

## Religiosity as the moderating effect of diamond fraud and personal ethics on fraud tendencies

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### Abstract

**Purpose** - This study aims to determine the effect of each dimension of diamond fraud (pressure, opportunity, rationalization, capability) and personal ethics on the fraud tendency (assets misappropriation) and understanding of religiosity as moderating variable.

**Method** - The study was conducted by survey method. The samples are amil zakat in Yogyakarta. Data analysis in this study applied multiple linear regression analysis with IBM SPSS version 22. The instruments were adopted from previous research.

**Result** - The results of data analysis in this study show that there are positive influences between elements of diamond fraud (pressure, opportunity, rationalization, capability) on the fraud tendency (assets misappropriation) but personal ethics do not influence the fraud tendency. While the understanding of religiosity is able to moderate elements of diamond fraud (pressure, opportunity, rationalization, capability) and personal ethics.

**Implication** - Future research can expand the object of research in several other provinces. In addition, fraud theory used is Fraud Diamond Theory. Whereas now there has been an increase in the cause of fraud, which is arrogance and evolved into Fraud Pentagon Theory, so that the next arrogance variable can be added as an independent variable.

**Originality** - This research is still using samples in one province, and Amil Zakat sample was chosen as a sample because based on data submitted by BAZNAS.

**Keywords:** misappropriation; diamond fraud; personal ethics; understanding religiosity



## Introduction

Until today, fraud is considered phenomenal both in developing and developed countries. Said et al. (2018) revealed that fraud is one of deceptions carried out intentionally and is used to gain profit by committing fraud. The Association of Certified Examiners (ACFE), according to Adinda dan Ikhsan (2015), disclosed that fraud is an intentional unlawful act for a particular purpose (manipulating or giving false reports to other parties) committed by people from within or outside the organization to gain personal or group benefits directly or indirectly harming other parties. Therefore, fraud covers all kinds of things that humans can think of and that one tries to benefit from others, by wrong means or by coercion of the truth, and includes all unexpected, fraudulent and hidden means, as well as any unnatural means that causes others to be deceived or suffer losses.

Fraud in business and economic fields often occurs due to several factors. There are theories that underlie someone to commit fraud, one of which is the Diamond Theory Fraud. But before this theory emerged, there were several old theories put forward by several experts, including the Fraud Triangle Theory by Donald R. Cressey who explained that there were three main reasons why someone committed fraud, that was when there was pressure, opportunity and rationalization. Then it was developed with Wolfie and Hermanson's views in 2004 which stated that to know fraud detection required one more element, namely capability. This element is used as a measure of ability possessed and also individual traits in the tendency to commit fraud. This opinion from Wolfe and Hermanson is often referred to as "Fraud Diamond Theory" (Irfan et al., 2017). Then Abayomi (2017) believes that fraud is caused by pressure, opportunity, rationalization, ability, and personal ethics.

Incentive/pressure refers to the assumption that there is pressure that drives someone to cheat (Wolff, 1984). In an organization, the pressure arises from a variety of things including pressure for the needs that are not fulfilled from the compensation provided. Pressure may come from the office

environment, such as leaders to subordinates or officials with lower levels to commit accounting fraud in order to increase careers, maintain positions, smooth projects, etc. The later pressure is the pressure from outside the organization that also influences a fraud act.

Opportunity is assumed as the opportunity owned by someone due to a weakness in the system, where the right person can exploit a fraud (Wolff, 1984). Rationalization is assumed as one's awareness that this fraud behavior is worth the risk (Wolfe dan Hermanson, 2004). This is interpreted by perceptions about actions, behavior patterns, and beliefs that have become a role model for all employees in the agency. Capability is assumed as the ability needed and owned by someone to commit fraud (Wolff, 1984). Wolfe and Hermanson (2004) shows that the perpetrators of fraud are mostly insiders, where fraud will be committed if there is an opportunity where someone has access to assets or has the authority to regulate control procedures that allow fraud schemes to happen (Irphani, 2017).

According to Abayomi (2017), personal ethics as a special form of ethics refer to moral principles and rules governing individual actions. It can also be said as any ethical system or doctrine that has been chosen as a moral guide in a person's particular life (Abayomi, 2017). Personal ethics are attitudes or norms that govern behavior in society. Thus personal ethics can influence someone in committing fraud (Abayomi, 2017).

