

Exploring the Impact of Hexagon Fraud Theory on Fraud Tendencies among Regional Work Unit Employees in Bandung City: A Quantitative Analysis

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Abstract: *This research aimed to analyze the effect of the hexagon fraud theory on fraud tendencies based on the perceptions of regional work unit employees in Bandung City. This research used a quantitative approach. The sample was 364 regional work unit employees in Bandung City. A simple random sampling method was used in this research. Data were analyzed using multiple linear regression. The results of this research indicated that the variables of distributive justice (proxy of stimulus), collusion, and internal control (proxy of opportunity) have a negative and significant effect on fraud tendencies. Meanwhile, the variables of leadership style (proxy of capability), organizational commitment (proxy of rationalization), and individual morality (proxy of ego) do not affect fraud tendencies.*

Keywords: *Fraud Hexagon, Collusion, Internal Control, Fraud Tendency*

Introduction

In the government sector, the most common form of fraud is corruption. Indonesia Corruption Watch released a document on the Results of Monitoring Trends in the Enforcement of Corruption Cases for Semester I of 2021, which contains several corruption cases, one of which is corruption cases based on perpetrators/actors (ICW, 2021). 162 state civil administrations (originally known as Aparatur Sipil Negara/ASN) were stated as the most involved perpetrators/actors in corruption. In 2018, one of the fraud cases was discovered in the Bandung City Government, namely the case of land procurement involving the former head of the Regional Financial and Asset Management Service for the City of Bandung, Herry Nurhayat, and members of the Provincial Legislative Council of Bandung City for the

2009-2014 period, Tomtom Dabbul Qomar and Kadar Slamet, (Agus, 2018 in CNN Indonesia).

Furthermore, the Panel of Judges adjudicated and declared Herry Nurhayat legally and convincingly guilty of committing the criminal act of “doing corruption together and continuously” as the second alternative indictment (Directory of Decisions of the Supreme Court of the Republic of Indonesia, 2020). The elements in the second alternative indictment include every person to benefit him/herself or another person or corporation(s), abusing authority, opportunity or the means available to him/her because of his/her position, as well as causing losses to the state's finances or economy. Corruption is a branch of the fraud tree, and the ACFE categorizes fraud as asset misappropriation, financial statement fraud, and corruption (ACFE’s 2016 Report to the Nations on Occupational Fraud and Abuse, 2016).

The tendency of an individual to commit fraud varies, and the fraud triangle theory is frequently used to explain why someone commits fraud. Vousinas developed the Fraud Pentagon Theory into the Fraud Hexagon Theory in 2019 by adding one factor, namely collusion, which became known as the S.C.C.O.R.E model (Stimulus, Capability, Collusion, Opportunity, Rationalization, and Ego). Vousinas (2019) argues that the S.C.C.O.R.E model should be used more effectively in white-collar crimes. A higher level of collusion within an institution may lead to a tendency of fraud (Susandra & Hartina, 2017). For these reasons, we selected the Fraud Hexagon Theory as the basis theory of an individual's tendency to commit fraud.

In this research, the first factor of the fraud hexagon is the stimulus, which is proxied into a variable of distributive justice. In addition, the capability factor proxied into a variable of leadership style, collusion remains a collusion variable, the opportunity proxied into a variable of internal control, rationalization proxied into a variable of organizational commitment, and ego proxied into a variable of individual morality. This research's findings provide future researchers with an understanding of the effect of the fraud hexagon theory on fraud tendency among regional work unit employees in Bandung City. In addition, these findings contribute Bandung City Government to minimize and be aware of factors that can affect fraud tendency.

Literature Review

Fraud Tendencies

The tendency of an employee to commit fraud is a condition in which the employee has the motivation and opportunity to commit fraudulent acts in their work environment, which are carried out intentionally for personal gain but do not benefit those around them. It is usually in the form of corruption, misuse of assets, and falsification of financial statements (Dewi et al., 2021). Whereas fraud, according to Audit Standard 240 issued by the Indonesian Institute of Certified Public Accountants (IAPI), is defined as an intentional act by one or more individuals of management, those responsible for governance, employees, or third

parties that involves the use of deception to obtain an unfair or unlawful advantage.

