

The Paradox of Love of Money and Ethical Culture: Seeking New Insights into Fraud Prevention at The Village Level

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ABSTRACT

This study investigates the influence of Love of Money, individual morality, and organizational ethical culture on the tendency of fraud among village officials managing finances in the South Dampal District. The study involved purposive sampling, with 104 respondents directly responsible for village financial management. Primary data were collected through structured questionnaires and analyzed using multiple linear regression with the Partial Least Square (SmartPLS) application version 4. The findings indicate that Love of Money has no significant effect on the tendency of fraud, while individual morality negatively influences fraud tendency. In contrast, organizational ethical culture does not show a measurable impact. This research contributes to developing theoretical frameworks by integrating Love of Money, individual morality, and organizational ethical culture to assess fraud propensity in village financial management. Practically, the study offers valuable insights for stakeholders and policymakers in enhancing oversight mechanisms to ensure integrity and professionalism in financial management. Fostering ethical culture and reinforcing individual morality among village officials can minimize fraudulent practices in village finances. The results underscore the need for continuous oversight and awareness programs to safeguard financial management processes' ethical and moral dimensions, thereby promoting transparency and accountability in village administrations.

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1. Introduction

The village is the smallest administrative structure in Indonesia, both politically and sociologically, and holds a very strategic position. Villages act as the smallest administrative unit directly managing local development and governance efforts (Indra & Khoirunurrofik, 2022). Local government, in this case is village autonomy, serves as the foundation for village governments to independently manage, regulate, and be accountable for their finances (Yamin et al., 2022). Villages in Indonesia play a crucial role in implementing local governance and community-driven development initiatives under the decentralized administrative framework (Ginting et al., 2024; Talitha et al., 2020). Accountability requirements are regulated under the Minister of Home Affairs Regulation No. 20 of 2018 concerning Village Financial Management. This reflects the government's commitment to village development by allocating substantial funds for infrastructure, social services, and sustainable economic growth initiatives (Permatasari et al., 2021).

Village funds in Indonesia aim to empower rural communities, improve welfare, and support sustainable development. Village Funds are financial resources derived from the State Budget (APBN) and are designated for village development, governance, community development, and community empowerment. Village funds are allocated to strengthen rural infrastructure, empower communities, and promote sustainable development (Marhaeni et al., 2024). The finances are administered by Village Financial Management Officials (PPKD), comprising the Village Head, Village Secretary, Heads of Affairs, and Heads of Sections, under the oversight of the Village Consultative Body (BPD). The allocation of Village Funds, which involves significant sums, necessitates adequate supervision to avert misuse for personal or organizational gain. This guarantees that financial management complies with relevant legislation and addresses public apprehensions. Village financial management in Indonesia emphasizes transparency and accountability to enhance efficiency (Tuanaya & Wance, 2024). Fraud is an illegal act committed by internal or external parties within an institution aimed at obtaining individual or collective benefits, often causing harm to others (Djefris et al., 2023). Fraud is an act of deception, aiming to gain illegal benefits while harming others (Desai, 2020). Fraud is a harmful phenomenon that can undermine public trust and result in losses for several stakeholders. Fraud involves deliberate deception for financial gain, exploiting systemic opportunities while undermining ethical standards (Awale et al., 2025; Lee et al., 2025). Fraud involves deceptive practices that manipulate trust and exploit vulnerabilities for personal or collective gain (Rahman et al., 2024). Fraud involves intentionally deceptive actions within financial systems, exploiting technology for unauthorized gains (Bou Reslan & Jabbour Al Maalouf, 2024).

Corruption constitutes a type of fraud that adversely affects multiple stakeholders, frequently arising from aberrant conduct motivated by public interests or official positions. Corruption undermines governance, hinders economic development, and disrupts fairness across public and private sectors (Zournatzidou et al., 2024). Corruption erodes institutional integrity, enabling misconduct and weakening economic growth and public trust (Pham et al., 2024). Misuse of public resources by officials disrupts fairness, causing inefficiency and financial losses (Hoang, 2024). Research by Indonesian Corruption Watch indicates that in 2023, the most significant number of corruption cases, totaling 187, happened at the village level, resulting in losses of IDR 162,255,928,594. This is believed to be an iceberg phenomenon wherein numerous cases may stay unidentified. Such occurrences underscore a critical problem stemming from financial management at the village level, which is devoid of the concepts of transparency, accountability, and participatory governance in political growth. Lack of transparency and accountability in public institution undermines fairness, trust, and equitable development (Ghahari et al., 2024).

