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FRAUD ANALYSIS IN VILLAGE FUND MANAGEMENT FROM THE PERSPECTIVE OF FRAUD HEXAGON THEORY IN BUTON REGENCY

Nur Azkia[1]
Universitas Haluoleo, Kendari, Indonesia
nurazkia407@gmail.com

Ishak Awaluddin[2]
Universitas Haluoleo, Kendari, Indonesia
ishakawaluddin@uho.ac.id

Tuti Darmawati[3]
Universitas Haluoleo, Kendari, Indonesia
tuti_balaka@yahoo.co.id

Abstract

This research sets out to have a proper look at how the Fraud Hexagon elements shape dodgy practices in village fund management. A quantitative, explanatory approach is used, with first-hand data gathered through questionnaires handed out to selected village officials in Buton Regency via purposive sampling. The predictors cover pressure, opportunity, rationalisation, competence, arrogance, and collusion, while the outcome of interest is fraud involving village funds. The numbers were then crunched using multiple linear regression. The results show that all elements of the Fraud Hexagon have a positive and significant effect on fraud in village fund management. This finding confirms that fraud is influenced by a combination of structural, behavioral, and social relational factors within village organizations. This study strengthens the application of the Fraud Hexagon theory in the public sector and provides practical implications for strengthening internal control and village financial governance.

Keywords: Pressure, Opportunity, Rationalization, Competence, Arrogance, Collusion, Village Fund Fraud

INTRODUCTION

According to Indonesia Corruption Watch (ICW) in 2019, corruption cases in the village budget sector represented the highest number of cases handled by law enforcement authorities compared to other sectors. Out of 271 corruption cases recorded, 46 cases occurred in the village budget sector, resulting in state losses amounting to IDR 32.3 billion. The persistent emergence of corruption involving village fund allocations must be addressed seriously by the government. Misappropriation and misuse of Village Revenue and Expenditure Budgets (APBDes) may negatively affect efforts to improve community welfare and village development. Corruption constitutes one form of such misconduct (Achmad, Ghozali, and Pamungkas 2022).

Corrupt practices occur in nearly every region of Indonesia, ranging from minor offenses to highly complex cases. One alleged case of village fund corruption in Buton Regency involved the Head of Ambuau Togo Village. The village head was reported for allegedly misusing village funds and village fund allocations. As a result of this case, state losses were estimated to exceed IDR 435 million.

In Indonesia, fraud cases in the public sector are more prevalent than those in the private sector. Numerous fraud cases occur within public organizations, particularly government institutions (Indriaty and Thomas 2023). Weak governance practices constitute one of the main causes of financial fraud, including corruption. Currently, one of the major concerns involves the village fund program. The allocation of village funds reaches billions of rupiah and is intended to improve community welfare and support village development. Nevertheless, the substantial amount of funding creates significant potential for fraudulent activities.

Various approaches may be employed to detect fraud in Indonesia, one of which is the Hexagon Fraud Theory. This theory was first introduced by Vousinas (2019). It represents a development of the previous Pentagon Theory (S.C.O.R.E), which consists of Stimulus, Capability, Opportunity, Rationalization, and Ego. The theory was later expanded by incorporating the component of Collusion. According to this theory, collusion may unintentionally trigger fraudulent behavior within organizations (Vousinas, 2019).

Studies conducted by Vousinas (2019) and Handoko & Tandean (2021) demonstrated that Stimulus, Capability, Opportunity, Rationalization, Arrogance, and Collusion influence fraud. Nova Enda Sari Bancin (2023) found that pressure, opportunity, and competence positively affect the occurrence of fraud, whereas rationalization, arrogance, and collusion exhibit negative relationships with fraud. Consistent with these findings, Kadek et al. (2024) revealed that pressure, opportunity, competence, and arrogant behavior positively influence fraudulent activities, while rationalization and collusion demonstrate negative effects. However, Avista et al. (2023), reported contrasting results, indicating that opportunity, rationalization, arrogance, and collusion positively affect fraudulent practices, whereas pressure and competence do not show significant influence.

In his empirical study, Vousinas (2019) did not establish a definitive measurement for the collusion factor in fraud prevention. Consequently, this opens opportunities for the development of alternative measurement approaches in future studies and indicates the need for broader examination of the collusion factor. Research concerning factors influencing fraud remains important, particularly because previous studies have produced inconsistent findings regarding the collusion component. Furthermore, throughout 2020, 46 fraud cases in Indonesia were identified within the village government sector. Based on these considerations, the researcher is interested in examining the influence of fraud factors, including Stimulus, Capability, Collusion, Opportunity, Rationalization, and Arrogance, on fraud tendencies using the Fraud Hexagon Theory perspective. This study aims to explore and analyze the factors triggering fraudulent behavior from the perspective of the Fraud Hexagon Theory.