Fraud Hexagon Theory

There are several theories explaining why someone commits fraud. Fraud Triangle Theory is one theory that is often used. The fraud triangle involves three factors: pressure, opportunity, and rationalization (Cressey, 1953 in Sulastris & Simanjuntak, 2014). Later in 2004, a theory further refined the fraud triangle to fraud diamond by adding one factor, namely capability (Wolfe & Hermanson, 2004). Furthermore, 'Crowe's fraud pentagon theory' added the arrogance factor and changed capability to competence as a factor that may affect fraud (Marks, 2011). Later in 2019, this Fraud Pentagon Theory was developed into the Fraud Hexagon Theory or S.C.C.O.R.E model, an acronym for Stimulus, Collusion, Capability, Opportunity, Rationalization, and Ego. In this theory, the pressure factor is changed to stimulus, arrogance to ego, and one factor is added, namely collusion (Vousinas, 2019).

Furthermore, the ACFE's 2016 Report to the Nations on Occupational Fraud and Abuse supports the theory explaining the key component of collusion as the main factor in committing fraud. The S.C.C.O.R.E model must be used in addition to the S.C.O.R.E model to be more effectively applied in white-collar crimes, where collusion is crucial in determining the factors that lead to financial fraud commitments (Vousinas, 2019).

Stimulus is financial and non-financial pressure to commit fraud (Vousinas, 2019). Pressure may lead an individual to commit fraud, one of which is impacted by distributive justice (Najahningrum, 2013). Distributive justice is an individual's perception of fairness regarding how rewards and other valuable results are distributed within the organization (Moorhead & Griffin, 2013 in Didi & Kusuma, 2018). Previous research has proxied pressure to be distributive justice (Didi & Kusuma, 2018; Kiswanto et al., 2020). Based on some of these explanations, we projected stimulus into a variable of distributive justice. The more equitable the distributive justice, the less likely an employee is to commit fraud (Najahningrum, 2013).

Capability refers to the traits and abilities that play a significant role, and the CEO's capabilities are the most important factors in determining whether control weaknesses ultimately lead to fraud (Wolfe & Hermanson, 2004). Company CEOs were involved in 70 percent of fraud cases, indicating that many organizations do not implement sufficient checks and balances to limit CEOs' capabilities to impact and perpetuate fraud (Beasley et al., 1999 in Wolfe & Hermanson, 2004). The CEO is the main person responsible for managing the company and the company's president or chairman of the board (Cambridge

Business English Dictionary, 2023.). Leaders may prevent organizations or individuals from committing acts of corruption by focusing on two aspects, one of which is the role model aspect, where the leader's role as a role model encourages staff to emulate the behavior of their leaders (Hardinto et al., 2020). We proxied capability as a leadership style variable based on some of these explanations. The level of fraud decreases with improving leadership; on the other hand, when employees dislike the leadership style, they are more likely to imitate dishonest superiors, increasing the likelihood of fraud (Aditya & Musmini, 2021).

Figure 1. The Fraud Hexagon



Collusion refers to a deceptive agreement or compactness between two or more parties to take action against another party for some malicious purpose and to deceive a third party of their rights (Bryan Garner, ed., Black's Law Dictionary, 10th Ed., 2014 in Vousinas, 2019). Collusion is an agreement or cooperation unlawfully between state administrators or between state administrators and other parties that harms other people, society, or the state (Law of the Republic of Indonesia No. 28 of 1999 concerning a circumstance that is clean and free from corruption, collusion and nepotism). The importance of collusion as a major factor in committing fraud is justified by ACFE's 2016 Report to the Nations on Occupational Fraud and Abuse, which shows that nearly half of the cases examined involve multiple perpetrators working together to commit fraud, and the more fraud perpetrators involved, the higher the loss tends to be (Vousinas, 2019). Collusion has the greatest impact on fraud commission of all the factors tested (Sitorus & Scott, 2008). A higher level of collusion within an institution may lead to a tendency of fraud (Susandra & Hartina,

2017). Based on some of these explanations, we used collusion as the third variable to examine the tendency of fraud in government.

