

Analysis of Village Fund Fraud Trends in Brebes Regency Government Apparatus

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ABSTRACT

This study aims to determine the influence of information asymmetry, religiosity, organizational culture, and law enforcement on fraud tendencies. This study uses a quantitative approach with a survey method. The population in this study is 23 villages in Brebes District, Brebes Regency, with a total of 103 people. The sampling technique in this study uses probability sampling using simple random sampling where the sample size is determined by the Slovin formula so that 51 people are obtained. The analysis used in this study is a multivariate analysis, namely the application of structural equation modelling (SEM) using WarpPLS 8.0 software. The results of this study show that information asymmetry has a negative effect on fraud tendencies. Meanwhile, religiosity, organizational culture, and law enforcement positively affect fraud tendencies.

Keywords: Information asymmetry, religiosity, organizational culture, law enforcement, fraud tendencies.

INTRODUCTION

The success of the development of a village can be seen from the development in each sector and the welfare of the community. Village funds, which come from the State Budget and are transferred through the Regency/City Budget, are used for government administration, the implementation of development, coaching, community affairs and community empowerment according to the Village Law (DJPB. Kemenkeu.go.id/KPPN/bukittinggi). One of the government's efforts to improve community welfare, equitable distribution of village development, and village economic growth is to provide village funds. This has met the requirements in Village Law No. 6 of 2014 concerning Villages, which contains giving more autonomy to villages so that they can become independent villages (Islamiyah et al., 2020).

Acts of misappropriation or irregularities carried out by village officials are commonly known as *fraud* (Handayani et al., 2023). According to the Financial Services Authority's circular in 2016, concerning Fraud Management and the Implementation of Anti-Fraud Strategies, the definition of *Fraud* is fraud that aims to deceive or manipulate a company, sharia entity, or policyholder which refers to an act of irregularity or neglect committed by one of the parties acting in the company or sharia organization and/or using the facilities of the company or sharia organization, the policyholder, the insured, the participant or other party is harmed and/or the fraudster receives financial benefits either directly or indirectly. The term "fraud" encompasses all sorts of ways that a person chooses to gain an advantage from another party by providing false information (*Fraudulent Financial Statement*, Suryandari & Endina, 2019).

According to the results of research by Dewi, Mahmudi, Maulana (2021) shows that the higher the level of information asymmetry, the higher the occurrence of fraud in the village government. At the same time, religiosity has a significant role in preventing the misappropriation of village financial management funds (Nurcahyono et al., 2021; Nurcahyono & Hanum, 2023). Organizational culture also has a significant influence in preventing misappropriation of the financial management of village funds. Then for the enforcement of regulations, it is also proven to be a crucial supporting factor in preventing misappropriation of village fund management.

The phenomenon in Brebes Regency itself has several cases of fraud or corruption, especially in Songgom Village, Songgom District, Brebes Regency related to the misappropriation of the village budget from 2020 to 2023, which caused state losses to reach Rp. 386 million. Sahuri (Village Head) was detained based on the arrest warrant of the Head of the Brebes District Prosecutor's Office Print Number 403/M.3.30/Fd.1/09/2023 on September 11, 2023, with the type of detention of Rutan. The alleged corruption case began with a report on the results of the Brebes inspectorate's audit of the use of Songgom APBDes funds from 2020 to 2022 which was submitted to the Brebes District Attorney's Office. "The detention of the suspect Sahuri was placed in the Class II B Brebes Prison for 20 days, starting from September 11, 2023 to September 30, 2023" (Dwi Raharjanto, as the Head of Intelligence of the Brebes District Attorney's Office, Tuesday, September 12, 2023).

In the same year, the Head of Pakujati Village, Paguyangan District, Brebes Regency was detained by the local District Attorney's Office on suspicion of corruption of village funds for the 2020 fiscal year, namely Ari Hendri Kusumo. There were irregularities that caused state losses to reach Rp. 810 million, including misappropriation of village funds, original village income, provincial financial assistance, tax revenue sharing, and alleged misappropriation of the Village Credit Bank (Fitriana et al., 2024). From the case, the Uum Prosecutor (JPU) charged the defendant with a sentence of 7 years in prison and

with a subsidy of Rp. 300 million minus 5 months in prison. Based on the above problems, many factors affect the tendency to *commit fraud*, such as information asymmetry, religiosity, organizational culture and law enforcement. Supported by research by Dewi, Mahmudi, and Maulana (2021) shows that information asymmetry has a significant effect on *fraud* in the government sector. Selawati and Martini (2023) show that religiosity partially has a positive and significant effect on *village fund fraud*.

