Moderating Effect of Religiosity on the Relationship between Fraud Diamond and Accounting Fraud: Study on the Banking Sector of Indonesia

Nurul Emil Safitri*, Nurkholis, Zaki Baridwan
Universitas Brawijaya, Malang, Indonesia
*Corresponding Author: nurulemil@student.ub.ac.id

Abstract

Objective – This study examines and analyzes the effect of fraud diamond on accounting fraud, with religiosity as the moderator, among management staff in the banking sector of Indonesia.

Design/methodology – This study uses the primary data taken from a survey conducted on the employees and officials of 82 Regional Development Bank offices in Southeast Sulawesi, Indonesia. This study uses purposive sampling technique and 279 people were selected as respondents. This study applies quantitative method and uses 2 analysis techniques, multiple regression analysis and moderated regression analysis.

Results – This study finds that the higher the pressure, opportunity, rationalization, and the capability at the workplace are, the higher the likelihood of accounting fraud to occur. Further, the result of moderation regression analysis indicates that religiosity weakens the effects of pressure and rationalization on accounting fraud, but it does not moderate the influence of opportunity and capability on accounting fraud.

Research limitations/implications – Company leaders and staff to better understand personal and situational (organizational) factors—such as pressure, opportunity, rationalization, and capabilities—that can affect individuals to avoid accounting fraud behavior.

Novelty/Originality – This paper presents the cases of accounting fraud caused by internal company parties and accounting fraud problems involving directors, managers, and employees. In this case, the aspects of pressure, opportunity, rationalization, and capability can be considered predictors of what affect individuals to commit accounting fraud. This is to reduce accounting fraudulence in the company. This claim is supported by those who are highly religious and are able to suppress fraudulent behaviors.

Keywords: Accounting Fraud, Pressure, Opportunity, Rationalization, Capability, Religiosity.

1. Introduction

Acts of accounting fraud are very detrimental to stakeholders, both internal and external parties of the company. However, there are many cases globally that show companies' internal financial vulnerabilities (Van Driel, 2018). Ethical leaders have personalities that include ethical awareness, integrity, honesty, community orientation, trustworthiness, encouragement and nurturing, motivating, and management of ethical accountability (Ghanem & Castelli, 2019).

Table 1 presents the data of fraudulent cases happening in some industries that was identified by Certified Fraud Examiners (CFEs). The survey shows some industries that are at risk of fraud, starting from the most at risk to the least at risk. Banking and financial service sectors suffer from most cases out of all the cases analyzed, which were 351 cases. In Indonesia, many cases of accounting fraud in banking sector have been

exposed. One of the cases, for example, is the non-performing loan case at Kepanjen branch office of East Java Bank in Malang in 2021 with estimated loss up to IDR.170 billion Indonesian Rupiah. This case involved two bank employees, the ex-branch head and the credit provider officer, who were then declared as the suspects. In another case, a customer service officer in one of the state-owned banks in Ketapang regency was involved in an interest income-fund case in 2022 with estimated loss at around IDR.6.1 billion Indonesian Rupiah.

Table 1. Number of Fraudulent Cases per Industry

Industry	Number of cases
Banking and financial services	351
Government and public administration	198
Manufacture	194
Health care	130
Energy	97

Another case happened at the Regional Development Bank of Southeast Sulawesi in 2021. It was found that the branch head and the teller of a branch bank of Regional Development bank of Southeast Sulawesi in Konawe Islands were suspects in diverting the bank's operational budget of IDR 9.6 billion Indonesian Rupiah. Later on in 2022, another branch of the same Regional Development Bank in Kendari City suffered from the fraud carried out by the employee transferring costumers' account books with a potential loss of IDR 1.9 billion Indonesian Rupiah. This shows that fraudulent cases at Regional Development Bank of Southeast Sulawesi are prone to occur, as many cases have been exposed within two consecutive years. Therefore, it is crucial to learn the lessons from cases happening in Southeast Sulawesi Regional Development Bank.

According to Beasley et al. (2010), accounting fraud is an intentional act—which includes misstatement of the value of capital assets, false disclosure of financial statements, or manipulating action—that directly affects a financial statement disclosure. According to Fraud Diamond theory by Wolfe & Hermanson (2004), the main factors affecting individuals to commit fraudulent actions are pressure, opportunity, rationalization, and capability. Pressure arises from individuals' difficult circumstances caused by debts or lavish lifestyle. Besides that, opportunity makes it possible for fraudulent actions to occur on all managerial positions because the vulnerable internal controlling system of the company allows the fraudsters to find their chance. And then, rationalization becomes a factor triggering a fraud when there is a mindset within the fraudsters that justifies their doings. Furthermore, rationalization is an ever-present part of fraud itself and is even used as a motivation to commit fraud. Capability, as a fraud-triggering factor, is individuals or organizations' ability to commit fraud. Capabilities could be related to technical knowledge, expertise, or access to information necessary to commit fraud. The Fraud Diamond elements focus on the relationship between individuals and organizations all together.

Many studies have been conducted on factors triggering accounting fraud. Some of these studies focus on examining personal factors, such as bystander effect, abidance to accounting rules, religiosity, individuals' morality, intellectual competence, emotional intelligence, spiritual intelligence, and Machiavellianism (Aprianti et al., 2022; Asmah et al., 2020; Gunayasa & Erlinawati, 2020; Rahmatullah & Irianto, 2018; Vacumi & Halmawati, 2022). Other studies focus on examining organizational factors, such as internal control effectivity, compensation system compatibility, and asymmetric information (Faisol & Gamayuni, 2018; Putri & Irwandi, 2017). Some of the previous studies, however, focused only on one factor, either individual factor or organizational factor. As a result, when the focus is only on one factor, whether on individual's behavior only or on organization only, the success rate of fraud-prevention strategy will be affected (Asmah et al., 2020). Therefore, it is crucial to consider to focus on the

relationship between individual and organizational condition at the same time and not just on one of them separately. Individual private condition includes endured pressure and ability to rationalize accounting fraud. While, organizational situation includes opportunity and individual's capability to commit an accounting fraud in a company.