A corruption case transpired in Tampiala community, Dampal Selatan District, Toli-Toli Regency, Central Sulawesi Province, wherein the Village Head embezzled monies designated for community infrastructure and amenities, resulting in state losses totaling IDR 293,000,000. This corresponds with the Fraud Triangle theory, which asserts that fraud arises from three primary factors: opportunity, rationalization, and pressure. Village funds require transparency and accountability to prevent misuse and ensure effective resource allocation (Firmansyah et al., 2024). Opportunities exist when an internal control system inside a company degrades, resulting in a weak ethical culture that specific individuals can exploit to conduct fraud. Effective internal controls promote accountability and help prevent unethical practices, safeguarding organizational resources and trust (Boufounou et al., 2024). In addition, pressure is determined by an individual's financial status or lifestyle. The research explains that when people have a great need for money, they are more likely to feel pressured to commit fraud, as money is the major component that causes fraud. And lastly, there's logic, which is frequently impacted by personal ethics; people perpetrate fraud by justifying their acts by citing specific justifications, which alters how others perceive the situation. A luxurious lifestyle often fuels unethical actions, creating vulnerabilities that perpetuate systemic abuses of power (Khoirin & Junaedi, 2022).

Fraud often arises from an individual's pursuit of personal desires, driven by intentional actions that distort truth. Addressing individual needs in fraud detection enhances precision and system effectiveness against misconduct [20]. Love of Money, or the emotional connection to wealth, is linked to fraudulent behavior in prior research. However, the influence of wealth desires on fraudulent tendencies remains inconclusive. Similarly, personal morality, shaped through stages of moral development—pre-conventional, conventional, and post-conventional—plays a role in guiding ethical decision-making. While personal ethics can mitigate life stressors that may lead to greed and dishonesty, findings on its influence on fraud are inconsistent. Organizational ethical culture,

defined as shared practices guiding behavior, is also thought to impact fraud. Organizational Ethical Culture is also seen as a factor that may influence the propensity to engage in fraudulent activities. An ethical organizational culture is believed to prevent fraud. However, it can also affect individual behaviour and potentially backfire on organizational life, creating opportunities for fraud. These mixed findings highlight the complexity of fraud and its underlying behavioural and environmental factors.

This study examines the influence of Love of Money, Personal morality, and organizational ethical culture on the propensity for fraud in village financial management. Evidence suggests that inadequate accountability, weak internal controls, and lack of transparency exacerbate fraudulent behaviour, but individual and organizational factors remain underexplored. This study aims to validate a novel theoretical model that elucidates the relationship between monetary affection, personal ethics, and organizational ethical culture within the academic fra. The findings of this research are anticipated to provide a novel reference for future scholars to establish or develop these research variables utilizing innovative methodologies thoroughly. Furthermore, it provides practical insights for improving accountability, internal controls, and transparency in village financial systems.

Theory of Planned Behavior

Behavioral intentions are influenced by attitudes, subjective norms, and perceived control, shaping actions (Koerniawan et al., 2022). The Theory of Planned Behavior posits that a person's intention to engage in a behavior can be evaluated by their perceived attitude towards that behavior. The theory focuses on two fundamental aspects: the formation of the intention to perform the desired behavior and the relationship between the stated intention and actual behavior. Three factors affect individual behavior: disposition toward the behavior, prevailing subjective standards related to the behavior, and feeling control over the behavior. The Theory of Planned Behavior illustrates that not all individual behaviors are within their control; some are beyond their influence. In this theory, behavior is manifested through an individual's intention to exhibit a behavior, which is a combination of attitude and action. Attitude and action affect an individual's mindset, influencing whether they approach or avoid, give or receive, and shaping both negative and positive behaviors. Individuals will respond based on the attitudes and actions within themselves, ultimately producing an output in the form of behavior that guides how they act in their lives.