Research conducted by Sania and Hartanto (2024), Dewi et al. (2021), Bonowati et al. (2022), Masni & Sari (2023) organizational culture has a negative effect on village fund fraud, because the existence of this organizational culture can reduce the occurrence of fraud committed by village government officials. Meanwhile, according to research by Mulyanto et al. (2021), organizational culture has no effect on village fund fraud. This happens because there are several factors, including internal factors that can be felt from the nature and way a person acts and is intended to influence behavior, while the external factors come from agents who work in the government of a village.

The last factor that can affect the occurrence of fraud is the enforcement of regulations. According to Jimly Asshiddiqie, law enforcement is the process of making efforts to uphold or function a legal norm in real terms as a code of conduct in traffic or legal relationships in the life of society and the state. From the results of research by Dewi et al. (2021), Cahyadi & Sujana (2020), Febriani & Suryandani (2019) show that the enforcement of regulations has a negative effect which is a supporting factor in preventing the misuse of village funds. Meanwhile, the research of Primastiwi et al. (2020) showed that law enforcement has a positive effect on village fund fraud where opportunities caused by the low level of law enforcement in an agency can cause an employee to commit fraud.

Based on the background that has been described above, as well as the results of previous studies, which are related to factors that can affect the possibility of fraud in village funds, the researcher is interested in re-examining these factors with the same variables, namely information asymmetry, religiosity, organizational culture, and regulatory enforcement, but in a different place, namely in Brebes Regency in particular Villages in Brebes District, because in Brebes Regency itself there is still a lot of corruption in the village apparatus, but not much has been researched (Nurcahyono & Purwanto, 2024). These variables have similarities with the research variables conducted by Dewi, Mahmudi, Maulana (2021) and research conducted by Selawati, Martini (2023), but the results of Selawati and Martini (2023) on the religiosity variable show significant positive effects on cheating.

LITERATURE REVIEW

Theory of Planned Behavior

Izek Ajzen is a social psychologist who has developed a very useful theory to understand the relationship between attitudes and related behaviors. The way in which an attitude can lead to realized behavior is explained in a theory called the *Theory of Planned Behavior*. *The Theory of Planned Behavior* was first initiated by Izek Ajzen in 1985 through his article entitled "*From Intentions of action: A Theory of Planned Behavior*". The TPB combines various theories of attitudes, such as value expectation theory, consistency theory, learning theory, and attribution theory. As a development of the Theory of Reasoned Action. Planned behavior theory discusses the correlation between beliefs and behavior in the context of psychology.

Theory of Planned Behavior (TPB) began as Theory of Reasoned Action in 1980 with the aim of predicting an individual's intention to perform a behavior at a certain time and

place. Urumsah et al. (2016) said that the SDGs can be used to analyze the ethical and unethical behavior of an individual in several contexts. TPB is often used to describe ethical behavior carried out by individuals. This theory explains that before a person performs an action, there is an intention that is the first step of the behavior. Ajzen (1991), explained that individuals are influenced to act through attitudes towards behavior, subjective norms, and perceptions of behavior control. When these factors affect an individual's intention to act, it will encourage the actual behavior to occur.

Based on the Theory of Planned Behavior, an individual's intention to behave is influenced by attitudes, subjective norms, and perceived behavioral control. Subjective norms as one of the elements are rooted in religious norms embraced by an individual, so religiosity is also an important factor that will determine individual subjective norms. Basri (2015) argues that a high level of religiosity can protect a person from committing unethical behavior, thereby reducing the tendency to commit fraud.

Agency Theory

Agency theory is a concept that explains the contractual relationship between principal and agent. The principal is the party that gives a mandate to another party, namely the agent, to carry out all activities on behalf of the principal in its capacity as a decision-maker (Khansa et al., 2022). An agency relationship is a contract in which one or more persons (principal) instruct another person (agent) to perform a service on behalf of the principal and authorize the agent to make the best decision for the principal. If both parties have the same goal of maximizing the value of the company, then the agent is believed to act in a way that is in accordance with the interests of the principal (Jensen and Meckling, 1976).

