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# An examination of the factors influencing fraud tendencies in village governance in Indonesia

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**Abstract**

**Research aims:** This study aims to analyze the effect of individual morality on accountability, responsibility, and transparency, and how these three variables affect the tendency of fraud in village government management.

**Design/Methodology/Approach:** This study uses a quantitative approach involving 343 village apparatus respondents, namely the Village Head, Village Secretary, Head of Affairs, and Section Heads who have less than 5 years of service from 64 villages through purposive sampling technique. Data were collected using a Likert scale-based questionnaire and analyzed using the Partial Least Square (PLS) approach.

**Research findings:** The results showed that individual morality has a positive effect on accountability, rationalization, and transparency. Responsibility has a negative effect on the tendency to fraud, while accountability does not affect the tendency to fraud.

**Theoretical Contribution/Originality:** This study makes a theoretical contribution by uncovering the complex relationship between the variables of Accountability, Fraudulent Propensity, Morality, Responsiveness, and Transparency in the context of village government and highlighting the importance of individual morality in preventing fraud.

**Practitioner/Policy implication:** The practical implication is to provide a basis for better policies at the village level, especially in the ethical and accountable management of village funds.

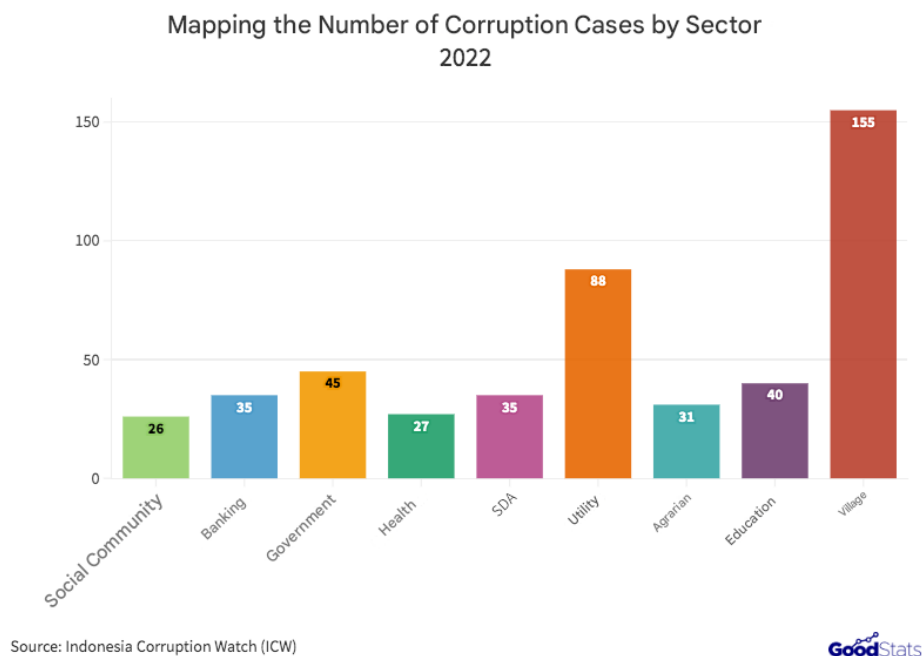
**Research limitation/Implication:** This study uses the new Fraud Hexagon model, so comparative references are still very limited. Using the survey method of distributing questionnaires as the primary data collection technique has the potential for respondent bias and limited generalization of results because it focuses on specific areas.

**Keywords:** Fraud Hexagon Theory; Morality; Tendency Fraud; Village Fund; Village Government

## Introduction

In Indonesia, Village Law No. 6/2014 reinforced the village governance system by granting villages greater autonomy in planning and executing local development initiatives (Ra'is, 2018). While the law seeks to empower village governments, it also presents challenges, especially in managing and overseeing village funds (Anisa et al., 2024).

