

THE ROLE OF EMPLOYEE ETHICAL BEHAVIOR AND ORGANIZATIONAL CULTURE IN PREVENTING FRAUD AT THE LPD

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Abstract:

The focus of research related to fraud prevention, ethical behavior in accordance with high spiritual values in Bali deserves to be used as guidelines in managing the organization and teachings of Tri Kaya Parisudha, Tat Twam Asi, and Karma Phala, spiritual values are instincts that involve exemplary thinking, emotional behavior, and love. Research related to fraud has been widely researched by previous researchers, but only emphasizes managerial aspects. This study emphasizes aspects of ethical behavior of employees related to spiritual values that guide individual life. This research was conducted by conducting a survey of 34 village credit institutions in Abiansema District, with the respondents being the head of the village credit institution and the supervisory body (internal auditor). By using Smart PLS, the result shows that ethical behavior of employees that is in accordance with the spiritual values of Hinduism can prevent fraud. In addition, individual external factors in the form of a good organizational culture play an important role in reducing the possibility of fraud. This research has implications for village credit institutions, which in addition to emphasizing managerial aspects, spiritual aspects must also be considered in employee behavior to prevent fraud.

Introduction:

Bali's economy is driven by the strength of natural resources and cultural resources (spiritual values). Gobyah (2003) states that local wisdom is the truth that has been directed

to certain regions. The norms that have been recognized for truth in an area are used as a reference in acting. Local wisdom arises from community thoughts, attitudes, and actions. Village credit institution is one of the Balinese local wisdom institutions that build a people's economy based on an village, reflected by the family spirit and cooperation of its citizens. Village credit institutions are financial institutions with a management mindset based on the Balinese indigenous community. The village credit institution, as one of the fast-growing microfinance institutions in the province of Bali, especially in Badung Regency as an informal sector business center, has been established since 1988 based on the Bali Provincial Regulation Number 2 of the Year 1988 concerning village credit institutions. Village credit institutions are one of the institutions located at the level of the Customary Village. Its existence has so far been proven and the benefits of indigenous villages have been greatly felt. Residents are community groups that are in a customary village. The village credit institution is not only useful according to its function but also creates employment. The added value of village credit institutions makes its customers, especially small and micro-entrepreneurs, prefer village credit institutions over formal financial institutions as back up finance in their business. More value is what then makes the village credit institutions in Bali superior to existing formal financial institutions. Uniquely, this micro finance institution is run based on Hindu customs in its management system but has been managed professionally based on a modern banking system in its operational technique (Kurniasari, 2007). LPD is a very helpful alternative because it has several advantages when compared to formal financial institutions, namely: Giving credit/loans prioritized for weak economic communities as venture capital, low-interest loans (including soft loans), repayment period of 1-5 years depending on the size of the loan, with a declining interest system, for loans in certain amounts can be submitted without collateral, and the process is fast.

At present, the village credit institution is managed by designated management based on the results of the indigenous village consultation. Village credit institution managers are residents who come from each region who is in one region village and have an internal audit board of credit institutions consisting of all chairman in the relevant region village. This is to avoid suspicion from each other in its management and to fulfill a sense of justice because, basically, the village credit institutions are village assets that are explicitly written in the role (policies) of their customary villages. The uniqueness of the village credit institution is one form of microfinance institutions, namely, compliance with role/policies (both written and unwritten), and managed based on the principles of family and coaching (Kurniasari, 2007). Village credit institutions in each village are fostered by the Regional Development Bank by adopting administration from banks. However, what is different from the banking world is that the village credit institution only collects funds from a limited circle of the village community. Thus, the purpose of the village credit institution is not to seek profit as much as possible, but to improve the welfare of the villagers. With the existence of this family based financial institution, it will close the way to reach the loan sharks who provide high-interest rates.

Although based on kinship, there are not infrequently cases of fraud at the village credit institutions. Phenomena related to organizational fraud must be observed by every organization, including the village credit institution, to increase stakeholder confidence. Fraud is a form of fraud that is deliberately done so that it can cause losses unnoticed by the injured party and provide benefits for the perpetrators of fraud (Gilbert and Wakefield, 2018). Accounting fraud is usually triggered by companies that want their financial reports to look good (Wilopo, 2006). Besides, the company also wants to reduce the perception in the eyes of the stakeholders that the company is at risk. If investors consider that the company has a low level of risk, then they will not worry that the company will go bankrupt. To create this good perception, some companies use strategies by committing fraud (Pamungkas, 2014). The

fraud case has taken a lot of attention from the media. One of them is happening in Kekeran village in Abiansemal. Cases of fraud occurred in 2017, where the Chairman of the village credit institutions, treasurers, and collectors embezzled funds to reach 5.3 billion.