Agency theory explains the relationship between principal and agent rooted in economic theory, decision theory, social and organizational theory (DeGeorge, 1992 cited by Smith & Bertozzi, 1998). Eisenhard (1989) in Sabeni (2005), agency theory is based on 3 (three) assumptions, namely (a) assumptions about human nature, (b) assumptions about organization, and (c) assumptions about information. The assumption about human nature emphasizes that humans have a nature to be selfish (*self-interest*), have limited rationality (*bounded rationality*). Organizational assumptions are the existence of conflicts between organizational members, efficiency as a productivity criterion, and the existence of *Asymmetric Information* between principals and agents. *Asymmetric Information* is unbalanced information caused by the unequal distribution of information between principals and agents.

In local governments in Indonesia, consciously or not, agency theory has actually been practiced. In public sector organizations, the principal is the people and the agent is the government, in this case the village head and other village officials. Government Regulation of the Republic of Indonesia Number 71 of 2010 concerning Government Accounting Standards provides an explanation of the clear relationship between agency theory and accountability (Herianto et al., 2023; Timoty et al., 2023). Accountability is the obligation of trustees/agents/village heads and their officials to provide accountability, present, report, and disclose all activities and activities for which they are responsible.

The relationship between agency theory and this research is that the village government acting as an agent or manager of village funds must be able to set certain strategies in order to provide the best service for the principal, namely the community. The community certainly wants good performance results from agents and this performance can be seen from good service for the community. To produce good performance, of course, the village government must have competence, a good internal control system and be transparent. Transparency provides open and honest financial information to the

community based on the consideration that the community has the right to know openly and thoroughly the responsibility of the village government in managing the resources entrusted to it and its compliance with laws and regulations (Christanty et al., 2023; Nurcahyono et al., 2019). The conclusion is that if the performance of the village government is good, it will affect the community's trust as the principal party towards the village government as an agent.

The Effect of Information Asymmetry on Fraud Trends

According to Soemarso (2019), information asymmetry occurs when one of the parties to a transaction (called the principal) has different knowledge of the object being transacted compared to the knowledge of the other party involved (known as an agent) so that the decision made is inaccurate. On the other hand, Komala (2019) stated, the information asymmetry between agents and principals hinders the understanding of an organization's internal finances, which allows engineering to make a profit. Because of these differences in interests, each party seeks to gain benefits for itself. Within the scope of village government entities, the users of information are the community. because the Village Government Office is the manager of the State Budget funds, most of which come from the community. Such conditions will allow the party managing finances to commit fraud.

Previous research conducted by Dewi et al. (2021), stated that there was a positive and partially significant influence between information asymmetry on *fraud*. This shows that the higher the level of information asymmetry, the higher the occurrence of *fraud* in the village government. This research is supported by research conducted by Mulyato et al. (2021) and Sania & Hartono (2024) which states that information asymmetry has a positive and significant effect on *fraud*. This statement is in accordance with the agency's theory regarding the potential for fraud of village funds due to the factor of information asymmetry that often occurs in a government in the village because the village as an agent knows more internal information than the user of financial statements, in this case the community as the principal, so the research hypothesis formulated is as follows:
H1: Information Asymmetry has a positive and significant effect on *fraud*.

The Effect of Religiosity on Fraud Tendency

According to Yulianto (2014), religiosity is the possibility of being religious or believing in God or believing in a force outside of himself that regulates life and the life of the universe. In terms of religiosity, what is important is sincerity, volunteerism and surrender to God. Alfiani (2013) said that religiosity is an inner relationship between humans and God that can affect their lives. This relationship occurs in everyday life, such as worship. Religiosity is the religious values that exist in a person, which refers to belief in religious teachings, both in the heart and in speech, and which is then manifested in daily activities and behaviors (Fitriasari, 2021). Basri (2015) argues that high religiosity can protect a person from behaving unethically, thereby reducing the possibility of cheating.