The reason for using the Theory of Planned Behavior in this investigation is pertinent in explaining the connection between behaviors originating from within an individual, whether within the individual's control or beyond it, and their potential influence on the tendency to commit fraud. The Theory of Planned Behavior explains how social and personal factors influence behavioral decisions (Zulaikha et al., 2019). This is consistent with the theory initially proposed by Donald R. Cressey, which outlines three conditions that trigger fraud. First, there is perceived pressure, which is related to the drive that leads an individual to commit fraud. This pressure often occurs in individuals experiencing financial stress. Second, there is perceived opportunity, which allows an individual to commit a crime. Third, there is rationalization, where an individual justifies dishonest actions to make illegal behavior appear acceptable and justifiable. The tendency to commit fraud is often caused by an individual's greedy behavior or attitude.

A. Love Of Money

An individual's viewpoint on money originates in childhood. Behaviors related to money are learned from character, shaped within the parental environment through learning and observation, and refined through human interaction and experience. The "Love of Money" shapes individuals' attitudes, ethics, and commitment, influencing workplace behaviors and decisions (Su'Un et al., 2023). Tang (1992) introduced the concept of monetary affection, which evaluates an individual's subjective feelings and attitudes toward money. A substantial amount of capital Ethics is also described as a love of money, someone who places significant importance on money and considers everything in life. Love of money is a behavior born from an individual's subjective feelings and attitudes toward money, where a person perceives money as a motivation, a sign of success, and an indicator of being considered wealthy (Ariyanto et al., 2020). People with high incomes view money as a representation of their achievements and do not perceive it as inherently evil, whereas younger individuals tend to see money as something (Susanto, 2020). A strong desire for wealth, driven by monetary aspirations, influences behavior and performance outcomes (Iyer et al., 2024). The love of money is linked to avaricious behavior or an individual's propensity to partake in immoral behaviors, which may lead to fraud. The love of money is regarded as unethical conduct.

Consequently, it is posited that the love of money is the foundation of all evil; nevertheless, money itself is not the source of the issue.

The Money Ethic Scale (MES), as proposed by Tang (1992), serves as an instrument for assessing an individual's ethical perspectives towards money. The scale comprises six dimensions: Beneficence, signifying the notion that money is intrinsically virtuous; Malevolence, embodying a detrimental perspective on money; Accomplishment, wherein money epitomizes an individual's successes; Esteem, suggesting that money can facilitate the acquisition of self-worth and regard from others; and Fiscal Management, delineating how individuals distribute and oversee their financial resources. Freedom (power) denotes the notion that financial resources equate to power; with wealth, individuals may effortlessly transform into their desired selves and exert influence over others. The love of money is regarded as a source of stress in the Fraud Triangle Theory, as human avarice is believed to arise from the three components of the Fraud Triangle: Pressure, Opportunity, and Rationalization. The correlation between the Love of Money and the propensity to engage in fraudulent activities is as follows:

H1: The Influence of Monetary Affection on Fraudulent Behavior

B. Individual Morality

Individual morality significantly influences fraud tendencies, shaping ethical decisions within government practices and responsibilities (Khoirin & Junaedi, 2022; Mutia Basri et al., 2023). Morality is a concept employed by humans to evaluate the ethicality of an action. Morality pertains to the ethical nature or the whole set of principles and beliefs concerning right and wrong. Morality functions as a framework of principles that sustains a cohesive system. Morality is categorized into three types: societal, communal, and individual. Individual morality is the recognition of innate principles of goodness that are fundamentally embedded within a person, influencing their thoughts and actions. Personal morality can influence an individual's conduct; those with advanced moral understanding tend to exhibit virtuous behavior. Individuals with elevated moral standards typically prioritize the collective good above personal interests. Persons with robust idealism contribute to diminishing the propensity for fraudulent behavior, as those possessing high idealism are unlikely to violate the morality of others. Individuals who perpetrate fraud frequently lack awareness of their deficient moral standards despite the necessity for ethical conduct among members of both governmental and non-governmental organizations. The correlation between Individual Morality and the Propensity to Engage in Fraud is articulated as follows:

H2: Individual Morality Detrimentally Influences the Propensity to Engage in Fraud.