Regarding the phenomenon of fraud in village credit institutions, of course, efforts to suppress or prevent fraud are important to know. Research related to fraud related to ethical behavior of employees based on Hindu spiritual values is important to study because most of the previous researchers only prioritized managerial aspects without paying attention to moral aspects based on spiritual values. Even though no matter how strong the managerial aspects such as internal control that is applied in an organization can be damaged if there is still a desire in humans to commit acts of fraud. Organizational internal control is not one hundred percent able to prevent fraud because it still depends on the individual and fraud can still beat internal control through conspiracy (Suryandari and Endiana, 2019: 15). This research focuses on the psychological dimensions of national morals so that individuals do good deeds in accordance with religious teachings. If individuals have acted in accordance with religious teachings, they will be able to suppress deviant actions and avoid torment in the world and the hereafter (Sulistyo & Ghozali, 2017).

According to the Association of Certified Fraud Examiners (ACFE), fraud is a fraudulent act or mistake committed by a person or entity who knows that the error may result in several unfavorable benefits for an individual, entity or other party. Based on the fraud triangle developed by Cressey (1953), fraud occurs when there is pressure, opportunity, and rationalization (Skousen et al., 2009). This rationalization that grows from within humans is what drives him to commit acts of fraud if ethical behavior based on religious values is not embedded in him. Fraud can be caused by low mental or psychological factors that come from the values adopted so that they think of shortcuts to achieve something (Munidewi, 2017). Several studies have shown a significant relationship between moral reasoning, judgment, and perceptions of ethical and unethical issues with the level of religiosity (Razzaque, 2002). However, most researchers are outside the accounting environment; This then motivates this study to see the influence of ethical behavior of employees based on spiritual values and organizational culture on the tendency to fraud.

Spiritual values in Bali should be applied in the management of village credit institutions in relation to ethical behavior of employees. Spiritual values are instincts that involve exemplary thinking, emotional behavior, and love (Garcia, 2003). Spiritual value relates to experiences experienced by humans, where these experiences can change human behavior to harmonize their lives (Lewis and Geroy, 2000). Meanwhile, according to Agoes and Ardana (2009) spiritual value is a description of spiritual intelligence, thinking intelligence, and emotional intelligence. Aspects of spiritual values that underlie ethical behavior of employees in the harmonization of village credit institutions in Bali include the values embedded in Tri Kaya Parisudha, Tat Twam Asi, and Karma Phala. These three elements can form the ethical character of individuals in village credit institutions so that they can achieve good performance. Tri Kaya Parisudha are three behaviors that must be purified, namely thoughts, words and actions. By continuing to have sacred thoughts, words and actions, it will prevent us from actions that violate the law or violate religion. Meanwhile, Tat Twam Asi teaches us to be modest without limits, it puts us in the shoes of others. What we do to others will feel the impact of the actions we take. So, when we cheat, we will make ourselves think about the negative impact of what we have done. Apart from these two spiritual values, there is also what is called Karma Phala, where Karma comes from the Sanskrit language, namely Karman, which means to act. The fruit of the good deeds that have been done and will be done. From this description, the problem formulations in this study are: Is ethical behavior of employees based on the spiritual values of Hinduism able to suppress fraud in the LPD? And Is the organizational culture capable of supporting ethical

behavior of employees based on spiritual values in suppressing fraud in the LPD? The results of this study can later provide input to village credit institutions that not only managerial aspects must be a concern in suppressing fraud but also aspects of ethical behavior of employees based on Hindu spirituality that are embedded in the individual soul.

Literature Review:

When a company publishes its financial statements, the company always wants to describe the condition of the company in good condition. It is intended that users of financial statements assess that management's performance is good. Management tries as much as possible to describe the condition of the company well, even not infrequently, they manipulate the financial statements as they want so that the information contained in the financial statements becomes biased. Such biased information naturally becomes invalid or irrelevant information to be used as a basis for decision making because the analysis is not based on actual information. Based on agency theory, if it is associated with self-interest, one's desire for selfishness can be reduced. If human resources have been able to control all their behavior, agency costs can also be reduced to avoid the organization from information asymmetry, which can lead to fraudulent financial statements. The contractual relationship between the principal and agent will be able to run with mutual trust without personal desires detrimental to either party. Along with the rapid growth of the village credit institutions in Bali, various obstacles have emerged that accompany it. One of them is the low level of governance due to weak human resources. The impact of the weak management of the village credit institutions led to many village credit institutions categorized as unhealthy or even bankrupt. The existence of an unhealthy condition of village credit institutions is caused by acts of corruption and embezzlement. Several cases of embezzlement and corruption in the village credit institutions have been reported, even though perpetrators have been executed by the court. The level of loss caused varies greatly from tens of millions to tens of billions of rupiah. The modus operandi is quite varied from theft by employees, embezzlement by management, or corruption by the head of the village credit institution. The government has tried to improve the governance of village credit institutions by reducing various grants to improve the human resources of village credit institutions. But encouragement from the government alone is not enough if it is not accompanied by community empowerment itself. A high commitment is needed in prevent fraud in village credit institutions. Joint commitment between stakeholders (customary villagers, custom villagers, and managers of village credit institutions) to protect the village credit institutions to avoid harmful behavior. Fraud will not only disrupt the running of the organization but can also destroy the organization itself. Especially In financial institutions, fraud not only causes financial losses but will also damage people's trust (Joyner, 2011).

