moral values of village officials will highlight their capability to do good and reduce fraud. In the research of [32], morality as a moderator has a strong influence on preventing fraud on the capability element.

H10: Morality weakens the effect of capability on village fund fraud.

### **1.13 Morality weakens the effect of arrogance on village fund fraud**

Knowing what is good and wrong is the foundation of morality [30]. The level of ethical leadership is influenced by a person's morality, while arrogance leads to dishonest behavior due to self-centeredness. According to one study, being morally upright can ward off fraud [31]. Attribution theory holds that morality is an innate desire on an individual level to avoid deception. Moral regional officials will put aside selfish and arrogant attitudes when holding positions in government. High morality is needed to suppress the occurrence of fraudulent practices due to the arrogant attitude of village officials. Consequently, this will help reduce the occurrence of fraud.

H11: Morality weakens the effect of arrogance on village fund fraud.

### **1.14 Morality weakens the effect of collusion on village fund fraud**

According to [30], morality is the capacity to distinguish between good and wrong. Morality determines if individuals lead ethically. Collusion refers to group fraud. According to [31], a study, possessing strong moral values can help shield against fraud. Village officials with high morals collaborate for the betterment of the community, fostering economic growth and benefiting multiple parties. Colleagues with good morality support policies for village survival.

H12: Morality weakens the effect of collusion on village fund fraud.

## **2 Research method**

### **2.1 Research objects and subjects**

In this study, the object of research was the village government in Sampang Regency, Madura, East Java. Meanwhile, the research subjects involved in this research were village

officials within the village government office, which included the village head, village secretary, and head of village financial affairs in Sampang Regency.

## 2.2 Data types and sources

In this research, the researchers used quantitative research methods with primary data types. Primary data was obtained directly from the data source, namely the village government apparatus of the Sampang Regency villages, by distributing a questionnaire, which consisted of eight sections related to pressure, opportunity, rationalization, capability, arrogance, collusion, morality, and fraud against village funds. This research obtained 60 villages in five sub-districts in Sampang Regency: Ketapang Sub-district, Banyuates Sub-district, Sokobanah Sub-district, Kedungdung Sub-district, and Robatal Sub-district.

## 2.3 Sampling technique

This research used a purposive sampling technique, namely sampling using certain criteria. The sampling criteria in this study included village officials who had positions as village head, village secretary, and head of village financial affairs, who had served or were currently serving for at least two years.

## 2.4 Data collection techniques

The data collection technique employed in this research was a questionnaire survey. In the questionnaire, a Likert scale was used for respondents' answers, which included five levels: strongly disagree (STS), disagree (TS), neutral (N), agree (S), and strongly agree (SS). The data resulting from distributing the questionnaire was then tabulated and tested using the SEM-PLS (Structural Equation Modeling-Partial Least Square) analysis technique in SmartPLS version 4.0.9.8 software. SEM-PLS is a data analysis technique that allows the concept of a model to be described using latent variables but can only be evaluated based on certain perceptions or indicators (manifest variables).

# 3 Results and Discussion

## 3.1 Descriptive statistical test

Descriptive statistical tests showed that 180 data were processed. Variables like pressure, opportunity, rationalization, capability, and collusion had lower average ranges, indicating low average pressure in Sampang Regency's village government. On the other hand, arrogance, village fund fraud, and morality had higher real ranges, indicating high average pressure.

## 3.2 Common method variance test

**Table 1.** Common Method Variance Test Results

Extraction Sums of Square Loading		
Total	% of variance	Cumulative %
2.040	25.497	25.497

According to the data presented in Table 1, the CMV testing results in this study indicated a

percentage of 25.497%. This suggests that there was no bias present in the study.

### 3.3 Outer model

#### 3.3.1 Convergent validity

**Table 2.** Average Variance Extracted (AVE)

	<b>AVE</b>
Pressure	0.711
Opportunity	0.872
Rationalization	0.646
Capability	0.784
Arrogance	0.904
Collusion	0.725
Village Fund Fraud	0.858
Morality	0.719

Table 2 displays that every variable had an Average Variance Extracted (AVE) value greater than 0.5. Thus, it may be inferred that all variables exhibited strong convergent validity, indicating their validity.