Studies on accounting fraud, using fraud diamond elements, such as pressure, opportunity, rationalization, and capability which are predictors of accounting fraud, have become a popular topic discussed by previous researchers. Some of the studies found that the four elements of Fraud Diamond theory contribute as predictors of accounting fraud (Amalia & Nurkhin, 2019; Avortri & Agbanyo, 2021; Hidajat, 2020; Kazemian et al., 2019; Pamungkas et al., 2018; Bonsu et al., 2018; Istifadah & Senjani, 2020) . However, there is another point of view arguing that pressure was not proven to be a factor affecting an accounting fraud (Said et al., 2017). In addition, Sunardi & Amin (2018) found that fraud diamond does not affect accounting fraud. Previous studies found inconsistent results due to differences in data types and sample sizes. Sunardi & Amin (2018) stated that studies using secondary data taken from financial-report units and studying manufacture companies only obtained inaccurate results. Some of the previous results showed that fraud diamond element contributes as predictor of accounting fraud, but others do not.

Studies on accounting fraud that use religiosity as a moderator of the relationship between Fraud diamond and accounting fraud in banking sector is rarely conducted. A similar study was conducted by Istifadah & Senjani (2020) at National Amil Zakat Agency (BAZNAS) and found that religiosity could weaken the effect of fraud diamond on accounting fraud. In this case, however, the examined object focused only on Islamic religion context. Therefore, the result of the study cannot be generalized since Indonesia consists of several religions. This study aims to examine and analyze religiosity as a moderator of the relationship between fraud diamond and accounting fraud in banking sector without taking into consideration a specific religion. Through religiosity, individuals can understand positive things that influence an individual's behavior thus weakening the effect of pressure, opportunity, rationalization, and capability on accounting fraud. Thus, they will avoid fraudulent behavior because this is prohibited by religion (Said et al., 2018). It is also concluded that religiosity has a negative effect on accounting fraud (Aprianti et al., 2022; Vacumi & Halmawati, 2022;Gunayasa & Erlinawati, 2020). In this case, companies need to consider individual and situational factors so that accounting fraud can be minimized completely.

This study was inspired by research conducted by Kazemian et al. (2019) which shows that fraud diamonds (pressure, opportunity, rationalization, and capability) are factors that are highly correlated to accounting fraud. This study is different from the previous study in terms of research location and variables in question. Research by Kazemian et al. (2019) was conducted in the banking sector of Iran. On the other hand, this study examines the correlation between Fraud Diamond and accounting fraud and adds religiosity as additional variables to see if its moderating effect can help individuals distinguish right from wrong. In addition, Boyatzis (2001) in Rahmatullah & Irianto (2018) suggests that finding the right person in an organization is not easy. This is because what is needed by an organization is people who are not only better educated and talented, but are also able to take control of their actions. Therefore, to keep individuals from fraudulent indications, having a high level of religiosity is essential.

2. Literature Review, Theoretical Framework, and Hypothesis Development

2.1 Literature Review

Fraud Diamond Theory

The Fraud diamond concept is an extension of the Fraud triangle which is the initial framework that explains the determinants of individual fraudulent behavior in companies. Wolfe & Hermanson (2004) added one qualitative element that is believed to have a significant influence on fraud, that is capability. The elements of the Fraud Diamond theory are pressure, opportunity, rationalization, and capability. The elements of the Fraud Diamond theory focus on the relationship between individuals and organizations simultaneously and not just on individual or organizational behaviors independently.

Accounting Fraud

According to Beasley et al. (2010), accounting fraud is an intentional act which includes a misstatement the capital assets value, false financial statement disclosure or manipulating act that has a direct impact on the value of materials in financial statements being disclosed.

Pressure

Pressure is someone's urge or intention to achieve something that is hindered by their own inability to do so, thus encourage them to commit fraud (Albrecht et al., 2018). There are various categories of pressure among which are financial pressure, bad habit pressure, and work-related pressure.

Opportunity

Opportunity is a chance to commit fraud. In this case, fraud can be carried out on the condition that upon having the chance, the person also has access to the assets or has the authority to regulate the stages of control that would allow for the crime schemes to take place (Albrecht et al., 2018).

Rationalization

Rationalization or justification is an attitude or a set of values that encourages individuals to commit dishonest acts, or they are in a sufficiently stressful environment to make them justify dishonest acts (Albrecht et al., 2018). Almost all frauds are motivated by rationalization.

Capability

Wolfe & Hermanson (2004) define capabilities as personal characteristics and abilities that play a significant role in a fraudulent act that may occur even in the presence of the aforementioned three factors. In addition to that, positioning, intellectual capacity, confidence, coercion, desire, and stress are other elements that are also crucial for a fraud perpetrator.

Religiosity

Glock and Stark (1968) in Amalia & Nurkhin (2019) define religiosity as a symbol system, belief system, value system, and a behavior system that is concentrated on internalized and very meaningful issues. An essential value in a person's cognitive framework that might affect behavior is religiosity.