C. Organizational Ethical Culture

Ethics and culture significantly shape individual behavior, influencing the likelihood of misconduct (Pham et al., 2024). Organizational culture is a valuable resource that renders an organization dynamic, defined by unique physical (observable) and non-physical (unobservable) characteristics. It includes assumptions, attitudes, regulations, commitments, and beliefs that facilitate the promotion and enhancement of the efficiency and effectiveness of public and commercial organizations. An organization's robust ethical framework and positive cultural dynamics actively deter and prevent fraudulent behavior (Houdek, 2020). The organizational culture further solidifies the future objectives of the organization. Organizational ethical culture is cultivated by administering ethical policies, their enforcement, and corresponding behaviors. An organizational ethical culture instils in its members ethical convictions pertaining to their moral responsibilities to safeguard the organization's interests. The principles inherent in organizational ethical culture aid individuals in attaining the organization's objectives, effectively facilitating this process. The ethical culture of an organization exemplifies establishing a robust foundation between leaders and subordinates. Ethical values shape organizational culture, effectively mitigating the risk of fraud-driven arrogance (Ardianto, 2024). The correlation between Organizational Ethical Culture and the Propensity to Engage in Fraud is articulated as follows:

H3: The organizational ethical culture does not influence the propensity to engage in fraudulent behavior.

2. Methods

The researchers in this study used the quantitative technique, which is a way of looking at research that aims to find objective concepts by looking at how different variables correlate. The data used in this study came from questionnaires, which are considered primary sources of information. Researchers gathered quantitative and qualitative data on a wide range of topics using survey research, the chosen quantitative research approach. In survey research, researchers directly examine perceptions, behaviors, attitudes, and environmental conditions through a large population. One hundred eighty-two people, representing all of the village heads in Dampal Selatan District, made up the study population. Included in this group were operators, section leaders, hamlet chiefs, department heads, and village secretaries. According to Bougie and Sekaran (2019), researchers used Purposive Sampling in their study. Their method involves selecting samples based on predetermined criteria. Post-relevance to village finance management was the designated condition. Active engagement in the management of the village's finances. The sample included one hundred four people (104), including department heads, village secretaries, and heads of affairs.

The number of valid questionnaires for data analysis was 85 since only 85 questions were received. Some respondents took leave from work, and some did not have time to complete the questionnaire. In this study, the likelihood of participating in fraudulent activities served as the dependent variable. When someone intentionally breaks the law to benefit themselves, it hurts more than just the individual or people involved. This kind of behavior is known as fraud. The following statements were used to measure this dimension: "Strongly Disagree," "Disagree," "Agree," and "Strongly Agree." The scale ran from 1 to 4. To ensure that the replies clearly showed a bias, we used a Likert scale from 1 to 4, designed to remove neutral or ambiguous responses. Five types of indicators can be used: financial statement misrepresentation as a result of theft, intentional misuse of accounting principles, manipulation of accounting records, and improper asset-related actions. This study's independent variables were financial motivation, personal ethics, and company culture. This characteristic was evaluated using a Likert scale ranging from 1 to 4. There are six parts to the Love of Money variable's indications: a positive or negative attitude towards money, seeing money as a symbol of success, deriving respect from riches, making excellent use of money, and seeing money as vital. Six indications make up the Individual Morality variable. These indicators include adherence to rules and punishments, individuality, compatibility with others, social harmony, social benefit, and universal ethical standards. Five indicators comprise the organizational ethical culture variable. These indicators include model visibility and its function, ethical communication, training in ethical behavior, penalties for unethical conduct, and processes for ethical preservation. Determining the relationship between a person's tendency to commit fraud in Village Financial Management and their Love of Money, Individual Morality, and Organisational Ethical Culture, this study used Multiple Linear Regression Analysis with the Partial Least Square (SmartPLS) program version 4.0. Researchers use SmartPLS because it calculates and displays indicator weights simultaneously, making it easy to see which indications are more important. In addition to handling data that does not follow a normal distribution, SmartPLS can also calculate p-values and t-values for each indicator of its variable, and it works with tiny samples.

