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The Effect of Pressure, Opportunity, Rationalization, Competence, and Arrogance on the Potential for Fraudulent Financial Reporting at PT Pegadaian, Medan

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ABSTRACT

Fraudulent financial reporting remains a critical issue in the financial services sector, including state-owned enterprises, as it may undermine public trust and corporate governance quality. This study examines the effects of the Fraud Pentagon dimensions—pressure, opportunity, rationalization, competence, and arrogance—on the potential for fraudulent financial reporting at PT Pegadaian (Persero), Medan Branch. Primary data were collected using a Likert-scale questionnaire distributed to 65 finance and accounting employees using a census sampling technique. Data were analyzed using PLS-SEM (SmartPLS) by assessing the measurement model (validity and reliability) and the structural model (path significance) through bootstrapping. The results indicate that arrogance, competence, and opportunity have positive and significant effects on the potential for fraudulent financial reporting, while pressure and rationalization show positive but insignificant effects. The R^2 value of 0.284 suggests that the model explains 28.4% of the variance in fraudulent financial reporting potential. These findings imply that fraud prevention should prioritize strengthening internal controls to reduce opportunities, managing authorization/access related to perpetrators' capabilities, and reinforcing ethical leadership and oversight to mitigate override tendencies associated with arrogance

Introduction

PT Pegadaian operates in the financial services industry supervised by the OJK and routinely publishes financial/sustainability reports, signaling the demands for transparency as well as exposure to compliance and reporting risks. On the official channel, Pegadaian displays the latest Annual Report/Financial Report and Sustainability Report; This reflects the governance and accountability that are highlighted by the regulator of the IKNB (Non-Bank Financial Industry) sector. The fact that the OJK publishes monthly Pawn Company Statistics shows that the pawn sub-sector—where pawnshops operate—is closely

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monitored and has systemic value for consumer protection and financial sector stability. (OJK Portal)

Cases of fraudulent financial reporting are still a major concern in the financial services sector, including State-Owned Enterprises (SOEs). PT Pegadaian, as a company engaged in financing services, manages large amounts of public funds so that it is prone to the practice of manipulating financial statements. The complexity of transactions, the pressure to achieve profit targets, and the demand for public transparency open up opportunities for fraudulent practices both at the operational level and the preparation of financial statements. This phenomenon is strengthened by various reports by the Financial Services Authority (OJK) and the Financial Audit Agency (BPK) which highlight the importance of good corporate governance and internal control systems in SOEs. Therefore, early detection of potential fraud through the perception of finance and accounting employees is relevant, because they are the closest parties to the process of recording, controlling, and reporting finances.

In a number of major cases in Indonesia, it shows that fraudulent financial reporting is not only a global issue, but also a real occurrence in state-owned companies (SOEs). The case of PT Asuransi Jiwasraya (Persero), for example, involved manipulation of financial statements to cover investment losses from 2006 until it was finally revealed in 2019, with an estimated loss of Rp16.8 trillion. A similar scandal occurred at PT Garuda Indonesia (Persero) Tbk in 2018, where the company admitted fictitious income to make its financial statements look healthy, even though the company was still losing money. The case of PT Waskita Karya (Persero) Tbk also emerged in 2023, involving the disbursement of fictitious project funds that caused losses of around IDR 2.5 trillion, while PT Krakatau Steel (Persero) Tbk was suspected of manipulating transactions to reduce losses in 2019. No less important, the findings of the BPK (2019) on PT PLN (Persero) indicate the existence of allegations of mark-up and fictitious recording in asset spending, which shows the weakness of internal control in one of the largest SOEs in Indonesia.

This phenomenon shows that the factors in the Pentagon Fraud theory, namely Pressure, Opportunity, Rationalization, Competence, and Arrogance, turn out to play a role in SOE fraud cases. Pressure arises from profit demands and performance targets; Opportunity occurs due to weak internal control and system override; Rationalization arises when management justifies manipulation in order to maintain the company's image; Competence can be seen from the perpetrator's technical ability to cover the track; and Arrogance are evident from the belief of certain officials that their positions make them immune from the law. Therefore, this research is important to explore the perception of PT Pegadaian's financial and accounting employees, in order to detect the potential for fraudulent financial reporting early before it develops into a major scandal that harms the company and the state.