Opportunity is the ability to commit fraud, and the perpetrator is convinced that they comprehend and commit fraud without being detected (Vousinas, 2019). Perpetrators constantly have the knowledge and opportunity to commit fraud (Cressey, 1953 in Singleton & Singleton, 2010:46). Weak controls provide an opportunity for an individual to commit fraud (Marks, 2012). Opportunity is the chances that allow fraud to occur, and these opportunities are frequently caused by weak internal control, lack of supervision, and abuse of authority within an entity (Febriani & Suryandari, 2019). Based on these explanations, we proxied opportunity as an internal control variable. Internal control is a process designed to provide a reasonable level of assurance regarding the accomplishment of management objectives in the financial reporting reliability, operational effectiveness, efficiency, and compliance with applicable laws and regulations (Arens et al., 2008). Internal control within an organization

will likely lower the incidence of accounting fraud (Lestari & Supadmi, 2017).

Rationalization is related to justifying fraud, as many perpetrators view themselves as ordinary people rather than criminals (Vousinas, 2019). Previous research has proximate rationalization as a variable of organizational commitment (Didi & Kusuma, 2018; Najahningrum, 2013). Based on these explanations, we proxied rationalization as a variable of organizational commitment. Organizational commitment is a mindset that reflects employees' loyalty to their organization and is an ongoing process in which organizational participants express their concern for the organization and its ongoing success and prosperity (Luthans, 2011:147). The relationship between organizational commitment and rationalization lies when employees have high organizational commitment. They tend to be concerned for the organization's survival, followed by a sense of belonging and pride in participating, making it difficult for its members to justify fraudulent activities (Didi & Kusuma, 2018). The level of fraud in the government sector decreases with an employee's level of dedication to the company (Pristiyanti, 2012; Najahningrum, 2013).

The ego is a component of personality that assists an individual in dealing with reality by mediating between demands from identity, superego, and the environment (Freud, 1923 in Vousinas, 2019). As fraud perpetrators succeed in a crime, they begin to feel a sense of secondary pleasure in power that they can fool the world and show their superiority to others (Stotland, E, 1977 in Vousinas, 2019). Individuals with high moral reasoning are less likely to engage in accounting fraud than those with low moral reasoning (Dewi, 2016). Previous research has measured the ego element with the Village Apparatus Morality variable (Rosifa & Supriatna, 2022). Based on these explanations, we proxied ego as an individual morality variable. Individual morality is the moral standard that applies to individuals (Scanlon, 2016). The standard referred to is a standard that determines individual actions that are permissible, may not be carried out, and individual actions that are reprehensible, but can also include conclusions about values about the best way to live, which can also be called morals.

The Effect of Distributive Justice on Fraud Tendencies

Pressure can lead to fraud, which is impacted by distributive justice (Najahningrum, 2013). When a person discovers that outcomes and inputs are unequal to those of others, a feeling of unfairness arises (Adams, 1965). Two sources of organizational justice are procedural justice and distributive justice (Folger & Greenberg, 1985 in Moorman, 1991). Distributive justice describes the fairness of employee results (Folger & Greenberg, 1985 in Moorman, 1991). Distributive justice is fairness regarding the amount and awarding between individuals (Robbins & Judge, 2008:249 in Abiworo & Trijayanti, 2016). Distributive justice has a negative effect on fraud, which means that the more equitable the distributive justice, the less likely an employee is to commit fraud (Najahningrum, 2013). Distributive justice has a negative and significant effect on fraud, which means that the higher distributive justice, the lower the level of fraud (Aditya & Musmini, 2021). Distributive justice negatively affects fraud in the government sector, which means that higher employee perceptions of distributive justice in the form of employee welfare can reduce fraud in the government sector (Prambudi et al., 2017). Based on the description above, the higher or fairer distributive justice is predicted to reduce the tendency of fraud.

Hypothesis 1: There is a negative and significant effect of Distributive Justice on the Tendency of Fraud

The Effect of Leadership Style on Fraud Tendencies

Leaders may prevent organizations or individuals from acts of corruption by focusing on two aspects: the role model aspect (Hardinto et al., 2020). The function of a leader as a role model encourages staff to emulate their leader's behavior. Leadership acts occur when an individual, whether or not he/she is in a formally designated "leadership position," attempts to affect the behavior of others towards a goal (Fleishman & Peters, 1962). Other research stated that leadership style has a negative and significant effect on fraud,

