

Tri Hita Karana Culture, Good Governance and Apparatus Commitment on Fraud Prevention in Village Fund Management with Apparatus Awareness as Moderator



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ABSTRACT: Fraud in village financial management becomes the focus of research by looking at various previous research opportunities. Based on the existing phenomena related to fraudulent acts of financial management in the village government, this study examines the internal and external factors of the organization to be analyzed in terms of preventing fraud in the management of village funds. The purpose of this study was to examine the influence of tri hita karana culture, good governance and apparatus commitment on preventing fraud in village funds, as well as to examine the moderation of awareness on these effects. The sample used was 87 village heads in the province of Bali, with the sampling method of proportionate stratified random sampling. The research data was obtained by adopting a survey design using a questionnaire, and tested and analyzed using multiple linear regression and MRA methods. So that we get the results that the tri hita karana culture, good governance and apparatus commitment have a significant positive effect on preventing fraud in village fund management, as well as the role of awareness that is able to moderate by increasing the influence of internal and external organizational factors in preventing fraud in village fund management.

KEYWORDS: tri hita karana, good governance, awareness, fraud prevention, village fund

INTRODUCTION

Many cases of fraud that occur in the village are related to the management of village finances. The fraud referred to in this case is corruption. According to data from the Indonesian Corruption Watch, in 2018 the most corruption occurred in villages related to village funds. Of the 454 corruption cases that were prosecuted, there were 96 cases of corruption in village funds with a total state loss of Rp. 37.2 billion. As actors who perpetrate corruption, there are 102 village heads and 22 village officials. The data states that although it is relatively new, the village funds implemented in 2015 had very high levels of fraud. The province of Bali has several cases of fraud in the management of village funds, namely the Baha Village Head, Badung Regency and the Dauh Puri Kelod Village Head, Denpasar. This case uses the same mode as other cases, namely the misuse of village funds for personal purposes by manipulating expenditures and accountability reports. Based on these cases, it can be concluded that in addition to bad awareness by the village head, it also shows a lack of supervision (Anggiriawan et al., 2018; Saputra et al., 2019).

The management of the budget allocation must support the implementation of village government, implementation of village development, village community development and village community empowerment so that the competence of the apparatus is needed to manage village finances in order to achieve the goals of justice and equity (Saputra et al., 2022). In managing village finances, it is necessary to pay attention to and adhere to the general principles of village financial management, namely, village finances must be managed in an orderly manner, obeying laws and regulations, transparent, accountable, and participatory by paying attention to the principles of justice, propriety and benefits for the village community (Sujana et al., 2020). In addition to the competence of the apparatus, a good governance framework is needed in managing village finances, so with good governance, it is hoped that the economic and social objectives of village government can be achieved. This indicates that the internal control system and the competence of the apparatus must synergize in order to prevent fraud (Saputra, Dewi, et al., 2020). However, in practice, fraudulent village financial management can be suppressed through various methods, one of which is applied in Bali, namely by applying local culture to sanction the perpetrators of fraud and at the same time increasing accountability. In fact, it is not uncommon for people who wish to commit fraud to think repeatedly about taking the action (Bierstaker et al., 2006; Halbouni et al., 2016).

The culture in question is the Tri Hita Karana culture. The concept of tri hita karana is a concept of harmonization of relationships that are always maintained by the Balinese Hindu community, including: *parayangan* (human relations with God), *pawongan* (human relations), and *palemahan* (human relations with the environment) which are sourced from the Hindu holy book Baghawayad gita. Therefore, the concept of tri hita karana that developed in Bali is a cultural concept rooted in religious teachings which is considered capable of increasing accountability in village financial management (Efferin, 2015; Saputra et al., 2022).

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This study focuses on the high level of fraud that occurs in village financial management. The high level of fraud was identified due to the poor morale of the village apparatus, the lack of application of the concept of good governance and the leadership pattern of the village head that was applied (Saputra et al., 2022; Sujana et al., 2020). This triggers opportunities for fraud in the village. Therefore, it is important to prevent fraud, because from year to year since village funds were distributed by the central government, the number of frauds has always increased (Anggiriawan et al., 2018; Saputra, Subroto, et al., 2020).

The results of this study provide input for the Regional Government and Village Government in an effort to prevent fraud. This research can provide input on efforts that can be made by local governments and village governments in overcoming fraud or corruption that has become a "culture" in Indonesia (Jayawarsa et al., 2021; Mariyatni et al., 2020). The approaches taken by the government which previously used economic criminology approaches, with the results of this study it is hoped that the government can use psychological and behavioral approaches in fraud prevention efforts.

