



The Influence of Individual Morality, Integrity, *Catur Purusa Artha*, Ineffective Monitoring toward Fraud Tendencies in LPD throughout Tabanan Regency

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Abstract

The operational cessation of LPDs can be attributed to a surge in fraud cases, with LPDs in Tabanan Regency leading in reported incidents from 2018 to 2022. The elevated occurrences of fraud in Tabanan Regency have precipitated a notable decline in the overall health of LPDs. The discernible trend of fraud within these LPDs, resulting in diminished profits and compromised health, necessitates immediate attention to safeguard the sustainability of LPDs in Tabanan Regency. This study aims to investigate the impact of individual morality, integrity, *Catur Purusa Artha*, and ineffective monitoring on fraudulent tendencies within LPDs in Tabanan Regency. The study encompassed a population of 308 LPDs, involving a total of 1,232 individuals. A systematic sampling approach yielded a representative sample of 204 individuals. The findings of this research reveal that individual morality, integrity, *Catur Purusa Artha*, and monitoring effectiveness significantly influence the propensity for fraud within LPDs in Tabanan Regency. This underscores the urgency of implementing comprehensive measures to fortify the ethical fabric, financial robustness, and surveillance protocols within LPDs, ensuring their continued viability in Tabanan Regency.

Keywords: Individual Morality, Integrity, *Catur Purusa Artha*, Ineffective Monitoring, Fraud Tendencies

INTRODUCTION

Bali is one of the tourist destinations in the world. It can be seen that there are many foreign tourists visiting Bali. The community system in Bali is known as the Traditional Village. The rules regarding

Customary Villages are contained in Regional Regulation No. 4 of 2019 concerning Customary Villages in Bali, 2019. Indigenous Villages not only play a role in the socio-cultural and religious fields, but also have an important role in the field of economy

and public services that generally come from the government. Considering that the financing of indigenous villages is outside the government's financing policy, the government made an effort to anticipate socioeconomic dynamics, by establishing Village Credit Institutions (hereinafter referred to as LPD) in 1984 in all Indigenous Villages in Bali.

The purpose and purpose of establishing LPD in indigenous villages is to maintain development, level the economy, create jobs and smooth payment and exchange traffic in villages.

However, at this time there are still many LPDs in Bali that are not operating. The data can be seen in Table 1 and Table 2 related to the percentage of non-operating LPDs per District. Based on the table of non-operating LPD data per Regency in 2020 and 2021, Tabanan Regency occupies the first position which is considered to have a percentage of non-operating LPD where in 2020 it was 15.58% and in 2021 it was 13.59%, while the second position was occupied by Buleleng Regency with the percentage of LPD not

Table 1. Percentage of Non-Operating LPD Per District in 2020

No.	Regency	Percentage of Non-Operating
1	Tabanan	15.58%
2	Buleleng	13.02%
3	Karangasem	11.58%
4	Gianyar	7.04%
5	Bangli	5.03 %
6	Klungkung	4.20%
7	Badung	4.10 %
8	Denpasar	2.86%
9	Jembrana	0.00%

Source: (LP-LPD, 2020)

Table 2. Percentage of Non- Operating LPD Per District in 2021

No.	Regency	Percentage of Non-Operating
1	Tabanan	13.59%
2	Buleleng	11.24%
3	Karangasem	8.42%
4	Gianyar	6.30%
5	Bangli	3.77%
6	Badung	3.28%
7	Klungkung	2.52%
8	Jembrana	1.56%
9	Denpasar	0.00%

Source: (LP-LPD, 2021)

operating in 2020 of 13.02% and in 2021 of 11.24%. This, of course, gives a bad image to the LPD of Tabanan Regency because it continues to occupy the first position in the most level of steepness. Based on an interview with Mr. I Dewa Nym. Alit Astina, S.E., as Kapala LPLPD of Tabanan Regency stated that:

“The large number of problematic LPDs in Tabanan Regency is caused by many factors such as the lack of internal and external supervision of the LPD itself, the

existence of a combination of interests in the LPD, the number of bad debts that occur in almost all LPDs, fraud committed by LPD internal parties, the potential for human resources that are still lacking because the number of residents is still small in indigenous villages, which causes LPD to be slow and constrained, constrained in the wages/salaries of LPD employees, as well as there are still many employees who are not familiar with IT, the potential in some villages is less supportive where there are still many villages that have a livelihood depending on seasonality”