#### 3.3.2 Discriminant validity

According to the information provided from SPSS, the Average Variance Extracted (AVE) value indicates that the construct in this study had a stronger connection with itself compared to its correlation with other variables, therefore demonstrating discriminant validity. As such, it may be inferred that all variables demonstrated satisfactory or valid discriminant validity.

#### 3.3.3 Composite reliability

**Table 3.** Cronbach's Alpha dan Composite Reliability

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>
Pressure	0.620	0.836
Opportunity	0.730	0.879
Rationalization	0.945	0.960
Capability	0.725	0.844
Arrogance	0.804	0.880
Collusion	0.917	0.949
Village Fund Fraud	0.971	0.976
Morality	0.914	0.929

The results of Cronbach's alpha and composite reliability for each variable were greater than 0.6, as shown in Table 3. Therefore, it can be deduced that each variable exhibited satisfactory or reliable reliability.

### 3.4 Inner model



### 3.4.1 Coefficient of determination (R2)

**Table 4.** Adjusted R-Square Value

	<b>R-Square</b>	<b>Adjusted R-Square</b>
Village Fund Fraud	0.647	0.619

The adjusted R-Square value of 0.619 in Table 4 indicates that pressure, opportunity, rationalization, capability, arrogance, and collusion collectively accounted for 61.9% of the variance observed in the village fund fraud variable. In contrast, the remaining 38.1% was accounted for by extraneous variables not incorporated in the research model.

## 3.5 Hypothesis testing and discussion

### 3.5.1 The effect of pressure on village fund fraud

The first hypothesis, showing a negative original sample value of -0.339, did not align with the proposed hypothesis, with a t-statistic value of 4.851 > 1.66 and a p-value of 0.000 < 0.05. This denotes that several conditions for hypothesis testing were not met. With this, H1 was rejected. It can be concluded that pressure did not have a significant effect on village fund fraud. Pressure influences individuals to commit fraud and is influenced by their surroundings [12]. In Sampang Regency, village officials experienced low pressure, as indicated by descriptive statistics. This research is not consistent with studies conducted by [7, 8, 9, 12, 24, 27, 25], who stated that pressure had a positive relationship with the occurrence of village fund fraud.

### 3.5.2 The effect of opportunity on village fund fraud

The second hypothesis revealed a negative original sample value of -0.091, which is not in accordance with the proposed hypothesis, with a t-statistic value of 1.099 < 1.66 and a p-value of 0.136 > 0.05. This indicates that the conditions for hypothesis testing were not met. Thus, H2 was rejected. It can be concluded that opportunity exerted no significant effect on village fund fraud. Opportunities arise because of weak control, thus providing a gap for someone to commit fraudulent acts [11]. Opportunity, an external factor influencing fraud, was discounted by village officials in Sampang Regency. Visiting the office revealed officials occupied with their duties, and descriptive stats showed low opportunity within the village government. This research corroborates with research conducted by [8], which found that opportunity did not have a positive effect on village fund fraud.

### 3.5.3 The effect of rationalization on village fund fraud

The third hypothesis had a negative original sample value of -0.149, which did not agree with the proposed hypothesis with a t-statistic value of 1.293 < 1.66 and a p-value of 0.098 > 0.05. This signifies that the conditions for hypothesis testing were not met, so H3 was rejected. It can be concluded that rationalization yielded no significant effect on village fund fraud. This rationalization is a condition where the perpetrator seeks justification for his actions, such as reasons to make family, friends, and loved ones happy [15]. Perpetrators of fraud may go unnoticed when they are trusted and perform well. Rationalization of wrongdoing stems from the individual, as seen among Sampang Regency's village officials, based on descriptive statistical tests. This research aligns with studies by [10,13], stating that rationalization had no positive effect on village fund fraud.