3. Results

A. Outer Model

- **Convergent Validity**

Convergent validity was assessed for each construct indicator. It shows that an indicator is deemed legitimate if its value exceeds 0.70, but a loading factor ranging from 0.40 to 0.70 is considered moderate. According to this criterion, any loading factor below 0.40 will be excluded from the model. Figure 1. indicates that all variable indicators in this study are legitimate, as each indicator's outer loading exceeds 0.70. Consequently, the questionnaire items are applicable for future research.

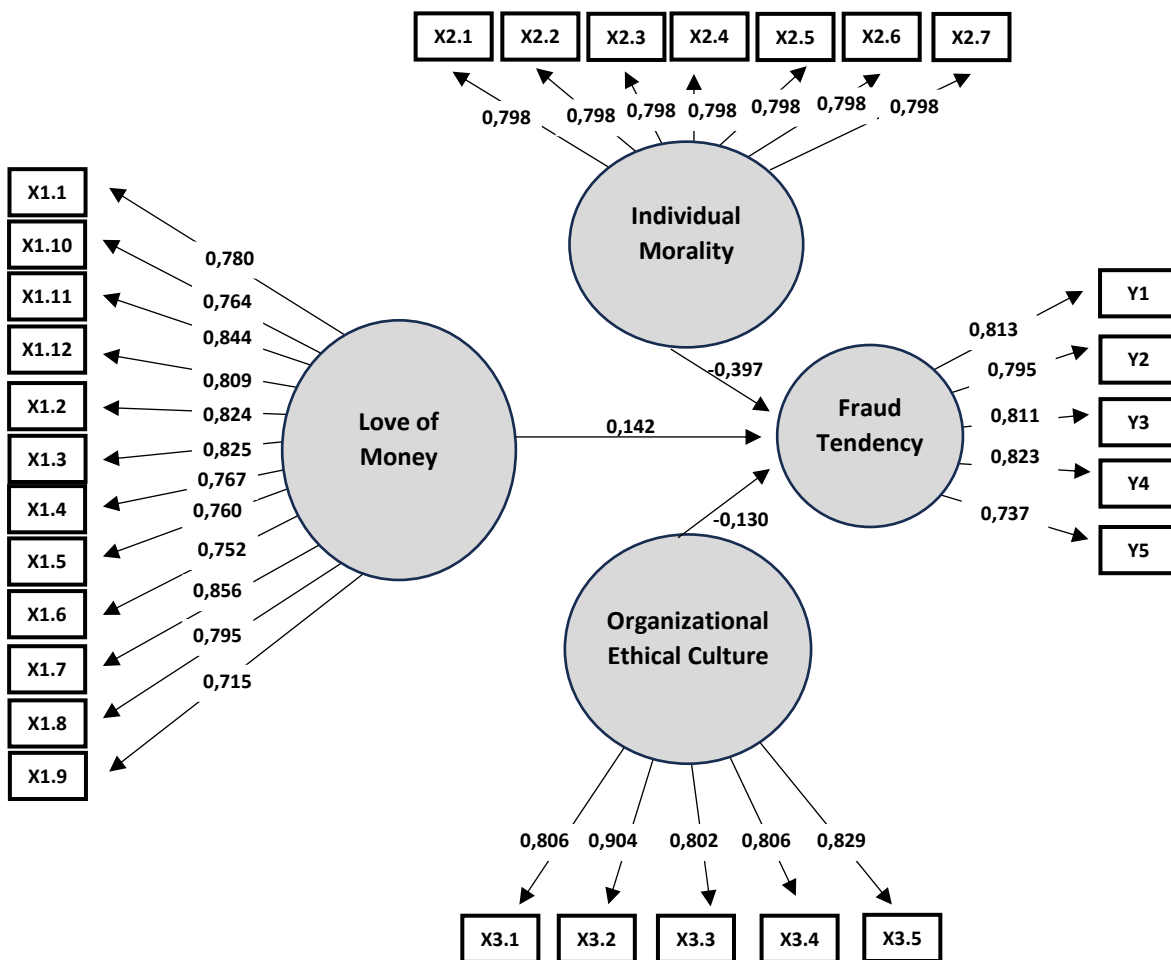


Figure 1. Convergent Validity Test Results

• **Discriminant Validity**

The next study aims to find out how distinct a concept is from others in light of actual data. So, if a construct can prove its discriminant validity, it is unique and can account for behaviors that other constructs in the model can't. According to recent research, a recommended cutoff value of 0.90 for the Heterotrait-Monotrait (HTMT) ratio of correlations is an effective way to assess discriminant validity. The lack of adequate discriminant validity is indicated by an HTMT value greater than 0.90, according to Joseph F. Hair et al. (2022).

Table 1. Discriminant Validity Test Results

	Organizational Ethical Culture	Tendency to Commit Fraud	Love of money	Individual Morality
Organizational Ethical Culture	-	-	-	-
Tendency to Commit Fraud	0.422	-	-	-
Love of money	0.174	0.170	-	-
Individual Morality	0.660	0.510	0.081	-

Source: Processed Output with SmartPLS (2024)

The correlation values for each construct, as seen in Table 1, are lower than the correlations between each construct and the other constructs in the model. The constructs in the computed model satisfy the criteria for discriminant validity.

Average Variance Extracted (AVE)

The AVE value aims to quantify the degree of variation of a construct component derived from its indicators while accounting for the error level. Evaluating the AVE value is deemed essential than assessing composite reliability. The minimum advised AVE value is 0.50 or above, signifying that, on average, the construct accounts for over fifty percent of the variance in its indicators.

Table 2. Average Variance Extracted (AVE) Test Results

	Average variance extracted (AVE)
Organizational Ethical Culture	0,689
Tendency to Commit Fraud	0,634
Love of Money	0,627
Individual Morality	0,631

Source: Processed Output with SmartPLS (2024)

Table 2. shows that the AVE values exceed 0.50, indicating that all indicators satisfy the set standards and demonstrate adequate reliability for subsequent testing.