Table 3. Data on LPD Fraud Cases Per District for 2018-2022

No	Regency	Fraud Cases	Information
1.	Tabanan	LPD <i>Adat Kota</i> Tabanan (2022) LPD Belumbang (2018) LPD Sunantaya (2019)	This case caused losses reaching IDR 1.2 billion (baliexpress.jawapos.com, 2022). This case caused losses reaching IDR 1.1 billion (balitribune.co.id, 2022). This case caused losses reaching IDR 1.233 billion (Tribunbali.com, 2020).
2.	Buleleng	LPD <i>Desa Adat</i> Anturan and LPD <i>Desa Adat</i> Kalianget (2020) LPD <i>Desa Adat</i> Gerokgak and LPD <i>Desa Adat</i> Sangsit (2019)	This case caused losses reaching IDR 355 million (NusaBali.com, 2020) dan (Jurnalpatrolinews.co.id., 2020). This case caused losses reaching IDR1.264 billion and LPD Sangsit at IDR 600 million (Kumpara.com, 2019).
3.	Karangasem	LPD <i>Desa Adat</i> Sega (2018)	This case caused losses reaching IDR 548,546,461.00 (baliexpress.jawapos.com, 2018)
4.	Jembrana	LPD <i>Desa Adat</i> Tuwed (2018)	This case caused losses reaching IDR 800 million (bali.tribunnews.com, 2019)
5.	Gianyar	LPD <i>Desa Adat</i> Pacung (2018)	This case caused losses reaching more than IDR 142 million (bali.tribunnews.com, 2019).
6.	Badung	LPD <i>Desa Adat</i> Kapal (2019)	This case caused losses reaching for IDR 1.7 billion (bali.tribunnews.com, 2019).
7.	Bangli	LPD <i>Desa Adat</i> Selat (2019)	This case caused losses reaching sebesar IDR 225 million (bali.tribunnews.com, 2019)
8.	Klungkung	-	
9.	Denpasar	-	

Source: (Data processed, 2022)

Based on the incident case in Table 3, it shows that the LPD in Tabanan Regency is the LPD with the most incidents from 2018-2022. The large number of cases of this condition that occurred in Tabanan Regency caused a decrease in the health level of LPD. This can be seen in Table 4 and Table 5 regarding LPD development

data in Tabanan Regency in the fourth quarter of 2020 to 2021, with H means 'healthy', H-E means 'healthy enough', L-H means 'less healthy', U-H means 'unhealthy', N-O means 'not-operational', and N-R means 'not-reported'.

Table 4. The Development of LPDs in Tabanan Regency in the Fourth Quarter of 2020

No	Sub-district	Amount of			Organizational Health Status					
		LPD	Asset (IDR 000)	Profit (IDR 000)	H	H-E	L-H	U-H	N-O	N-R
1	Baturiti	44	107.861.042	2.959.101	22	8	3	0	11	0
2	Kediri	21	416.905.262	9.132.950	11	6	2	2	0	0
3	Marga	28	244.926.667	4.284.436	15	3	5	0	5	0
4	Penebel	67	237.598.368	6.242.326	25	14	10	4	14	0
5	Kerambitan	27	234.714.311	3.292.534	13	7	2	4	1	0
6	Pupuan	24	116.922.230	3.309.455	17	2	0	1	4	0
7	Selemadeg	27	50.793.233	1.805.453	16	0	5	0	6	0
8	Selemadeg Barat	30	143.401.219	3.412.837	11	7	6	5	1	0
9	Selemadeg Timur	27	47.635.307	1.479.748	12	7	1	0	7	0
10	Tabanan	13	319.781.475	5.491.772	7	3	1	1	0	1
Total		308	1.920.539.114	41.410.612	149	57	35	17	49	1

Source: The data is processed from the LPD Report of Tabanan Regency, 2020

Table 5. The Development of LPDs in Tabanan Regency in the Fourth Quarter of 2020

No	Sub-district	Amount of			Organizational Health Status					
		LPD	Asset (IDR 000)	Profit (IDR 000)	H	H-E	L-H	U-H	N-O	N-R
1	Baturiti	44	110.759.223	3.073.127	17	11	5	0	9	
2	Kediri	21	415.816.319	8.306.476	7	5	7	2	0	
3	Marga	28	243.021.156	4.370.001	11	5	6	0	6	
4	Penebel	67	238.418.807	6.309.852	28	13	9	5	12	
5	Kerambitan	27	227.428.904	2.777.483	11	6	5	4	1	
6	Pupuan	24	125.875.116	3.385.705	17	3	0	1	2	
7	Selemadeg	27	55.030.505	1.700.941	14	2	5	0	6	
8	Selemadeg Barat	30	151.180.878	3.189.886	13	7	7	4	1	
9	Selemadeg Timur	27	50.496.589	1.400.887	12	4	6	0	6	
10	Tabanan	13	343.849.285	5.148.302	7	3	0	2	1	
Total		308	1.961.876.782	39.662.660	137	59	50	18	44	