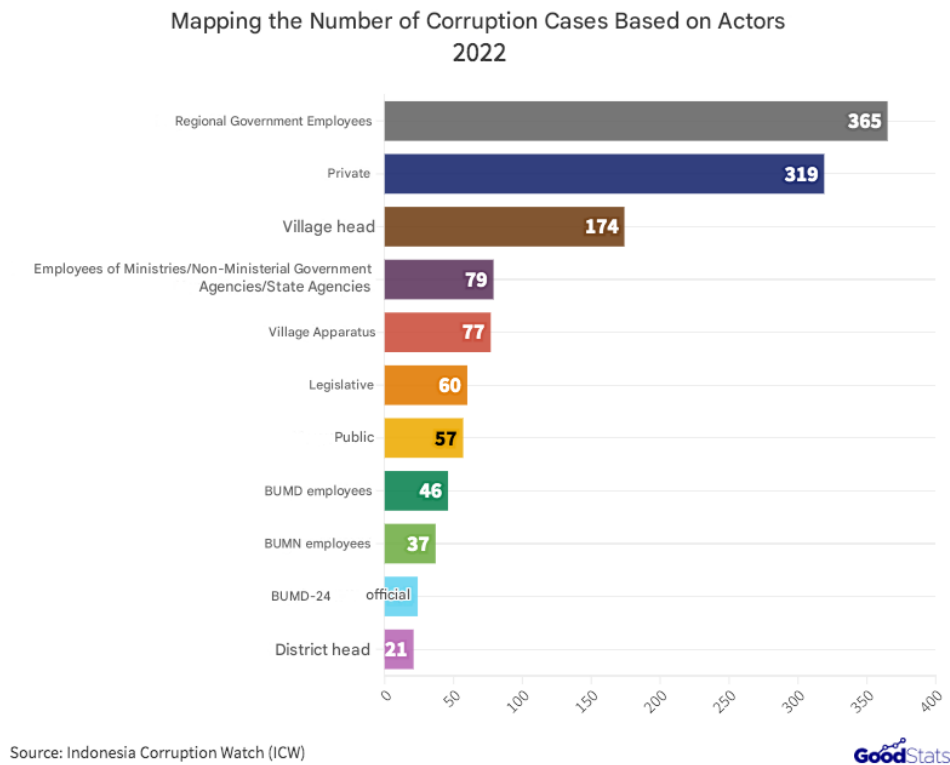
Despite the higher allocation of funds to villages, corruption continues to be a significant issue in village administration in Indonesia. Data from Indonesia Corruption Watch (ICW) reveals widespread corruption within village governance, including the misuse of funds, falsification of financial reports, and abuse of power. The increase in village budgets has amplified the potential for state losses due to corruption, with losses reaching billions of rupiah. ICW's 2022 report highlights a notable rise in corruption cases, with 579 cases and 1.396 suspects, underscoring the need to address this problem seriously (Watch, 2022).



**Figure 1** Corruption by Sector  
Source: Indonesia Corruption Watch, 2022

In Figure 2, the distribution of corruption cases by actor reveals that Local Government Employees, numbering 365 individuals, are the most commonly involved group in corruption cases, making up 26.15% of all suspects. Out of the 1,396 suspects, 873 (63%) were non State Civil Apparatus, while 506 (approximately 36%) were State Civil Apparatus.

Considering the widespread nature of corruption and its harmful effects, it is essential to examine the factors contributing to fraudulent behavior in managing village funds (Lianti, 2022). The Fraud Hexagon Theory, which encompasses factors like pressure, opportunity, rationalization, competence, arrogance, and collusion, offers a thorough framework for understanding the motivations behind fraud (Wilantari & Ariyanto, 2022).



**Figure 2** Corruption by Actor  
Source: Indonesia Corruption Watch, 2022

This study aims to contribute theoretical and practical knowledge on fraud detection and prevention in managing village funds. It builds upon previous research, such as that by Suryandari and Pratama (2021), by focusing on the collusion element as an additional factor within the Fraud Hexagon theory. The findings of this study are expected to offer new perspectives on the dynamics of fraud in village governance and provide recommendations for enhancing governance practices. Theoretically, the study broadens the application of the Fraud Hexagon theory, while practically it guides policymakers and village governments in implementing more effective strategies to prevent fraud.

## Literature Review and Hypotheses Development

### Fraud Hexagon Theory

Vousinas (2019) introduced the Fraud Hexagon Theory, an evolution of earlier fraud theories such as the SCORE Theory (Stimulus, Capability, Opportunity, Rationalization, and Ego), the Fraud Triangle by Clinard and Cressey (1954), the Fraud Diamond by Wolfe and Hermanson (2004), and the Fraud Pentagon by Crowe (2011). According to the Fraud Hexagon Theory, six elements drive individuals to commit fraud: pressure, opportunity, rationalization, competence, arrogance, and collusion.

The first element, pressure, arises when an individual is compelled to engage in deviant or unethical behavior due to internal or external forces. In the context of village fund management, the substantial budget allocated to village governments can impose significant pressure on those responsible for its use. Several empirical studies—such as those by Suryandari and Pratama (2021), Maharani (2023), Dinata and Asih (2024), Desviyana et al. (2020), and Wilantari and Ariyanto (2022) suggest that job-related pressure significantly influences fraudulent behavior in this setting. However, these findings contrast with those of Ari et al. (2023), who found no significant effect.