### *3.5.4 The effect of capability on village fund fraud*

The proposed hypothesis is supported by the fourth hypothesis, indicating a positive original sample value of 0.195. This is indicated by a t-statistic value of 2.467, greater than 1.66, and a p-value of 0.007, less than 0.05. Therefore, H4 was approved. Capability was, thus, found to have a substantial positive impact on village fund fraud. This ability can be assessed through his expertise in committing fraud and his position in the sector [13]. A person's capabilities, including knowledge and special skills, are factors related to attribution theory. In the Sampang Regency village government, misuse of these capabilities led to fraud in village funds, highlighting the influence of capabilities on fraud. This research agrees with research by [8, 24, 27], which stated that capability significantly positively affected village fund fraud.

### *3.5.5 The effect of arrogance on village fund fraud*

The fifth hypothesis demonstrated a favorable initial sample value of 0.423, aligning with the proposed hypothesis that had a t-statistic value of 6.637, greater than 1.66, and a p-value of 0.000, less than 0.05. H5 was, therefore, accepted. In other words, arrogance has a notable and favorable impact on the occurrence of village fund fraud. Arrogance, driven by personal needs and pleasure, is an attitude that fuels fraud and selfishness according to attribution theory. Village officials in Sampang Regency are known to be arrogant due to their control over village funds, which can lead to fraudulent activities. The statistical test confirms high arrogance levels among these officials. This research supports studies carried out by [25, 3, 8, 10, 23], who have proven the influence of arrogance on village fund fraud.

### *3.5.6 The effect of collusion on village fund fraud*

The sixth hypothesis, which had a negative original sample value of -0.072, a t-statistic value of  $1.089 < 1.66$ , and a p-value of  $0.138 > 0.05$ , was not consistent with the hypothesis put forth, according to Table 7 above. This demonstrates that the prerequisites for hypothesis testing were not satisfied. H6 was thus rejected. Thus, it can be said that village fund fraud was not much impacted by collusion. Collusion among village officials in several villages led to the misuse of government programs for personal gain, benefiting only family members, colleagues, sympathizers, and voters. This misuse of power reflects acts of corruption by the village head. Collusion, based on attribution theory, contributes to fraud by combining internal factors like the desire to commit fraud with external factors that support it. However, in Sampang Regency, collusion among village officials was found to be low, indicating minimal fraud. As such, this research contradicts studies by [3, 8, 10, 23], who stated that collusion yielded no positive effect on village fund fraud.

### *3.5.7 Morality weakens the effect of pressure on village fund fraud*

The seventh hypothesis showed a negative original sample value of -0.041 in accordance with the proposed hypothesis with a t-statistic value of  $0.518 < 1.66$  and a p-value of  $0.302 > 0.05$ . This indicates that the conditions for hypothesis testing were not met. Hence, H7 was rejected. It can be concluded that morality could not weaken the influence of pressure on village fund fraud. High morality can help resolve both external and internal pressure. Fraud can occur due to either high or low pressure, making morality ineffective in preventing village fund fraud. The finding reinforces research from [17], showing that individuals with high and low morality did not differ in their tendency to commit fraudulent acts.

### *3.5.8 Morality weakens the effect of opportunity on village fund fraud*

The eighth hypothesis revealing a negative original sample value of -0.124 aligned with the proposed hypothesis with a t-statistic value of  $1.748 > 1.66$  and a p-value of  $0.040 < 0.05$ , accepting H8. It can be concluded that morality could weaken the influence of opportunity on village fund fraud. High morality can prevent the temptation to commit fraud when presented with opportunities. While opportunities can arise at anytime, morality originates from within an individual. Sampang Regency village officials utilized these opportunities to demonstrate their honesty in handling authority and responsibilities, resulting in reasonable financial reports. This encouraged officials to weigh the pros and cons, as well as the potential harm to themselves and others, thereby weakening the influence of opportunity on village fund fraud. This research is in line with research from [31], which found that individuals with high morality could suppress or prevent fraud.