Composite Reliability and Cronbach's Alpha

Issues with measurements are the last step in evaluating the outer model to check its reliability. The reliability measures of Cronbach's Alpha and Composite Reliability are used for testing. We look into Composite Reliability and Cronbach's Alpha to find out how trustworthy the research model's instruments are. Composite Reliability and Cronbach's Alpha indicate a trustworthy measurement model when their respective latent variable values are within the specified range. Values between 0.60 and 0.70 are considered acceptable in the early phases of the study, whereas values between 0.70 and 0.90 are considered appropriate in later stages of research. Values over 0.90 are undesirable since they can indicate that the items are asking the same question repeatedly. The fact that the questionnaire used in this study is consistent and that the notion is very reliable is indicated by this.

Table 3. Reliability and Cronbach's Alpha Test Results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Organizational Ethical Culture	0,887	0,896	0,917
Tendency to Commit Fraud	0,857	0,869	0,897
Love of money	0,948	0,982	0,953
Individual Morality	0,902	0,912	0,922

Source: Processed Output with SmartPLS (2024)

Table 3 indicates that the results of the Composite Reliability and Cronbach's Alpha assessments demonstrate satisfactory values. All latent variables exhibit reliability, as their Composite Reliability and Cronbach's Alpha values are equal to or above 0.70. Consequently, it may be inferred that the questionnaire employed as the study instrument is reliable and consistent.

B. Inner Model

a. Fit Model

Table 4 shows the SRMR values from the processed data in SmartPLS 4.0:

Table 4. Standardized Root Mean Residual (SRMR)

	Saturated model	Estimated model
SRMR	0.087	0.087

Source: Processed Output with SmartPLS (2024)

According to Hair & Alamair (2022), a number less than 0.08 is deemed good, while a value of 0 is typically regarded as a perfect match when it comes to alternative model fits. However, SRMR values between 0.08 and 0.10 show a good alternative model fit. The above SRMR score, 0.087, shows a satisfactory alternative model fit.

b. Measurement of the Determination Coefficient R²

The primary metric employed to assess the explanatory capacity of a structural model is the R² coefficient of determination, derived from the squared correlation between the actual and anticipated values of a certain endogenous component. The R² number spans from 0 to 1, with elevated values signifying a greater degree of explanatory power.