The second element, opportunity, refers to the extent to which individuals perceive that they can commit fraud without being detected. Wolfe and Hermanson (2004) assert that the availability of opportunities facilitates fraudulent actions. In village fund management, weak oversight and lack of effective monitoring create fertile ground for fraud. This is supported by research from Kazemian et al. (2019), Desviyana et al. (2020), Said et al. (2018), and Agustina and Pratomo (2019), all of which confirm a positive relationship between opportunity and fraudulent behavior.

The third element is rationalization, which involves the psychological process through which individuals justify unethical conduct to themselves. Wolfe and Hermanson (2004) explain that rationalization enables perpetrators to perceive their actions as morally acceptable. Suryandari and Pratama (2021) observed that village officials often rationalize their misuse of funds due to a lack of understanding about the intended purpose of the village fund, leading them to believe that personal use is justifiable.

The fourth element, competence, pertains to an individual's capabilities, which can be applied for either ethical or unethical purposes. Wolfe and Hermanson (2004) and Suryandari and Pratama (2021) argue that higher competence may increase the likelihood of fraud, as individuals possess the skills needed to exploit systems without detection. This finding is supported by Faradiza (2019), Omukaga (2021), Putra (2019), and (Lianti, 2022). However, Ari et al. (2023) found no significant relationship between competence and fraudulent behavior in the context of village fund management.

The fifth element, arrogance, reflects excessive confidence and a sense of superiority that may lead individuals to believe they are immune to detection or consequences. According to Suryandari and Pratama (2021), there is a significant positive correlation between arrogance and fraudulent behavior in village fund management. As arrogance increases, so does the propensity to commit fraud.

The sixth and final element is collusion, defined as a covert agreement between two or more parties to commit and conceal fraudulent acts. Vousinas (2019) highlights collusion as a critical enabler of fraud. Ari et al. (2023) found a significant positive relationship between collusion and fraud in village fund management. However, Suryandari and Pratama (2021) reported no such effect. Given the limited research on this topic, future studies should further investigate the role of morality in mediating the relationship between collusion and fraud to identify effective strategies for mitigating fraud risks.

### **The Effect of Morality on Accountability**

In the context of village governance, morality serves as a foundational element that underpins the integrity and credibility of public officials (Rosidah et al., 2023). As an integral component of individual values and ethical conduct, morality plays a crucial role in promoting transparency (Arfa, 2023). This becomes increasingly relevant when viewed through the lens of the Fraud Hexagon Theory, which identifies subjective factors—such as pressure, opportunity, and rationalization—as key precursors to fraudulent behavior. As a dimension of ethics and personal values, morality is essential for fostering and sustaining accountability in village-level administration. The link between morality and accountability is reinforced by the Fraud Hexagon framework, which encompasses pressure, opportunity, rationalization, competence, arrogance, and collusion (Bader et al., 2024).

Building upon prior research (Amalia & Bhilawa, 2023; Fajri, 2015), this study posits that higher levels of morality within village governance can lead to improved accountability and greater public trust. It explores how morality shapes ethical behavior and integrity in local government operations (Dewi, 2023; Dewi & Ratnadi, 2017), providing valuable insight into the relationship between morality and accountability.

Based on the existing literature, it can be hypothesized that individuals exhibiting strong moral principles within village governance contribute positively to accountability, reduce the propensity for fraud, and enhance public confidence in local administration. Accordingly, the following hypothesis is proposed:

*H<sub>1</sub>: Morality has a positive effect on accountability.*

### **The Effect of Morality on Responsibility**

The Fraud Hexagon Theory emphasizes the vital role of individual morality in promoting ethical and responsible behavior, thereby reducing the risk of fraudulent actions. Accordingly, high moral standards among village government officials are expected to enhance their sense of responsibility and decrease the likelihood of fraud. This study offers valuable insights into the interrelationships among morality, responsibility, and fraudulent tendencies in the context of village governance. Morality plays a crucial role in shaping how individuals rationalize their responsibilities; those with high moral standards are more likely to adopt rational and constructive perspectives in carrying out their duties (Kuntadi et al., 2023).

Previous studies have reinforced this connection. For example, Wijayanti and Hanafi (2018) demonstrated that moral values significantly influence responsibility levels within village administration. Similarly, Afriade (2017) and Kuswati (2023) highlighted the influence of morality in fostering integrity and a sense of responsibility among local government officials.

Based on the existing body of literature, it can be hypothesized that individuals in village government who possess strong moral values exhibit greater responsibility, are less prone to engage in negligent or unethical behavior, and are more committed to fulfilling their duties effectively. Thus, the hypothesis is proposed as follows:

*H<sub>2</sub>: Morality has a positive effect on responsibility.*

### **The Effect of Morality on Transparency**

The relationship between morality and transparency can be explained through the lens of the Fraud Hexagon Theory, which includes the subjective elements of pressure, opportunity, rationalization, competence, arrogance, and collusion. Prior research by Nababan (2020) found that high levels of morality within village government structures can significantly enhance transparency, highlighting the strong link between moral integrity and open governance. Similarly, studies by Biduri et al. (2023) and Rahimah et al. (2018) explore how individual morality contributes to greater administrative openness in village governance.