Based on research by Sham and Yusuf (2015), problems of corruption, abuse of power and assets often occur because of the lack of religious values, integrity, ethics and selfishness of the perpetrators. The relationship between religion and work is actually not new (McGhee and Grant, 2008). Especially in Islam, the relationship is not only there but inseparable (Muhammad, 2013). The development of the times has shown a significant shift in values, where the values of spiritualism have begun to be considered very important and become a very significant element in the latest management paradigm. Experts increasingly realize that religious beliefs have a very large role in shaping the character of individuals and groups (Geigle, 2012). The spiritual approach, also known as human inner consciousness, recognizes that

humans work not only with their hands, but also with their hearts or spirits (Ajala, 2013).

This research was conducted on *amil zakat* in the Yogyakarta region. *Amil zakat* is an intermediary who gets the mandate from *muzakki* to distribute *zakat*, *infaq* and *sadaqah* (ZIS) to *mustahiq*. BAZNAS (*Badan Amil Zakat Nasional/National Amil Zakat Agency*) has a target effectiveness of distributing ZIS funds by 80%. Until 2018, the figure has not been reached nationally. This was said by Bambang Brodjonegoro (Minister of PPN/Bappenas) at the 2019 Zakat National Coordination Meeting in Surakarta (ekonomi.bisnis.com). In the 2017, in the Indonesian Zakat Outlook from 33 provinces, only 2 provinces received highly effective titles and 4 provinces were rated effective. Meanwhile for the rest, the effectiveness level of *zakat* distribution is below 70%.

Based on the information regarding the achievement of the *zakat* distribution target mentioned above, examining the tendency of fraud on *amil zakat* is interesting to do. Tendencies in the big Indonesian dictionary mean if someone is likely to do a particular thing. So the tendency for fraud does not mean that they have committed fraud. This study examines the understanding of *amil zakat* on matters that cause individuals to be inclined to commit fraud. However, an *amil zakat* has a good understanding of religiosity, so that even though *amil zakat* is in the condition of 5 things that cause fraud, the tendency to commit fraud can be reduced.

Previous studies discussed fraud theory only on profit oriented research objects. This study examines fraud theory in non-profit organizations even labelled religion. The combination of understanding religiosity is also done as a determinant whether the cause of fraud can be reduced by the existence of a high understanding of religiosity in a person.

## Literature Review

### **White-Collar Crime: Foundations of Fraud Theory**

Dorminey et al. (2012) revealed that White-Collar Crime was instigated by Edwin H. Sutherland in 1940. White-collar crime was called a crime committed by professionals in a subtle and vague manner whose main driving force was no longer due to poverty. White-collar crime is committed by the recipient of a delegation of authority and trust.

Fraud as an example of a white-collar crime which is an act of fraud or crime is intended to produce personal financial gain or things intended to deceive others (Abayomi, 2017). A more detailed definition of fraud according to Matthew et al. (2013) is an act or deception, a deliberate concealment, neglect or deviation from the truth with a purpose. In Merriam Webster Dictionary of Law (1996), as quoted in Manurung dan Hadian (2013), deception can be defined as any expression of action, neglect or concealment to deceive.

Fraud is a general term among accountants, auditors, investors and the public engaged in the field of accounting economics. The term fraud is defined as fraud in the financial sector. In general, fraud will always occur if there is no prevention and detection. Weaknesses in internal control have been identified to cause fraud (Hamdani dan Albar, 2017). In general, fraud is interpreted as a fraud committed intentionally by the culprit and is done in violation of applicable regulations to take advantage for his own interests. This is what distinguishes between cheating and error. Fraud that occurs in Indonesia mostly arises from the desire to manipulate, mark up, and embezzle budget in an organization (Hamdani dan Albar, 2017).

### **Fraud Triangle Theory**

Kassem and Higson (2012) explained that research on fraud was first conducted by a criminologist named Donald Cressey in 1950, who examined the motivations that drive people to violate the trust given to them. In 5 months, he interviewed 250 criminals whose behavior met two criteria: the

first person had accepted a position of trust with good intentions, and the second person had broken the trust.