Previous research related to the Pentagon fraud mostly still uses secondary data in the form of financial statements or annual company reports. For example, Burlacu et al.

(2025) tested the pentagon fraud model on public companies in Romania using F-score, while research in Indonesia focused mostly on financial or manufacturing sector companies with public data. This approach is useful for generalization, but it lacks the psychological and cultural factors of the organization that drive potential fraud.

Primary data-based research with questionnaires is still rare, especially in non-bank SOEs such as PT Pegadaian. Several questionnaire-based studies have indeed been conducted, such as Shodiq & Ermawati (2025) who examined the fraud pentagon in public companies, and Puryati et al. (2023) who tested the fraud pentagon in financial sector companies with GCG moderators. However, there has not been much research that has measured the direct perception of finance and accounting employees of the Pentagon fraud factor. This shows that there is a research gap that can be filled with research

Conceptually, the Fraud Pentagon theory developed by Crowe Horwath LLP (2011) expands on the Fraud Triangle theory by adding two new elements: Competence (the ability of individuals to commit fraud) and Arrogance (arrogance of top management). This theory states that cheating will be easier to occur when all five factors — Pressure, Opportunity, Rationalization, Competence, and Arrogance — are present at the same time. Although Pentagon Fraud has been widely tested in the context of public companies, it is still limited in its application to state-owned companies using questionnaire-based primary data. Therefore, this study not only tests the validity of the Pentagon Fraud theory in the context of PT Pegadaian, but also strengthens the academic understanding of the relevance of this theory to the behavior of financial and accounting employees in detecting potential fraud.

A number of empirical studies show inconsistent results regarding the influence of Pentagon Fraud elements on fraudulent financial reporting. Pamelia Noer and Dyah Ekaari (2020) found that financial targets had a positive effect on FFR, while Suhesti (2022) reported a negative relationship. David (2018) shows that pressure, opportunity, and rationalization are significant, but competence and arrogance are not. Nugraha and Dinarjito (2021) and Rusmana and Tanjung (2019) also show that only external pressure is consistently significant, while other variables are not. This difference in results indicates the inconsistency of previous findings that need to be reconfirmed in the context of non-bank SOEs such as PT Pegadaian, by using a primary data approach to capture the perception of finance and accounting employees towards the potential for fraud in financial statements.

Based on the background, identification of the problem, the formulation of the problem to be studied is:

a. Does Pressure have a significant effect on the potential for fraudulent financial reporting?
b. Does Opportunity have a significant effect on the potential for fraudulent financial reporting?
c. Does Rationalization have a significant effect on the potential for fraudulent financial reporting?

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d. Does Competence have a significant effect on the potential for fraudulent financial reporting?
e. Does Arrogance have a significant effect on the potential for fraudulent financial reporting?
f. Do Pressure, Opportunity, Rationalization, Competence, and Arrogance simultaneously have a significant effect on the potential for fraudulent financial reporting?

The aim of this study was to test the effects of:

a. Analyze the influence of Pressure on the potential for fraudulent financial reporting.
b. Analyze the influence of Opportunity on the potential for fraudulent financial reporting.
c. Analyze the influence of Rationalization on the potential for fraudulent financial reporting.
d. Analyzing the influence of competence on the potential for fraudulent financial reporting.
e. Analyze the influence of Arrogance on the potential for fraudulent financial reporting.
f. Analyzing the influence of Pressure, Opportunity, Rationalization, Competence, and Arrogance simultaneously on the potential for fraudulent financial reporting.