LITERATURE REVIEW

Agency Theory

The agency theory developed by Watts and Zimmerman is based on the assumption that individuals will act according to their interests. In agency theory there is an agency relationship in the form of a contractual between the principal and the agent to perform services on behalf of the principal which involves the delegation of decision-making authority to the agent (Naciti, 2019; Ross, 1973). Conflicts between principals and agents often occur in village financial management, namely information deviations between the village government and the community, village heads and village officials, village heads and community institutions, village heads and the Village Consultative Body, or between village heads and BUM Desa managers. Information asymmetry is a major problem in the relationship between principal and agent, so the product of this problem is inaccurate financial reporting or in this case is the preparation of budget realization reports as a form of accountability for the use of village funds (Sara & Saputra, 2021).

Tri Hita Karana

The philosophy of tri hita karana is based on Bhagavadgita III.10, namely the elements of tri hita karana are Prajapati, Praja and Kamadhuk, while *Parhyangan*, *Pawongan*, and *Palemahan* as a forum implementation of the Tri Hita Karana philosophy. In the Bhagavadgita III.10 verse the three elements It is stated that they are mutually beryadnya, Prajapati is God's designation as the king of creatures living on this earth, Praja is the human element and Kamadhuk is the symbol of the universe. Tri hita karana has the meaning that the three causes of human welfare in order to achieve the life goals of moksartham Jagadhita ya ca iti dharma which basically stems from the harmonious relationship between man and his God (*parahyangan*), the harmony of human relations with others (*pawongan*) and the harmony of human relations with the natural environment (*palemahan*) (Devi et al., 2019; Kamayanti, 2015; Saputra et al., 2021; Saputra & Sanjaya, 2019).

METHOD

This study examines the influence of tri hita karana culture, good governance and apparatus commitment on preventing fraud in village fund management with awareness as moderating. Therefore, the conceptual framework of the research can be described as follows:

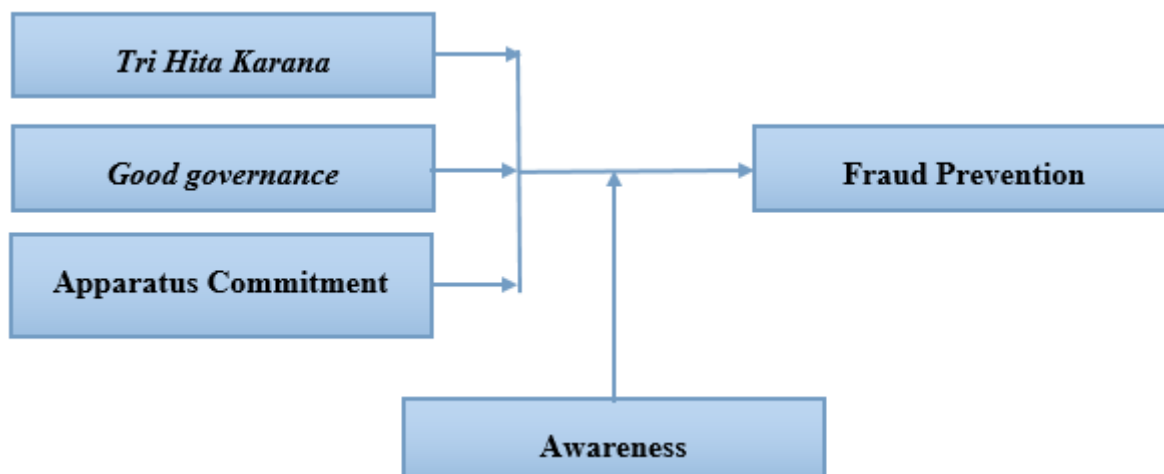


Figure 1. Research Conceptual Framework

The population in this study were village heads who received village funds in the province of Bali with a total of 636 villages. From the results of calculations using the Slovin formula, a sample of 87 village heads in Bali was used. The sampling technique used in this study was proportionate stratified random sampling. This study used personally administered questionnaires. The measurement

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of question items using a 5-point Likert scale ranged from "strongly disagree" at the lower limit of the scale (1) and "strongly agree" at the upper limit of the scale (5). To test the hypotheses carried out in this study, a multiple regression analysis model was used, with an interaction test which is often called Moderated Regression Analysis.

RESULTS AND DISCUSSION

Results

Descriptive statistical analysis provides an overview or description of a data seen from the average value , standard deviation, maximum, and minimum. The results of the descriptive statistical test are presented in table 1.

Table 1. Results of Descriptive Analysis of Research Variables

	N	Minimum	Maximum	Average	Standard Deviation
X1	42	32.00	65.00	54.55	6,989
X2	42	28.00	45.00	36.1429	5.04889
X3	42	78.00	115.00	96.1429	9.76947
M	42	54.00	80.00	67.1429	6.49792
Y	42	18.00	30.00	24.0476	3.34921
Valid N (listwise)	42				

There are four hypotheses in this study, the first is called hypothesis one which aims to find out whether THK has a significant effect on fraud prevention, the second is called hypothesis two to find out whether good governance has a significant effect on fraud prevention, and apparatus commitment has a significant effect on prevention fraud. The fourth hypothesis aims to determine whether the awareness variable strengthens the influence between the THK, GG, and AC variables on fraud prevention, so that the awareness variable is called the moderating variable. In answering the fourth hypothesis, MRA analysis was used. The MRA analysis method used in this study is the interaction test method. The following are the results of the MRA analysis using the interaction test method.