Source: The data is processed from the LPD Report of Tabanan Regency, 2021

From the table above, it can be seen that in 2021 there has been a decrease in profits and health levels in LPDs in Tabanan Regency, of the 308 LPDs, 137 LPDs were classified as healthy, this has decreased compared to 2020 where 149 LPDs were classified as healthy. And in 2021 there will be an increase in the number of unhealthy LPDs, this number is greater than in 2020. This increase in bad LPDs is due to the problem of bad credit, many cases of fraud, lack of internal and external supervision, the existence of a weak internal control system and causing the risk of loss for an organization, lacking human resource potential (Dewi et al., 2017).

The tendency of fraud in the LPD of Tabanan Regency which has caused a decrease in profits and the level of health of the LPD needs attention to maintain the sustainability of the LPD of Tabanan Regency. Fraud is an act that causes losses that are carried out intentionally to use LPD resources to gain personal interests. As was done by Tabanan Regency LPD employees who embezzled for personal gain. The tendency to cheat is influenced by various factors. Several factors that influence the tendency to cheat are explained by the Fraud triangle theory. In this research, rationalization is projected with individual morality,

integrity and *Catur Purusa Artha*, then opportunities are projected with ineffective monitoring in accordance with several previous studies conducted by Anggara & Suprasto (2020), Suarniti & Sari (2020) and Sari & Lestari (2020). The selection of these variables is also based on the problems currently being faced by the LPD.

This research is similar to research by Rahmi & Helmayunita (2019) which argues that individual morality will affect a person's tendency to cheat. Another factor that influences the occurrence of fraud is Integrity. Research (Lestari & Supadmi, 2017), (Damayanti & Purwantini, 2021) states that integrity has a negative influence and has a significant impact on Fraud. Further research by (N. E. Putri, 2021) states that integrity has an influence on the prevention of accounting fraud. *Ineffective monitoring* which is an act of ineffective monitoring by an organization or company. Research conducted by Nugroho (2022) states that ineffective monitoring has a significant positive effect on financial statement fraud. The choice of this variable is because the application of *purusa artha* chess is not in accordance with the conditions of LPD, and the widespread cases of fraud and embezzlement scandals prove that there is a weakening in supervision carried out by LPD and provides an

opportunity for someone to commit fraud and there is inconsistency with previous research.

This research is a development of research conducted by Anggara (2020) entitled "The Influence of Individual Integrity and Morality on Fraud with an Internal Control System as a Mediating Variable". This research adds two free variables, namely Catur purusa arta and Ineffective monitoring. This variable was chosen because the implementation of catur purusa arta is not in accordance with LPD conditions, and the widespread cases of fraud and fund embezzlement scandals prove that there is a weakening in supervision carried out by LPD and provides opportunities for someone to commit fraud and there are inconsistencies with previous research.

The purpose of this study is to find out the influence of individual

morality on the tendency of Fraud in LPD in Tabanan Regency. 2. To determine the effect of integrity on the tendency of fraud in LPD in Tabanan Regency. 3. To find out the influence of Catur purusa arta on the tendency of Fraud in LPD in Tabanan Regency. 4. To determine the effect of Ineffective monitoring on the tendency of fraud in LPD in Tabanan Regency.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Fraud Triangle

This theory was first put forward by Cressey in 1953. Triangle fraud theory became the initial theory of fraud theory that was born now and became the first theory that was able to explain the factors of a person who encouraged fraud. As Cressey stated, there are three factors, namely pressure, opportunity, and rationalization.