Research Method

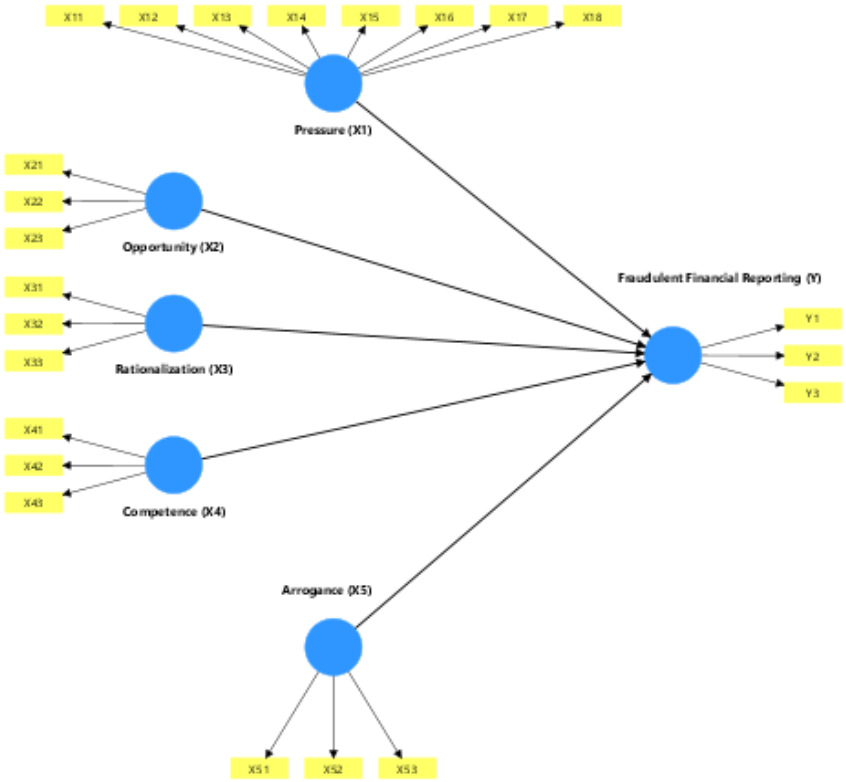
This study uses a quantitative approach that aims to analyze the influence of Pressure, Opportunity, Rationalization, Competence, and Arrogance on the potential for Fraudulent Financial Reporting at PT Pegadaian Medan. This study examines the relationship between variables using Structural Equation Modeling (SEM) to analyze the structural relationship between latent constructs and their measuring indicators.

The object of the research is PT Pegadaian (Persero) Medan Branch, with the subject of the research being an employee of the finance and accounting department. The research population was 65 people and the sampling technique used saturated samples (census sampling), so that the sample number was also 65 respondents. Data was collected through a questionnaire distributed to all respondents to gauge their perceptions of each Pentagon Fraud construct as well as the potential for Fraudulent Financial Reporting, using the Likert scale.

The data obtained was analyzed using SEM-PLS with the help of SmartPLS software. The analysis includes validity and reliability tests to ensure the quality of the measurement model through Outer Loading, Average Variance Extracted (AVE), and Composite Reliability indicators. Furthermore, the hypothesis test was carried out with the Bootstrapping Test to assess the significance of the relationship between variables (path coefficient) in the structural model, so that the influence of each dimension of Fraud Pentagon on the potential for Fraudulent Financial Reporting can be known.

Results and Discussion

This study aims to analyze the influence of Pressure, Opportunity, Rationalization, Competence, and Arrogance (Fraud Pentagon dimension) on the potential for Fraudulent Financial Reporting at PT Pegadaian (Persero) Medan Branch. The research data was obtained through the distribution of a Likert scale questionnaire to 65 employees in the finance and accounting department (saturated sample). Data analysis was carried out using the Structural Equation Modeling approach based on Partial Least Squares (SEM-PLS) with the help of SmartPLS software, which allows simultaneous testing of measurement models (validity and reliability of indicators) and structural models (influence and significance of relationships between latent constructs). The model of variables analyzed is as follows:



A. Testing Measurement Model (Outer Model)

1. Covergent Validity Test

a. Loading Factor

The results of the convergent validity test through outer loading showed that all indicators in each construct met the required criteria, namely ≥ 0.70. In the Pressure construct (X1), the indicator used (X12–X18) has an outer loading value ranging from 0.807–0.934, with the highest value at X15 (0.934). The Opportunity construct (X2) (X21–X23) shows an outer loading of 0.875–0.926, while the Rationalization construct (X3) (X31–X33) is in the range of 0.805–0.954 with the highest value at X32 (0.954). Furthermore, the Competence (X4) construct (X41–X43) has an outer loading of 0.838–0.922, and the Arrogance construct (X5) (X51–X53) is in the range of 0.837–0.910. For the Fraudulent Financial Reporting (Y) dependent variable, the Y1–Y3

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indicator shows an outer loading of 0.904–0.934. Thus, all indicators are declared valid because they are able to adequately represent the measured construct.