2.2 Theoritical Framework

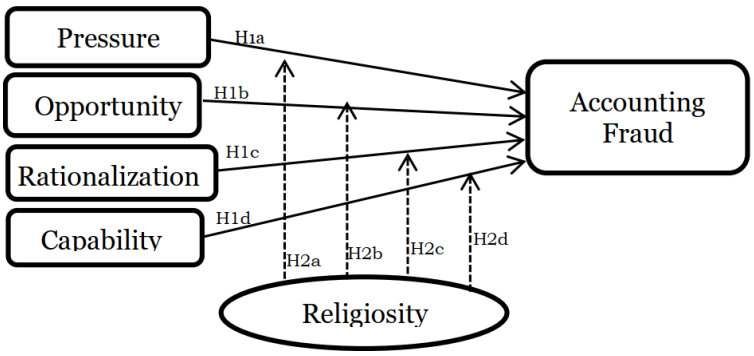

Figure 1.
Research Model

2.3 Research Hypothesis

The Influence of Pressure on Accounting Fraud

According to Fraud Diamond theory, pressure is a factor that causes someone to commit accounting fraud that arises from the individual's difficult condition. Pressure on individuals can come from financial and non-financial factors. It is also found that financial stress plays a significant role in triggering bank employees and managers to commit fraudulent actions at work (Avortri & Agbanyo, 2021). The higher the pressure faced by individuals are, both financial and non-financial pressure, the higher the tendency for these individuals to commit fraud. Conversely, when the pressure experienced by individuals decreases, the individuals' tendency to commit accounting fraud will also decrease. Previous studies found that pressure has a positive effect with accounting fraud (Said et al., 2018; Abdullahi & Mansor, 2018; Budiartini et al., 2019).

H1a. Pressure has a positive effect on accounting fraud.

The Influence of Opportunity on Accounting Fraud

As stated in Fraud Diamond theory, fraud will be carried out when there is an opportunity where someone also have access to the assets or also have the authority to regulate the stages of control that could provide an opportunity for fraud schemes to be carried out. Individuals who are desperate because of pressure or rationalization will commit fraud if there is an opportunity. The previous statement is supported by several previous studies. Bonsu et al. (2018), for example, found that opportunity is a factor triggering accounting fraud. Also, fraud is possible to happen in all managerial positions because of company's weak internal control system, lack of supervision, and abuse of power, which create opportunities for fraudsters. Effective internal controls can minimize fraud (Hidajat, 2020; Pamungkas et al., 2018; Faisol & Gamayuni, 2018). Previous studies found that opportunity has a positive effect on accounting fraud (Abdullahi & Mansor, 2018; Said et al., 2018; Suh et al., 2019; Asmah et al., 2020).

H1b. Opportunity has a positive effect on accounting fraud.

The Influence of Rationalization on Accounting Fraud

Based on Fraud Diamond theory, rationalization is a fraud that occur because of a person's self-justification in making decision and their neglection of others' interest. There are many studies previously that found that rationalization has a positive effect on fraud (Said et al., 2018; Avortri & Agbanyo, 2021). Rationalization is a factor that positively affect accounting fraud. In this case, it is determined by the individuals' attitudes or abilities to justify the fraudulent behaviors they committed (Bonsu et al., 2018; Kazemian et al., 2019). Based on this description, the formulation of the hypothesis in this study is as follows:

H1c. Rationalization has a positive effect on accounting fraud.

The Influence of Capability on Accounting Fraud

Capability is a character quality and skill that is crucial in fraud and can happen even in the presence of the other three factors. Someone who commits accounting fraud has a high sense of self-confidence, a capacity to handle a client's problems, and an ability to persuade other employees to work together. Based on Fraud Diamond theory, individuals are motivated to commit fraud not only because of pressure, opportunity, or rationalization, but also because of the ability to take advantage of existing fraud opportunities. In this case, the capability to commit fraud has the greatest influence on fraudulent behavior in the banking sector (Avortri & Agbanyo, 2021). Capability is a factor that has a positive effect on accounting fraud (Budiartini et al., 2019; Istifadah & Senjani, 2020; Kazemian et al., 2019; Abdullahi & Mansor, 2018).

H1d. Capability has a positive effect on accounting fraud.

The Influence of Pressure on Accounting Fraud with Religiosity Moderation

Glock and Stark (1968) in Amalia & Nurkhin (2019) define religiosity as a belief system, value system, symbol system, and a behavior system that is centered on internalized and very meaningful issues. There are five dimensions of religiosity, namely the belief dimension, the religious practice, the experience, the knowledge and the consequential dimension. This is supported by Said et al. (2018) who suggest that the deeper someone inculcates religious values in themselves, the more they will avoid acts of fraud. The results of the empirical study by Istifadah & Senjani (2020) prove that religiosity has a negative effect on accounting fraud. Also, according to Vacumi & Halmawati (2022), religiosity is a factor that has a negative effect on accounting fraud.

H2a. Religiosity weakens the effect of pressure on accounting fraud.

The Influence of Opportunity on Accounting Fraud with Religiosity Moderation

Glock and Stark (1968) in Amalia & Nurkhin (2019) define religiosity as a belief system, value system, symbol system, and a behavior system that is centered on internalized and very meaningful issues. There are five dimensions of religiosity, namely the belief dimension, the religious practice, the experience, the knowledge and the consequential dimension. This is supported by Said et al. (2018) who suggest that the deeper someone inculcates religious values in themselves, the more they will avoid acts of fraud. High religiosity tends to encourage individuals to realize that God watches over their actions anytime and anywhere.

The previous statement is supported by research previously conducted by Yurmaini (2017) that shows that religion can be a solution to minimize fraud. The results of empirical study by Vacumi & Halmawati (2022) and Aprianti et al. (2022) assert that religiosity has a negative effect on accounting fraud. Another study reveals that religiosity as a moderating variable can weaken the effect of opportunity on accounting fraud (Istifadah & Senjani, 2020).

H2b. Religiosity weakens the effect of opportunity on accounting fraud.

The Influence of Rationalization on Accounting Fraud with Religiosity Moderation

Glock and Stark (1968) in Amalia & Nurkhin (2019) define religiosity as a belief system, value system, symbol system, and behavior system that is centered on internalized and very meaningful issues. There are five dimensions of religiosity, namely the belief dimension, the dimension of religious practice, the experience, the knowledge dimension, and the consequential dimension. This is supported by the results of Said et al. (2018) which state that the higher an employee applies religious values within himself, the more they will avoid acts of fraud. Religiosity can moderate the effect of rationalization on accounting fraud behavior Istifadah & Senjani (2020). In addition, several studies have shown that religiosity has a negative impact on accounting fraud(Gunayasa & Erlinawati, 2020; Vacumi & Halmawati, 2022; Aprianti et al., 2022). Therefore, religiosity can weaken the effect of rationalization on accounting fraud.