meaning that the better the leadership style, the lower the level of fraud (Aditya & Musmini, 2021). There is a negative effect of leadership style on the tendency of public sector employees to commit fraud, meaning that the higher the perception of leadership style, the lower the tendency for fraud (Kamal et al., 2019). A better and more effective leadership style in the government system may suppress fraud in the government sector (Zulkarnain, 2013). A good employee leadership style in an agency can prevent fraud in the government sector (Pramudita, 2013). A good relationship between superiors and subordinates occurs when superiors place subordinates according to their educational background. Therefore, they can carry out their duties effectively, allowing the successful implementation of leadership styles in government agencies (Kurrohman et al., 2017). Leadership style has a negative effect on fraud in the government sector (Faisal, 2013). Based on the description above, a better or higher leadership style is predicted to reduce the tendency of fraud.

Hypothesis 2: There is a negative and significant effect of Leadership Style on Fraud Tendencies

The Effect of Collusion on Fraud Tendencies

The importance of collusion as a major factor in committing fraud is justified by ACFE's 2016 Report to the Nations on Occupational Fraud and Abuse, which shows that nearly half of the cases examined involve many perpetrators colluding with each other to commit fraud and the loss tends to be higher as the number of perpetrators of fraud involved increases (Vousinas, 2019). Collusion has the strongest effect on fraud commission of all the factors tested (Sitorus & Scott, 2008). The higher collusion in an institution can trigger a tendency to commit fraud (Susandra & Hartina, 2017). Based on the description above, the higher the collusion variable is predicted to increase the tendency of fraud.

Hypothesis 3: There is a positive and significant effect of Collusion on the Tendency of Fraud

The Effect of Internal Control on Fraud Tendencies

Opportunities that allow fraud to occur are frequently caused by weak internal control, lack of supervision, and abuse of authority within an entity (Febriani & Suryandari, 2019). Internal control has a negative effect on accounting fraud, implying that the greater the internal control at OPD, the lower the level of accounting fraud, Internal control within an organization is likely to reduce the occurrence of accounting fraud (Lestari & Supadmi, 2017). In line with this statement, other research also justified that more effective internal control within an agency may decrease the likelihood of fraud (Sukhemi et al., 2022). Internal control has a negative effect on the tendency of accounting fraud, which means that the better the internal control, the lower likelihood of accounting fraud (Dewi & Ratnadi, 2017). Based on the description above, the better or higher the internal control is predicted to reduce the tendency of fraud.

Hypothesis 4: There is a negative and significant effect of Internal Control on the Tendency of Fraud

The Effect of Organizational Commitment on Fraud Tendencies

Organizational commitment has a negative effect on fraud in the government sector. Therefore the higher commitment of employees to the organization, the lower the level of fraud in the government sector (Pristiyanti, 2012; Najahningrum, 2013). Employees tend to follow company regulations, and these regulations become moral behavior, implying that there is a negative effect between organizational commitment to fraud in the government sector (Faisal, 2013). The higher the organizational commitment, the lower the tendency for fraud to occur (Manurung et al., 2015). Based on the description above, better or higher organizational commitment is predicted to reduce the tendency of fraud.

Hypothesis 5: There is a negative and significant effect of Organizational Commitment on Fraud Tendencies

