

Factors Influencing Intentions to Asset Misappropriation at Universities in the Province of West Kalimantan (A Research Conceptual Framework)

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Abstract

Misappropriation of asset is a form of fraud committed by illegally taking cash, illegally possessing goods or assets of an organization and embezzling goods to enrich oneself or others. This study aims to develop a conceptual research model on asset misuse in tertiary institutions in West Kalimantan Province by developing the Fraud Star Theory model. This study uses the conceptual framework method, namely by observing and analyzing all information regarding the research topic. The conceptual model of this research is expected to become a method that can be used in tertiary institutions as a reference in analyzing the factors that influence the intention to misuse assets. First, conceptual research is defined as a methodology in which research is carried out by observing and analyzing existing information on a particular topic. Second, collecting relevant literature, namely by narrowing down the topic and gathering relevant information. Third, identify certain variables by identifying variables related to the research to be conducted. Fourth, produce a research framework. The initial conclusion in this conceptual study states that there is a positive influence between financial pressure, the quality of human resources and organizational culture on asset misuse. Negative influence between internal control systems and integrity on misappropriation of assets. This conceptual model can then be developed into further research in a more practical form so that it can contribute to eradicating asset misuse in Higher Education and other sectors.

Keywords: *Asset Misappropriation, Fraud Star Theory, College*

Introduction

According to the data presented by ACFE in 2022, it can be seen that the cases of fraud that dominated occurred were cases of misuse of assets of 86% with a loss of \$100,000, then cases of corruption of 50% with a loss of \$150,000, and continued with fraud cases on financial statements of 9% with loss of \$593,000 (ACFE, 2022). The data above shows that misappropriation of assets is one of the most dominating frauds. Misappropriation of assets often occurs at the stages of procurement, use of assets, maintenance of assets and disposal of assets. Research on asset abuse has been carried out by previous studies using Triangle Fraud used by (Wulandari & Marwata, 2020; Tarmizi & Shieto, 2021; Ramadlan & Yuliana, 2020; Yusrianti et al., 2020). Fraud Diamond Theory is used by (Savitri & Herliansyah, 2022; Ambarwati & Handayani, 2019). Fraud Hexagon Theory is used by (Koomson et al., 2020). Attribution Theory is used by (Listyo & Cahyonowati, 2022; Suyono, 2020).

Agency theory is used by (Noviani et al., 2022; Muniroh et al., 2021). Considering that research on asset misuse is still limited, researchers are trying to develop research on asset misuse using the Fraud Star Theory. According to Umar (2016) fraud star is fraud based on five factors, namely opportunity, pressure, rationalization, capability, and lack of integrity. In this study, the researcher developed the previous research model with the pressure variable constructed into financial pressure, opportunity constructed into an internal control system, capability constructed into human resource quality, rationalization constructed into an organizational culture which directly influences a person's intention to commit fraudulent acts of asset misappropriation in universities. High in West Kalimantan Province.

Methods

The method used in this study is the conceptual framework method. According to Mamahit & Urumsah (2018) the conceptual research method is a methodology by observing and analyzing all information regarding the research topic. The conceptual research framework includes a combination of researchers from previous research and is related to the phenomena that occur. There are four steps in conducting the conceptual research method: First, conceptual research is defined as a methodology in which research is conducted by observing and analyzing existing information on a particular topic. Conceptual research does not involve doing any practical experiments. Second, collect relevant literature, namely by narrowing the topic and gathering relevant information around. Third, identify certain variables by identifying variables related to the research to be conducted. Fourth, produce a framework. This step begins building the necessary framework using a mix of variables from scientific articles and other related materials. This research was conducted to reduce knowledge gaps and make information more relevant. The variables used in this study are financial pressure, internal control systems, quality of human resources, organizational culture and integrity. The population in this study were Tendik, Lecturers, and Higher Education Officials in West Kalimantan Province. This population was chosen because the authors consider that the Tendik, Lecturer, and Higher Education Officials are people who play a direct role in the process of procuring, using, maintaining and disposing of assets in Higher Education. The following is a research model framework.