Based on this research, finally Cressey in 1953 gave birth to the theory of The Fraud Triangle. Fraud Triangle is usually used to identify and assess the risk of fraud. In 1950, Cressey concluded that individuals commit fraud when there are three factors: (1) Financial need that cannot be shared (pressure). (2) Opportunity that can be used to take illicit profits or gain improper access to funds (opportunity), (3) Personal justification for acting for themselves (rationalization).

### Fraud Diamond Theory

In 2004, Wolfe and Hermanson added another variable in the Fraud Triangle Theory, namely capability, so that it changed its name to Fraud Diamond Theory. Diamond Diamond is a new perspective on the phenomenon of fraud. According to Wolfe and Hermanson (2004), a lot of fraud will not occur without the right person with the right ability to carry out fraud in detail. In other words, fraudsters must have the skills and ability to commit fraud. However, ability allows people to recognize open doors as opportunities and take advantage of them by trying to repeatedly attempt fraud. The Fraud Diamond concept as shown in the picture below, where they present four sides that develop a triangle of fraud, namely the ability (capability) of the perpetrators of fraud.

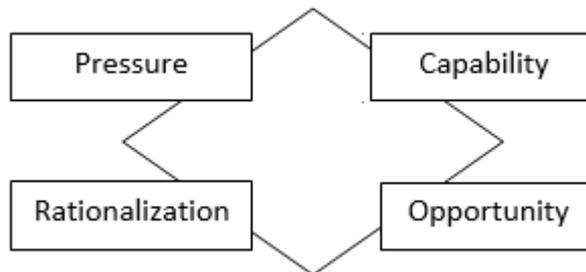


Figure 1. Fraud Diamond Theory

Wolfe dan Hermanson believe that a lot of cheating won't happen without the right person with the right ability to carry out the details of the fraud.

### **Pressure**

Pressure according to Wolf and Hermanson (2004) is when someone wants or has to commit fraud. Pressure is a condition where there is motivation to commit fraud that will be done. Problems that should be revealed are closed because there are threats or pressures aimed at the perpetrators. Pressure becomes an indicator in measuring a person's tendency to commit fraud (Gbegi dan Adebisi, 2013).

### **Oppurtunity**

According to Albrecht et al. (2011), opportunity is a situation where a person feels that he has a combination of situations and conditions that make it possible to commit fraud and will not be detected. Opportunities in this study are opportunities that intentionally or unintentionally arise in situations that force a person to commit fraud in the form of misuse of assets for personal gain.

In this case, a good and strong internal control is needed. Weak control can provide opportunities for cheating. The lack of good control causes the offender to believe that his actions are not supervised so that doing things that trigger fraud (Hamdani dan Albar, 2017).

### **Rasionalization**

Rationalization, according to Chaplin (2011), is a process of justifying one's own behavior by presenting a plausible or socially acceptable reason to replace the real reason. Rationalization is an attitude to maintain thinking and justify cheating committed. Fraudsters always look for rational justifications to maintain trust and maintain dignity (Chaplin, 2011).

### **Capability**

According to Wolfe and Hermanson (2004), ability is a necessary situation or skill and the ability for people to commit fraud. This condition occurs when the fraudster acknowledges the existence of certain fraud opportunities and the ability to turn them into reality. Position, intelligence, ego, coercion, deception, and stress are supporting elements of ability (Wolfe and Hermanson, 2004). Ability is one of the properties possessed to tend to commit fraud by looking at one's abilities. So that the smarter the fraud strategy, the more difficult it is to detect fraud.

### **Personal Ethics**

According to research conducted by Abayomi (2017) fraud is caused by five elements, namely pressure, opportunity, rationalization, ability, and personal ethics. Besides those stated by Abayomi (2017), there is a theory of development from Fraud Diamond Theory (FDT) which belongs to Wolfe and Hermanson (2004), a theory that was coined by Gbegi and Adebisi (2013) known as the New Fraud Diamond. But in the New Fraud Diamond there are corporate governance factors, which of course are less appropriate when applied in fraudulent misuse of assets. So it is more appropriate when using fraud as stated by Abayomi (2017).

A person's personality also has a relationship of an act of fraud (Suryana and Sadeli, 2015). Honest people, wherever placed, will act honestly; otherwise, people who have a cheating character also have a tendency to cheat in their daily lives. Generally, a good personality is based on a strong faith. The definition of individual behavior, according to Gibson Cs. (1996) in Suryana and Sadeli (2015), is everything that someone does, such as: talking, walking, thinking or acting on an attitude.