Previous research conducted by Dewi et al. (2021) stated that there was a negative and significant influence on *fraud*. This shows that religiosity can be used to improve ethical judgments where companies operating in areas with high levels of religiosity tend to have lower levels of financial reporting deviation. Thus, efforts to foster community religiosity and the attitude of village officials are relevant to prevent fraud in village government. This research is supported by research conducted by Cahyani & Sujana (2020) and Sania & Hartanto (2024) which states that religiosity has a negative and significant effect on *fraud* which means that the higher the level of religiosity, the lower the chance of village fund fraud, because those who are very religious will adhere to religious values so that they can prevent harmful behavior yourself and others. Religious village officials will not commit deviant acts such as fraud when carrying out their duties as people who

are trusted to manage village finances. Everyone's religiosity will influence their behavior so that they can always act and make decisions more wisely according to the Theory of Planned Behavior. Religious activities such as worshipping in accordance with their respective beliefs are expected to improve morals and religiosity of everyone can reduce the desire to act badly such as cheating (Kristianingrum et al., 2022; Pratiwi et al., 2022). So the hypothesis proposed is as follows:

H2: Religiosity has a negative and significant effect on *fraud*.

The Influence of Organizational Culture on Fraud Tendencies.

An organization or agency may have different values, procedures, and expectations to shape its culture. A good culture will build ethical behavior among its employees by instilling a high attitude of integrity, namely determination and willingness to learn, think positively, honestly, wisely, and wisely, always follow applicable regulations and reject corruption and fraud. However, if the organizational culture is bad as normal or common for cheating, then each member will rationalize the action into a reasonable action. On the other hand, employees tend not to commit fraud in an agency that has instilled bad values and practices that fraud is an inappropriate act and harms other parties.

Based on research by Dewi et al. (2021), it is stated that organizational culture has a negative and significant influence on village government fraud. Organizational culture such as upholding work ethic, performance culture, and a conducive work environment have a significant effect on the realization of good village financial governance. The research is also supported by research conducted by Sania & Hartanto (2024) and Masni & Sari (2023) which states that organizational culture partially has a negative and significant influence on *fraud*. That is, the better the organizational culture in the village office, the less fraud in village funds. The results show that the village office in Pariaman City, one of the regional apparatus organizations, has implemented the organizational culture well and orderly. This fact can be seen from the responses of respondents, who have a good index for each item related to statements about organizational culture. In other words, the organizational culture implemented by OPD, both physically and illegally, has helped reduce the level of fraud in village funds, so that fund management can be optimized, so the hypothesis proposed is as follows:

H3: Organizational culture has a negative and significant effect on *fraud*.

The Effect of Regulatory Enforcement on Fraud Trends

Village fund fraud can be carried out by individuals inside or outside the organization and harm other parties concerned. The main goal of this action is to gain personal and mutual benefits. Regulations based on applicable laws are concrete actions taken by organizations with the aim of serving as a guideline for employees as a control tool to act. With the enforcement of regulations, it is hoped that it can increase public awareness, especially employees who work where they have a great responsibility for legal compliance (Kristianingrum et al., 2022; Nurcahyono et al., 2020). The higher the awareness of employees about the regulations, the lower the likelihood that they will commit fraud, and vice versa. Strict regulations are needed within an organization or agency to reduce violations such as fraud.

In a study conducted by Dewi et al. (2021) stated that law enforcement has a negative and significant influence on *fraud*. In accordance with the fraud triangle theory, where this study gives the implication that the government must develop a good regulatory system to close the opportunities for village government officials to commit fraud. The completeness and clarity of regulations governing the management and accountability of village finances is fundamental in good village financial governance. In addition, strict legal witnesses for village officials who misappropriate village funds need to be applied as a deterrent effect. This research is supported by research conducted by Cahyadi &

Sujana (2020) and Febriani & Suryandari (2019) which results that regulatory enforcement has a negative effect on *fraud*. So better enforcement of regulations in village government organizations can help reduce fraud because all members of the organization or agency must comply with the regulations. Village government organizations can participate in activities related to the interests of the community. The performance of the organization will be affected by the implementation of good regulations, which will allow the organization to provide the necessary services and information by interested parties. To reduce violations committed by village officials, including fraud in the management of village funds, regulations must be properly enforced and involve the role of each component. So the hypothesis proposed is as follows:

H4: Enforcement of regulations has a negative and significant effect on *fraud*.