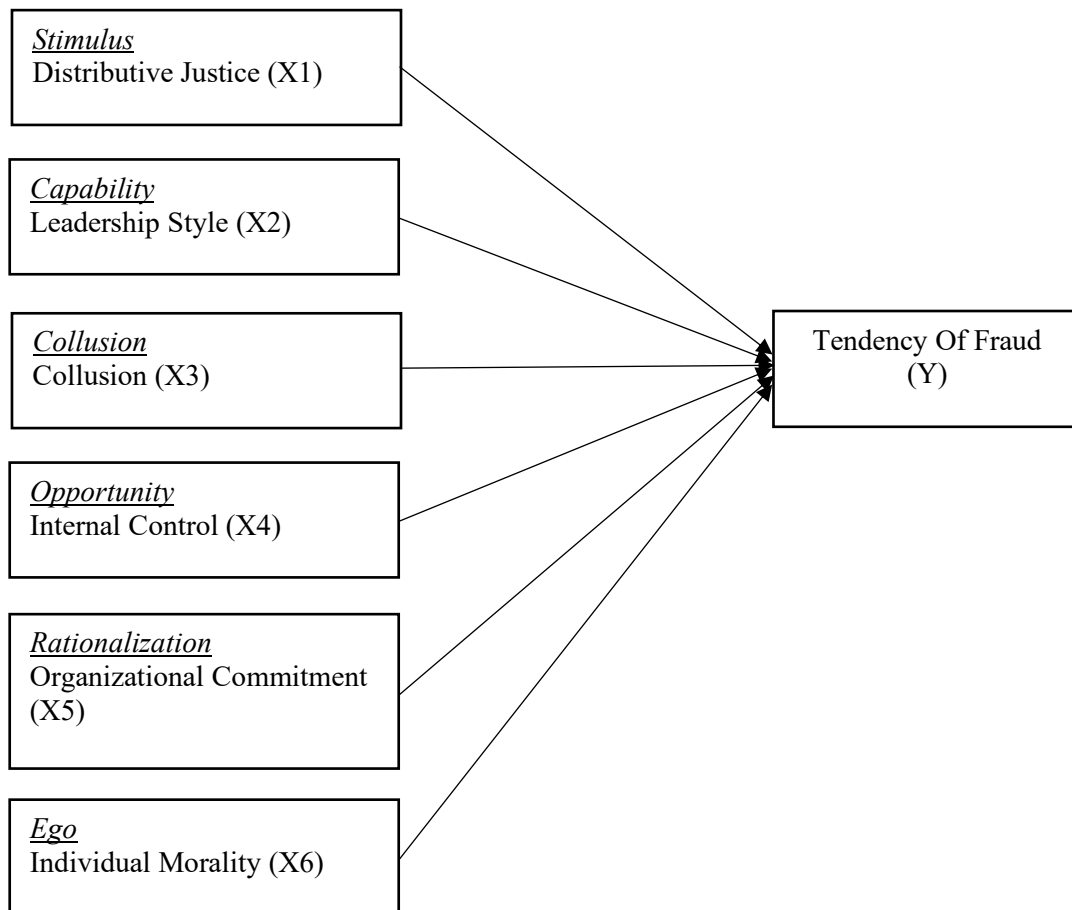
The Effect of Individual Morality on Fraud Tendencies

Individuals with a high level of moral reasoning are less likely to commit accounting fraud than those with a low level of reasoning (Dewi, 2016). Public sector managers with a high level of morality are less likely to commit accounting fraud under any circumstances (Puspasari & Suwardi, 2016). Individual morality has a negative effect on accounting fraud, which means that as individual morality increases, accounting fraud decreases (Anggara & Suprasto, 2020). Other research stated that

individual morality has a negative effect on fraud, which means that the higher the individual morality, the lower the occurrence of fraud (Wulandari & Suryandari, 2016). The higher morality of an individual, the person is less likely to engage in accounting fraud (Korompis et al., 2018). Based on the description above, the higher the individual's morality, the lower the likelihood of fraud.

Hypothesis 6: There is a negative and significant effect of Individual Morality on Fraud Tendencies

Figure 2. Research Framework



Method, Data, and Analysis

The descriptive method with a quantitative approach is used in this research. Probability sampling with simple random sampling is used in the research. The minimum number of samples is determined using the Slovin formula

with an error rate of 5%. Based on this formula, the research sample was 364 regional work unit employees in Bandung City. Data is then analyzed using multiple linear regression analysis.

Measurement and Operationalization of Variables

distributive justice, leadership style, collusion, internal control, organizational commitment, and individual morality.

This research used seven variables: the tendency of fraud as the dependent variable and