### *3.5.9 Morality weakens the effect of rationalization on village fund fraud*

The ninth hypothesis indicated that the initial positive sample value of 0.167 did not align with the proposed hypothesis. This was supported by a t-statistic value of 1.576, less than 1.66, and a p-value of 0.058, greater than 0.05. These findings signify that the criteria for conducting hypothesis testing were not satisfied. Therefore, H9 was rejected. It can be inferred that morality could not diminish the impact of reasoning on village fund fraud. The village administrators in Sampang Regency acknowledged that combating fraud solely through morals was insufficient. They found that both high and low-ranking officials engaged in fraudulent activities, rendering morality ineffective. This study aligns with the findings of [17], indicating that persons with both high and poor morals exhibited similar propensities to engage in fraudulent behavior.

### *3.5.10 Morality weakens the effect of capability on village fund fraud*

The tenth hypothesis demonstrates that the initial negative sample value of 0.022 did not support the proposed hypothesis, as the t-statistic value (0.237) was less than 1.66 and the p-value (0.406) was greater than 0.05. This finding refutes the prerequisites for conducting hypothesis testing. H10 was, therefore, rejected. In other words, morality was incapable of mitigating the impact of capability on village fund fraud. Instilling moral values in village officials aims to show their effective use of abilities for good. However, direct oversight of funds prevents misuse of authority, yet capability still outweighs morality in preventing fraud. This study confirms the findings of [17], which indicate no significant difference in the propensity for fraudulent behavior between individuals of high and low morality.

### *3.5.11 Morality weakens the effect of arrogance on village fund fraud*

The eleventh hypothesis had a negative original sample value of -0.313, in line with the hypothesis that was put forth with a t-statistic value of  $4.106 > 1.66$  and a p-value of  $0.000 < 0.05$ , which accepted H11. It is evident from this that morality could reduce the impact of arrogance on village fund fraud. Moral village leaders in Sampang reduce arrogance among government officials. Research by [31], which demonstrates that people with high morals can thwart or stop village fund fraud, is supported by this study.

### *3.5.12 Morality weakens the effect of collusion on village fund fraud*

With a t-statistic value of  $1.400 < 1.66$  and a p-value of  $0.081 > 0.05$ , indicates that the original

positivesample value of 0.087 was inconsistent with the proposed hypothesis. Thus, the conditions necessary to test a hypothesis were not satisfied. As a result, H12 was unsupported. Based on the evidence, it can be inferred that collusion on village fund fraud remains unaffected by morality. Village officials with strong moral standards will promote cooperation, but some view the positions as income generators, disregarding morality in village fund fraud. [17] demonstrated no discernible difference in the propensity of individuals with high and low morality to engage in fraudulent activities. This finding is consistent with that research.

## 4 Conclusion and recommendation

This research aims to test and provide empirical evidence regarding things that influence the occurrence of an act of fraud. This research is projected using the fraud hexagon theory, which consists of pressure, opportunity, rationalization, capability, arrogance, and collusion with morality as a moderating variable. This research is supported by the use of attribution theory, which is a theory that can explain the causes of a person's behavior. Further, this theory elucidates that external and internal factors trigger a person's behavior. This research was conducted at the village government in Sampang Regency using a purposive sampling technique. Based on the testing and data analysis carried out, it can be concluded as follows: Capability and arrogance exerted a significant positive effect on village fund fraud. In comparison, pressure, opportunity, rationalization, and collusion did not affect village fund fraud. Further, morality could weaken the influence of opportunity and arrogance on village fund fraud but could not weaken the influence of pressure, rationalization, capability, and collusion on village fund fraud.

This research has limitations, as follows: (1) This research only focused on five sub-districts in Sampang Regency, Madura, due to time and cost limitations, and (2) this research was not supported by interviews so there may be discrepancies between respondents' answers and the real situation.

Meanwhile, suggestions can be given by researchers for future researchers: (1) For future researchers, it would be better if interview techniques complement the survey method; (2) Future researchers should be able to expand the research object so that it is not only limited to the five sub-districts in Sampang Regency, Madura; and (3) Future researchers are expected to consider or add other variables that can weaken the influence of fraud elements.

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