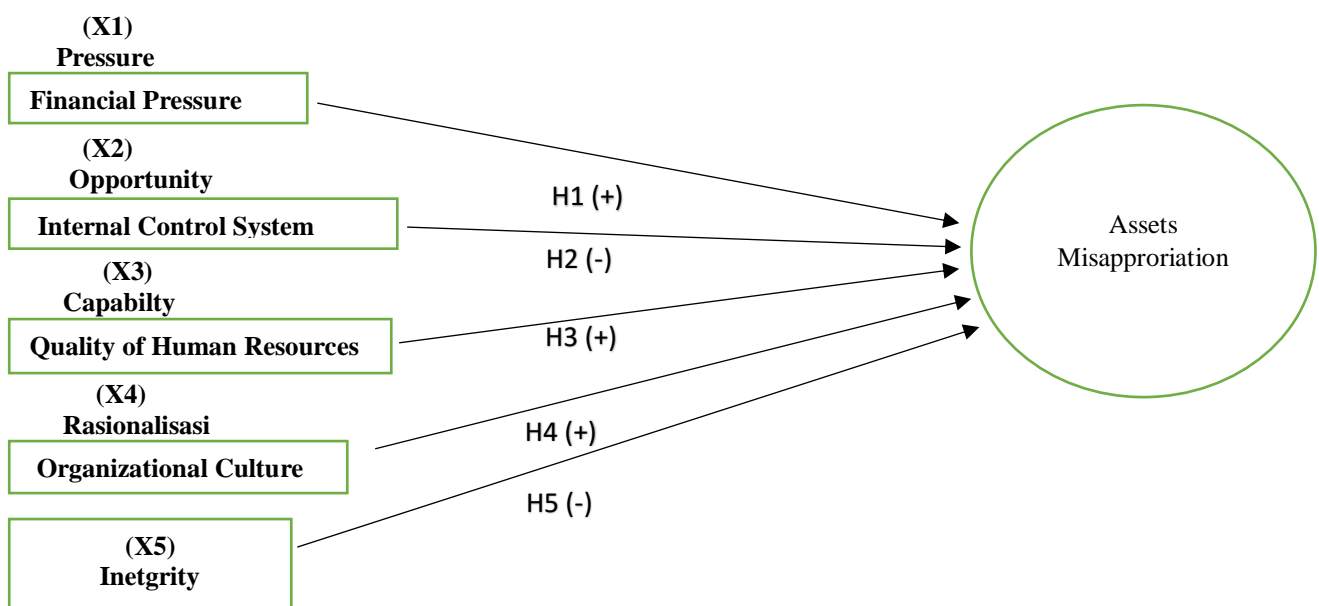


Image. Research Model Framework

Findings dan Discussion

1. The Effect of Financial Financial Pressure on Asset Misappropriation

Utami et al., (2021) said that financial pressure is a condition where a person has the urge to take deviant actions when experiencing financial difficulties caused by conditions that cause a person to experience psychological pressure. The financial pressure variable is constructed from the pressure factor on the Fraud Star Theory. Financial pressure is a variable that is used to assess the extent to which respondents perceive financial pressure to act of misusing assets both in the process of procurement, use, maintenance and disposal of assets in Higher Education. Several other studies support that financial pressure has a positive effect on asset misuse (Sri & Dirman, 2021; Tarmizi & Shieto, 2021). Ramadlan dan Yuliana (2020) also show positive evidence of the influence between stress and asset misappropriation. Yusrianti et al., (2020) also revealed the positive effect of financial pressure on acts of misappropriation of assets. Haqq dan Budiwitjaksono (2020) say that financial pressure has a negative effect on fraudulent acts. Thus

the initial conclusion can be drawn that financial pressure has a significant effect on asset misappropriation.

2. The Effect of Internal Control System on Asset Misappropriation

According to Government Regulation no. 8 of 2006, internal control is a process influenced by management that is created to provide adequate assurance in achieving effectiveness, efficiency, compliance with applicable laws and regulations, and reliability of presentation of financial statements. Ramadlan & Yuliana (2020) mention the need for strong internal controls from companies to prevent asset misuse. The internal control system variable is a construction of the opportunity factor in the Fraud Star Theory. The internal control system is a variable used to assess the extent to which respondents perceive that there is an internal control system for acts of misuse of assets both in the process of procurement, use, maintenance and disposal of assets in Higher Education. Savitri & Herliansyah (2022) said that it is necessary to strengthen the system's internal control in the form of implementing an anti-fraud strategy for acts of misuse of assets. Koomson et al., (2020) support that internal control mechanisms can prevent asset misuse. Thus the initial conclusion can be drawn that the internal control system has no effect on asset misappropriation.