Table 1. Operationalization of Variables

Variable	Indicator	Scale
Tendency of fraud (ACFE) & The Association of Government Accountants (AGA)	<ol style="list-style-type: none"> 1. Purchase schemes 2. Invoice kickbacks 3. Embezzlement 4. Overstated Expenses 	Ordinal
Distributive justice (Moorman, 1991)	<ol style="list-style-type: none"> 1. Fairly rewarded considering the Responsibilities 2. Fairly rewarded considering in view of the amount of experience you have 3. Fairly rewarded for the amount of effort you put forth 4. Fairly rewarded for the work you have done well 5. Fairly rewarded for the stresses and strains of your job 	Ordinal
Leadership Style (Fiedler, 1978)	<ol style="list-style-type: none"> 1. Leader-Member Relations 2. Task Structure 3. Position Power 	Ordinal
Collusion (Suryandari & Valentin, 2021, Susandra & Hartina, 2017)	<ol style="list-style-type: none"> 1. Collaborate with friends 2. Collaborate with co-workers 3. Collaborate with boss 4. Collaborate with Inspectorate General 5. Collaborate with government employees 	Ordinal
Internal Control (PP 60 of 2008 concerning Government Internal Control Systems)	<ol style="list-style-type: none"> 1. Realization of the role of an effective government internal control apparatus 2. Setting goals at the activity level 3. Restrictions on access to resources and records 4. Forms and Means of Communication 5. Continuous Monitoring 	Ordinal
Organizational Commitment (Mowdays, Steers & Porter (1979) in Luthans, (2011)	<ol style="list-style-type: none"> 1. Accepting almost all types of job assignments to remain with the organization 2. Put in more effort to help the organization be successful 3. Talking about the Organization to friends as a great organization to work for 4. Have the same values with the organization 	Ordinal
Individual Morality Kohlberg's (1969) & Rest (1979) in Welton et al., 1994)	<ol style="list-style-type: none"> 1. Pre-conventional level 2. Conventional level 3. Post-conventional level 	Ordinal

Data Collection Technique

Questionnaires are used as the research instrument in this research. The scale used in this study is the ordinal scale. The ordinal scale or Likert scale contains five levels of preference for answers with choices 1 (Strongly Disagree), 2 (Disagree), 3 (Undecided or Neutral), 4 (Agree), and 5 (Strongly Agree).

Data Analysis Methods

This research tests the hypothesis using the coefficient of determination test and t-test (partial) using multiple linear regression analysis. The mathematical equation for the hypothesized relationship can be formulated as follows:

$$\hat{Y} = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6$$

Research Result

Coefficient of Determination

The coefficient of determination (R²) essentially measures how far the model can explain variations in the dependent variable (Ghozali, 2018:97). The value of the coefficient of determination is between 0 (zero) and 1 (one). The results of the coefficient of determination in this study are shown in Table 2 below.

Table 2. Results for the Coefficient of Determination

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.335 ^a	.112	.102	2788.64474

The results of the tests carried out in Table 2 indicated that the value of the adjusted R Square is 0.102, implying that distributive justice (X1), leadership style (X2), collusion (X3), internal control (X4), organizational commitment (X5), and Individual morality (X6) affected the fraud tendency variable (Y) by 10.2%. In comparison, the remaining 89.8% is affected by other variables outside of this research.

Statistical t-Test

Table 3 below indicates how the variables of Distributive Justice (X1), Leadership Style (X2), Collusion (X3), Internal Control (X4), Organizational Commitment (X5), and Individual Morality (X6) partially affect the Tendency of Fraud (Y).

Table 3. Partial Test Results – Statistical T-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11200.789	1489.931		7.518	.000
	X1	-.077	.039	-.103	-1.998	.046
	X2	.245	.277	.235	.886	.376
	X3	.099	.037	.138	2.701	.007
	X4	-.184	.045	-.212	-4.119	.000
	X5	-.003	.054	-.003	-.055	.956
	X6	-.252	.229	-.290	-1.099	.272

Based on the results of the tests carried out in Table 3, The Distributive Justice variable (X1) has a regression coefficient of -0.077, which means that for every increase in the Distributive Justice variable score, the tendency of fraud may decrease by 0.077. The significant value of

the Distributive Justice variable is 0.046 < 0.05, indicating that it has a significant effect. Ho is rejected, and Ha/H1 is accepted based on the results obtained. Therefore, it can be concluded that partially, the Distributive Justice variable

(X1) has a negative and significant effect on the tendency of fraud.

The Leadership Style variable (X2) has a regression coefficient value of 0.245, which means that for every increase in the Leadership Style variable score, the Tendency of Fraud may increase by 0.245. The significant value of the Leadership Style variable is $0.376 > 0.05$, which means it has no significant effect. Ho is accepted, and Ha/H2 is rejected based on the results obtained. Therefore it can be concluded that partially, the Leadership Style variable (X2) has a positive with no significant effect on the Tendency of Fraud.