Taken from Greek, *ethos/ethics* refers to the assembly of norms that govern the moral behavior of individuals in society, norms that must be observed through the strength of habits that exist in society (Abayomi, 2017). Personal ethics, as a special form of ethics, refers to moral principles and rules

governing individual actions. It can also be said to be an ethical system or doctrine that has been chosen as a moral guide in a person's particular life (Abayomi, 2017).

Cheater is someone who is selfish, intelligent, experienced and knowledgeable about control but has low personal ethics. To get what he wants, someone who has a selfish character does everything, is selfish, confident, and narcissistic to achieve his goals (Duffield, Grabosky, dan Graycar, 1979).

### **Understanding of Religiosity**

According to the Islamic perspective, religiosity is defined as awareness and a tendency to strike a balance between worldly needs and willingness to obey Allah's commands. The aim is to build piety, obedience and preserve behavior (Ashiq, 2004). It shows that religiosity refers to how a person does worship. Islam teaches to wholeheartedly believe in the teaching of religion as a guide in this world and the hereafter. According to al-Attas (2001), religiosity is the result of the character of Islam (akhlaq) based on the teaching of unity (monotheism), the oneness of Allah in all actions and as a goal in life in the world and the hereafter. It also refers to beliefs, practices, experiences, identities and attitudes (Smith and Denton, 2005), awareness, behavior and religious nature, motivation and involvement in religious activities (Smith et al., 2003).

Yurmaini (2017) mentions that the source of the teaching of Islam itself comes from the Qur'an and Sunnah. The Qur'an regulates all aspects of life including life by performing *mualamah*. In Islam, an attitude that is always dissatisfied is a bad behavior. Based on the provisions in Islam, greed attitude is a condition where someone is too much in love with world assets or too show off with people around him. This greedy attitude is very contrary to Islamic law which teaches to be grateful at all times and also to maintain the mandate given Q.S Al-Anfal: 27.

In the Tafsir of Ibn Kathir by Shaykh Ahmad Syakir (2014), it is stated that everything that is in the hands of humans is the mandate of Allah. Mandate is

the deeds that God has entrusted to His servants, namely obligations. This mandate gives birth to the prosperity of the community. The cheating starts from the actions of someone who is not trustworthy (betrayal) for what has been entrusted to him. Betrayal includes all minor and major sins, both self-inflicted and those that affect others. Gratitude is a necessity, because the various favors come from God. Not being grateful means betraying the favor from the giver. Therefore, God forbids us to commit treason and reduce the rights of God so as not being grateful.

The nature of *kufir/greed* must be avoided to prevent life that is not grateful and always dissatisfied with the grace given by Allah. Some ways to avoid greed are to be grateful to God, have a humble attitude, always get used to being gentle, have a simple life, ask God to keep us away from greedy attitude, and avoid jealousy. One form of this greed is committing fraud (Yurmaini, 2017).

Islam strongly rejects all acts of fraud because in principle it becomes harm to all parties. Islamic economic principles lay the foundation of the economy, that is humans as partners in performing *muamalah*, feel mutual need and feel mutual help. No human can succeed by himself without the help of others. Humans need help from others. Success is obtained by partnering with others, not enslaving, and performing *muamalah* in life (Yurmaini, 2017).

Based on the discussion from Yurmaini's research (2017) that religion can be a solution to minimize fraud, this research uses religiosity as a moderating variable between the effects of five things that cause fraud. Understanding one's religiosity is expected to reduce the tendency for fraud when the person has pressure, opportunity, rationalization, ability and personal ethics that cause fraud to occur.

### **Hypothesis Development**

Based on the explanation of fraud theory above, the hypothesis proposed is:

*H<sub>1</sub>: Pressure causes someone to have a tendency to fraud*

*H<sub>2</sub>: Opportunity causes someone to have a tendency to fraud*

*H<sub>3</sub>: Rationalization causes someone to have a tendency to fraud*

*H<sub>4</sub>: Ability causes someone to have a tendency to fraud*

*H<sub>5</sub>: Personal ethics cause someone to have a tendency to fraud*

## **Research Methods**

This research is a quantitative research. Quantitative research is research based on the philosophy of positivism, used to examine populations and certain samples, collecting data using research instruments, analyzing quantitative/statistical data aimed to test established hypotheses (Sugiyono, 2014: 8). The data used in this study are primary data using a questionnaire.