Table 2. Results of MRA Analysis with Interaction Test Method

Explanatory Variables	Response Variable		
	Coefficient	T Count	Significance
Constant	3.077	1,873	0.000
X1	0.147	4.291	0.000
X2	0.078	2014	0.018
X3	0.554	20,021	0.000
X1*X2*X3*M	0.041	2.320	0.024

From the regression analysis above, it can be seen that the variables that have a significant effect on fraud prevention are the THK, GG and AC variables with a significance value of 0.000, 0.018, and 0.000. The moderating variable for awareness is 0.024. This shows a significance value that is less than 0.05. The variables THK, GG, AC, and Awareness moderation have a significant effect on fraud prevention, meaning that through the interaction test, the THK, GG and AC variables have been proven to have an impact on fraud prevention with the awareness variable as the moderating variable. Based on the table above, the regression equation between the THK, GG, AC, Awareness and Fraud Prevention variables is as follows:

$$Y = 3.077 + 0.147X1 + 0.078X2 + 0.554X3 + 0.041X1*X2*X3*M$$

DISCUSSION

Based on the results of research data analysis, it is stated that the tri hita karana culture has a significant positive effect on preventing village fund fraud. This also supports the results of Saputra and Sanjaya (2019) that local culture is a factor in preventing fraud if it is internalized in the organizational culture. The culture that is believed by the Balinese people is the key to the success of an organization to control fraud. in the context of this research is the village government. Furthermore, the results of tests conducted on good governance found that good governance had a significant effect on preventing fraud in the management of village funds (Ash-shidiqqi & Wibisono, 2018). This means that the concept offered by good governance has a positive influence on fraud committed by individuals in the organization. These results support research Saputra et al., (2022) which also states that good governance will lead to adequate transparency and accountability, and ultimately to government with integrity and free from fraud

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in any form. Other results state that the competence of human resources has a positive and significant influence on the prevention of fraud in village funds (Saputra et al., 2022). This means that the ability of the village apparatus is the main focus in fraud. The ability of government officials who are aware of and committed to the organization as well as an adequate level of education can improve the prevention of fraud in organizations. Based on these results, it is in line with research conducted by Saputra et al., (2019), which shows positive results between the competence of government officials on the prevention of financial fraud. Vulnerable village governments with low-educated human resources can be overcome with optimal training and supervision methods to obtain adequate human resource results in managing village finances (Anggiriawan et al., 2018).

The results of this study also found that awareness can moderate the influence of tri hita karana culture, good governance, and apparatus commitment on fraud prevention in village government. Awareness is able to increase the use of the tri hita karana culture, implement good governance, and increase the commitment of human resources to make village government clean and free from financial fraud, especially in managing village funds (Saputra et al., 2022). Of course, this research can recommend to the village government to integrate internal and external organizational factors in village financial management to avoid financial fraud. Internal factors are making training programs for village officials, and applying the concept of good governance in managing village finances (Lawson, 2012). External factors are encouragement from stakeholders to adopt a culture that is believed by the local community to be used as a culture in the organization, such as respect for fellow human beings, the environment and God (Saputra et al., 2022). Conditions like this will make the results of this research contribute to the internal policy making of the village government and build community control to jointly oversee the running of the village government (Kurniawan, 2016; Saputra et al., 2022).

This research also contributes to local governments to concentrate more on managing village finances to avoid fraud by making important regulations related to supervision and control (Furqoni & Rosyadi, 2019). The theory's contribution is aimed at the concept of good governance as a form of transparency and accountability. In addition, it can also enrich studies in the field of public sector accounting in terms of local government finance, as well as public sector management control methods (Mollick et al., 2018).

CONCLUSION, LIMITATIONS AND SUGGESTIONS

This study obtained results that support the results of previous research, namely establishing the results that the tri hita karana culture, good governance and apparatus commitment partially have a positive and significant effect on preventing fraud in village fund management in Bali. These results also indicate that the awareness of the government apparatus is needed to be able to improve the three internal and external factors with the aim of preventing fraud. Awareness has been proven to moderate the relationship between the tri hita karana culture, good governance and apparatus commitment in preventing fraud in the management of village funds.

This study certainly has some limitations, such as the small number of samples. So that further research can expand the research sample to all of Indonesia. Another limitation is that the questionnaire given was not confirmed, because this study used a closed questionnaire, for that, it is necessary to confirm the contents of the questionnaire so that it can lead to the mix method (combining quantitative and qualitative methods). So that further research suggestions can follow up on the limitations of this study so that it can be developed further.

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