REVIEW OF LITERATURE

Fraud Hexagon Theory

The Fraud Hexagon Theory was developed by Georgios Vousinas in 2019 and consists of six components: pressure, opportunity, rationalization, competence, arrogance, and collusion. The six components of the Fraud Hexagon Theory represent a development of the Fraud Triangle, Fraud Diamond, and Fraud Pentagon theories through the addition of the collusion component. Georgios Vousinas stated that collusion involves cooperation among several parties, either individuals outside or within an organization. When collusion occurs, even previously honest individuals may become involved in fraudulent actions due to the influence of an unethical organizational environment. Consequently, such an unethical environment may gradually develop into part of the organizational culture and become difficult to change. Vousinas also emphasized that persuasive individuals are generally more capable of influencing others to engage in fraudulent acts. Furthermore, collusion may also occur through the exploitation of an individual's expertise to assume or manipulate another person's position.

Pressure

Fraudulent acts or embezzlement are generally triggered by strong pressures that burden individuals. Such pressure is often associated with urgent personal needs that individuals are unable or unwilling to share with others. The primary concept underlying this condition is the existence of pressure in an individual's life, particularly financial pressure, which may encourage fraudulent behavior. Economic pressure as a driving factor of fraud includes various conditions such as greed, financial dependence on others, high levels of debt, personal financial losses, and urgent financial needs. In addition, financial pressure may also arise from certain lifestyles, including gambling habits, narcotics abuse, alcohol dependency, and high living expenses. These pressures are frequently intensified by external factors, such as demands from spouses to maintain a luxurious lifestyle, the desire to satisfy parents, and various forms of social and psychological pressure (Arsyanda Fikiza 2025).

Opportunity

Opportunity refers to an individual's chance to commit fraud, whether intentionally or unintentionally, while believing that the act will not be detected due to favorable circumstances and conditions. In village fund management, for example, the increasing number of tasks and responsibilities often results in inadequate supervision among individuals, leading village officials to perceive opportunities for fraudulent behavior because village funds are under their control. Furthermore, the limited understanding among village communities regarding the importance of village funds provides village officials with greater flexibility due to the lack of public oversight (Desviana, Basri, and Nasrizal 2020).

Rationalization

Rationalization refers to the process by which individuals construct justifications before engaging in unlawful acts rather than afterward. The search for justification constitutes an inseparable element of criminal behavior and may even become its primary driving force. Through rationalization, perpetrators attempt to align their intended illegal actions with their self-image as moral and trustworthy individuals. Once the fraudulent act has been committed, the need for rationalization generally diminishes and is eventually abandoned. For example, when individuals commit a crime or misconduct for the first time, they may initially experience discomfort. However, repeated engagement in the same behavior gradually makes the act easier until it eventually becomes habitual (Kadek et al. 2023).

Competence

Competence in committing fraud refers to an individual's expertise in carrying out fraudulent activities. Such expertise includes a deep understanding of organizational systems, procedures, and weaknesses within a particular work environment. By understanding how systems operate and identifying their vulnerabilities, fraud perpetrators can exploit loopholes to commit misconduct. Furthermore, fraud perpetrators often possess technical skills used to manipulate data and information in order to conceal evidence of their actions, such as altering financial records, producing false documents, or forging signatures (Afifah, Suranta, and Anggraini 2024).

Arrogance

Arrogance in committing fraud refers to attitudes of pride, superiority, and underestimation of others exhibited by fraud perpetrators. Such arrogance may influence both the way fraudulent acts are carried out and the underlying motivation for committing them (Emy Widyastuti, 2023). Arrogance is reflected in excessive self-confidence regarding personal abilities. Arrogant individuals tend to perceive themselves as more intelligent and competent than others, leading them to believe that fraudulent actions can be conducted without detection. Furthermore, fraud perpetrators with high levels of arrogance often underestimate the awareness, capabilities, and vigilance of others in identifying or exposing fraudulent practices. They perceive others as unintelligent or lacking knowledge, which creates confidence that manipulation can be carried out without arousing suspicion (Handayati 2023).

Collusion

Collusion in fraud refers to illegal or unethical cooperation between two or more parties to achieve fraudulent objectives. Typically, collusion involves the exchange of money, benefits, information, or services among involved parties for the purpose of harming third parties, generating unlawful financial gain, or obtaining greater power and control. For example, collusion among employees may occur when they cooperate in carrying out fraudulent activities. They may divide tasks and responsibilities within a series of fraudulent actions, protect one another, or provide confidential information to other involved parties (Sri et al. 2021).