Based on the existing literature, it can be hypothesized that individuals in village governments who exhibit strong moral values are more likely to act transparently, reduce the incidence of opaque or unethical behavior, and improve public trust in local governance systems. Therefore, the following hypothesis is proposed:

*H<sub>3</sub>: Morality has a positive effect on transparency.*

### **The Effect of Accountability on Fraud Tendency**

Accountability mechanisms are often regarded as essential safeguards against fraudulent behavior; however, practical evidence reveals a gap between theoretical expectations and real-world outcomes. Emerging studies suggest that subjective elements of individual behavior can compromise even well-structured monitoring systems designed to uphold organizational integrity. This discrepancy is reflected in the Fraud Hexagon Theory, which identifies six key drivers of fraudulent behavior: pressure, opportunity, rationalization, competence, arrogance, and collusion.

Abdullah (2016) found that despite the existence of comprehensive accountability systems, individuals may still engage in unethical practices under certain psychological or contextual pressures. Similarly, Rosidah et al. (2023) and Saputra et al. (2019) observed that high levels of organizational accountability do not necessarily eliminate fraud, particularly when subjective factors such as arrogance and collusion remain influential.

Drawing from the existing literature, it is hypothesized that accountability alone may be insufficient to deter fraudulent tendencies. The persistent influence of internal

psychological drivers suggests that robust accountability mechanisms may not fully mitigate the risk of fraud. Therefore, the hypothesis is formulated as follows:

*H<sub>4</sub>: Accountability has a negative affect fraud tendency.*

### **The Effect of Responsibility on Fraud Tendency**

High levels of individual responsibility are essential in promoting ethical conduct and minimizing fraudulent behavior within organizational settings. Recent studies have identified an inverse relationship between an individual's sense of responsibility and their likelihood of engaging in fraud. This notion aligns with the Fraud Hexagon Theory, which emphasizes subjective drivers of fraud, including pressure, opportunity, rationalization, competence, arrogance, and collusion.

Shabirin (2022) demonstrated that individuals with a strong sense of responsibility tend to uphold ethical standards and are significantly less inclined to commit fraud. Similarly, Febriansyah and Indirwan (2022) as well as Lailly and Rahayu (2023) found that heightened organizational responsibility can suppress collusive behavior, thereby reducing the overall risk of fraud.

Drawing from the literature, it is hypothesized that individuals with a heightened sense of responsibility exhibit lower tendencies toward fraudulent behavior. Their commitment to accountability and ethical duty strengthens their resistance to engaging in unethical practices. Therefore, the hypothesis is proposed as follows:

*H<sub>5</sub>: Responsibility has a negative effect on fraud tendency.*

### **Effect of Transparency on Fraud Tendency**

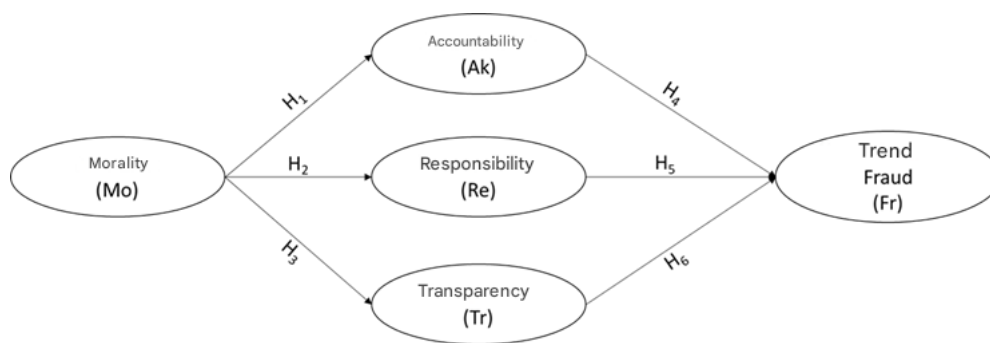
Transparency is often presented as a key solution to combat fraud within organizations, but this expectation is not always met. Research has shown that the assumption that greater information disclosure automatically reduces fraudulent behavior is not universally accurate. The claim that transparency does not influence fraud tendencies can be understood within the framework of the Fraud Hexagon Theory, which incorporates subjective elements such as pressure, opportunity, rationalization, competence, arrogance, and collusion.