H2c. Religiosity weakens the effect of rationalization and accounting fraud.

The Influence of Capability on Accounting Fraud with Religiosity Moderation

Glock and Stark (1968) in Amalia & Nurkhin (2019) define religiosity as a belief system, value system, symbol system, and behavior system that is centered on internalized and very meaningful issues. There are five dimensions of religiosity, namely the belief dimension, the dimension of religious practice, the experience, the knowledge dimension, and the consequential dimension. This is supported by the results of Said et al. (2018) which state that the higher an employee applies religious values within himself, the more they will avoid acts of fraud.

The aforementioned statements are supported by several previous studies. Religiosity can moderate the effect of capability on accounting fraud behavior (Istifadah & Senjani, 2020). Further, several studies have shown that religiosity has a negative impact on accounting fraud (Gunayasa & Erlinawati, 2020; Vacumi & Halmawati, 2022; Aprianti et al., 2022). Therefore, religiosity can be a moderating variable by weakening the effect of capability on accounting fraud.

H2d. Religiosity weakens the effect of capability on accounting fraud.

3. Research Method

3.1 Population and Research Sample

The population of this study were all officials and employees from 82 branch offices of the Regional Development Bank of Southeast Sulawesi, Indonesia who were directly involved in the financial process and the preparation of financial reports. This study applied a purposive sampling method.

3.2 Data Types and Sources

This study uses a primary data. The data was gathered using a survey. The data was obtained from the officials or the employees of the Regional Development Bank of Southeast Sulawesi in the form of perceptions or opinions.

3.3 Operational Definition and Variables Measurement

The variables are measured using the Likert Scale, ranging from 1 to 5. The numbers are described as strongly disagree 1= disagree = 2, neutral= 3, agree= 4, and strongly agree= 5.

Accounting Fraud

According to Beasley et al. (2010), accounting fraud is an intentional act which includes a misstatement the capital assets value, false financial statement disclosure or a manipulating act that has a direct impact on the value of materials in financial statements being disclosed. The items for accounting fraud used by Putri & Irwandi (2017), namely as follow:

1. If I am presented with a blank receipt for the purchase of building equipment (or other payments) then that is fun
2. I always look for opportunities to manipulate the recording of the amount of purchased office supplies so that the financial reports always meet the requirements
3. When working on the cash book, it is necessary to apply the existing accounting principles and the amounts must be appropriate
4. Sometimes I borrow valuable assets such as foreign currency or money from the bank's petty cash for personal use
5. Sometimes I apply for low-interest loans for myself or my close relatives without sufficient collateral.

Pressure

Pressure is someone's urge or intention to achieve something that is hindered by their own inability to do so, thus encourage them to commit fraud (Albrecht et al., 2018). The items for pressure used by Kazemian et al. (2019), namely as follows:

1. I cannot meet my financial goals
2. I am under a heavy debt burden
3. I am facing an urgent financial need
4. I want to have more than what I currently have I am stressed with my job
5. I allocate part of the money to engage in online gambling and consume alcoholic beverages.

Opportunity

Opportunity is a chance and when there is a chance to commit fraud, it will be done. For a fraud scheme to be successful, someone needs to have access to the assets or the power to interfere with the many stages of control (Albrecht et al., 2018). The items for opportunity used by Kazemian et al. (2019) are as follows:

1. In the company where I work, the exercise of authority and responsibility is not very important
2. In the company where I work, if financial reporting needs to be issued immediately, transaction authorization and supporting evidence can be ignored
3. In the company where I work, a physical examination of the company's assets (cash, inventory, etc.) is only carried out when necessary
4. In the company where I work, the accounting system cannot record all information (time of transaction) of the company's operational activities
5. In the company where I work, the CCTV footage does not monitor entry and exit doors properly in the cash box storage section.

Rationalization

Rationalization or justification is an attitude or a set of values that encourages individuals to commit dishonest acts, or they are in a sufficiently stressful environment to make them justify dishonest acts (Albrecht et al., 2018). The items for rationalization used by Kazemian et al. (2019), namely as follows:

1. I'm doing this for a good intention of helping others
2. I will return the money as soon as I get over this financial difficulty
3. I like to help my friends who are having difficulties by borrowing cash at my place of work
4. If I am caught committing accounting fraud at work, then only I will be harmed
5. If I commit accounting fraud at work, it is a reward for my efforts
6. I don't have any other help and if I don't take the money from my place of work, I will lose everything.

Capability

Wolfe & Hermanson (2004) define capabilities as personal traits and abilities that play a major role in fraud that may occur even in the presence of the other three elements. Capability refers to the items offered by Kazemian et al. (2019). Among them are as follows:

1. The position that I have could give me the ability to misappropriate bank assets and manipulate financial reports
2. My influence over certain situations could give me the ability to misappropriate bank assets and manipulate financial statements
3. The ability that I have to persuade other staff members to join me could provide opportunities for the misappropriation of bank assets and manipulation of financial statements
4. The ability that I have to solve customer problems could provide opportunities for misappropriation of the bank assets and manipulation of financial statements

5. The ability that I have to multitask provides me with the perfect opportunity to misappropriate bank assets and manipulate bank statements
6. The confidence that I have could give me the ability to misappropriate bank assets and manipulate financial statements.