One way to control fraud is to understand the fraud risks that may arise. The potential risk of fraud or potential fraud can help organizations detect and prevent fraud. This fraud prevention method is often referred to as fraud risk management (FRM). The principle of developing FRM is to involve all stakeholders in dealing with fraud in the organization. One of the principles that must be done is to build an anti-fraud environment by building a joint commitment to protect the organization from fraud. Creating a village credit institution that is clean and healthy is an obligation for all customary village residents, considering that village credit institutions are formed from the community and society. Development of Fraud Risk Management (FRM) based on indigenous peoples will create village credit institutions that are free from fraud. The formulation of Fraud Risk Management (FRM) must begin with a comprehensive risk assessment, especially for financial services companies such as village credit institutions that have a high potential for fraud. In addition, village credit institutions as small businesses have various uniqueness that should receive more attention. Included in the

preparation of fraud risk management (FRM), small companies must use a different approach. Albrecht's theory (2012: 120) is also important in this study because this theory has explained comprehensively how fraud prevention efforts are to create a culture of honesty, openness and assistance and eliminate opportunities for fraud. This study looks at the psychological aspects of a person regarding their tendency to commit cheating. This psychological aspect can be seen from their ethical behavior based on their religiosity in everyday life. The aspect of ethical behavior based on religiosity is not something that is only learned but grows in the heart to be implemented in everyday life. The spiritual values that foster ethical behavior for these employees are Tri Kaya Parisudha, Tat Twam Asi, and Karma Phala.

Tri Kaya Parisudha:

Tri Kaya Parisudha is three types of deeds that are the foundation of the teachings of Hindu Religious Ethics, which are guided by each individual to achieve the perfection and holiness of his life, including:

- 1). Thinking Right (Manacika);this means thinking holy or thinking right. The mind invites nature and all organs of the body to do something. So it is good if our minds are always clean and always think positively.
- 2). True words (Wacika);this means saying the truth. then it's good that in our daily lives we should say the truth, do not offend or insult and revile others.
- 3). Do the right thing (Kayika);this means that actions or behaviors that are sacred or behave correctly, where our actions in daily life are very influential in humans. So we should behave well for the creation of a harmonious relationship between fellow human beings.

Of the three elements of the Tri Kaya Parisudha, we have an attachment where if we as human beings have thought that is true/sacred, then we will create sacred words and if the words are correct, then our actions will also be true. To be able to compete in the globally world, one way is to strive to improve the quality of Hindu human resources. If you pay close attention, it can be said that Hindus only knows Tri Kaya Parisudha from the understanding of words and some explanations contained in the Sarasamuçcaya scriptures. In practice, many do not implement this teaching properly. In other words, there has been a distortion of values among the nation's children. Tri Kaya Parisudha teaches in detail to Hindus to be able to control ten human senses, which sometimes cannot be controlled by humans. If this is allowed, then the poverty, destruction that will be experienced by mankind. Good thoughts will cause good words and actions.

Tat Twam Asi:

In addition to Tri Kaya Parisudha, Hinduism also teaches Tat Twam Asi, which consists of three words, Tat means that (he), Twam means you and Asi means. So Tat Twam Asi means he (that) is you, you are him (that). This teaching is the main basis for us to be able to realize a peaceful society that we should apply in our daily lives to create a harmonious relationship between us. If we truly can understand and apply it, then within us, there will be an attitude of love toward all God. The philosophy contained in this teaching is how we can empathize, feel what is being felt by those near us. When we hurt other people, we are hurting ourselves. When we criticize others, we are despicable. Therefore, how to appreciate the feelings of others, how they respond to the consequences of our behavior, so this teaching should be the basis for behavior. Tat Twam Asi is a moral teaching that breathes Hindu teachings.