Hypotheses

The Effect of Pressure on Fraud in Village Fund Management

The substantial amount of village fund allocations, which may reach hundreds of millions or even billions of rupiah, has increased the responsibilities and workload of village officials. This increase in responsibility contributes to greater work pressure experienced by village officials. Such conditions may encourage fraud in village fund management because officials may feel entitled to receive additional compensation as a reward for their increasing workload (Avista et al. 2023). Consequently, higher levels of pressure experienced by individuals increase the likelihood of fraudulent behavior. Research conducted by Achmad et al. (2023) found that pressure significantly affects fraud. Similar findings were also reported by Nova Enda Sari Bancin (2023), Achmad et al. (2022), Kadek et al. (2024), Suryandari and Pratama (2021), and Desviana et al. (2020) all of whom concluded that pressure influences fraud. These findings are consistent with the Fraud Hexagon Theory, which identifies pressure as one of the factors positively contributing to fraud in village fund management.

H1: Pressure has an effect on fraud in village fund management.

The Effect of Opportunity on Fraud in Village Fund Management

Village officials generally focus on responsibilities associated with their respective duties, particularly those related to the allocation of village funds. Under such conditions, individuals may recognize opportunities for misconduct in village fund management. This arises due to perceptions of open opportunities and weak supervisory mechanisms, creating the assumption that actions can be performed without adequate control (Nova Enda Sari Bancin 2023). Research conducted by Sukmadilaga et al. (2022) found that opportunity significantly affects fraud. Similar findings were also reported by Indriaand Thomas (2023), Nova et al. (2023), Ni Kadek et al. (2024), and Utami et al. (2023). These findings are in line with the Fraud Hexagon Theory, which states that opportunity influences the occurrence of fraud in village fund management.

H2: Opportunity has an effect on fraud in village fund management.

The Effect of Rationalization on Fraud in Village Fund Management

Fraud in village fund management may arise due to village officials' limited understanding of the objectives and principles of village fund allocation programs, causing the misuse of funds for personal interests to be perceived as acceptable. In addition, widespread media coverage of corruption committed by state officials without strict law enforcement may create perceptions of injustice among village officials. Such conditions encourage the belief that corrupt actors can obtain significant financial benefits without severe legal consequences, thereby motivating village officials to imitate similar behavior in managing village funds.

Research conducted by Arsyanda Fikiza (2025), Erni (2021), and Utami et al. (2023) found that rationalization significantly influences fraud. These findings are also consistent with the Fraud Hexagon Theory, which states that rationalization positively contributes to fraud in village fund management.

H3: Rationalization has an effect on fraud in village fund management.

The Effect of Competence on Fraud in Village Fund Management

Competence may be understood as an individual's capacity to perform certain actions, including fraudulent behavior. In this context, competence extends beyond technical knowledge and includes an understanding of systems and procedures that may be exploited to commit fraud. When such competence is accompanied by malicious intent, the potential and sophistication of fraud increase because perpetrators possess the ability to manipulate and falsify village financial reports, such as through fictitious expenditures intended for personal gain (Lionardi & Suhartono, 2022).

Competence also includes the ability to design complex fraud schemes, maintain concealment of fraudulent practices for personal benefit, and influence others to participate in unethical activities. Research conducted by Indriaty and Thomas (2023), Nova et al. (2023), Ni Kadek et al. (2024), and Desviana et al. (2020) found that competence significantly affects fraud. These findings are in accordance with the Fraud Hexagon Theory, which states that competence contributes to fraud in village fund management.

H4: Competence has an effect on fraud in village fund management.

The Effect of Arrogance on Fraud in Village Fund Management

Within village governance, the village head acts as the highest authority and delegates village financial management responsibilities to village officials, particularly those handling financial affairs. The intensity of working relationships and close interactions between financial officials and village heads may foster arrogance and egoism because such individuals perceive themselves as highly trusted and influential.

This situation may create confidence that fraudulent acts can be committed without detection due to the high level of trust granted by the village head. Therefore, arrogance may be regarded as a factor contributing to fraud in village fund management. Research conducted by Sukmadilaga et al. (2022), Achmad et al. (2023), Indriaty and Thomas (2023), Ni Kadek et al. (2024), Erni et al. (2021), and Utami et al. (2023) found that arrogance significantly affects fraud. These findings are consistent with the Fraud Hexagon Theory, which states that arrogance positively contributes to fraud in village fund management.

H5: Arrogance has an effect on fraud in village fund management.

The Effect of Collusion on Fraud in Village Fund Management

Collusion may be understood as an agreement between two or more parties aimed at mutually protecting one another while engaging in activities that violate laws or prevailing norms. Collusive practices driven by personal interests constitute one of the primary factors contributing to fraud because perpetrators exploit the positions or roles of others to conceal fraudulent acts.