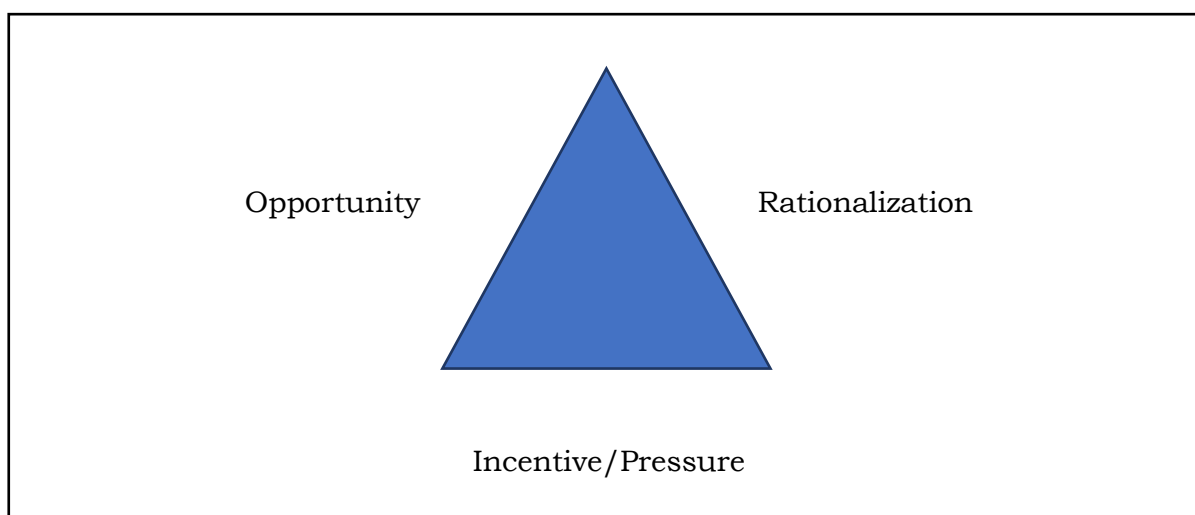


Figure 1. Elements of the Fraud Triangle (Cressey, 1953)

This section contains theoretical underpinning and literature referenced pertaining to previous research that is related to the topic and also highlighted a research gap. It is highly recommended that the literature referenced is published no more than ten years. Also, it is suggested to prioritize the literature as the following order: reputable international journals, accredited national journals, national journals, international symposiums, national symposiums, and textbooks (IASB, 2007).

Individual Morality

According to Bertens (2000), morality or from the Latin adjective *moralis* has basically the same meaning as moral, there is only a more abstract tone. The morality of an act, meaning the aspect of doing or good or bad. Another definition according to Rivai (2014) states that morality means a description (views, teachings) of good deeds and behavior. Meanwhile, according to Sjarkawi (2006) morality is a value system of how a person should live well as a human being. Morality occurs when a person takes good because he is aware of his obligations and responsibilities and is open because he seeks profit. So morality is a truly selfless attitude and good deeds (Budianingsih, 2004).

Individual morality according to Liyanarachchi (2009) that the level of moral reasoning of individuals will influence their ethical behavior. Morals are something that corresponds to the accepted thinking about human action (Son, 2018). According to Udayani and Sari (2017) people with a low level of moral reasoning have different behaviors from people who have a high level of moral reasoning when facing ethical dilemmas.

This research is similar to research by Rahmi & Helmayunita (2019) which argues that individual morality positively affects a person's tendency to cheat. Meanwhile, research conducted by Muliana & Ryan Suarantalla (2022), Anggara & Suprasto (2020) and Korompis et al. (2018) got results if individual morality has a negative influence on the tendency of Fraud.

Based on the description above and the results of previous research, a temporary hypothesis can be drawn as follows:

H₁: Individual morality has a significant effect on the tendency to cheat

Integrity

According to (Sukriah, 2009) integrity is the attitude of honesty, courage, tact and the responsibility of auditors in carrying out audits.

Integrity requires an auditor to be honest and transparent, courageous, thoughtful and responsible in carrying out audits. Those four elements are necessary to build trust and provide a foundation for reliable decision makers.

Research (Damayanti & Purwanti, 2021), (Anggara & Suprasto, 2020b), and (Lestari & Supadmi, 2017) states that integrity has a negative influence and has a significant impact on fraud. Further research by (N. E. Putri, 2021) states that integrity has an influence on the prevention of accounting fraud. This means that if employee integrity is high, then fraud that occurs will be lower. The difference in research results makes the author want to retest this variable. Based on the description above and the results of previous research, a temporary hypothesis can be drawn as follows:

H₂: Integrity has a significant effect on the tendency to cheat

Catur Purusa Artha

Etymologically Purusarta chess comes from Sanskrit from the word's chess, purusa and artha. Cattur means four, purusa means man, datha berrati destination. So that *Catur Purusa Artha* can be interpreted as the four goals of human life (Surpha, 2005). Catur Purusartha outlines that

man as a homo faber has the obligation of life to work and work to live, by following the principle of virtue (dharma). The purpose of work is to earn money or wealth (artha) to fulfill a wish or desire (kama) Whatever work is handled by man for money, as well as the use to fulfill desires, must be based on virtue (moksa).

Suartana & Jati (2017) stated that there are indications that LPD supervisors who implement Pararem containing *Catur Purusa Artha* can better manage LPD risk compared to LPD supervisors who do not have Pararem containing *Catur Purusa Artha* values.