The concrete manifestation of this teaching can be seen in the daily life and behavior of humanity. Humans in their lives have a variety of life needs that are motivated by human desires themselves. Humans as living creatures are many types, traits, and diversity, such as humans as an individual, social, religious, economic, cultural, and others. All that must be fulfilled by humans as a whole and together without taking into account the situation and condition and the limitations they have, how difficult it is felt by each individual. This is where humans need to know and implement a sense of togetherness so that no matter how severe the problems they face will be felt lightly, by understanding and practicing the teachings of Twam Asi, humans will be able to feel the weight and lightness of living this life. Weight and light are there and are always side by side, and difficult to separate their existence; therefore, in this life, we should always help, feel the same fate and continuity. The philosophy contained in this teaching is how we can empathize, feel what is being felt by those near us. When we hurt other people, we are hurting ourselves. When we criticize others, we are despicable. Therefore, how to appreciate the feelings of others, how they respond to the consequences of our behavior, so this teaching should be the basis for behavior.

The teaching of Tat Twam Asi invites every religious adherence to share what others feel. Someone if they hurt others they have acted hurt or torture themselves, and vice versa if it has made other people happy and happy, then actually he who participated in feeling that happiness too.

Karma Phala:

Human desire is not only happy in the world but also happy in the afterlife. because what we do will produce results called Karma Phala. Karma Phala consists of two words, Karma and Phala, derived from Sanskrit. "Karma" means action and "Phala" means fruit, yield, or reward. So Karma Phala means the result of one's actions. So according to the source, there are 3 Karma, namely Karma in the form of mind, Karma in the form of words, and Karma in the form of behavior. Humans often do something that is realized or not realized. However, Karma includes all forms of good deeds that are realized or not realized. Thus, it can be concluded that the understanding of Karma is a form of action that exists in the mind, words, and behavior both conscious and unconscious. The word Phala comes from the Sanskrit language, which means fruit or yield. For Karma Phala, the word Phala means all forms of results received. We know that all consequences must have a cause, and so it is with the Karma Phala. All actions carried out sooner or later will get results that are worth it. Karma Phala means the results or fruits received for actions carried out in thoughts, words, and actions that are intentional or unintentional. The Karma Phala law is universal, meaning that the Karma Phala will be accepted by anyone and does not look at family relations or social status in society.

So Karma Phala is the third pillar of faith in Hindu beliefs contained in the teachings of the five Srada. The teachings of the five Srada are guided by Hindu holy books such as the Sarasamuccaya, Bagawadgita at Veda. Where These books are sources of Hindu religious law, laws, or regulations governing human behavior both as individuals and as groups to create a harmonious, efficient, and orderly atmosphere of life. We believe that good deeds bring good results and bad deeds bring bad results. So someone who does good must be well received, and vice versa, who does bad, bad will also be received. Karma Phala gives us the confidence to direct all our behavior to always be based on ethics and good ways to achieve noble ideals and always avoid the bad paths and goals of fraud. The results of these actions are of three kinds, namely:

- 1). Sancita Karma Phala. Phala from deeds in previous lives that have not yet been enjoyed and are still the seeds that determine our lives now.

- 2). Prarabda Karma Phala. The Phala of our actions in this life without the rest.
- 3). Kriyamana Karma Phala. Phala acts that can not be enjoyed at the time of doing so must be accepted in the life to come.

Good or bad this action will determine the reward that will be received if we want a happy or happy life, it should be determined from now on by carrying out Subha Karma. In summary, the goal of Subha Karma is to heaven and finally moksa. The goal of Asubha Karma is hell, which is full of suffering or misery. Indeed, the degree of a person is determined by the merits of his actions, according to the seed sown, so he will receive. With the understanding of the three types of Karma Phala, it is clear, sooner or later, in this life or the future, all the rewards from that action must be accepted because it is already a law. Karma Phala delivers spirits to heaven or hell. If in his life is always good Karma, then the reward obtained is Heaven. On the contrary, if his life is always bad Karma, then the hellish punishment he receives. After enjoying Heaven or hell, the spirit or Atma will get the chance to experience reincarnation as a work of redemption to go to Moksa. The law of Karma Phala is the law of cause and effect, the law of action, the law of business, and the outcome or fate. This law applies to the universe, animals, plants, and humans. If it is addressed to humans, it is called the law of Karma. And if it is called the law of the universe to the universe. This law governs the survival, motion, and rotation of the universe.