Within village governance, collusion may occur through cooperation among village officials in carrying out fraudulent activities. For example, a village head may collaborate with village fund managers to manipulate financial reports by recording fictitious expenditures that were never actually realized. Research conducted by Sukmadilaga et al. (2022), Utami et al. (2023), and Desviana et al. (2020) found that collusion significantly affects fraud. These findings are also consistent with the Fraud Hexagon Theory, which states that collusion contributes to fraud in village fund management.

H6: Collusion has an effect on fraud in village fund management.

RESEARCH METHOD

This study employed a quantitative research approach. The data were collected by distributing questionnaires through Google Forms to village officials. Each statement in the questionnaire was assessed using a Likert scale ranging from 1 to 5. The meanings of the response categories were as follows: SS = Strongly Agree (score 5), S = Agree (score 4), N = Neutral (score 3), TS = Disagree (score 2), and STS = Strongly Disagree (score 1). For negatively worded statements, the scoring system was reversed.

The population of this study consisted of all village officials and village heads in Buton Regency. Based on Regent Regulation No. 8 of 2020 concerning village officials, Article 2 paragraph 1, each village has a quota of three village officials, plus one village head, resulting in a total of four respondents per village. Since there are 83 villages in Buton Regency, the total population in this study amounted to 332 individuals. The sampling technique employed was convenience random sampling, as questionnaire respondents were selected randomly once they met the targeted respondent criteria. Due to the large population size, the Slovin formula was used to determine the sample size, as follows:

$$n = \frac{N}{1 + (N \times e^2)}$$

Where:
n= sample size
N= population size
e= desired margin of error (10%)
Based on the calculation:

$$n = \frac{332}{1 + (332 \times 0.01)} = 76.8 \approx 77$$

Thus, the final sample size used in this study was 77 respondents.

The independent variables in this study were pressure, opportunity, rationalization, competence, arrogance, and collusion, while the dependent variable was village fund fraud. All variables were measured using a five-point Likert scale with instruments adapted from previous studies and relevant professional standards. Data analysis was conducted using multiple linear regression with the assistance of IBM SPSS Statistics. The stages of data processing included validity and reliability testing, classical assumption testing to ensure the appropriateness of the research model, and multiple linear regression analysis.

RESULTS AND DISCUSSION

The respondent profile was dominated by employees aged 31–50 years (69.2%), with the majority having more than five years of work experience (41%). Most respondents held positions categorized as “others” (45%), followed by Village Treasurers (20%), Village Secretaries (19%), and Village Heads (16%). In terms of educational background, the majority of respondents had completed senior high school education (73%), while the remaining respondents held bachelor’s degrees (19%), diploma degrees (7%), and other educational qualifications (1%).

Descriptive analysis explains that descriptive statistics enable researchers to understand the characteristics of data by examining key values such as the mean, standard deviation, and minimum and maximum values of the variables under study (Ghozali, 2021).

Table 1.
Descriptive Analysis

Variable	N	Min	Max	Mean	Std. Dev
Pressure (X1)	77	19	35	26.82	3.667
Opportunity (X2)	77	20	30	24.77	2.675
Rationalization (X3)	77	19	25	22.03	1.729
Competence (X4)	77	14	25	21.23	2.222

Arrogance (X5)	77	13	25	20.42	2.299
Collusion (X6)	77	20	30	24.89	2.490
Fraud (Y)	77	32	42	37.33	1.707

Source: Processed Data (2025)

The data presented in Table 1 show that the number of observations (N) in this study was 77. The pressure variable was measured using an instrument consisting of seven statements, with scores ranging from 19 to 35. The mean score of respondents' answers was 26.82, with a standard deviation of 3.667. Opportunity was measured using six statements, with scores ranging from 20 to 30. The mean score was 24.77, while the standard deviation was 2.675.

The rationalization variable was measured using five statements, producing scores ranging from 19 to 25. The mean score was 22.03, with a standard deviation of 1.729. Competence was measured using an instrument consisting of five statements, with scores ranging from 14 to 25. The mean score was 21.23, and the standard deviation was 2.222.

Furthermore, arrogance was measured using five statements, with scores ranging from 13 to 25. The mean score of respondents' answers was 20.42, while the standard deviation was 2.299. The collusion variable was measured using six statements, with scores ranging from 20 to 30. The mean score was 24.89, and the standard deviation was 2.490.

Finally, the fraud variable was measured using nine statements, with scores ranging from 32 to 42. The mean score of respondents' answers was 37.33, with a standard deviation of 1.707.

Validity testing in this study was conducted by examining the correlation between each statement item and the total score using the Pearson Correlation method. The results of the validity test for all variables are presented in Table 2.