Hindu-Balinese concept of *Catur Purusa Artha* to read a text, so the purpose of this writing is to construct the tendency of Fraud through the perspective of *Catur Purusa Artha* in addition, this research is also a form of appreciation for the nation's cultural heritage. Based on the description above and the results of previous research, a temporary hypothesis can be drawn as follows:

H₃: *Catur Purusa Artha* has a significant effect on the tendency to cheat

Ineffective Monitoring

Ineffective monitoring is a situation where there is no effective supervision in supervising the

company's performance or operations. Fraud can occur due to less effective supervision in the organization, which in turn causes individuals to feel free from strict supervision and increasingly free to commit fraud and benefit themselves. It is because of this weak supervision that there are often unknown frauds.

Fraud Triangle Theory is a theory that underlies the influence of ineffective monitoring on the tendency of fraud. In accordance with Cressey in 1953 which introduced the Fraud Triangle Theory which contains elements of the cause of someone Fraud, which includes opportunities. The relationship between effective monitoring and Fraud is closely related. Because this is one of the gates for committing fraud.

According to research conducted by (Putri et al., 2017), (Nugroho, 2022) states that Ineffective monitoring has a positive and significant effect on the occurrence of fraud. The results of another study from (Aprilia, 2017) stated that Ineffective monitoring has a significant positive effect on financial statement fraud. Meanwhile, the researchers Hariyanto (2019) and Fadilah & Wahidahwati (2019) said that different results, namely ineffective monitoring, negatively affect financial statement fraud.

Based on the description above and the results of previous research, a temporary hypothesis can be drawn as follows:

H₄: Ineffective monitoring has a significant effect on the tendency to cheat

METHOD

The approach used in this research is a quantitative approach based on the philosophy of positivism. This approach uses Structural Equation Modeling (SEM) analysis tools using the Analysis of Moment Structure (AMOS) computer program. The reason for using AMOS in this research is to be able to find out how fit the hypothetical model is compared to real field data.

The approach used in this study is a quantitative approach. The population in this study was the entire LPD in Tabanan Regency with a total of 308 LPDs with a total of 1,232 people. In this study using a sampling technique, namely purposive sampling. Sample criteria are as follows: 1. Employees who work in LPDs with the criteria for large LPDs and medium LPDs, 2. The respondents selected were parties who have potential or who are involved in the LPD financial management and financial reporting process, namely the head of the LPD (pecukuk), the finance

section (petengen), the administration section (selection), the LPD supervisor from internal parties and external party supervisor. And the number of samples that met the criteria was as many as (49 LPD x 4 people) + 8 LPLPD people with a total of 204 people/sample.

The types of data used in this study are primary data such as questionnaires and secondary data from scientific journals as well as data provided by LPLPD. The instrument in this study is a questionnaire with a likert scale that will be distributed directly to respondents who are sampled in this study, namely LPD employees and supervisors who are directly involved in the preparation of financial statements.

Researchers have compiled a model to be used, namely a tiered structure model and to test the hypothesis proposed, an SEM (Structural Equation Modelling), this analytical tool in SEM is used to test a measurement model, analysis technique is used which is operated through the AMOS version 24 program.

The structural model that can be compiled in this study, which is analyzed using SEM will produce mathematical equation forms such as:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \varepsilon \dots 1$$

There are several things that must be considered before testing the structural model using the Structural Equation Modeling approach, namely:

- a. Assumption of Sample Adequacy, Assumption of Normality, Assumed Outliers (In multivariate analysis, the presence of outliers can be tested with chi square statistics on the mahalanobis distance square value at a significance level of 0.001 with a degree of freedom for a number of constructs used in the research), Evaluation of Goodness of Fit criteria (The goodness of fit test carried out in SEM aims to evaluate the degree of goodness of fit (GOF) between the data and the model. The GOF measure or degree of suitability and level of acceptance of suitability that researchers have compiled from several authors is as follows).

Details of the index for measuring the degree of suitability in research that can be used to test the feasibility of a model are summarized in the following Table 6. Interpretation of the results obtained in the form of acceptance of all accepted hypotheses is known from the P-value. The significance level, namely $\alpha = \alpha$, used is 0.05. If the P-value is smaller than 0.05 (< 0.05) then the hypothesis can be accepted. This requirement can be seen in the Regression Weights table in Amos Text Output.