Religiosity

According to Glock and Stark (1968) in Amalia & Nurkhin (2019), religiosity is a system of symbols, beliefs, values, and a system of behavioral that are centered on internalized and very meaningful issues. The religiosity variable is measured based on the results of previous research conducted by El-Menouar (2014) in Said et al. (2018) and Amalia & Nurkhin (2019), with the following items:

1. I believe there is only one God
2. I believe the scripture teachings monotheism
3. I pray regularly
4. I always protect myself from illegal income
5. I always try to avoid small and big sins
6. I prefer to be honest, fair and not embarrassing others

3.4 Data Analysis Methods

This study uses SPSS version 20 as a statistical analysis tool. The analysis used variable descriptive analysis, instrument assessing, classical assumption assessing, multiple regression analysis, and moderation regression analysis.

4. Results

4.1 Characteristics of Respondents

The number of respondents who filled out the questionnaire is 279 respondents. The following table shows the demographics of the respondents with the observed criteria.

Table 2. Demographic of Respondents

Characteristics	Category	Frequency
Age	20-29 years	131
	30-39 years	138
	40-49 years	10
Gender	Male	126
	Female	153
Academic Background	Public school	259
	Religion Based School	20
Major in Last Education	Accounting	105
	Management	107
	Economic development	39
	Others	28
Department	Branch Head	2
	Finance and Planning Officer	5
	Finance and Planning Staff	32
	Credit Marketing Department Officer	8
	Credit Marketing Department Staff	29
	Cash Coordinator	40
	Teller	70
	Customer Service	73
	Funding Officer	18
	ATM Service Departement	2

4.2 Variables Description

The descriptive statistical analysis of each variable and the percentage distribution of each item in this study can be described as follows:

Table 3. Variables description

Variable	Mean	Std. Deviation
Pressure	1.3692	.54632
	1.3011	.49715
	1.3978	.54588
	1.7455	.89147
Opportunity	1.5197	.63371
	1.6165	.72955
	1.4946	.63399
	1.4373	.58350
	1.7348	.77360
	1.4839	.56796
Rationalization	1.5376	.71307
	1.4050	.66580
	1.3620	.50336
	1.4194	.57507
	1.3978	.60227
Capability	1.3441	.56571
	1.3978	.55243
	1.5018	.63402
	1.3943	.64214
	1.6523	.67663
	1.3656	.49715
Religiosity	1.4194	.58129
	1.4767	.56771
	4.7706	.46965
	4.7240	.52884
	4.5699	.60688
	4.5018	.62832
Accounting fraud	4.5771	.60600
	4.6416	.57576
	1.2258	.44388
	1.3082	.47790
	1.5125	.59284
	1.3369	.48104
	1.2401	.48321

Based on Table 3, it is known that the average value of all questionnaire items in pressure, opportunity, rationalization, capability, and accounting fraud is ranging from 1.22 to 1.74. This shows that the samples' answers are included in the very low category. While the average value of all questionnaire items in religiosity is ranging from 4.50 to 4.77. This shows that the sample answers are included in the very high category.

4.3 Regression Analysis

This study uses multiple linear regression analysis and moderate regression analysis in assessing the tested hypotheses. As a result of statistical testing, the following regression model equation is obtained:

Model 1: Y = 2.396 + 0.143 X1.1 + 0.134 X1.2 + 0.095 X1.3 + 0.128 X1.4 + e

Table 4.
Results of Multiple Linear Regression Analysis

Variable	Unstandardized Coefficients (B)	t- count	Sig.
Constant	2,396		
Pressure	0,143	3,495	0,001
Opportunity	0,134	2,775	0,006
Rationalization	0,095	2,123	0,035
Capability	0,128	3,649	0,000

Table 4 shows the result of multiple linear regression analysis. First of all, the significance value of pressure is 0.001 ≤ 0.05 and the direction is positive with unstandardized coefficients of 0.143. Secondly, the significance value of opportunity is 0.006 ≤ 0.005 and the direction is positive with unstandardized coefficients of 0.134. Thirdly, the significance value of rationalization is 0.035 ≤ 0.05 and the direction is positive with standardized coefficients of 0.095. Finally, the significance value of capability is 0.000 and the direction is positive with unstandardized coefficients of 0.128. This shows that all four H_a are accepted. It means that pressure, opportunity rationalization, and capability have positive effect on accounting fraud.

Model 2: Y = - 10.903 + 1.312 X1.1 – 0.605 X1.2 + 1.754 X1.3 - 0.168 X1.4 + 0.481 Z - 0.042 X1.1*Z + 0.026 X1.2*Z – 0.059 X1.3*Z + 0.010 X1.4*Z + e

Table 5.
Results of Moderate Regression Analysis

Variable	Unstandardized Coefficients (B)	t-count	Sig.
Constant	-10,903		
Religiosity*Pressure	-0,042	-2,126	0,034
Religiosity*Opportunity	0,026	1,218	0,224
Religiosity*Rationalization	-0,059	-2,911	0,004
Religiosity*Capability	0,010	0,518	0,605

Table 5 shows the result of moderation regression analysis which examine the interaction of religiosity as a moderator to the effect of Fraud diamond on accounting fraud. Firstly, from the interaction between religiosity and pressure, a significance value of 0.034 was obtained. Because the significance value is smaller than 0.05 and the direction, which was shown by unstandardized coefficient value of -0.0542, is negative, the H_a is accepted. Secondly, the significance value of the interaction between religiosity and opportunity in 0.224. This significance value is higher than 0.05 hence the H_a is rejected. Thirdly, from the interaction between religiosity and rationalization, a significance value of 0.004 was obtained. This value is smaller than 0.05 and shows negative direction with unstandardized coefficient value of -0.059, therefore H_a is accepted. Lastly, from the interaction between religiosity and capability, a significance value of 0.605 was obtained. Therefore, H_a is rejected.