Table 2.
Validity Test

No	Variable	R Count	R Table	Sig	Desc
Pressure					
1	X1.1	0,631	0,1956	<0.001	valid
2	X1.2	0,638	0.1956	<0.001	valid
3	X1.3	0,461	0.1956	<0.001	valid
4	X1.4	0,471	0.1956	<0.001	valid
5	X1.5	0,667	0.1956	<0.001	valid
6	X1.6	0,569	0.1956	<0.001	valid
7	X1.7	0,541	0.1956	<0.001	valid
Opportunity					
1	X2.1	0,694	0.1956	<0.001	valid
2	X2.2	0,593	0.1956	<0.001	valid
3	X2.3	0,600	0.1956	<0.001	valid
4	X2.4	0,613	0.1956	<0.001	valid
5	X2.5	0,610	0.1956	<0.001	valid
6	X2.6	0,625	0.1956	<0.001	valid

Rationalization					
1	X3.1	0,775	0.1956	<0.001	valid
2	X3.2	0,814	0.1956	<0.001	valid
3	X3.3	0,650	0.1956	<0.001	valid
4	X3.4	0,759	0.1956	<0.001	valid
5	X3.5	0,561	0.1956	<0.001	valid
Competence					
1	X4.1	0,720	0.1956	<0.001	valid
2	X4.2	0,739	0.1956	<0.001	valid
3	X4.3	0,640	0.1956	<0.001	valid
4	X4.4	0,609	0.1956	<0.001	valid
5	X4.5	0,628	0.1956	<0.001	valid
Arrogance					
1	X5.1	0,659	0.1956	<0.001	valid
2	X5.2	0,609	0.1956	<0.001	valid
3	X5.3	0,686	0.1956	<0.001	valid
4	X5.4	0,644	0.1956	<0.001	valid
5	X5.5	0,641	0.1956	<0.001	valid
Collution					
1	X6.1	0,652	0.1956	<0.001	valid
2	X6.2	0,628	0.1956	<0.001	valid
3	X6.3	0,733	0.1956	<0.001	valid
4	X6.4	0,670	0.1956	<0.001	valid
5	X6.5	0,694	0.1956	<0.001	valid
6	X6.6	0,540	0.1956	<0.001	valid
Fraud					
1	Y1	0,759	0.1956	<0.001	valid
2	Y2	0,701	0.1956	<0.001	valid
3	Y3	0,671	0.1956	<0.001	valid
4	Y4	0,764	0.1956	<0.001	valid
5	Y5	0,725	0.1956	<0.001	valid
6	Y6	0,689	0.1956	<0.001	valid
7	Y7	0,485	0.1956	<0.001	valid
8	Y8	0,656	0.1956	<0.001	valid
9	Y9	0,598	0.1956	<0.001	valid

Source: Processed Data (2025)

The results of the validity test presented in Table 2 indicate that the Pearson Correlation values for all indicators exceeded 0.1956. This demonstrates that all statement items for each variable were considered valid and appropriate for use in this study.

Reliability testing was conducted by calculating the Cronbach's Alpha coefficient (α) for each variable. A variable is considered reliable if the α value is ≥ 0.60, whereas a value ≤ 0.60 indicates that the variable is not reliable. The results of the reliability test for all variables are presented in Table 3.

Table 3.
Reliability Test

No	Variable	Cronbach's Alpha	Standard	Description
1	Pressure	0.624	0.60	Reliable
2	Opportunity	0.600	0.60	Reliable
3	Rationalization	0.744	0.60	Reliable
4	Competence	0.678	0.60	Reliable
5	Arrogance	0.636	0.60	Reliable
6	Collusion	0.693	0.60	Reliable
7	Village Fund Fraud	0.831	0.60	Reliable

Source: Processed Data (2025)

The reliability test results presented in Table 3 show that the Cronbach's Alpha values for all variables exceeded 0.60. This indicates that the instruments used to measure all variables in this study were reliable and suitable for assessing each research variable.

Figure 1 illustrates that the data points were distributed around the regression line and followed the diagonal line pattern. This indicates that the regression model was appropriate for use because it satisfied the normality assumption.