Table 6. Goodness of Fit Index

Goodness of Fit Index	Cut-off Value	Criteria
DF	> 0	Good
Chi – Square	kecil	Good
Probability	≥0.05	Good
RMSEA	≤0.08	Good
GFI	≥0.90	Good
AGFI	≥0.90	Good
CMIN/DF	≤2.00	Good
TLI	≥0.95	Good
CFI	≥0.95	Good

Table 7. Validity and Reliability Test Results

Variable	Indicator	Loading Factor	Description	Composite Reliability	Description
Individual Morality (X1)	MI4	0,735	Valid	0,816	Reliable
	MI3	0,831	Valid		
	MI2	0,662	Valid		
	MI1	0,670	Valid		
Integrity (X2)	Integrity4	0,920	Valid	0,951	Reliable
	Integrity3	0,916	Valid		
	Integrity2	0,897	Valid		
	Integrity1	0,915	Valid		
<i>Catur Purusa Artha</i> (X3)	CPA4	0,707	Valid	0,907	Reliable
	CPA3	0,905	Valid		
	CPA2	0,836	Valid		
	CPA1	0,912	Valid		
Ineffective Monitoring (X4)	IM4	0,739	Valid	0,837	Reliable
	IM3	0,639	Valid		
	IM2	0,667	Valid		
	IM1	0,718	Valid		
	IM5	0,793	Valid		
Fraud Tendencies (Y)	KK1	0,892	Valid	0,918	Reliable
	KK2	0,903	Valid		
	KK3	0,869	Valid		

RESULTS AND DISCUSSION

Confirmatory Factor Analysis (CFA) in evaluating measurement models to test the validity and reliability of latent constructs. The results of the validity and reliability test of this study are presented in the following table.

The results of this study show that the loading factor of all indicators in this study has a value above 0.05 so that all statement indicators representing 5 variables are declared valid. The details of the goodness of fit indexes that have already been met are presented in the following Table 8.

Table 8. Goodness Of Fit Indices That Have Been Met

Goodness of Fit Indeks	Cut-off Value	Result	Criterion
DF	> 0	142	Good
Chi – Square	kecil	150,033	Good
Probability	≥0.05	0,306	Good
RMSEA	≤0.08	0,017	Good
GFI	≥0.90	0,928	Good
AGFI	≥0.90	0,904	Good
CMIN/DF	≤2.00	1,057	Good
TLI	≥0.95	0,997	Good
CFI	≥0.95	0,997	Good

Table 9. Hypothesis Testing Results

			Estimate	S.E.	C.R.	P
Fraud Tendencies (Y)	<--	Individual Morality (X1)	-.193	.075	-2.587	.010
Fraud Tendencies (Y)	<--	Integrity (X2)	-.231	.089	-2.601	.009
Fraud Tendencies (Y)	<--	Catur Purusa Artha (X3)	.212	.051	4.137	***
Fraud Tendencies (Y)	<--	Ineffective Monitoring (X4)	.125	.044	2.852	.004

Based on Table 8 all goodness of fit criteria have been met and the model declared fit. Based on this, the data proceed to hypothesis testing. The results of hypothesis testing in this study are presented in the table below.

The Effect of Individual Morality on the Tendency of Cheating in LPD in Tabanan Regency

The results of testing the influence of individual morality on condition tendencies showed that the P value was $0.010 < 0.05$, which shows that individual morality has a significant effect on condition tendencies. Apart from that, if we explore it more deeply, we also get a

negative influence coefficient of -0.193, which shows that there is a negative influence between individual morality and the trend of the situation. When individual morality is increased by 1 unit, the condition will tend to decrease by 0.193 units, and vice versa. Based on this, the results obtained show that individual morality has a significant effect on condition tendencies, so the first hypothesis is accepted. The results of this study also found that the individual morality of respondents in this study was moderate.

Based on Fraud Triangle Theory, individual morality is a variable that influences

circumstances. Fraud Triangle Theory (Cressey, 1953) explains that there are 3 things that encourage a fraud attempt or situation, namely pressure, opportunity and rationalization.

According to Liyanarachchi (2009), individual morality states that an individual's level of moral reasoning will influence their ethical behavior. Morals are something that is in accordance with accepted thoughts about human actions (Putra, 2018). According to Udayani and Sari (2017), people with a low level of moral reasoning behave differently from people who have a high level of moral reasoning when facing ethical dilemmas.

The morality of employees will influence their ethical behavior. The higher a person's level of moral reasoning, the more likely they are to do 'wrong things'. Individuals who have low moral reasoning will always take action around them. Atmosphere tendencies are influenced by individual morality variables, where morality leads to good/bad behavior depending on the person's personality in an organization. The morality possessed by a person is different, if the individual has good morals then that individual will pay more attention to the interests of many people rather than the interests of his own person or organization, thus trying to avoid the

tendency to commit crimes that harm many people. Individuals who have high morality will be less likely to look for justifications for Fraud. This is a factor that is closely related to rationalization.