The dependent variable in this study is the tendency of fraud. Fraud tendencies can be interpreted as a tendency, encouragement, partial, attitude towards intentional and deliberate actions to provide benefits outside or within the organization (Wilopo (2006) in Iswati, Nindito, & Zakaria (2017)). In this study, there are five independent variables, namely pressure, opportunity, rationalization, personal ethics and one moderating variable, that is understanding religiosity. Pressure, according to Wolf and Hermanson (2004), is when someone wants or has to commit fraud. Opportunity, according to Albrecht (2011), refers to an opportunity that intentionally or unintentionally appears in a situation that forces a person to commit various fraudulent behaviors that can be in the form of misusing company assets and facilities for personal needs.

Rationale for cheating is justification done to correct acts of cheating (Said, 2018). Ability is a skill that someone has to commit fraud (Abayomi, 2017). Personal ethics are ethics that have been chosen as moral guidelines in one's life (Abayomi, 2017). Personal ethics can also mean an individual's commitment to moral life that is contrary to amoralism. While the questions in the questionnaire adopted from the study (Abayomi, 2017).

Moderation variable is a variable that influences (strengthens or weakens) the relationship between the independent variables and the dependent variable (Sugiyono, 2014: 64). The moderating variable in this study is the understanding of religiosity. Religiosity is a belief in God accompanied by a commitment to follow principles that are believed to be set by God (Mc Daniel and Burnett, 1990).

Researchers adopted the research instruments developed by Said (2018) and Abayomi (2017). Likert scale is used as a measurement instrument with four scales. The population in this study is Amil Zakat Yogyakarta. Yogyakarta was chosen as a sample because based on data submitted by BAZNAS in the 2017 Indonesian Zakat Outlook, Yogyakarta Province was considered less effective in distributing zakat funds collected as it is at the rate of 25.17%. In this study, the samples were taken using the random sampling technique. This technique is also called random, haphazard, indiscriminate, impartial, objective, so that all elements of the population have the opportunity to become research samples (Taniredja et al, 2011: 35).

Based on table 1 above, it can be seen that the questionnaires collected were 126 questionnaires in total. There were 36 completed incomplete questionnaires (28%). In distributing questionnaires, there are outlier data, so that the data that can be processed in this study are 63 respondents.

**Table 1. Delivery and Return Questionnaire Details**

Information	Physical Questionnaire		Online Questionnaire		Total	
	number	%	number	%	number	%
Questionnaire distributed	85	100%	41	100%	126	100%
Questionnaire filled in	67	78%	41	100%	108	85%
The Questionnaire was not filled in	36	42%	0	0%	36	28%
Questionnaire that can be used	31	36%	32	78%	63	50%

Source: Primary data processed, 2019

## Results and Discussion

### Partial Significance Test (Statistical Test t)

Significant test of individual parameters or statistical test t was conducted to all items of the statement. The results of the validity test as presented in the table shows that all statements are declared valid. The bases show how far the influence of an independent variable individually in explaining the variation of the dependent variable (Ghozali, 2016). The bases for decision making on the t test are: (1)  $H_1$  is accepted and the results are significant if the calculated t value  $>$  t table or if the Sig.  $<$  0.05. (2)  $H_1$  is rejected and the results are not significant if the calculated t value  $<$  t table or if the Sig.  $>$  0.05. Based on data processing in this study using the IBM SPSS 22 program, the results of the statistical t test are obtained in the following table 2.

**Table 2. t-test Results (t-test)**

Model	Beta	Sig.	Conclusion
Pressure	0,917	0,000	Accepted
Chance	0,871	0,000	Accepted
Rationalization	1,030	0,000	Accepted
Ability	1,115	0,000	Accepted
Personal ethics	-0,323	0,140	Not accepted

Source: Primary data processed, 2019

**Table 3. Moderation Variable Regression Test Results**

No	Variable	Regression Results with Moderation		Conclusion
		Beta	Sig.	
1	Pressure	-0,428	0,001	moderate
2	Chance	-0,764	0,000	moderate
3	Rationalization	-0,373	0,042	moderate
4	Ability	-0,459	0,021	moderate
5	Personal ethics	-0,753	0,001	moderate

Source: Primary data processed, 2019

### **Moderation Variable Hypothesis Test**

In this study, to find out how much the contribution made by religiosity as a moderating variable to the research model can be performed the following regression test.