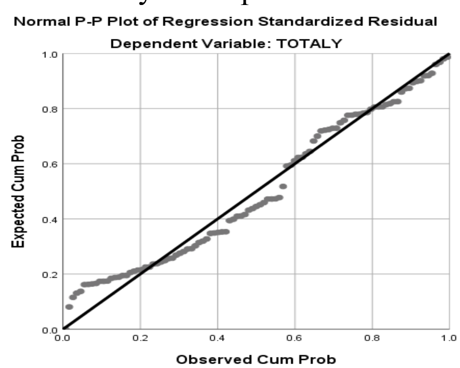

Figure 1.
Normality Test
Source: Processed Data (2025)

The multicollinearity test was conducted to determine whether correlations existed among the independent variables in the regression model. A good regression model should not exhibit correlations among its independent variables. The test can be evaluated using the Tolerance Value and Variance Inflation Factor (VIF) criteria, with the following conditions:

1. If the tolerance value is > 0.10 and the VIF value is < 10, it indicates that multicollinearity does not occur.
2. If the tolerance value is < 0.10 and the VIF value is > 10, it indicates the presence of multicollinearity.

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Table 4.
Multicollinearity Test

Independent Variable	colinearity statistics		Description
	tolerence	VIF	
Pressure	0.805	1.242	No multicollinearity
Opportunity	0.816	1.226	No multicollinearity
Rationalization	0.534	1.873	No multicollinearity
Competence	0.669	1.494	No multicollinearity
Arrogance	0.728	1.373	No multicollinearity
Collusion	0.739	1.353	No multicollinearity
dependent variabel: *fraud*			

Source: Processed Data (2025)

Based on the multicollinearity test results presented in Table 4, it can be concluded that the data in this study did not experience multicollinearity issues. This is evidenced by the tolerance values, which were greater than the established threshold, and the VIF values, which were lower than the specified criteria for all independent variables.

Figure 2 illustrates a model without any specific pattern, where the data points were randomly and evenly distributed above and below the horizontal axis. This indicates that heteroscedasticity did not occur among the independent variables being tested.

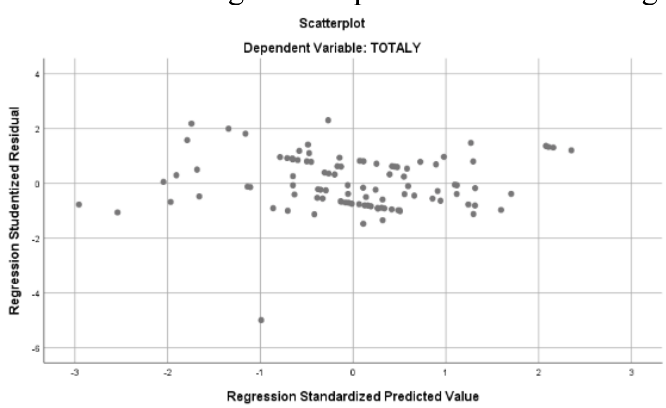

Figure 2.
Heteroscedasticity Test
Source: Processed Data (2025)

Table 5.
Coefficient of Determination Test (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate (e)
1	0,882	0,984	0,983	0,222

Source: Processed Data (2025)

The R^2 value of 0.984 indicates that 98.4% of the variation in village fund fraud can be explained simultaneously by pressure, opportunity, rationalization, competence, arrogance, and collusion. Accordingly, the complete regression model can be formulated as follows:

$$Y=12,863+0.048X1+0.028X2+0.568X3+0.068X4+0,467X5+0.040X6+e$$

Table 6.
Multiple Linear Regression Test Results

Independent Variable	B)	β	t	sig t	Desc
Pressure (X1)	0.048	0.102	7.150	0.000	Significant
Opportunity (X2)	0.028	0.044	3.018	0.000	Significant
Rationalization (X3)	0.568	0.576	32.799	0.000	Significant
Competence (X4)	0.068	0.089	5.606	0.000	Significant
Arrogance (X5)	0.467	0.629	41.198	0.000	Significant
Collusion (X6)	0.040	0.058	3.850	0.000	Significant

N = 77
R = 0.992
R Square = 0.984
Adjusted R Square = 0.983
Dependent Variable = Village Fund Fraud (Y)

Source: Processed Data (2025)

The regression model demonstrates that all independent variables simultaneously have a significant effect on fraud in village fund management, namely Pressure (β = 0.102; t = 7.150; p = 0.000), Opportunity (β = 0.044; t = 3.018; p = 0.000), Rationalization (β = 0.576; t = 32.799; p = 0.000), Competence (β = 0.089; t = 5.606; p = 0.000), Arrogance (β = 0.629; t = 41.198; p = 0.000), and Collusion (β = 0.058; t = 3.850; p = 0.000).

The Effect of Pressure on Fraud in Village Fund Management

The test results indicate that pressure has a significant effect on fraud in village fund management. These findings are consistent with the Fraud Hexagon Theory, which identifies pressure as one of the factors that positively contributes to fraudulent practices in village fund management. Individuals experiencing high levels of pressure are more likely to engage in fraudulent behavior, even when they initially have no intention of doing so. Under conditions of pressure or anxiety arising from various factors, fraud may become an alternative solution.