Even though we classify the Karma as above, but in reality, it is very difficult for us to identify every action we receive at this time. Regarding when we will receive the results of the actions we do is God's secret. Therefore, the best thing to do is to carry out the task as well as possible, always do good deeds, and remain confident and devoted to God. Regarding the law of Karma Phala, the relationship between actions and their results, the Karma maker himself has no right to determine the results of his actions. The existence of these actions is determined by God's law, that is, the law of Karma Phala. In addition, the law of Karma Phala is very influential on the good and bad of all beings by good deeds and bad deeds done during life. The law of Karma Phala can determine whether a person is living happily or suffering physically and mentally. So everyone doing good will surely receive the results of his good deeds. And vice versa, for every person who does bad, badness inevitable is inevitable. The results of these actions are not always immediately felt or enjoyed. Hands that touch ice will instantly cool, but planting rice must wait for months to be able to reap the results. Every action will leave a mark, there is a real mark, there is a mark in dreams and there is an abstract. Therefore, the results of actions that could not be enjoyed during the act or in the present life, he will receive after the hereafter and sometimes will also be enjoyed in the life to come.

Ethical Behavior of Employees based on Tri Kaya Parisudha and organizational culture in suppressing fraud in the LPD:

The meaning contained in the Tri Kaya Parisudha element is transparency. The element of transparency is very important in financial institutions which are part of Good Corporate Governance (GCG). Transparency is measured by an attitude that is always objective and honest so that it fulfills the concept of accounting characteristics (Nuryani and Gorda, 2018). With holy thought, saying what is sacred and doing what is holy will improve ethical behavior and the quality of life of Hindus. One can control one's actions by thinking holy. Thus, a person's desire to commit fraud will be suppressed from within himself by the existence of ethical behavior based on Tri Kaya Parisudha. This is because fraud is an act that is carried out on purpose for personal gain or a group of people. Internal factors such as ethical behavior that arise from the strength of the teachings of Tri Kaya Parisudha in a person and supported by an organizational culture that puts forward the right rules and policies will be able to reduce the potential for fraud.

H1a: Ethical behavior based on Tri Kaya Parisudha can reduce the occurrence of fraud in the LPD.

H1b: Organizational culture can support ethical behavior of employees based on Tri Kaya Parisudha in suppressing potential fraud in the LPD.

Ethical Behavior of Employees based on Tat Twam Asi and organizational culture in suppressing fraud in the LPD:

The meaning of Tat Twam Asi is love. All operational activities carried out at village credit institutions must be based on compassion. Ethical behavior based on compassion creates a sense of comfort for both employees and customers. Humans must have the same sense of unity in order to interpret how to respect someone (Kusuma, 2018). Tat Twam Asi means I am you and you are me. Everyone will feel in someone else's shoes. All living things and are defined equally, are God's creation (Redana, 2011). Tat Twam Asi makes humans feel the weight and lightness of life because they always live side by side. So that this will reduce the possibility of hurting and deceiving both other people and the organization because of love for the organization. With compassion for others and supported by a good organizational culture, it will be able to eliminate someone's desire to commit fraud.

H2a: Ethical behavior based on Tat Twam Asi can reduce fraud in LPD.

H2b: Organizational culture can support ethical behavior of employees based on Tat Twam Asi in suppressing fraud in the LPD.

Ethical Behavior of Employees based on Karma Phala and organizational culture in suppressing fraud in the LPD:

Karma Phala means accountability, which has fair, timely, consistent, and fair values. Accountability is part of Good Corporate Governance (GCG). Accountability in financial sector institutions will greatly determine the reliability of their financial reports. The value of accountability is reflected in the social environment formed through fairness, timeliness, consistency, and discipline in accounting reporting (Triuwono, 2000). Ethical behavior based on the values contained in Karma Phala has been instilled since childhood in the family environment, when studying and in the social environment (Purnamawati and Adnyani, 2019). This ethical behavior can be illustrated that Karma will face the good and bad that a person will get from his actions. Karma is also defined as the concept of action and reaction of actions, the cycle of causality in Hinduism. The results of these actions are the results of past and present lives. So Karma is closely related to the term reincarnation or rebirth in the world. It is this reincarnation that is responsible for one's Karma. Someone will cancel their intention to commit fraud because they realize that if they cheat, one day they will get a reward for what they have done. The existence of ethical behavior of employees based on Karma Phala with restrictions on intention to commit fraud and supported by a good organizational culture will be able to ward off fraud that occurs within the LPD.

H3a: Ethical behavior based on Karma Phala can reduce fraud in LPD.

H3b: Organizational culture can support ethical behavior of employees based on Karma Phala in suppressing fraud in the LPD.