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This study aims to determine the effect of the independent variables on the dependent variable. The results of the research as stated above provide empirical evidence that the research model proposed in this study is good and can be accepted. Likewise, the results of testing six (6) research hypotheses submitted in this study have been known as a whole. The following is a discussion of research results and research findings that can be disclosed in this study.

### **The Effect of Pressure on the Tendency to Fraud**

The  $H_1$  hypothesis test which states that "there is a positive influence of pressure on the tendency of fraud" is accepted. It is based on the results of the partial significance test (t test). The pressure variable on the tendency of fraud shows that the significance is  $0,000 < 0,05$ , so that  $H_1$  is accepted and significant. These results indicate the positive influence of pressure on the tendency of fraud.

The results of this study are in accordance with the diamond fraud theory, which states that pressure influences fraud. Besides, this research is also in line with the research of Said (2018) who said that pressure has a positive effect on fraud. In a study conducted by Abayomi (2017), pressure also had a significant positive effect on fraud. This research is also supported by previous research conducted by Indriani, Suroso and Maghfiroh (2016) where the results of research conducted indicate that pressure has a significant positive effect on the tendency of fraud. Albertch (2012) also supports the results of this study by stating that the higher the pressure experienced, the higher the probability of someone committing fraud.

Based on the results of testing the first hypothesis, it is known that the first hypothesis is accepted, meaning that the pressure has a positive effect on

the tendency for fraud. This research shows that the pressures experienced by perpetrators of fraud such as financial pressures, bad habits and work pressures are one of the triggers for someone to have a tendency to commit fraud. Both internal and external pressures a person has a negative impact and also have a tendency to cheat to achieve his personal goals. This pressure provides a strong impetus for someone to deviate behavior. The greater pressure pushes, the stronger intensity of someone to deviate behavior and in this case the behavior of misuse of assets.

### **The Effect of Opportunity on the Tendency to Commit Fraud**

The H<sub>2</sub> hypothesis test which states that "there is a positive influence of opportunity on the tendency for fraud" is accepted. It is based on the results of the partial significance test (t test) of the opportunity variable on the tendency of fraud to show that the significance is 0,000 < 0.05, so that H<sub>2</sub> is accepted and significant. These results indicate the positive influence of opportunity on fraud tendencies.

The results of this study are in accordance with the diamond fraud theory which states that opportunity influences fraud. Besides, this research is also in line with the research of Said (2018) who said that the opportunity has a positive effect on fraud. A study conducted by Marliani and Jogi (2015) shows that the opportunity variable has a positive effect on fraud tendencies. The results of this study are supported by Lister (2007) in Rasha and Andrew (2012) who states that someone who commits theft cannot do so without open opportunities.

From the above explanation, it can be stated that the second hypothesis which mentions that opportunity positively influences the misuse of assets is proven. The results of testing the opportunity variable on the misuse of assets found that the opportunity affects the misuse of assets (fraud tendency). This opportunity was identified from the knowledge of the experience of the perpetrators who successfully committed fraud and the expertise/skills possessed to carry out fraud. The more opportunities available, the greater the likelihood that perpetrators will commit fraud.

### **The Effect of Rationalization on the Tendency to Commit Fraud**

Based on the results of the research discussed earlier, partial hypothesis testing (t test) showed that the significance of the rationalization variable was  $0,000 < 0,05$  which means  $H_3$  stating that "there is a positive effect of rationalization on the tendency of fraud" is accepted. This research is supported by previous research conducted by Said (2018) which states that self-rationalization affects fraud. It is also supported by research conducted by Hariyanto (2017) which states that rationalization (justification of behavior) affects the tendency of perpetrators to commit fraud crimes.

The statistical test findings show that rationalization has proven to have a positive effect on misuse of assets (tendency fraud). Justification of cheating behavior by perpetrators who commit fraud in a company/ organization is influential because of the justification and recognition that such actions are common actions.