The Collusion variable (X3) has a regression coefficient value of 0.099, which means that for every increase in the Collusion variable score, the Tendency of Fraud may increase by 0.099. The significant value of the Collusion variable is $0.007 < 0.05$, which means it has a significant effect. Ho is rejected, and Ha/H3 is accepted based on the results obtained. Therefore it can be concluded that partially, the Collusion variable (X3) has a positive and significant effect on the Tendency of Fraud.

The Internal Control variable (X4) has a regression coefficient of -0.184, which means that for every increase in the Internal Control variable score, the Tendency to Fraud may decrease by 0.184. The significant value of the Internal Control variable is $0.000 < 0.05$, which means it has a significant effect. Ho is rejected, and Ha/H4 is accepted based on the results obtained. Therefore, it can be concluded that partially, the Internal Control variable (X4) has a negative and significant effect on the Tendency of Fraud.

The Organizational Commitment variable (X5) has a regression coefficient of -0.003, which means that for every increase in the score of the Leadership Style variable, the Tendency to Fraud may decrease by 0.003. The significant value of the Organizational Commitment variable is $0.956 > 0.05$, indicating that it has no significant effect. Ho is accepted, and Ha/H5 is rejected based on the results obtained. Therefore it can be concluded that partially, the Organizational Commitment variable (X5) has a negative and insignificant effect on the Tendency of Fraud.

The Individual Morality Variable (X6) has a regression coefficient of -0.252, which means that for every increase in the score of the Individual Morality variable, the Tendency to

Fraud decreases by 0.252. The significant value of the Individual Morality variable is $0.272 > 0.05$, which means it has no significant effect. Ho is accepted, and Ha/H6 is rejected based on the results obtained. Therefore, it can be concluded that partially, the Individual Morality variable (X5) has a negative and insignificant effect on the Tendency of Fraud.

Discussion

The Effect of Distributive Justice on Tendency of Fraud

The t-test results yielded a significance level of distributive justice variable of 0.046, less than $\alpha = 0.05$, and a regression coefficient of -0.077. This means that the hypothesis is accepted, demonstrating a negative and significant effect of distributive justice on the tendency of fraud. Employees in the Regional Work Unit of Bandung City consider that distributive justice in the form of awards received is fair according to responsibilities, the amount of work experience they have, the amount of effort that has been made, the work done well, and following the workload, therefore the results of this research indicated that distributive justice can reduce the tendency of fraud. The results of this research align with research conducted by Najahningrum, (2013) Prambudi et al., (2017) and Aditya & Musmini, (2021). The higher the level of distributive justice in an organization or company, the lower the likelihood of fraud (Aditya & Musmini, 2021). Distributive justice plays an important role in the agency to create positive behavior and thoughts that arise in employees to minimize fraud (Aditya & Musmini, 2021).

The Effect of Leadership Style on the Tendency of Fraud

The t-test results indicated a significant leadership style variable of 0.376, greater than $\alpha = 0.05$, and a regression coefficient of 0.245. This demonstrates that the hypothesis is rejected because there is a non-significant positive effect between the leadership style variables on the tendency of fraud. Although employees of the Regional Work Unit of Bandung City consider the leadership style to be good in terms of relationships between leaders and members, as well as offering very

structured, clear, and programmed tasks, the findings of this research show no effect on the tendency of fraud. The hypothesis of this research was rejected, but the results align with research conducted by Dhany et al., (2016) and Indrapraja et al., (2021). Whether the leadership style determined by the head of the agency is good or bad, employees can still commit fraud (Indrapraja et al., 2021).

The Effect of Collusion on the Tendency of Fraud

The t-test results indicated results with a significance level of the collusion variable of 0.007, which is smaller than $\alpha = 0.05$, and a regression coefficient of 0.099. This demonstrates that the hypothesis is accepted because there is a significant positive effect between the collusion variables on the tendency of fraud. Employees of the Regional Work Unit of Bandung City consider that collusion in cooperation with friends, co-workers, cooperation with superiors, cooperation with the Inspectorate General, and cooperation with Government Employees may increase the tendency of fraud. The results of this research are in line with Sitorus & Scott (2008) and Susandra & Hartina, (2017). Collusion positively affects fraud tendencies, which means that higher collusion in an institution can trigger fraud tendencies (Susandra & Hartina, 2017).