Pressure may arise when salaries are perceived as insufficient to meet living needs, causing individuals to experience economic distress. An unconducive work environment, including encouragement from colleagues or superiors to engage in unethical conduct, can also intensify psychological pressure. In addition, superiors who fail to appreciate employees' contributions despite their significant efforts may create feelings of disappointment and injustice. Perceptions that coworkers enjoy more comfortable positions, combined with complaints from family members regarding the inability to maintain a luxurious lifestyle, may further increase the pressure experienced by individuals. In such circumstances, the belief that obtaining large amounts of money can resolve financial difficulties often serves as justification for fraudulent behavior. Consequently, such pressure may encourage individuals to commit fraud.

These findings are supported by empirical evidence from previous studies conducted by Achmad et al. (2023) Nova et al. (2023), Achmad et al. (2022), Ni Kadek et al. (2024), Suryandari and Pratama (2021), Erni et al. (2021), and Desviana et al. (2020) which demonstrated that work pressure is significantly associated with fraud in village fund management. The higher the level of pressure experienced, the greater the likelihood of fraudulent behavior. However, these findings differ from the studies of Sukmadilaga et al. (2022), Indriaty and Thomas (2023), and Utami et al. (2023), which found that pressure does not significantly influence fraud in village fund management because ethical regulations within village governments may prevent village fund managers from engaging in fraudulent acts despite experiencing pressure.

The Effect of Opportunity on Fraud in Village Fund Management

The test results reveal that opportunity has a significant influence on fraud. These findings are consistent with the Fraud Hexagon Theory, which states that opportunity contributes to the emergence of fraud in village fund management. Weak internal controls and inadequate supervision create opportunities for employees to commit fraud, particularly when monitoring systems are inconsistently implemented.

This condition is exacerbated by the presence of employees whose competencies do not align with their qualifications, resulting in unprofessional work practices. Furthermore, institutions that rarely impose strict sanctions on fraud perpetrators, or only provide minor punishments, may create the perception that fraud is a normal and tolerable practice. The lack of effective communication within institutions also obstructs information flow, thereby increasing opportunities for fraudulent activities. Although fraud is believed to occur, the infrequent implementation of internal quality audits makes it difficult to detect and prevent fraudulent practices, thereby further increasing opportunities for fraud.

These findings are supported by previous studies conducted by Sukmadilaga et al. (2022), Indriaty and Thomas (2023), Nova dkk. (2023), Ni Kadek dkk. (2024), Arsyanda fikiza (2025), and Utami dkk. (2023) which demonstrated that opportunity significantly affects fraud in village fund governance. In contrast, Achmad et al. (2023) and Erni et al. (2021) found that opportunity does not significantly influence fraud in village fund management because governmental institutions already perform their duties according to established functions. Moreover, most village government offices frequently conduct meetings and community activities, thereby reducing opportunities for fraudulent practices due to the high intensity of work and public interaction.

The Effect of Rationalization on Fraud in Village Fund Management

The findings indicate that rationalization has a significant effect on fraud. These results are consistent with the Fraud Hexagon Theory, which explains that rationalization contributes to the occurrence of fraud in village fund management. Fraud is often perceived as a normal act, especially when it is considered temporary or driven by urgent circumstances.

The perception that fraud is common and frequently committed by others may lead perpetrators to believe that their actions are socially acceptable. This justification becomes stronger when individuals assume that fraudulent acts are not serious offenses or may be tolerated under certain conditions. Through rationalization, perpetrators reduce feelings of guilt and perceive themselves as having legitimate reasons for their actions, thereby increasing the likelihood of committing fraud.

These findings are consistent with studies by Arsyanda Fikiza (2025), Utami et al. (2023), and Erni et al. (2021), which reported that rationalization significantly contributes to fraudulent practices. However, these results differ from the findings of Sukmadilaga et al. (2022) and Nova et al. (2023), which showed that rationalization does not significantly influence fraud in village fund management because individuals who possess strong moral values and conscience are less likely to justify fraudulent behavior. Higher levels of morality and ethical awareness may therefore minimize fraudulent tendencies.

The Effect of Competence on Fraud in Village Fund Management

The test results demonstrate that competence has a significant effect on fraud. These findings are in line with the Fraud Hexagon Theory, which states that competence influences the occurrence of fraud in village fund management. Competence may become a contributing factor to fraud, particularly when individuals occupy high-ranking positions within organizations.

Individuals in such positions generally possess the ability to remain calm under pressure and manage challenging situations effectively. Their expertise and skills enable them to influence colleagues to follow their directions, including engaging in unethical actions. Furthermore, highly competent individuals may create sophisticated manipulations or deceptive practices that are difficult for others to detect. The ability to exploit existing situations and loopholes may also be misused for unethical purposes. Therefore, competence that is not accompanied by integrity may increase the likelihood of fraudulent behavior.