Table 5. Coefficient Determination R²

	R-square
Tendency to Fraud	0.265

Source: Processed Output with SmartPLS (2024)

The model's R² value of 0.265 is distant from 1, suggesting a weak explanatory level, as seen in the table above. This suggests that other variables account for the other 73.5% of the fraud tendency, rather than the research variables Love of Money, Individual Morality, and Organizational Ethical Culture, which only account for 26.5%.

C. Hypothesis Testing

Testing the study's hypotheses is the next step. The significance of the route coefficients is evaluated using the PLS Bootstrapping tool in the SmartPLS 4.0 statistical program to examine the inner model. When determining a level of significance, most researchers use the p-value. The p-value indicates the probability of getting a T-value at least as severe as the observed value if the null hypothesis is accepted. If the p-value is less than 0.05, the hypothesis is considered significant at the 5% significance level.

Table 6. Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Conclusion
X1 -> Y	0.142	0.133	0.188	0.756	0.450	Not Significant
X2 -> Y	-0.397	-0.396	0.094	4.221	0.000	Significant
X3 -> Y	-0.130	-0.130	0.118	1.099	0.272	Not Significant

Source: Processed (2024)

4. Discussion

a. The Effect of Love of Money on the Tendency to Commit Fraud

Since the empirical data shows that Love of Money does not impact the inclination to commit fraud in Dampal Selatan District, the first hypothesis is rejected based on the study results. The Love of Money variable has a significance value of 0.450, it is more than the significance limit of 0.05,

lending credence to this thesis. It appears that not everyone displays the same behavior inside an organization, even if it may appear greedy when linked with “Love of Money”. Although its significance varies from person to person, the evidence suggests that money is an essential economic requirement for all humans. Additionally, funds are necessary to sustain operations and guarantee their efficient completion, so they will be managed appropriately to forestall fraud. People who place a high value on money are more invested in their profession, which leads to financial success and fulfilment. Consequently, this conclusion is in line with that research. A strong sense of honesty and integrity supports effective village financial management. In order to keep employees from feeling pressured, village finance managers need to handle funds with honesty and integrity. Through shaping one's outlook, Love of Money indirectly improves work performance. The problem is that this way of thinking also hinders productivity at work. This proves that a person's Love of Money does not manifest and operate intrinsically. But it's a habit that starts at birth and grows with a person's thinking. According to Tang's idea, a person who "Love of Money" is someone who regards money as the be-all and end-all of existence. However, this study's findings disprove this notion.

On the other hand, the Theory of Planned Behaviour lends credence to the results of this study by proposing that intentions are internal processes that individuals bring to bear on their actions. This suggests that people may exert some degree of control over certain of their behaviors, even though this is not the case for all of their actions. According to this idea, people's mindsets determine their attitudes and behaviors, suggesting that people's inclinations to act in a certain way stem from their mindsets. People who portray money favorably are more likely to have a positive self-image. This study's findings also go counter to the Fraud Triangle Theory, which postulates that financial pressure is the driving force for fraud. Because people act and think differently, the results show that money pressure is not a universal trigger for deception. People who are honest, conscientious, and professional in their dealings with money are less prone to let it affect them.