### **The Effect of Ability on the Tendency to Commit Fraud**

Based on the results of the research discussed earlier, the results of the  $H_4$  t test which states that "there is a positive influence of ability on the tendency of fraud" were accepted. This is based on the results of the partial significance test of the ability variable of  $0,000 < 0,05$  which means that the ability has a significantly positive effect on fraud tendencies.

According to diamond fraud theory, in addition to pressure, opportunity and rationalization, ability also influences fraud. The results of this study are also in line with research conducted by (Abayomi, 2017) which states that ability positively influences the tendency of fraud. The higher the ability of perpetrators to act fraud, the higher the likelihood of committing fraud.

From the results that have been described, it can be concluded that intelligence and creativity determine the perpetrators of cheating. Perpetrators will look for information about loopholes to find opportunities to commit fraud and use it. With the ability possessed, the perpetrators easily take advantage of the available opportunities and cheat well and neatly so

that they can commit fraud. It is consistent with what was expressed by Wolfe and Hermanson (2004) that ability is a skill and ability for people to commit fraud in which the perpetrator recognizes a certain opportunity and the ability to turn it into reality.

### **The Effect of Personal Ethics on the Tendency to Commit Fraud**

The results of the  $H_5$  hypothesis test which states that "there is a negative influence of personal ethics on the tendency of fraud" were not accepted. It is based on the results of the partial significance test (t test) of personal ethics variables on the tendency of fraud to show that the significance is  $0.140 > 0.05$  so that  $H_5$  is not accepted and is not significant.

The results of this t-test (partial) are reinforced by the research that was first carried out by Suryana and Sadeli (2015) showing that there is no significant influence between personal attitude towards fraud partially and several variables of the work environment and administrative system have a significant effect on fraud. Then the research conducted by Ramdany (2012 in Suryana and Sadeli (2015) shows that partial fraud also supports the results of testing this hypothesis. Then Abayomi (2017) in his research results stated that personal ethics negatively affect the tendency of fraud.

Suryana and Sadeli (2015) state that a person's attitude/ethics is very personal and is influenced by various factors (family, community environment, company environment and so on). A person's attitude is the thing that determines the merits of that behavior by being influenced by the home environment, attention and society and so on. The attitude that shows good behavior does not mean that someone does not commit fraud. So the supervision that needs to be improved is mutual understanding and reminding each other. Here it can be interpreted that a person's attitude cannot be used as an indication that someone can commit fraud. These results also confirm that Personal Ethics cannot complement Diamond Fraud to become Pentagon Fraud because the results found are not consistent from several studies.

### **Understanding Religiosity Moderates The Effect of Pressure on Fraud Tendency**

Based on the results of the hypothesis which states that the understanding of religiosity moderates the influence of pressure on the tendency for fraud to be accepted. It is based on the results of the analysis showing that pressure influences cheating behavior through religiosity as a moderating variable with a significance value of 0.001 (less than 0.05). The beta value obtained shows a negative number of 0.428 which means that understanding religiosity weakens the effect of pressure on the tendency of fraud.

This research is supported by previous research, that is research on the perception of religiosity that has been carried out by Hariyanto et al. (2018) that religiosity as a moderating variable can weaken the influence of pressure on cheating behavior. The results of this study are also in line with research conducted by Indriani (2016) which states that religiosity is able to moderate the pressure factors on fraud. Another study conducted by Purnamasari and Amaliah (2015) states that religiosity has a positive influence on employee cheating.

The conclusion in this study is that the more pressure received through a high level of understanding of religiosity, it will reduce cheating behavior. Someone who has the nature of high religiosity and is able to apply the teaching of his religion into daily life will be more resilient in coping with problems.

### **Understanding Religiosity Moderates The Effect of Opportunity on Fraud Tendency**

Based on the results of the hypothesis which states that the understanding of religiosity moderates the effect of opportunity on fraudulent tendencies. It is based on the results of the analysis showing that opportunity influences cheating behavior through religiosity as a moderating variable with a significance value of 0,000 (less than 0.05). The beta value obtained indicates a negative number of 0.764 which means that religiosity as

a moderating variable can weaken the influence of opportunities on cheating behavior.