The results of this research which show that individual morality has a significant influence on condition tendencies are supported by the research results of Muliana & Ryan Suarantalla (2022), Anggara & Suprasto (2020), Rahmi & Helmayunita (2019), and Korompis et al. (2018).

The Effect of Integrity on the Tendency of Cheating in LPD in Tabanan Regency

The results of testing the effect of integrity on the tendency to cheat showed that the P value was $0.009 < 0.05$, which shows that integrity has a significant effect on the tendency to cheat. Apart from that, if we investigate it more deeply, we also get a negative influence coefficient of -0.231 , which shows that there is a negative influence between integrity and the tendency to cheat. When integrity is increased by 1 unit, the tendency to cheat will decrease by 0.231 units, or vice versa. Hypothesis testing also shows that integrity is the variable that has the dominant influence on the tendency to cheat,

because it has an influence coefficient that is farthest from 0, namely -0.231. Based on this, the results obtained show that integrity has a significant effect on the tendency to cheat, so the second hypothesis is accepted. The results of this study also found that the integrity of the respondents in this study was moderate.

Based on Fraud Triangle Theory, integrity is a variable that influences the tendency to cheat. Fraud Triangle Theory (Cressey, 1953) explains that there are 3 things that encourage a fraud attempt to occur, namely pressure, opportunity and rationalization. Rationalization is an important element in the occurrence of fraud. Rationalization includes his actions to make his family and loved ones happy, the perpetrator's working period is quite long and he feels he should be entitled to more than what he is getting now (position, salary, promotion, etc.). The company has made huge profits and it is okay if the perpetrator takes a small share of these profits. Fraud occurs when an employee has low integrity within the company. When employee integrity is low, the employee concerned will look for a justification for Fraud or rationalization. If the integrity in the company is good, honest, transparent and responsible, the level of fraud will decrease.

Integrity is a person's self-image in an organization that can be seen from daily behavior and actions. The integrity proclaimed in the system should reach employees. Sihombing (2018) explains that "currently the most effective approach to eradicating corruption throughout the world still lies in efforts to improve governance standards by using the National Integrity System." The integrity of employees or employees can reduce the level of fraud, so if employee integrity is high, the fraud that occurs will be lower and vice versa.

The results of this research which show that integrity has a significant effect on the tendency to cheat are supported by research (Putri, 2021), Damayanti & Purwantini (2021), Anggara & Suprasto (2020b), dan Lestari & Supadmi (2017).

The Influence of *Catur Purusa Artha* on the Severity of Cheating in LPD in Tabanan Regency

The results of testing the effect of *Catur Purusa Artha* on Fraud tendencies were obtained that the P value of $0.000 < 0.05$ showed that *Catur Purusa Artha* had a significant effect on Fraud tendencies. In addition, if you look deeper, a positive influence coefficient of 0.212 is also obtained, which shows that there is a positive influence between *Catur*

Purusa Artha on the tendency to cheat. When *Catur Purusa Artha* is increased by 1 unit, the tendency to Fraud will increase by 0.212 units, or vice versa. Based on this, the results were obtained that *Catur Purusa Artha* had a significant effect on the tendency to Fraud, so the third hypothesis was accepted. The results of this study also found that the respondent's understanding of *Purusa Arta Chess* was moderate.

Based on Fraud Triangle Theory (Cressey, 1953) there are 3 things that encourage an attempt at fraud or fraud, one of which is pressure. Although the understanding of *Catur Purusa Artha* is high, there is still a high chance of Fraud tendency due to the pressure to put worldly life first. Pressure causes a person the opportunity to ignore the dharma so that rules and regulations are often ignored. *Purusa arta chess* is a unit, but the measurement of *purusa arta chess* is carried out using four indicators, namely dharma, arta, kama, and moksha. In reality, many human beings pursue arta and kama so they do everything possible to obtain arta and kama either positively or negatively. So that explanation supports the results of this study which found *Catur Purusa Artha* had a significant effect on the tendency to cheat.

The Effect of Ineffective Monitoring on the Tendency of Fraud in LPD in Tabanan Regency

The results of testing the effect of ineffective monitoring on fraud tendencies showed that the P value was $0.004 < 0.05$, which shows that ineffective monitoring has a significant effect on fraud tendencies. Apart from that, if explored more deeply, a positive influence coefficient of 0.125 is also obtained, which shows that there is a positive influence between ineffective monitoring and the tendency for fraud. When ineffective monitoring is increased by 1 unit, the tendency for fraud will increase by 0.125 units, or vice versa. Based on this, the results obtained show that ineffective monitoring has a significant effect on the tendency to cheat, so the fourth hypothesis is accepted. The results of this study also found that ineffective monitoring at the LPD where the respondents worked was moderate.