3. The Effect of the Quality of Human Resources on Asset Misappropriation

In higher education institutions, the quality of human resources plays a role in the procurement, use, maintenance and use of an asset. To achieve the goal of efficient, effective, transparent and accountable procurement, HR procurement must have integrity, competence, independence and objectivity (Celentani & Ganuza, 2002). Arrowsmith (2010) states that if human resources do not have integrity, independence, objectivity then this can be used as a loophole for groups/individuals to commit fraud. The variable quality of human resources is a construction of the capability factor in the Fraud Star Theory. The quality of human resources is the variable used to assess the extent to which respondents perceive the quality of human resources for acts of misusing assets both in the process of procurement, use, maintenance and disposal of assets in Higher Education. Umar (2016) said that capability embodied in the quality of a person's human resources is one of the factors causing fraud. The quality of human resources that lack integrity, independence, objectivity can be used as a loophole for groups/individuals to commit fraud (Arrowsmith, 2010). Hidayati et al., (2017) stated that the quality of human resources has a significant effect on the occurrence of fraud. Dharma Pangestu et al., (2020) revealed that the quality of a person's human resources influences the risk of fraud. Thus it can be concluded that the quality of human resources has a significant effect on asset Misappropriation.

4. The Effect of Organizational Culture on Asset Misappropriation

Organizational culture is also a variable that can influence the tendency to commit fraud. Organizational culture can affect fraud in conditions where there is an adoption of a bad organizational culture that triggers fraud, because a good organizational culture will not open up the slightest opportunity for individuals to commit fraud. The organizational culture variable is a construction of the rationalization factor in the Fraud Star Theory. Organizational culture is a variable used to assess the extent to which respondents perceive the culture of an organization towards acts of misuse of assets both in the process of procurement, use, maintenance and disposal of assets in Higher Education. If the organizational culture works well, it will shape the character of the people in the organization, such as having a sense of belonging and a sense of identity (a sense of pride as part of the organization). This statement is reinforced by research Sumendap et al., (2019) that organizational culture, morality, SPI have a positive effect on fraud (fraud). Other opinions show that there is a positive influence between organizational culture and fraud (Anantawikrama et al., 2019). Another idea shows that there is a negative influence of organizational culture on fraud (Eka Putra & Latrini, 2018). Thus it can be concluded that organizational culture has a significant effect on asset Misappropriation.

5. The Effect of Integrity on Asset Misappropriation

Integrity is a quality, characteristic or condition in which a person shows adequate quality, hard work and competence in everything he does dilakukannya (Siahaan & Simanjuntak, 2019). A person with integrity never worries about the consequences of his actions or attitude even if those around him don't like it. The integrity variable is one of the factors in the Fraud Star Theory. Integrity is a variable used to assess the

extent to which respondents' perceptions see integrity in acts of misuse of assets both in the process of procurement, use, maintenance and disposal of assets in Higher Education. Those with integrity are usually far from criminal intentions because everything they do is based on truth and ethics (Umar, 2016). Utami et al., (2021) proved that integrity can prevent acts of asset misuse. Perdana et al., (2018) support that integrity has an effect on fraud prevention. Mardiah & Jasman (2021); Suyono (2020) proves a negative relationship between integrity and misuse of assets. Thus the initial conclusion can be drawn that the internal control system has no effect on asset misappropriation.

Conclusion

Various cases of misuse of assets in Higher Education prove that there are many loopholes in the process of procurement, use, maintenance and disposal of assets that can be exploited by irresponsible parties. This paper discusses the conceptual model of how Higher Education Officials, Lecturers and Tendik see acts of misuse of assets in the process of procurement, use, maintenance and use of assets using the Fraud Star Theory. The initial conclusion in this conceptual study states that there is a positive influence between financial pressure, the quality of human resources and organizational culture on asset misappropriation. Negative influence between internal control systems and integrity on misappropriation of assets. This conceptual model can then be developed into further research in a more practical form so that it can contribute to eradicating asset misuse in Higher Education and other sectors.

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