These findings are consistent with studies conducted by Indriaty and Thomas (2023), Nova dkk. (2023), Ni Kadek dkk. (2024), and Desviana dkk. (2020), which found that competence positively contributes to corruption and fraudulent practices. However, Erni et al. (2021) and Utami et al. (2023) reported that competence does not significantly affect fraud in village fund management because competent individuals do not necessarily possess unrestricted freedom to commit fraud. The increasing number of village fund corruption cases has intensified public scrutiny of village governments, thereby limiting opportunities for fraudulent behavior.

The Effect of Arrogance on Fraud in Village Fund Management

The test results indicate that arrogance significantly affects fraud. These findings are consistent with the Fraud Hexagon Theory, which explains that arrogance contributes to fraudulent behavior in village fund management. Arrogance represents one of the factors that may encourage fraud within organizations.

An inability to accept differing opinions and the tendency to regard individuals who disagree as enemies reflect arrogant behavior that may disrupt workplace relationships. Furthermore, attempts to conceal weaknesses through excessive pride in one's abilities demonstrate an exaggerated sense of superiority. Arrogance is also evident when individuals consistently accept every task assigned to them, regardless of their actual capability, merely to maintain their self-image.

Such behaviors may lead individuals to perceive themselves as immune to rules and supervision, thereby increasing the likelihood of fraud because they believe they are always correct and beyond questioning. These findings are supported by previous studies conducted by Sukmadilaga et al. (2022), Indriaty and Thomas (2023), Ni Kadek dkk. (2024), Erni dkk.

(2021), and Utami dkk. (2023) which found that arrogance positively contributes to corruption and fraudulent practices. However, Desviana et al. (2020) and Achmad et al. (2023) reported that arrogance does not significantly affect fraud in village fund management because village governments believe that maintaining superiority and treating those with differing opinions as enemies are undesirable attitudes that may foster selfishness and weaken relationships among village officials.

The Effect of Collusion on Fraud in Village Fund Management

The test results reveal that collusion significantly affects fraud. These findings are consistent with the Fraud Hexagon Theory, which states that collusion contributes to fraud in village fund management. Collusion may occur when individuals assist superiors or colleagues in facilitating activities that deviate from established regulations.

The acceptance or provision of rewards to superiors or coworkers, including paying others to complete official tasks, reflects collusive practices that undermine organizational integrity. In addition, the tendency of leaders or colleagues to cooperate only with parties who provide personal benefits indicates the existence of conflicts of interest. When fraud occurs and efforts are made to conceal it, perpetrators often collaborate with various parties, including friends, coworkers, superiors, and even government officials, making fraud increasingly difficult to detect.

Although individuals may recognize that delegating official responsibilities to others is unethical, collusive practices may still occur and become a major driving force behind organizational fraud. These findings are supported by previous studies conducted by Sukmadilaga et al. (2022) Utami et al. (2023), and Desviana et al. (2020), which demonstrated that collusion positively contributes to corruption and fraudulent practices. However, the findings differ from those of Ni Kadek et al. (2024) and Erni et al. (2021), which reported that collusion does not significantly influence fraud in village fund management because practices such as selective cooperation aimed at advancing personal interests and providing rewards to colleagues for carrying out official duties are considered highly detrimental due to their motivation by personal interests and benefits.

CONCLUSION

This study demonstrates that pressure, opportunity, rationalization, competence, arrogance, and collusion have a positive and significant influence on fraudulent practices in village fund management. These findings indicate that fraud in village fund management is a complex phenomenon influenced by a combination of individual psychological factors, weaknesses in internal control systems, and the dynamics of working relationships within village organizations. The results further strengthen the application of the Fraud Hexagon Theory as a relevant analytical framework in the public sector context, particularly in village financial management. Practically, these findings emphasize the importance of implementing transparent village financial governance, strengthening supervisory mechanisms, and enhancing the integrity of government officials as strategic efforts to minimize the risk of fraud.

This study also has several limitations, which simultaneously provide opportunities for future research development. First, the use of perception-based questionnaire data may lead to respondent subjectivity bias; therefore, future studies are recommended to combine survey data with in-depth interviews or secondary data, such as audit reports and findings from external auditors. Second, the scope of the study, which is limited to Buton Regency, restricts the generalizability of the findings. Hence, future research should expand the geographical coverage or conduct comparative studies across different regions. Third, this study only examined variables derived from the Fraud Hexagon framework; therefore, subsequent studies may further develop the model by incorporating additional variables.

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