Studies by Oktaviani and Saifudin (2019) found that, despite organizational transparency, some individuals still fail to adhere to ethical norms, thereby increasing the potential for fraudulent actions. Furthermore, research by Rahmawati et al. (2020) and Rosidah et al. (2023) highlighted vulnerabilities within transparency systems that may inadvertently allow fraudulent behavior to persist, even when transparency measures are robust.

Based on the existing literature, it can be hypothesized that high levels of transparency do not necessarily diminish fraud tendencies. Subjective factors, including pressure, opportunity, rationalization, competence, arrogance, and collusion, continue to exert influence on fraudulent behavior, regardless of the transparency levels in place. Therefore, the hypothesis is formulated as follows:

**H<sub>6</sub>:** *Transparency has a negative effect on fraud tendency.*

Based on hypotheses development, Figure 3 presented of research model.



**Figure 3** Research Model

## Research Method

This study employed a quantitative research approach, utilizing primary data collected from 64 villages across the village governments of Bantul Regency, Gunungkidul Regency, Kulon Progo Regency, Sleman Regency, Pekalongan, Klaten, Temanggung, Pemalang, Siak, and Riau.

The sampling technique used in this research was Nonprobability Sampling, specifically the Purposive Sampling method. This technique involved selecting samples based on specific criteria. The criteria for sampling in this study included village officials with less than five years of work experience who occupy high-ranking positions within the village government, such as the Village Head, Village Secretary, Head of Affairs, and Section Head. This was done to minimize self-assessment bias in the responses provided by the participants.

The data collection technique utilized a questionnaire survey. This primary data collection method involves providing respondents with a set of questions (Hartono & Hartomo, 2016). The questionnaire used in this study was divided into six sections: Transparency, Accountability, Responsibility, Independence, Fairness, and Fraud Tendencies in Village Funds. The respondents' answers were recorded using a Likert scale with five response levels: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. The study's instruments, namely Transparency, Accountability, Responsibility, Morality, and Fraud

Tendency in Village Funds, were adapted from previous research by Nababan (2020), Shabirin (2022), Suryandari and Pratama (2021).

To ensure the validity and reliability of the data, the Common Method Variance (CMV) test was conducted using Harman's Single Factor technique (MacKenzie & Podsakoff, 2012; Tehseen et al., 2017). According to Podsakoff et al. (2003), data may be considered biased if a single latent factor accounts for more than 50% of the variance. The results of the CMV test indicated that the highest latent factor accounted for only 25.75% of the variance. Therefore, it can be concluded that bias in the collected data is not significant.

## Result and Discussion

### Descriptive Statistics

Descriptive statistics were used to analyze data by describing data that were collected according to facts without intending to make generalized conclusions. The descriptive statistical test results in Table 1 show that the amount of data processed is 343 data. The results of the descriptive statistical test show that the variables of Accountability, Fraud Tendency, Morality, Responsibility, and Transparency have a mean actual range that is lower than the mean theoretical range, so the average influence of these variables in village government offices in Indonesia is low.

**Table 1** Descriptive Statistics Results

	Minimum	Maximum	Mean	Std. Deviation
Accountability	1.50	5.00	4.15	0.56
Fraud Tendency	1.00	5.00	2.86	0.74
Morality	1.00	5.00	3.68	0.75
Responsibility	2.50	5.00	4.32	0.48
Transparency	2.75	5.00	4.19	0.46

N= 343

The validity test is tested by assessing the results of the convergent validity and discriminant validity tests. Referring to (Hair et al., 2019); (F. Hair Jr et al., 2014), the outer loading and average variance extract (AVE) values were used to evaluate convergent validity (Table 2).

### Outer Model Analysis

The validity test is tested by assessing the results of the convergent validity and discriminant validity tests. Referring to (Hair et al., 2019) (F. Hair Jr et al., 2014), outer loading and average variance extract (AVE) values were used to evaluate convergent validity (Table 2).