The results of this study are in line with research conducted by Hariyanto et al. (2018) which states that religiosity is able to moderate the opportunities for cheating and believes that the high sense of religiosity possessed is able to weaken cheating despite the opportunities for fraud. For Amil Zakat with a high level of religiosity, someone will not commit fraud even though the opportunity to do so is widely open. He actually feels that in fact not only the boss is supervising, but there is also God who always watches and supervises every action. The conclusion of this study shows that religiosity as a moderating variable can weaken the influence of opportunities on cheating behavior.

#### **Understanding Religiosity Moderates The Effect of Rationalization on Fraud Tendency**

Based on the results of the hypothesis which states that the understanding of religiosity moderates the effect of rationalization on fraudulent tendencies. The analysis shows that rationalization affects cheating behavior through religiosity as a moderating variable with a significance value of 0.042 (less than 0.05). The beta value obtained shows a negative number of 0.373 which means that through religiosity as a moderating variable can weaken the influence of rationalization on cheating behavior.

Sofyan and Wahyuningrum (2014) explained that religiosity will influence one's thoughts and feelings. Therefore, rational thinking about fraud can be avoided by actors who have a high level of religiosity. The results in this study are in line with research conducted by Hariyanto (2018) that religiosity is able to moderate the factors of rationalization against fraud. The high nature of religiosity will be able to discourage someone from committing fraud and will rethink the consequences of committing such fraud. It shows that religiosity as a moderating variable can weaken the influence of rationalization on cheating behavior.

### **Understanding Religiosity Moderates The Effect of Ability on Fraud Tendency**

Based on the results of the hypothesis which states that the understanding of religiosity moderates the effect of ability on the fraud tendency. The analysis showed that ability influences cheating behavior through religiosity as a moderating variable with a significance value of 0.021 (less than 0.05). The beta value obtained shows a negative number of 0.459 which means that religiosity as a moderating variable is able to weaken the influence of ability on cheating behavior.

Based on the results of the analysis stated above, the ability possessed is considered to have a greater role so that it could easily commit fraud, but it can be weakened when the perpetrators has a high understanding of religiosity. As explained earlier, the ability is the main actor (in diamond fraud) that makes someone able to commit fraud repeatedly. The results of this study are in line with research conducted by Hariyanto (2016) that religiosity is able to moderate the ability factor for fraud.

### **Understanding Religiosity Moderates The Influence of Personal Ethics on Fraud Tendency**

Based on the results of the hypothesis which states the understanding of religiosity moderates the influence of personal ethics on fraud tendency, the analysis shows that personal ethics influence cheating behavior through religiosity as a moderating variable with a significance value of 0.001 (less than 0.05). The beta value obtained shows a negative number of 0.753 which means that religiosity as a moderating variable can weaken the influence of personal ethics on cheating behavior. It means that religiosity as a moderating variable is able to weaken the influence of personal ethics on cheating behavior.

Based on the results of the analysis stated above, because the personal ethics possessed are considered to have a greater role, they can easily commit fraud, but it can be weakened when the perpetrators has a high

understanding of religiosity. The results of this study show that religiosity is able to moderate personal ethical factors towards fraud.

## Conclusion

This research was conducted to determine the effect of pressure, opportunity, rationalization, ability (elements of diamond fraud) and personal ethics on fraud tendency to be moderated by religious understanding. Based on the presentation of the analysis and discussion data described in the previous chapter, the researcher can conclude that: (1) Pressure has a positive and significant effect on the tendency to commit fraud (fraud tendency). (2) Opportunity has a positive and significant effect on the tendency to commit fraud (fraud tendency). (3) Rationalization has a significant positive effect on the tendency to commit fraud (fraud tendency). (4) Ability has a positive and significant effect on the tendency to commit fraud (fraud tendency). (5) Personal Ethics does not affect fraud tendency. (6) The moderating variable (understanding religiosity) successfully moderates the pressure, opportunity, rationalization, ability and personal ethics of fraud tendency.

This study still has a limitation that is still using samples in one province. Future research can expand the object of research in several other provinces. In addition, fraud theory used is Fraud Diamond Theory. Whereas now there has been an increase in the cause of fraud, which is arrogance and evolved into Fraud Pentagon Theory, so that the next arrogance variable can be added as an independent variable.

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