4.5 Discussion

4.5.1 The Influence of Pressure on Accounting Fraud

Regression analysis results show that pressure has a positive effect on accounting fraud. The meaning of these results is that the higher the pressure is, the higher the frequency of the accounting fraud behavior will be and vice versa. When the pressure drops, so does the frequency of fraud accounting behavior. The findings of this study support the Fraud Diamond theory. This study found that pressure is a factor causing accounting fraud. Pressure is an urge to meet lifestyle demands, job demands, economic demands, and so on, which make bankers commit acts of fraud. These high demands force bankers to commit a fraud to fulfill their desires. Finally, this results in

line with the findings of Kazemian et al. (2019); Budiartini et al. (2019); Said et al. (2018); Avortri & Agbanyo (2021) that argue that pressure has a positive effect on accounting fraud.

4.5.2 The Influence of Opportunity on Accounting Fraud

Regression analysis results show that opportunity has a positive effect on accounting fraud. The meaning of these results is that the higher the opportunity is, the more the accounting fraud behavior will occur. On the other hand, if the opportunity is lower, the accounting fraud behavior will be less. The findings of this study support the Fraud Diamond theory. This study found that opportunity is a factor causing fraud. Opportunity opens the door for fraudulent behavior. The more opportunities they have, the more bankers will be in situations and conditions that allow them to commit fraud and vice versa. This will affect accounting fraud occurrence. In addition, this study is in line with the research by Said et al. (2017) which says that opportunity has a positive effect on accounting fraud. The results of this study supports several previous studies such as researches conducted by Suh et al. (2019) and Avortri & Agbanyo (2021).

4.5.3 The Influence of Rationalization on Accounting Fraud

Regression analysis results show that rationalization has a positive effect on accounting fraud. This implies that the higher the rationalization is, the more the accounting fraud behavior will occur. On the contrary, if the rationalization is lower, the behavior of accounting fraud is also less frequent. The findings of this study support the Fraud Diamond theory. This study found that rationalization is a factor causing fraud. In addition, this study align closely with the research by Kazemian et al. (2019) and Said et al. (2017) which states that rationalization has a positive effect on accounting fraud. Rationalization encourages individuals to justify wrong behaviors, including accounting fraudulent behavior. Individuals who commit acts of accounting fraud do not feel that these actions have violated existing rules. The results of this study support several previous studies such as research conducted by Abdullahi & Mansor (2018) and Avortri & Agbanyo (2021).

4.5.4 The Influence of Capability on Accounting Fraud

Regression analysis results show that capability has a positive effect on accounting fraud. This suggests that the higher the capability is, the more likely the accounting fraud behavior will occur. As opposed to this, if the capability is lower, the accounting fraud behavior also decreases. The findings of this study support the Fraud Diamond theory. This study found that capability is a factor causing fraud. In addition, this study conform the results of Kazemian et al. (2019) which says that opportunity has a positive effect on accounting fraud. Capabilities that involve the characteristics and abilities needed to commit fraud enable bankers to seek information and opportunities to commit fraud and take advantage of them. Some of these traits include the person's position and function. This is also supported by research conducted by Istifadah & Senjani (2020) and Avortri & Agbanyo (2021), which states that individual capabilities affect the perpetrators to commit accounting fraud.

4.5.5 The Influence of Religiosity on the Relationship between Pressure and Accounting Fraud

Regression analysis results show that the interaction between religiosity and pressure has a negative effect on accounting fraud. This means that the higher the interaction value between religiosity and pressure is, the lower the value of accounting fraud. On the contrary, when the value of the interaction between religiosity and pressure is low, the value of accounting fraud increases. This shows that religiosity can weaken the positive influence of pressure on accounting fraud.

Glock and Stark (1968) in Amalia & Nurkhin (2019) state that there are five dimensions of religiosity, namely the belief dimension, the worship practice dimension, the experience dimension, the knowledge dimension, and practice dimension. Various religions have pretty much the same perspective regarding accounting fraud, where all of them consider this act unethical. Individuals having religious orientation will always perceive accounting fraud as an unethical act. High individual religiosity will make a person more aware that being under pressure does not justify them committing accounting fraud. This study supports the previous research, one conducted by Istifadah & Senjani (2020) and Gunayasa & Erlinawati (2020), that argues that moderating variables can weaken the effect of pressure on accounting fraud.

4.5.6 The Influence of Religiosity on the Relationship between Opportunity and Accounting Fraud

The hypothesis tested in this study is religiosity weakens the effect of opportunity on accounting fraud. In relation to the tested hypothesis, the analysis results show that the religiosity variable does not moderate the effect of opportunity on accounting fraud. In this sense, the religiosity variable neither strengthen nor weaken the opportunities to commit accounting fraud that exist within a company.

This finding supports the previous research conducted by Bachtiyar (2020) and Amalia & Nurkhin (2019) which found that religiosity does not moderate the relationship between opportunity and fraud. Opportunities that exist will be more easily utilized by bank employees because they tend to be in direct contact with cash. So, individuals' understanding of religiosity does not affect their decision to commit or not commit accounting fraud. When there is an opportunity to realize the action, then the fraud will be done. This means that an unethical behavior such as accounting fraud occurs because opportunities can influence bankers to behave fraudulently regardless of their level of religiosity.

According to the social cognitive theory by Bandura (1989), humans use both internal and external forces to control their behavior. Internal factors include self-observation, assessment process, and self-reaction. External factors, however, include a person's physical and social environment. In case of a banker, the external factor, which is the control provided by the company, has been proven to be able to suppress the occurrence of opportunity to commit fraud, so that through repeated cognitive processes it can form individuals in a better direction. Bankers committing accounting fraud also look at their environment. Even though these bankers are said to have high religiosity and low opportunity to commit fraud, if the environment is less supportive, the bankers will tend to not be able to control their actions and commit accounting fraud.