**Table 2** Convergent Validity Test

Variables		Outer loadings
Accountability (AK) – AVE: 0.739		
AK1	Setiap aparatur desa bertanggung jawab sesuai jabatan dan tujuan dari desa tersebut.	0.914
AK3	Setiap aparatur desa berkompetensi sesuai dengan jabatan dan tanggung jawab	0.796
Fraud Tendency (FR) – AVE: 0.507		
FR1	Perilaku kecurangan mempunyai siasat dan dapat menutup kecurangannya secara formal sesuai peraturan yang dibuat kantor yang kadang substansinya berbeda	0.795
FR2	Kebiasaan rekan kerja memberikan upah tambahan kepada pejabat lain menjadi indikasi adanya kecurangan	0.657
FR3	Pengesahan terkait penggunaan dana desa dengan di atas namakan atau dilegalkan oleh pihak yang tidak berwenang bukan menjadi indikasi adanya kecurangan	0.536
FR4	Keterlambatan pertanggungjawaban yang tidak sesuai dengan waktu yang ditentukan menjadi indikasi adanya kecurangan	0.803
FR5	Penggunaan dana desa yang tidak sesuai dengan program atau kegiatan desa menjadi indikasi adanya kecurangan	0.733
Morality (MO) – AVE: 0.633		
MO3	Pimpinan di instansi tempat saya bekerja ikut serta menyusun laporan keuangan	0.596
MO4	Pimpinan di instansi tempat saya bekerja menyusun Laporan Realisasi Anggaran seperti kondisi yang sebenarnya, karena pimpinan takut terkena sanksi Undang-undang.	0.777
MO5	Pimpinan di instansi tempat saya bekerja menyusun Laporan Realisasi Anggaran seperti kondisi yang sebenarnya demi mempertimbangkan prinsip kesejahteraan masyarakat serta tidak merugikan pemerintah.	0.969
Responsibility (RE) – AVE: 0.874		
RE1	Kantor desa ini berpegang teguh terhadap prinsip kehati-hatian dan perundang-undangan.	0.930
RE2	Pemerintah desa melaksanakan tanggung jawab sosial kepada masyarakat.	0.939
Transparency (TR) – AVE: 0.550		
TR2	Pemerintah Desa ini terbuka dalam pengambilan keputusan	0.835
TR3	Kemudahan dalam mengakses informasi pelayanan pemerintah desa oleh masyarakat	0.729
TR4	Kerahasiaan informasi pemerintah desa dan hak-hak pribadi instansi pemerintah desa ini tetap terjaga	0.751
TR1	Pemerintah Desa ini menyediakan informasi mengenai data keuangan dan non-keuangan dan mudah diakses oleh publik	0.637

In Table 2, although two indicators have outer loadings of 0.5, it can be stated that the questionnaire items used meet convergent validity (Hair et al., 2019;2017). Furthermore, the outer model discriminant validity analysis was carried out by assessing the Fornell-Lacker results (Table 3) and its cross-loading (Table 4).

**Table 3** Fornell-Lacker Discriminal Validity

	AK	FR	MO	RE	TR
Accountability	0.857				
Fraud Propensity	-0.155	0.712			
Morality	0.188	-0.206	0.796		
Responsibility	0.525	-0.183	0.241	0.935	
Transparency	0.473	-0.148	0.202	0.572	0.742

In Table 3, the overall square root value of AVE has the greatest value to measure itself (Hair et al., 2019), and Table 4 shows that each questionnaire question item has the highest factor loading value to measure itself (Hair et al., 2017). Therefore, based on the convergent and discriminant validity tests, it can be concluded that all constructs in this study are valid.

**Table 4** Discriminant Validity Cross-Loading Factor

	AK	FR	MO	RE	TR
Ak1	<b>0.914</b>	-0.169	0.176	0.530	0.491
Ak3	<b>0.796</b>	-0.082	0.144	0.344	0.290
Fr1	-0.097	<b>0.795</b>	-0.139	-0.190	-0.145
Fr2	-0.071	<b>0.657</b>	-0.134	-0.053	-0.041
Fr3	-0.117	<b>0.536</b>	-0.199	-0.107	-0.070
Fr4	-0.145	<b>0.803</b>	-0.153	-0.157	-0.146
Fr5	-0.098	<b>0.733</b>	-0.104	-0.058	-0.053
Mo3	0.012	-0.067	<b>0.596</b>	0.080	0.036
Mo4	0.066	-0.041	<b>0.777</b>	0.098	0.004
Mo5	0.220	-0.238	<b>0.969</b>	0.266	0.248
Re1	0.464	-0.157	0.223	<b>0.930</b>	0.549
Re2	0.517	-0.183	0.227	<b>0.939</b>	0.521
Tr2	0.412	-0.143	0.168	0.468	<b>0.835</b>
Tr3	0.370	-0.139	0.054	0.397	<b>0.729</b>
Tr4	0.377	-0.089	0.225	0.483	<b>0.751</b>
Tr1	0.184	-0.067	0.074	0.284	<b>0.637</b>

Furthermore, after the data is declared valid, reliability testing is carried out by evaluating the Cronbach's alpha and composite reliability values of each variable (Hair et al., 2019). Table 5 shows that each variable has a Cronbach's alpha composite reliability value > 0.60, so it can be stated that all constructs in this study meet the reliability criteria (Hair et al., 2019).