Methodology:

Specifically, the researcher used the employee's ethical behavior variables based on spiritual values, namely Tri Kaya Parisudha, Tat Twam Asi, and Karma Phala which are psychological elements in individuals. Previous research has only examined fraud from a managerial perspective, such as internal control, the fraud triangle, or the fraud pentagon (Wilopo, 2006; Munidewi et al., 2019). The variable of belief in religious values is important to study because it is a spiritual foundation in keeping individuals away from deviant

behavior, namely committing fraudulent acts for personal gain. The selection of the moderating variable in the form of organizational culture is considered to be able to influence fraud that can occur in an organization. Mangkunegara (2005: 113) states that organizational culture is a set of assumptions or systems of beliefs, values, and norms developed within the organization that serve as behavioral guidelines for its members to overcome external and internal adaptation problems.

This study uses quantitative data related to ethical behavior of employees based on spiritual dimensions in the form of the teachings of Tri Kaya Parisudha, Tat Twam Asi, Karma Phala, organizational culture, and fraud that occurs in village credit institutions. The survey method was used by distributing questionnaires with the answer criteria for strongly disagreeing to strongly agreeing (Likert scale 1 to 5). Research respondents were 1 (one) chairman of the village credit institution and 1 (one) supervisory body (internal auditor) who directly handled the fraud problem that occurred. This research was conducted in all village credit institutions in Abiansemal District, totaling 34 village credit institutions. Thus, the number of respondents in this study was 68 people. The village credit institutions are the Grana LPD, Sangeh LPD, Blahkiuh LPD, Ayunan LPD, Ambengan LPD, Pikah LPD, Karang Dalem LPD, Bongkasa LPD, Kuta Raga LPD, Taman LPD, Jempeng LPD, Batubayan LPD, Punggul LPD, Semana LPD, Umahanyar LPD, Baturning LPD, Mambal LPD, Samu LPD, Lambing Mekarbwana LPD, Bindu LPD, Sigaran LPD, Sedang LPD, Kekeran Angantaka LPD, Angantaka LPD, JagaPati LPD, Lambing SibangLPD, Sibangkaja LPD, Sibang Gede LPD, Darmasaba LPD, Tegal LPD, Abiansemal LPD, Gerih LPD, Selat LPD, and Tingas LPD. The Abiansemal District was chosen as the object of research because of the phenomenon of fraud there. The method of determining the sample is done by non probability sampling.

The first independent variable used is the ethical behavior of employees based on the Tri Kaya Parisudha (TKP) as measured by indicators of honesty (HON) and objective (OBJ). The teaching meaning of Tri Kaya Parisudha is transparent and Tri Kaya Parisudha itself means thinking, saying and doing something holy. Honest means harmony between what is said, expressed and the reality that is seen, touched, and felt. Therefore, if information that is under fact is seen, touched, and felt is conveyed correctly without being covered up, then the transmission is said to be honest. Objective means impartial, where something is ideally accepted by all parties because the statement given to him is not the result of assumptions (estimates), prejudice, or values held by a particular subject. The second independent variable is the ethical behavior of employees based on Tat Twam Asi (TTA) as measured by indicators of sincerity (SINC) and openness (TRANS). So, the Tat Twam Asi element can be interpreted as affection. Sincerity means doing something sincerely, while openness means having high tolerance. The third independent variable is the ethical behavior of employees based on Karma Phala (KP) as measured by indicators of fairness (FAIR) and discipline (DISC). Fair is a condition in which everyone has rights in accordance with their obligations. The word fair is an attitude of impartiality or equality, nothing is more and nothing is lacking and there is no favoritism. Whereas discipline is the feeling of being obedient and obedient to the values that are believed to be his responsibility. Thus, by taking fair and disciplined actions, they are obliged to be responsible for what they have done. Karma Phala itself is the result of individual actions that they can feel as a result both in this life and in the next life, which is closely related to reincarnation. So the Karma Phala element here can be interpreted as accountability. Indicators of spiritual value were adopted from research by Nuryani and Gorda (2018) with instruments developed by researchers themselves.

Spiritual values will greatly influence the behavior of fraud in village credit institutions, but it is also influenced by external factors, namely the culture in each organization. Thus, organizational culture (OC) in this study is used as a moderating variable measured by

professionalism (PROF), distance from management (DIST), trust in colleagues (TRUST), regularity (REG), conflict (CONF), and integration (INT). The indicator was modified from Hofstede, Geert, Michael Harris Bond, 1998, and Chun-Leung Luk, 1998 in Mariam, 2009. The dependent variable tested was fraud (FRAUD) as measured by a tendency to manipulate accounting records (MAN), the existence of a tendency to misrepresent or eliminate events (ELI), misuse of accounting principles (PRINC), and theft (misuse/embezzlement) of assets (THEFT). The fraud instrument was modified from the research of Wilopo (2006). Each indicator is represented by one statement using a Likert scale of 1-5.