b. The Effect of Individual Morality on the Tendency to Commit Fraud

The research findings support the acceptance of the second hypothesis since empirical evidence indicates that Individual Morality negatively impacts the Tendency to Commit fraud in village financial management within the Dampal Selatan District. The assertion is corroborated by the Individual Morality variable's significance value of 0.000, which is less than the significance threshold of 0.05, alongside a negative path coefficient of -0.936. This suggests that an individual's elevated morality correlates with a diminished propensity to engage in fraudulent behavior. Persons with elevated moral standards have a robust sense of duty and continuously adhere to workplace laws. An individual's moral standards are shaped by their leader; exemplary conduct by a leader within an organization elevates the ethical standards of their followers. Organizational leaders are essential in overseeing and directing their subordinates to attain organizational objectives. Even under pressure to perpetrate fraud for particular public interest objectives, such actions must receive the leader's endorsement. All decisions must be evaluated with the leader, specifically the Village Head, and deliberated in a forum to achieve a consensus. Leaders exhibiting these traits are seen as highly idealistic. Individuals exhibiting high idealism are less inclined to engage in fraudulent behavior, as they consistently communicate with consideration to prevent behaviors that could harm others' feelings or compromise their ethical standards. The research corroborates these findings, indicating that Individual Morality negatively impacts the Tendency to Commit fraud.

c. The Effect of Organizational Ethical Culture on the Tendency to Commit Fraud

The research findings support the acceptance of the third hypothesis since empirical evidence demonstrates that Organizational Ethical Culture does not affect the Tendency to Commit fraud in village financial management within the Dampal Selatan District. Ethical culture moderates fraud risks, mitigating the influence of pressure and opportunities (Ratmono & Frendy, 2022). The finding is substantiated by the Organizational Ethical Culture variable's significance value of 0.272, above the significance threshold of 0.05. This finding indicates that Organizational Ethical Culture cannot affect or regulate individual behavior within an organization. Organizational Ethical Culture refers to a framework that aims to establish ethical principles in its members, reflecting their moral responsibilities to safeguard collective interests. It is a critical feature that necessitates considerable

care and has not been associated with the fraud. The establishment of an ethical culture is essential for village officials, as the Village Office operates as a cohesive team under the leadership of the village head. Organizational culture exerts four effects on an organization: firstly, it shapes subordinates' perceptions regarding the significance of information and the value of the knowledge acquired; secondly, it aids in the conversion of individual knowledge into organizational knowledge; thirdly, it produces new information; and fourthly, it establishes a framework for social interactions that improve the organization's effectiveness in generating, disseminating, and utilizing knowledge. In Dampal Selatan District, where the family structure is esteemed, any possible harm to individuals is consistently communicated properly, either through collective talks or counsel from the village chief. The village head, as the policymaker and overseer of all village operations, ensures that any ethical lapses that may lead to fraud are promptly addressed. The village head has the authority to enforce administrative punishments and, if warranted, recommend dismissal.

5. Conclusion

The preceding explanation concludes that the Love of Money does not influence the propensity to commit fraud in village financial management. This is due to village officials maintaining honesty in their responsibilities, bolstered by the earnestness of each participant in village finance administration to perform professionally. Personal ethics adversely influence the propensity to engage in fraudulent activities inside the village financial administration. The morality of village officials is still influenced by the ethical standards exhibited by their leaders. If the boss possesses strong moral character, the subordinates will likely emulate this virtue. The ethical culture of an organization does not influence the propensity to engage in fraudulent activities within village financial management. The financial management practices in Dampal Selatan District continue to adhere to familial values. All decisions are predicated on the outcomes of deliberative forums organized in conjunction with the village head, who serves as the policymaker. The village head has the right to terminate or discipline village officials engaging in unethical conduct within the organization. The research findings emphasize that honesty, familial values, professionalism, and sincerity are essential components that must be maintained in village financial management to avert fraud detrimental to both society and the state. It is crucial to underscore that systems and regulations must be reinforced, but human behavior should also be observed and cultivated through socialization and persuasive strategies directed at individuals engaged in village financial management, thereby ensuring sound financial management practices. The carefully conducted and completed research nonetheless possesses limitations. One limitation is the difficulty in depicting the elements influencing the propensity to commit fraud thoroughly. The factors are confined to examining human behaviors that provoke fraud. Future researchers are urged to broaden the range of variables or explore the same variables with leadership as a moderating factor to assess the extent to which leadership influences behaviors in village financial management. Furthermore, subsequent research methodologies ought to employ a Mixed Method approach utilizing either a Sequential Exploratory or Sequential Explanatory design to investigate variables not addressed in this study more thoroughly and extensively. Ultimately, subsequent researchers should strive to augment the sample size.

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