**Table 5** Reliability Test

	Cronbach's alpha	Composite Reliability
Accountability	0.651	0.846
Fraud Propensity	0.759	0.834
Morality	0.795	0.833
Responsibility	0.856	0.933
Transparency	0.745	0.829

### Hypotheses Testing

Based on the test results using PLS-SEM in Table 6, responsibility has the ability to explain the tendency to fraud with a low level (Hair et al., 2019) based on the coefficient of determination ( $R^2$ ) of 0.03, which means that the tendency to fraud can only be explained by responsibility by 3%. Furthermore, hypothesis testing shows that the morality variable is an antecedent variable of accountability, responsibility, and transparency, where only responsibility has a negative influence on fraud tendencies.

**Table 6** Hypothesis Test

	Coefficient	P values
Morality → Accountability	0.188	0.006**
Morality → Responsibility	0.241	0.000**
Morality → Transparency	0.202	0.028**
Accountability → Fraud Tendency	-0.069	0.185
Responsibility → Fraud Tendency	-0.120	0.053*
Transparency → Fraud Tendency	-0.048	0.287

Notes: \*\*significance 0.05; \*significance 0.1

### The Effect of Morality on Accountability

The findings indicate that morality significantly enhances accountability. Previous research by Febriansyah and Indirwan (2022) revealed that individual integrity is crucial in preventing fraud in state financial management, implying that morality can influence accountability behaviors. Additionally, Shafira (2023) found that governance, internal control systems, and organizational commitment are key factors in preventing fraud in village fund management, which can be affected by individual morality levels.

High morality fosters strict moral standards in individuals, thereby increasing their responsibility towards their duties and obligations in village governance. Furthermore, hypothesis testing results confirm that morality influences individuals' rationalization regarding their responsibilities, leading those with high morality to maintain a more positive view of accountability.

### The Effect of Morality on Responsibility

The relationship between morality and responsibility in village governance demonstrates a positive correlation between these two variables. Previous studies by Afriade (2017) and Kuswati (2023) found that high morality among individuals within village government structures fosters better integrity, responsibility, and accountability. Individuals with high moral standards tend to have a stricter view of their responsibilities, which reduces the likelihood of irresponsible actions and enhances the quality of their duties and responsibilities. Research by Suryandari and Pratama (2021) supports this, showing that individuals with high responsibility levels are more likely to maintain integrity and are less prone to engaging in fraudulent practices.

These findings align with earlier research indicating that high morality shapes the responsibility, integrity, and responsiveness of individuals in village governance. Based on the existing literature, there is substantial support for the hypothesis that high individual responsibility negatively impacts fraud tendencies. Abdullah (2016) found that individual morality is crucial in maintaining accountability, as high morality fosters a positive rational view of assigned responsibilities.

### **The Effect of Morality on Transparency**

The relationship between morality and transparency in village governance demonstrates a positive correlation between these two variables. Previous research Nababan (2020) found that high morality within village government structures can enhance transparency, indicating a link between individual morality and administrative openness. Additionally, studies by Rahimah et al. (2018) and Biduri et al. (2023) support the finding that high morality among village government officials positively impacts the level of transparency maintained.

Further supporting this hypothesis, Abdullah (2016) found that individual morality positively influences transparency in village governance. Research by Suryandari and Pratama (2021) also indicates that high morality can reduce the likelihood of less transparent practices in village fund management.

This study also highlights that the morality of village government officials can affect public trust in the transparency and integrity of the village government. Individuals with high morality are more likely to maintain transparency in their duties and responsibilities, thereby reducing the potential for non-transparent actions.

### **The Effect of Accountability on Fraud Tendency**

The results indicate that accountability does not impact fraud tendencies. Previous research by Abdullah (2016) found that even with a robust accountability system, individuals may still be tempted to engage in unethical actions under certain conditions. This study also demonstrates that high levels of accountability do not always reduce the propensity for fraud in village governance. Subjective factors such as pressure, opportunity, rationalization, competence, arrogance, and collusion continue to influence fraudulent behavior despite effective accountability mechanisms. These findings offer deeper insights into the relationship between accountability and fraud propensity within the context of village governance.

### **The Effect of Responsibility on Fraud Tendency**

The findings reveal intriguing insights into the impact of responsibility on fraud tendencies within village governance. Previous research supports the notion that high individual responsibility negatively affects fraud tendencies. Shabirin (2022) found that individuals with high responsibility levels are more likely to adhere to ethical norms and are less tempted to commit fraud. This aligns with the Hexagon Fraud theory, which includes

subjective elements such as pressure, opportunity, rationalization, competence, arrogance, and collusion, suggesting that high responsibility can significantly hinder collusion and reduce fraud risk.