4.5.7 The Influence of Religiosity on the Relationship between Rationalization and Accounting Fraud

Regression analysis results show that the interaction between religiosity and rationalization has a negative effect on accounting fraud. This implies that the higher the value of interaction between religiosity and rationalization is, the lower the value of accounting fraud. On the contrary, when the interaction value between religiosity and rationalization is low, the value of accounting fraud becomes high. This shows that religiosity can weaken the positive effect of rationalization on accounting fraud. This research confirms the result of previous study, which was conducted by Amalia & Nurkhin (2019), that shows that moderating variables can weaken the effect of rationalization on fraud. Glok and Stark (1968) in Furseth & Repstad (2017) stated that there are five dimensions in religiosity, which include faith dimension, religious practice dimension, experience dimension, knowledge dimension, and experience dimension. Individuals' high level of religiosity will help them to realize that

justification is not something that should be done. Even more so when the justification is used to commit an accounting fraud. The results of this study are also in line with research conducted by Gunayasa & Erlinawati (2020) which states that religiosity can weaken the influence of rationalization on accounting fraud. This shows that religiosity as a moderating variable can weaken the effect of rationalization on accounting fraud behavior.

4.5.8 The Influence of Religiosity on the Relationship between Capability and Accounting Fraud

The hypothesis tested in this study asserts that capability affects accounting fraud with religiosity as a moderating variable. The results show that religiosity does not moderate the effect of capability on accounting fraud, hence proving the hypothesis inaccurate. This is because capability is one of the main factors in Fraud Diamond theory and is an internal factor that affects individual's behavioral-control. These findings support the previous research that found that religiosity does not moderate the effect of capability on accounting fraud (Apsari & Suhartini, 2021; Amalia & Nurkhin, 2019; Bachtiyar, 2020; Hariyanto et al., 2018; Talib, 2021).

When bank employees are highly capable, having high level of religiosity does not guarantee that they will act ethically based of the teachings of their religion. The more capable an individual is, the more likely they will commit an accounting fraud. This is shown by the fact that a lot of fraudulent behaviors that occur, especially in banking sector, are committed by individuals who occupy important positions, such as branch heads. Individuals will use their capabilities, such as their position, intellectual competence, and ability to convince others, to commit accounting fraud. The results of this study are not in line with research conducted by Istifadah & Senjani (2020), which found that moderation variable could weaken the effect of capability on fraud.

According to social cognitive theory by Bandura (1989), humans use both internal and external forces to control their behavior. Internal aspects include self-observation, the evaluation process, and self-reaction, whereas external factors include a person's physical and social environment. Individuals committing accounting fraud also look at their environment, even though these bankers are said to have high religiosity and a low level of capability to commit fraud, the environment is less supportive, so individuals will tend not to be able to control their behavior and commit accounting fraud.

5. Conclusion, Implication and Limitation

The results of this study prove that the higher the pressure, opportunity, rationalization, and the capability is in the workplace, the higher the chance of accounting fraud behaviors to increase among employees in the banking sector in Indonesia. Bank employees with high level of religiosity will be more objective in judging what is good and right based on their internalized religious values. Therefore, with religiosity, they will be more capable in avoiding accounting fraudulent behavior even when being under pressures, be it financial pressures, work pressures, and other pressures. Bank employees with high level of religiosity will not be able to avoid accounting fraud behavior when they have the opportunity to realize that action. In addition, they do not use a religious perspective when there is an opportunity to commit accounting fraud. Opportunities will be taken by the bank employees to commit accounting fraud without any influence from their level of religiosity. The higher the bank employees' level of religiosity, the more they will avoid accounting fraudulent behavior despite being able to justify or rationalize the action. However, when the bankers are highly capable and are highly religious, there is no guarantee that they will act ethically based on the teachings of their religion. Even the highly religious bank employees can commit an accounting fraud when they have extraordinary capabilities and opportunities to do it.

This study provides theoretical implications of Fraud Diamond theory, which is accounting fraud is affected by fraud diamond. Therefore, companies have to consider company related personal and situational factors, such as pressure, opportunity, rationalization and capability, as predictors of accounting fraud. This study provides practical implications for Regional Development Banks as consideration in evaluating and fixing their system to minimize accounting fraud.

The limitation of this study is its lack of instruments to measure religiosity since religiosity is an abstract concept. For this reason, there is a huge possibility of bias when given to the respondents in a form of self-assessment. Despite the fact that there are already many instruments developed by researchers to measure religiosity, there is yet an article in Indonesia that specifically discuss religiosity-measuring instruments along with detail explanations on its statistical analysis.

Future researchers can develop religiosity measurement instruments or use different measurement instruments. Furthermore, future researchers can also carry out in-depth analysis to ensure that the existing religiosity measurement instruments are valid to use in Indonesia.

References

Abdullahi, R., & Mansor, N. (2018). Fraud prevention initiatives in the Nigerian public sector: understanding the relationship of fraud incidences and the elements of fraud triangle theory. *Journal of Financial Crime*, *25*(2), 527–544.

Albrecht, W. S., Albrecht, C. O., Albrecht, C. C., & Zimbelman, M. F. (2018). *Fraud examination*. Cengage Learning.

Amalia, U. T., & Nurkhin, A. (2019). Dimensi Diamond Fraud dan penggunaan smartphone terhadap academic fraud dengan religiusitas sebagai variabel moderasi. *Economic Education Analysis Journal*, *8*(1), 1–17.

Aprianti, N. W. T., Kusumawati, N. P. A., & Pratiwi, N. P. T. W. (2022). Pengaruh bystander effect, ketaatan aturan akuntansi dan religiusitas terhadap kecenderungan kecurangan akuntansi. *Hita Akuntansi Dan Keuangan*, *3*(2), 129–133.

Apsari, A. K., & Suhartini, D. (2021). Religiosity as Moderating of Accounting Student Academic Fraud with a Hexagon Theory Approach. *Accounting and Finance Studies*, *1*(3), 212–231.

Asmah, A. E., Atuilik, W. A., & Ofori, D. (2020). Antecedents and consequences of staff related fraud in the Ghanaian banking industry. *Journal of Financial Crime*, *27*(1), 188–201.