RESEARCH METHOD

This research will use a quantitative approach with the survey method, which is a type of investigation to collect facts about various existing symptoms and seek factual explanations, be it related to social, economic or political institutions of a certain group or region. According to Moh. Nazir (2011), the survey method is a technique of collecting data from a number of units or individuals at the same time using a questionnaire containing several questions. Surakhmad (1994) also explained the survey method as a way to collect data with questionnaires to a number of units or individuals at the same time.

The population of this study is village government apparatus in Brebes District, Brebes Regency, The sampling method used is purposive sampling. The operational definition of variables is as follows:

Table 1. Indicators of each variable

Variable	Measurement	Source
Fraud	<ol style="list-style-type: none"> 1. Performing manipulations 2. Committing counterfeiting 3. Make changes to accounting records or supporting documents 4. Misrepresentation or omitting events 	Wilopo (2006)
Information Asymmetry	<ol style="list-style-type: none"> 1. A situation where employees have better information about the activities for which they are responsible than those outside the agency. 2. A situation where employees are more familiar with the input-output relationship in the part they are responsible for than parties outside the agency. 3. The situation of the employee is more aware of the performance potential that is his responsibility than those outside the agency. 4. A situation where employees are more familiar with the technical work that they are responsible for than those outside the agency. 5. A situation where employees are more aware of external factors in the field of their responsibility than those outside the agency. 	Lia Arista Rose (2016)

	6. The situation of the employee understands better what can be achieved in the field of his responsibility compared to those outside the agency.	
Religiusitas	<ol style="list-style-type: none"> 1. Believing in the truth of religious teachings, and believing in the existence of God. 2. Carry out religious obligations consistently. 3. Gain spiritual experience while practicing religious teachings. 4. Knowing and understanding religious teachings. 5. Appreciate religious teachings. 	Glock and Stark (1968)
Organizational culture	<ol style="list-style-type: none"> 1. The courage of employees to come up with new ideas. 2. Employee motivation in creating job innovation. 3. Opportunities for employees to be creative and innovate. 4. Proactive attitude towards the work environment. 5. Dexterity in dealing with work. 6. Competition in doing tasks. 7. Management provides all the facilities and activities that employees need. 8. Management gives the right direction to employees. 	Robet (2008)
Regulatory enforcement	<ol style="list-style-type: none"> 1. Organization rules 2. Compliance with the law 3. Responsibility 4. Work discipline. 	Zulkaarnain (2013)

The analysis of this study uses SEM PLS with WarpPLS 8.0. SEM equation as follows:

$$Y = \alpha + \beta_1F + \beta_2AI + \beta_3R + \beta_4BO + \beta_5PP + e$$

Based on the regression equation above, F is the dependent variable of this study in the context of village fund fraud. α shows the value of the constant, β is the regression coefficient of each independent variable in this study, namely Information Asymmetry (AI), Religiosity (R), Organizational Culture (Bo), and Regulation Enforcement (PP), while e represents the error value. The following is a summary of the rules of thumb for model measurements (outer model), model structure (Inner model):

Model measurements (outer model)

Convergent Validity is the level to which the measurement results of a concept show a positive correlation with the measurement results of other concepts that theoretically must be positively correlated. There are criteria to assess the outer model that meets the requirements of Convergent Validity, Discriminant Validity and reliability as shown in the following table:

Tabel 2. Ringkasan Rule of Thumb outer model.

Criterion	Rule of Thumb
Convergent Validity	
Loading	>0.5, but can be maintained by looking at AVE and Composite Reliability values
P value	<0.05
AVE Scores	<0.50
Discriminant Validity	
Cross loading	Cross loading is expected to be lower than the construct.
Value of the square root of AVE	The square root of AVE > Correlation between Latin Constructs.
Reliability	
Composite reliability	>0,70
Cronbach's alpha	>0,6

Sumber: Imam Ghozali (2014)

Model structure

Inner model to determine the specification of the relationship between latent constructs and other latent constructs, this evaluation includes Good of Fit, Path Coefficient, significance, R-squared, Effect Size tests. The Good of Fit test is performed before testing Path Coefficient, significance, and R-squared. This Good of Fit test is used to find out if a model has a match with existing data. The Path Coefficient test is used to find out how much the result of the estimated value of the path coefficient is great. Meanwhile, the significance test is used to determine the level of significance in the path coefficient. The R-Squared test can be seen in the Effect Size which is used to determine how much the influence of the independent variable affects the dependent variable. There are criteria for assessing the Good of Fit, Path Coefficient, Significance, R-Squared test, as shown in the following table:

Table 3. Summary Rule of Thumb Inner model

Inner model	
Criterion	Rule of Thumb
Good of Fit	APC should be more < 0.05 ARS should be more < 0.05 AVIF must be more < 5
Path Coefficient	(β) is worth + then has a positive effect (β) has value – then it has a negative effect
Significance	P value < 0,05
R-Squared	0.75 (strong), 0.50 (moderate), 0.25 (weak).
Effect Size	0.35 (large), 0.15 (medium), 0.02 (weak)

Source: Sholihin and Ratmono (2013).

RESULTS

Table 4. Measurement model

	Loading Factor	Avg. were. Extrac.	P-value	discriminant validity
Fraud_1	(0.769)	0.781	<0.001	(0.884)
Fraud_2	(0.854)		<0.001	
Fraud_3	(0.897)		<0.001	

Fraud_4	(0.907)		<0.001	
Fraud_5	(0.942)		<0.001	
Fraud_6	(0.889)		<0.001	
Fraud_7	(0.917)		<0.001	
AI_1	(0.794)	0.675	<0.001	(0.822)
AI_3	(0.918)		<0.001	
AI_5	(0.743)		<0.001	
R_1	(0.792)	0.637	<0.001	(0.798)
R_2	(0.872)		<0.001	
R_3	(0.815)		<0.001	
R_4	(0.704)		<0.001	
BO_1	(0.872)	0.785	<0.001	(0.886)
BO_2	(0.945)		<0.001	
BO_3	(0.971)		<0.001	
BO_4	(0.907)		<0.001	
BO_5	(0.653)		<0.001	
BO_6	(0.930)		<0.001	
PP_1	(0.840)	0.753	<0.001	(0.868)
PP_2	(0.858)		<0.001	
PP_3	(0.918)		<0.001	
PP_4	(0.861)		<0.001	
PP_5	(0.859)		<0.001	

Source: Data processed, 2024

Based on the table above in the convergent validity test, it can be seen that there are no indicators with a load of less than 0.5 so based on the table the indicators listed can be used. In the column of the results of the discriminant validity test, it can be seen that the square root value of AVE is higher than the correlation between other latent variables, so it can be interpreted that all variables have met the validity of discrimination.

Table 5. Cronbach's Alpha reliability test results

	Fraud	TO	R	BO	PP
R-squared	0.514				
Adj. R-square	0.460				
Composite Reliabel	0.961	0.861	0.875	0.956	0.938
Cronbach's alpha	0.953	0.754	0.808	0.942	0.918
Avg. var.extract.	0.781	0.675	0.637	0.785	0.753
Full collin. VIF	1.450	1.321	2.735	4.383	4.072

Source: Data processed, 2024

Based on the table above, it can be seen that the composite reliability and cronbach alpha for each variable are greater than 0.70. This shows that all variables are reliable.

Table 6. Fit model test results

Rule of thumb	Index	P value
Average path coefficient (APC)	0.288	=0.011
Average R-squared (ARS)	0.514	<0.001
Average adjusted R-squared (AARS)	0.46	<0.001
Average block VIF (AVIF)	4.448	

Based on the table above, the P-value of APC is = 0.001 and the P-value of ARS is <0.001. So that APC and ars have met the criteria which has a P-value less than 0.05. Furthermore, the value of AVIF is 4.448 which indicates that the AVIF is less than 5, then it can be concluded that the structural model (inner model) is acceptable.

Table 7. Test the relationship between variables

Patch Coefficients

	F	TO	R	BO	PP
F		-0.331	0.175	0.152	0.493

P-Values

	F	TO	R	BO	PP
F		0.01	0.118	0.153	<0.001

Source: Data processed, 2024

If the P-value < 0.05, it can be said to be significant. In the table above, the P-value of the Information Asymmetry variable is 0.01 < 0.05 which means that the information asymmetry is significant to Fraud. The value of religiosity is 0.118 > 0.05 which means that religiosity is not significant to fraud. The Organizational Culture Value is 0.153 > 0.05 which means that Organizational culture is not significant to Fraud. At a regulatory enforcement value of <0.001 < 0.05, the enforcement of regulations is significant against Fraud.