Research by Febriansyah and Indirwan (2022) and Lailly and Rahayu (2023) further supports these findings, indicating that high organizational responsibility can decrease opportunities for collusive practices, thereby minimizing fraud risk. Therefore, individual responsibility in fulfilling duties and obligations plays a crucial role in maintaining integrity and reducing the likelihood of fraudulent activities within village governance. These findings contribute significantly to understanding the factors influencing fraud tendencies and highlight the importance of individual responsibility in fraud prevention efforts in village government.

### **The Effect of Transparency on Fraud Tendency**

The findings reveal intriguing insights into the impact of transparency on fraud tendencies within village governance. Although transparency is often viewed as a solution to reduce fraudulent behavior, this study found that subjective factors such as pressure, opportunity, rationalization, competence, arrogance, and collusion still influence fraud behavior, even when transparency levels are high.

Previous studies by Oktaviani and Saifudin (2019) and Rahmawati et al. (2020) indicate that despite organizational transparency, some individuals do not adhere to ethical norms, increasing the potential for fraud. Research by Suryandari and Pratama (2021) also highlights that collusion plays a significant role in fraud within village fund management. This research provides a further understanding of how subjective factors like collusion can influence fraud tendencies, even in highly transparent environments. Additionally, Abdullah (2016) emphasizes the importance of accountability and objectivity in reducing fraud tendencies, suggesting that transparency must be supported by strong accountability practices. These findings underscore the complexity of the relationship between transparency and subjective factors in influencing fraud behavior in village governance.

Research also shows that transparency is often seen as a solution to reduce fraud practices in organizations. However, findings indicate that transparency does not always affect fraud tendencies. Several studies (Oktaviani & Saifudin, 2019; Rahmawati et al., 2020; Rosidah et al., 2023) found that despite high levels of transparency, some individuals still fail to comply with ethical norms, increasing the potential for fraud. This suggests that subjective factors beyond the existing level of transparency must also be considered in fraud prevention efforts.

Furthermore, this study makes a significant contribution to understanding the complex relationship between transparency and fraud propensity. Although transparency is often considered a factor that can reduce the risk of fraud, subjective factors such as pressure, opportunity, rationalization, arrogance, and collusion can also influence individual behavior related to fraud. Therefore, this study provides valuable insights into the

importance of considering subjective factors when designing fraud prevention strategies at the village government level.

## **Conclusion**

This study aims to investigate the factors that motivate fraudulent behavior in the management of village funds, using elements of the fraud hexagon theory, which includes pressure, opportunity, rationalization, competence, arrogance, and collusion, linked to morality, accountability, responsibility, and transparency. Conducted in village government offices in Indonesia, the research found that subjective factors such as pressure, opportunity, rationalization, arrogance, and collusion significantly influence fraud tendencies in village governments despite high levels of accountability and transparency. These findings provide deep insights into the complex relationship between subjective factors and fraud propensity, suggesting that fraud prevention strategies at the village government level need to focus more on these subjective factors. Additionally, the study confirms that individual morality positively affects accountability, indicating that high morality can establish strict moral standards in individuals, thereby increasing their accountability in village government duties. These results contribute significantly to understanding the importance of morality in maintaining village government integrity. The negative effect of responsibility on fraud tendencies is supported by findings that individuals with high responsibility levels tend to adhere more to ethical norms and are less tempted to engage in fraud.

The study's results have several implications. For village governments, it is essential to strengthen ethics education programs and morality training to enhance the integrity of individuals managing village funds. For the national government, the findings can inform the design of anti-fraud policies that consider subjective factors, such as pressure and rationalization, through stricter supervision and reduced opportunities for collusion. Theoretically, this study expands the understanding of the fraud hexagon theory's application in village financial governance and emphasizes the importance of morality in increasing accountability and responsibility to prevent fraud. It also opens avenues for further research on strategies to mitigate subjective factors influencing fraud tendencies in the public sector.

This research has several limitations. First, the Fraud Hexagon theory model used is relatively new, so comparative references are limited. Second, the primary data collection method, a survey via questionnaires, is susceptible to respondent bias and does not allow for in-depth discussions to understand the context and complexity of subjective factors influencing fraud tendencies in village governments. Third, the study's generalizability is limited as it focuses on specific village governments with samples that may not be broadly representative, restricting the applicability of the findings to the general village government context.

Future research should include interview methods to improve the accuracy of results. Comparative studies between different regions or countries can provide valuable insights

into cultural and contextual factors influencing fraud tendencies in village governance. Additionally, future research can further explore the interaction between individual moral values and organizational structure in influencing the likelihood of fraudulent activities.

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Conceptualisation, KPL. and WMP.; Methodology, KPL.; Investigation, KPL.; Analysis, KPL.; Original draft preparation, KPL.; Review and editing, KPL.; Visualization, KPL.; Supervision, WMP.

#### Conflicts of Interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.



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