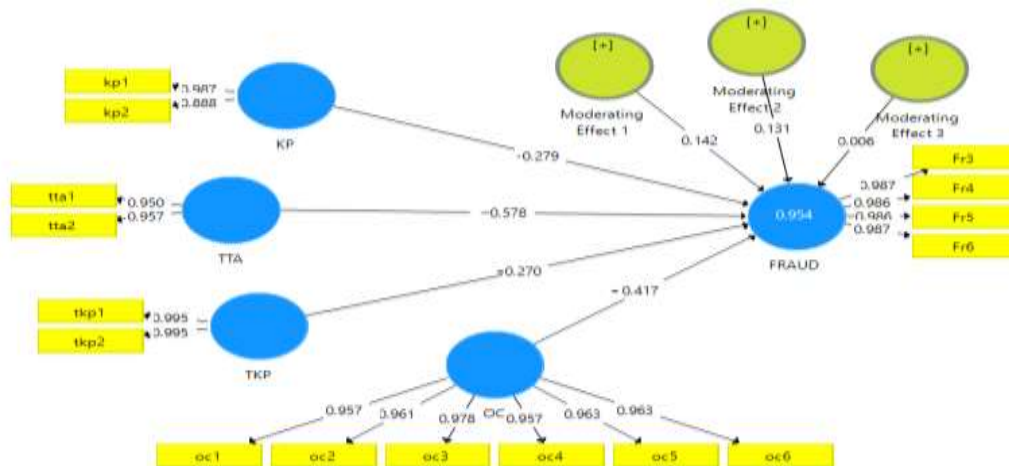
The data analysis technique used was Warp PLS, where a pilot test was conducted previously on 30 respondents. The PLS equation is as follows:

$$\text{FRAUD} = \alpha + \beta_1 \text{TKP} + \beta_2 \text{KP} + \beta_3 \text{TTA} + \beta_4 \text{OC} + \beta_5 \text{TKP} * \text{OC} + \beta_6 \text{KP} * \text{OC} + \beta_7 \text{TTA} * \text{OC} + \varepsilon$$

Results and discussion:

Using the Warp PLS analysis, we get the following equation:

Figure 1. Results of the Warp PLS analysis



Based on the results of the analysis in the model image above, the feasibility of each statement item in the questionnaire has a loading factor value as follows:

1. Employee ethical behavior variables based on Karma Phala (KP) consists of 2 indicators: fair (KP1) and discipline (KP2), with each statement where the loading factor results are greater than 0.7, so that the indicator is feasible to use to measure employee ethical behavior based on Karma Phala. From the employee ethical behavior based on Karma Phala variable, the most appropriate indicator used to measure employee ethical behavior based on Karma Phala is indicator fair (KP1) with a factor loading value of 0.987.
2. Employee ethical behavior variables based on Tat Twam Asi variable (TTA) consists of 2 indicators: sincerity (TTA1) and openness (TTA2), with each statement where the loading factor results are greater than 0.7, so that the indicator is feasible to be used to measure employee ethical behavior variables based on Tat Twam Asi. From the employee ethical behavior variables based on Tat Twam Asi variable, the most appropriate indicator used to measure employee ethical behavior variables based on Tat Twam Asi is indicator openness (TTA2) with a factor loading value of 0.957.
3. Employee ethical behavior variables based on Tri Kaya Parisudha (TKP) consists of 2 indicators: honesty and objective, with each statement where the loading factor results

are greater than 0.7, so that the indicator is feasible to be used to measure employee ethical behavior variables based on Tri Kaya Parisudha. From the employee ethical behavior variables based on Tri Kaya Parisudha variable, both indicators have a factor loading value of 0.995.

4. Organizational culture variables initially consisted of 6 indicators, namely professionalism (OC1 and OC2), distance from management (OC3 and OC4), conflict (OC5 and OC6), trust in colleagues (OC7 and OC8), regularity (OC9 and OC10), and integration (OC11 and OC12) with each of the 2 statements in which the results of loading factors for indicators of trust in colleagues, regularity and integration are less than 0.7, so that these indicators are not feasible to be used to measure organizational culture. From the organizational culture variable, the indicator that is most appropriate to be use to measuring organizational culture isa statement of the indicator the distance from management (OC3) with a factor loading value of 0.978.
5. The fraud variable (Fr) consists of 4 indicators, each consisting of 2 statements, namely the tendency of manipulate accounting records (Fr 1 and Fr2), the tendency to make a wrong presentation or omission of events (Fr3 and Fr4), the wrong application of the principle accounting (Fr5 and Fr6), and committing theft (misuse/embezzlement) of assets (Fr7 and Fr8) where the results of loading factors for indicators of the tendency of manipulation of accounting records (Fr1 and Fr2), and indicators of a tendency to make a wrong presentation or removal of events (Fr3 and Fr4) is smaller than 0.7, so that the indicator is not suitable to be used to measure fraud. From the fraud variable, the most appropriate indicator used to measure fraud isa statement of the indicator that there is a tendency to make a wrong presentation or omission of events (FR3) and indicators of an error in applying accounting principles (FR6) with a factor loading value of 0.987.