Fraud Triangle Theory is a theory that underlies the influence of ineffective monitoring on fraud tendencies. In accordance with Cressey in 1953 who introduced the Fraud Triangle Theory which contains elements that cause someone to commit fraud, including opportunity. Opportunity is a condition that gives someone the opportunity to cheat. In

this case, ineffective monitoring is ineffective monitoring by the company/organization due to the weakness of the company's supervisory system. If this happens then the opportunity or opportunity for someone to commit fraud is very large. Losses will arise from ineffective monitoring and will be greater if allowed to continue. The relationship between ineffective monitoring and fraud is very closely related because this is one of the gateways to committing acts of fraud.

The results of this research which show that ineffective monitoring has a significant effect on the tendency to cheat are supported by research by Aprilia (2017), Putri et al. (2017), Hariyanto (2019), Fadilah & Wahidahwati (2019), and Nugroho (2022).

CONCLUSION, IMPLICATION AND LIMITATION

Based on the results of the analysis and discussion that has been carried out, the researcher draws the following conclusions 1) Individual morality has a significant effect on the tendency of fraud in LPD in Tabanan Regency, 2) Integrity has a significant effect on the tendency of fraud in LPD in Tabanan Regency. Integrity has a dominant influence on the tendency to cheat, 3) *Catur Purusa Artha* has a

significant effect on the tendency of Fraud in LPD in Tabanan Regency, 4) Ineffective monitoring has a significant effect on the tendency of fraud in LPD in Tabanan Regency.

Based on the results of the research that has been previously presented, the theoretical like, the results of this study contribute and benefit the development of accounting science in the field of auditing and forensic accounting, especially regarding the significant influence of individual morality, integrity, chess *purusa artha*, ineffective monitoring of fraud tendencies in LPD. The results of this study also strengthen the Fraud Triangle Theory.

The implication theory, like the results of this study can contribute to the addition of knowledge and become reading material in the field of accounting, especially auditing and forensic accounting, the results of this study can be used as a reference and consideration for LPD and LPLPD management to find out the factors that influence the tendency of fraud in LPD so as to minimize it. For subsequent researchers, the results of this research can be used as a reference or reference for development and become a source of information or input about further research.

The limitations in this study are that researchers limit it to factors that

drive the tendency to intransigence, namely individual morality, integrity, chess purusa artha and Ineffective monitoring. This variable was chosen for research because it refers to the identification of existing problems that there are factors that influence the occurrence of fraud.

Based on the results of the research and discussion, the researchers provide the following suggestions: 1. For Tabanan Regency LPD and LPLPD Management, The results of this research indicate that individual morality, integrity, catur purusa artha, and ineffective supervision of the Tabanan Regency LPD are in the medium category, so that the management of the Tabanan Regency LPD and LPDLPD is advised to improve individual morality, increase individual integrity, implement local wisdom values *Catur Purusa Artha*, and overcoming monitoring ineffectiveness to reduce the trend of conditions in LPDs throughout Tabanan Regency. More specifically, suggestions that can be given regarding increasing individual morality, increasing individual integrity, increasing the implementation of local wisdom values of *Catur Purusa Artha*, and overcoming ineffective monitoring are 1) the management of the Tabanan Regency LPD and LPDLPD is advised to improve

the individual morality of employees by how to provide training or outreach related to implementing moral reasoning based on law and paying attention to employee mental health. 2) Tabanan Regency LPD and LPDLPD management is advised to improve individual integrity through integrity in contracts or work agreements, improve employee welfare, and provide rewards for employees with high integrity and punishment for employees with low integrity. 3) The management of the Tabanan Regency LPD and LPDLPD is advised of the importance of implementing the local wisdom values of *Catur Purusa Artha* for members with an emphasis on the importance of acquiring artha and kama based on dharma to achieve moksha. This emphasis can be implemented by including the values of *Catur Purusa Artha* in the LPD's vision and mission. 4) Tabanan Regency LPD and LPDLPD management is advised to overcome monitoring ineffectiveness by improving the control environment, carrying out regular risk assessments, tightening control activities using an integrated information system, and periodically monitoring internal control.

For Further Researchers, the limitations of this research are related to research variables which only focus on four variables that influence

tendencies, namely individual morality, integrity, *Catur Purusa Artha*, and ineffective monitoring so that future researchers are advised to research more other variables that have a greater influence on tendencies in conditions such as obedience. rules, information asymmetry, and balance. Future researchers are also advised to develop the research model by adding intervention or moderation variables to create a more complex research model.

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