The Effect of Internal Control on Fraud Tendencies

The t-test results obtained a significance level of internal control variables of 0.000, less than $\alpha = 0.05$, and the regression coefficient -0.184. This means that the hypothesis is accepted, implying that internal control has a negative and significant effect on fraud tendencies. Employees of the Regional Work Unit in Bandung City consider that internal control is based on Government Regulation No. 60 of 2008 concerning the Government's Internal Control System, namely embodiment of the role of an effective government internal control apparatus, setting goals at the activity level, limiting access to resources and recording them, forms and means of communication, as well as ongoing monitoring, capable of reducing the tendency of fraud. The results of

this research align with the research of Lestari & Supadmi, (2017), Sukhemi et al., (2022) and Dewi & Ratnadi, (2017). Internal control has a negative effect on the tendency of accounting fraud. Better internal control in Regional Work Unit causes the tendency for accounting fraud to decrease (Dewi & Ratnadi, 2017).

The Effect of Organizational Commitment on Fraud Tendencies

The t-test showed a significant organizational commitment variable of 0.956, greater than $\alpha = 0.05$, and a regression coefficient of -0.003. This demonstrates that the hypothesis is rejected because there is a non-significant negative effect between organizational commitment variables on fraud tendencies. Even though employees of the Regional Work Unit in Bandung City have a great commitment to their organization (shown through a discussion with several friends as a great organization to work for) and have the same values as the organization, the results of this research show no effect for the tendency of fraud because several employees do not agree to commit to accepting almost all types of job assignments to stay within the organization, and put more effort into helping the organization to be successful. This relates to the Law no.5 of 2014 concerning the State Civil Apparatus that employee management has been explained, from the preparation of determining needs, procurement, career path, and promotion to protection.

This study's findings align with the research of Didi & Indra (2018), Febriani & Suryandari, (2019), and Pramudita, (2013). An employee with high or low organizational commitment cannot be used as a reference for an employee to commit fraud because an employee assumes that they may achieve their goals and that the principle of performance will occur naturally over time so that employees who are carrying out their work tend to have high organizational commitment, (Febriani & Suryandari, 2019). When the level of employee loyalty is stable, the tendency of fraud is unaffected (Febriani & Suryandari, 2019). The higher the organizational commitment of agency employees in the government, the more it cannot reduce fraud in the government sector (Pramudita, 2013).

The Effect of Individual Morality on the Tendency of Fraud

The t-test results obtained a significance level of individual morality variables 0.272, greater than $\alpha = 0.05$, and a regression coefficient of -0.252. This means that the hypothesis is rejected, demonstrating a negative but insignificant effect of individual morality on fraud tendencies. Employees of the Regional Work Unit of Bandung City chose “being kind” when confronted with examples of fraud cases not because they are afraid of penalty from a higher authority, not for their own sake, and not to look good, but because they are mindful of other people's rights, justice as a whole universal, namely the public interest. However, based on the findings in this research, several employees are doubtful about the nature of their morality when faced with a fraud issue, so the results of this research have not been able to affect the tendency of fraud. Although the hypothesis is rejected, the findings in this research align with research conducted by Batkunde & Dewi, (2022), Putra & Dewi, (2022), and Lestari et al., (2017). Individual morality does not significantly affect fraud tendencies, implying that while individual morality is strong, it does not (Lestari et al., 2017). The morality of individual employees does not affect certain employees to commit fraud as long as the environment and opportunities to justify their actions are favorable (Batkunde & Dewi, 2022).

Conclusion

According to the results of multiple linear analysis, namely assessing the independent variables partially (t-test), the following results are obtained: (1) distributive justice has a negative and significant effect on the tendency of fraud, (2) leadership style has no effect on the tendency of fraud, (3) collusion has a positive and significant effect on the tendency of fraud, (4) internal control has a negative and significant effect on the tendency of fraud, (5) organizational commitment has no effect on fraud tendencies, (6) individual morality has no effect on fraud tendencies. Furthermore, based on the results of the analysis and conclusions, six proxy variables from the fraud hexagon theory, only three variables that affect the tendency to fraud, we suggest that subsequent

research can use other proxy variables of capability factors such as law enforcement, rationalization factors into organizational culture variables, ego factors become variables of unethical behavior, integrity, or religiosity. The Bandung City Government is expected to be aware of cooperative actions such as collusion, which can have the potential for fraud tendencies.

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