Table 1. Hypothesis testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
KP → FRAUD	-0.279	-0.304	0.108	2.593	0.017
Moderating Effect 1 → FRAUD	0.142	0.077	0.070	2.040	0.046
Moderating Effect 2 → FRAUD	0.131	0.087	0.062	2.111	0.035
Moderating Effect 3 → FRAUD	0.006	0.016	0.003	2.213	0.030
OC → FRAUD	-0.417	-0.321	0.180	2.321	0.021
TKP → FRAUD	-0.270	-0.269	0.130	2.070	0.041
TTA → FRAUD	-0.578	-0.658	0.186	3.104	0.008

	R Square	R Square Adjusted
FRAUD	0.954	0.949

The amount of fraud influenced by ethical behavior of employees based on Tri Kaya Parisudha, Tat Twam Asi, Karma Phala, and organizational culture is 0.949, with the following explanation:

The influence of ethical behavior of employees based on Tri Kaya Parisudha (TKP) and organizational culture on fraud:

Ethical behavior based on Tri Kaya Parisudha is proven to be able to reduce fraud. This is evident from the results of the analysis with a coefficient value of - 0.270 and a significance of 0.041. The teaching of Tri Kaya Parisudha means transparency. With a pure mind, holy words and holy deeds will prevent one from committing fraud. Apart from the teachings of Tri Kaya Parisudha, another important factor that can support fraud is the culture

in every organization. This is evidenced by the coefficient value of 0.006 with a significance of 0.030.

The influence of ethical behavior of employees based on Tat Twam Asi and organizational culture on fraud:

Ethical behavior based on Tat Twam Asi that grows in humans is reflected in the presence of compassion. This teaching will make the individual seem to be in someone else's position. The worse they do to others, it will also make themselves feel bad. Likewise, the better they treat others, the better they feel about themselves. A person will refrain from being deceived because they think they will experience it themselves. This is evident from the results of the analysis where ethical behavior based on Tat Twam Asi has a coefficient value of -0.578 and a significance of 0.008. Apart from love for others, another thing that plays an important role is the culture in every organization. Evidenced by the results of the analysis with a coefficient value of 0.131 and a significance of 0.035.

The influence of ethical behavior of employees based on Karma Phala and organizational culture on fraud:

Employee ethical behavior based on Karma Phala means accountability. Whatever a person does will affect himself. The better he does, the better he is. This law of Karma Phala is universal and will be experienced by everyone. The law of Karma, which governs the dynamics of the life of all beings in the universe, is the reason why some are born poor or rich, beautiful, handsome, or ugly. Karma comes from thoughts, words, and behavior, so there will be Karma in the form of thoughts, Karma in the form of words, and Karma in the form of behavior. Whether it is Karma or an intentional or unintentional action. Karma is also defined as the concept of action and reaction of actions, the cycle of causality in Hinduism. Someone will cancel their intention to commit fraud because they realize that if they cheat, one day they will get a reward for what they have done. With ethical behavior that can limit a person's intention to commit fraud and supported by a good organizational culture will be able to ward off fraud that occurs within the organization. This is evidenced by the coefficient value of -0.279 and a significance of 0.008. Organizational culture as an external factor is also able to play a role in reducing fraud that occurs in the organization, as evidenced by the coefficient value of 0.142 with a significance of 0.046.

Conclusions and Suggestions:

Fraud can prevent a company from achieving its goals. Fraud prevention can be done through managerial and spiritual aspects. The dominant previous research has examined the impact of managerial aspects in suppressing fraud. This research proves that the spiritual aspects of ethical behavior of employees play an important role in suppressing fraud in the company, including Hindu teachings related to Tri Kaya Parisudha, Tat Twam Asi, and Karma Phala. By instilling religious teachings, it will be attached to the individual so that fraud does not occur.

Recommendations:

The implication of this research for the success of the management of village credit institutions in reducing fraud is to instill spiritual values in all members of the village credit institutions so that they are reflected in the ethical behavior of employees and are also supported by organizational culture. Human resource and environmental factors greatly support the achievement of the vision and mission of the Village Credit Institution by suppressing actions that can hinder village credit institutions from achieving them.

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