Avortri, C., & Agbanyo, R. (2021). Determinants of management fraud in the banking sector of Ghana: the perspective of the diamond fraud theory. *Journal of Financial Crime*, *28*(1), 142–155.

Bachtiyar, M. N. (2020). *Analisis Pengaruh Dimensi Fraud Diamond Terhadap Kecurangan Akademik dengan Religiusitas Sebagai Variabel Moderasi*. STIE Perbanas Surabaya.

Bandura, A. (1989). Human agency in social cognitive theory. *American Psychologist*, *44*(9), 1175.

Beasley, M. S., Hermanson, D. R., Carcello, J. V, & Neal, T. L. (2010). *Fraudulent financial reporting: 1998-2007: An analysis of US public companies*.

Bonsu, O.-A. M., Dui, L. K., Muyun, Z., Asare, E. K., & Amankwaa, I. A. (2018). Corporate fraud: causes, effects, and deterrence on financial institutions in Ghana. *European Scientific Journal*, *14*(28), 315–335.

Boyatzis, R. E. (2001). How and why individuals are able to develop emotional intelligence. *The Emotionally Intelligent Workplace: How to Select for, Measure, and Improve Emotional Intelligence in Individuals, Groups, and Organizations*, *1*, 234–253.

Budiartini, K., Dewi, G. A. R. S., & Herawati, N. T. (2019). Faktor-Faktor yang

Mempengaruhi Terjadinya Kecurangan Akuntansi dalam Perspektif Fraud Diamond (Studi Empiris pada Bank Perkreditan Rakyat (BPR) Kabupaten Buleleng). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, *10*(2), 113–123.

Faisol, A., & Gamayuni, R. R. (2018). he Effect of Good University Governance, Effectiveness of Internal Controlling System, and Obedience of Accounting Regulation on the Tendency of Fraud in PTKIN-BLU. *Research Journal of Finance and Accounting*, *9*(4), 105–112.

Furseth, I., & Repstad, P. (2017). *An introduction to the sociology of religion: classical and contemporary perspectives*. Routledge.

Ghanem, K. A., & Castelli, P. A. (2019). Accountability and moral competence promote ethical leadership. *The Journal of Values-Based Leadership*, *12*(1), 11.

Gunayasa, I. M. R., & Erlinawati, N. W. A. (2020). Pengaruh Moralitas Individu, Religiusitas Dan Bystander Effect Terhadap Kecenderungan Kecurangan Akuntansi (Fraud). *Hita Akuntansi Dan Keuangan*, *1*(1), 650–680.

Hariyanto, W., Rini, D. D. O., & Margianawati, D. (2018). *Pengaruh dimensi fraud diamond terhadap perilaku kecurangan akademik mahasiswa akuntansi yang dimoderasi religiusitas*.

Hidajat, T. (2020). Rural banks fraud: a story from Indonesia. *Journal of Financial Crime*, *27*(3), 933–943.

Istifadah, R. U., & Senjani, Y. P. (2020). Religiosity as the moderating effect of diamond fraud and personal ethics on fraud tendencies. *Journal of Islamic Accounting and Finance Research, 2 (1), 91*, *116*.

Kazemian, S., Said, J., Hady Nia, E., & Vakilifard, H. (2019). Examining fraud risk factors on asset misappropriation: evidence from the Iranian banking industry. *Journal of Financial Crime*, *26*(2), 447–463.

Pamungkas, I. D., Ghozali, I., Achmad, T., Khaddafi, M., & Hidayah, R. (2018). Corporate governance mechanisms in preventing accounting fraud: A study of fraud pentagon model. *Journal of Applied Economic Sciences*, *13*(2), 549–560.

Putri, P. A. A., & Irwandi, S. A. (2017). The determinants of accounting fraud tendency. *The Indonesian Accounting Review*, *6*(1), 99–108.

Rahmatullah, N., & Irianto, G. (2018). The Effects Of Intellegence Quotient. *Emotional Quotient, And Spritual Quotient On The Tendency Of Accounting Fraud*, *7*(9), 212–216.

Said, J., Alam, M. M., Karim, Z. A., & Johari, R. J. (2018). Integrating religiosity into fraud triangle theory: findings on Malaysian police officers. *Journal of Criminological Research, Policy and Practice*.

Said, J., Alam, M. M., Ramli, M., & Rafidi, M. (2017). Integrating ethical values into fraud triangle theory in assessing employee fraud: Evidence from the Malaysian banking industry. *Journal of International Studies*, *10*(2), 170–184.

Suh, J. B., Nicolaides, R., & Trafford, R. (2019). The effects of reducing opportunity and fraud risk factors on the occurrence of occupational fraud in financial institutions. *International Journal of Law, Crime and Justice*, *56*, 79–88.

Sunardi, S., & Amin, M. N. (2018). Fraud detection of financial statement by using fraud diamond perspective. *International Journal of Development and Sustainability*, *7*(3), 878–891.

Talib, D. C. (2021). *Pengaruh Fraud Diamond Theory dan GONE Theory terhadap Tindak Kecurangan yang Dimoderasi Religiusitas*. Universitas Hasanuddin.

Vacumi, N., & Halmawati, H. (2022). Pengaruh Religiusitas dan Machiavellian terhadap Kecenderungan Kecurangan Akuntansi. *Jurnal Eksplorasi Akuntansi*, *4*(3), 563–573.

Van Driel, H. (2018). Financial fraud, scandals, and regulation: A conceptual framework and literature review. *Business History*.

Wolfe, D. T., & Hermanson, D. R. (2004). 'The Fraud Diamond : Considering the Four Elements of Fraud: Certified Public Accountant', The CPA Journal, 74(12), pp.

38–42.
Yurmaini, Y. (2017). Accounting Fraud (Fraud Accounting) in Islamic Perspective. *Journal of Accounting And* Business.