DISCUSSION

The Effect of Information Asymmetry on the Trend of Village Fund Fraud

Based on the relationship test between the variables above, the information asymmetry variable shows that it has a negative effect on the tendency of village fund fraud as evidenced by the Path Coefficients value of -0.331 and the P-Value value of 0.01 which means significant. In the theory of agency relations with information asymmetry, it is about the intention or action that is the first step of behavior where the village government as an agent will present information that is different from the community as a principal with in the field. So the higher the asymmetry of the information or the information presented is not in accordance with the facts, the higher the occurrence of fraud in village funds. This is contrary to the results of research researched by Dewi et al. (2021), Sania & Hartanto (2024), Mulyanto et al. (2021), Ichsan Randiza (2016), which stated that information asymmetry has a positive effect on village fund fraud.

The Effect of Religiosity on the Trend of Village Fund Fraud

The relationship test between variables showed that religiosity had a positive effect on the tendency of village fund fraud as evidenced by the Path Coefficients value of 0.175 and the P-Value value of 0.118 which means insignificant. The results of this study show that high religious understanding in individuals will make village officials try to survive in their institutions (Kristiana et al., 2021; Videsia et al., 2022). This is because high religious understanding will form a commitment to the agency and village officials who have a high religious understanding will try to maintain the good name of the agency. This study has similarities with research conducted by Giovano (2020), Selawati & Martini (2023), Aldestian & Lismawati (2024) which states that religiosity has a positive effect on village fund fraud. So someone who has high religiosity and has strong control can minimize fraudulent actions. The results of this study are supported by the theory of planned behavior which explains the factors that cause someone to commit fraud. Basri (2015) argues that a high level of religiosity can protect a person from committing unethical behavior, thereby reducing the tendency to commit fraud.

The Influence of Organizational Culture on the Trend of Village Fund Fraud

The results of the relationship between variables showed that organizational culture had a positive effect on the tendency of village fund fraud, as evidenced by the Path Coefficients value of 0.152 and the P-Value value of 0.153, which means insignificant. This research has similarities with the research conducted by Witri & Putra (2023). The results of this study are supported by the theory of planned behavior which explains the factors that cause someone to commit fraud, one of which is behavior (attitude), where these factors affect the individual's intention to act, then it will encourage the occurrence of the actual behavior in question, which is the act of fraud tendencies.

The Effect of Regulatory Enforcement on the Trend of Village Fund Fraud

Enforcement of regulations on the test of inter-relationship variable showed a positive and significant effect on the tendency of village fund fraud as evidenced by the Path Coefficients value of 0.493 with a P- Value of <0.001. In a company or organisasi, if law enforcement is not effective, it will open up opportunities for employees to commit violations that can lead to deviant behavior, one of which is committing fraud (Permatasari et al., 2023; Rahma et al., 2022). So in this case, public awareness is needed. Public awareness will arise if the enforcement of regulations can run properly.

CONCLUSION

The implementation of Law Number 6 of 2014 concerning Villages has provided greater opportunities and authority for village governments to manage finances and carry out village development. Along with the increase in village funds managed by the village government, the challenge that must be overcome is how to prevent misappropriation in the management of village funds. Although the hierarchical organizational structure of the village government seems simple and the amount of corruption in village funds is not as large as the amount of corruption committed by officials at the district, provincial, and central levels. Based on the analysis and discussion in this study, Information Asymmetry, Religiosity, Organizational Culture, and Regulatory Enforcement have an influence on Fraud Trend, where 1 variable that negatively affects fraud tendency is Information Asymmetry. On the other hand, there are also 2 insignificant variables, namely Religiosity and Organizational Culture. This research still has limitations, including the research area is only in villages in Brebes District, Brebes Regency, so that the results of the research cannot be generated to all objects regarding the tendency of village fund fraud. This study produced an R-Square value of 46% while the remaining 54% was influenced by other variables or factors that were not studied in this study. So that the next researcher can add independent variables and the next research is expected to expand the research place not only in one or two sub-districts.

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