	Arrogance (X5)	Competence (X4)	Fraudulent Financial Reporting (Y)	Opportunity (X2)	Pressure (X1)	Rationalization (X3)	Remarks
X12					0.846		Valid
X13					0.844		Valid
X14					0.853		Valid
X15					0.934		Valid
X16					0.807		Valid
X17					0.896		Valid
X18					0.891		Valid
X21				0.875			Valid
X22				0.926			Valid
X23				0.910			Valid
X31						0.805	Valid
X32						0.954	Valid
X33						0.807	Valid
X41		0.922					Valid
X42		0.838					Valid
X43		0.905					Valid
X51	0.837						Valid
X52	0.850						Valid
X53	0.910						Valid
Y1			0.914				Valid
Y2			0.934				Valid
Y3			0.904				Valid

b. Average Variance Extracted (AVE)

The results of the AVE test in this study showed that the entire construct had an AVE value above the minimum recommended threshold. The AVE value of each construct is in the range of 0.737 to 0.842, as shown in the results of data processing using SmartPLS 4.

	Average variance extracted (AVE)	Remarks
Arrogance (X5)	0.750	Valid
Competence (X4)	0.790	Valid
Fraudulent Financial Reporting (Y)	0.842	Valid
Opportunity (X2)	0.817	Valid
Pressure (X1)	0.767	Valid
Rationalization (X3)	0.737	Valid

The results of the Average Variance Extracted (AVE) test showed that all constructs in this study met the criteria of convergent validity, because the AVE value of each variable was greater than 0.50. The highest AVE value is found in the Fraudulent Financial Reporting (Y) construct of 0.842, which means that this construct is able to explain 84.2% of the variance of the indicators. Furthermore, the Opportunity (X2) construct of 0.817 and Competence (X4) of 0.790 also shows excellent ability in representing the indicator. The Pressure construct (X1) has an AVE of 0.767, Arrogance (X5) of 0.750, and of Rationalization (X3) of 0.737, all of which remain above the threshold and indicate that more than 70% of the variance of the indicator can be explained by its respective

constructs. Thus, it can be concluded that the measurement model has met the convergent validity and is worthy of proceeding to structural model testing.

2. Discriminant Validity

Discriminant validity testing is performed to ensure that each latent construct in the research model has a clear and empirically distinguishable distinction from other constructs. If discriminant validity is met, then it can be concluded that there is no overlap between constructs, so that each variable really represents a unique and specific concept. In this study, discriminant validity was tested by reviewing the cross loading value of each indicator, namely by ensuring that the loading of the indicator in the measured construct is higher than the loading in other constructs.

a. Cross Loading

The results of the Cross Loading test in this study showed that the results of all indicators met the valid criteria. The test table can be seen as follows:

	PRESSURE (X1)	OPPORTUNITY (X2)	RATIONALIZATION (X3)	COMPETENCE (X4)	ARROGANCE (X5)	FRAUDULENT FINANCIAL REPORTING (Y)	REMARKS
X11	**0.925**	-0.010	0.156	0.056	0.057	0.152	Valid
X12	**0.846**	0.176	0.157	0.090	-0.035	0.073	Valid
X13	**0.844**	0.024	0.154	0.258	-0.188	0.104	Valid
X14	**0.853**	0.020	0.123	0.127	-0.088	0.041	Valid
X15	**0.934**	0.044	0.151	0.140	0.034	0.105	Valid
X16	**0.807**	0.097	0.200	0.151	-0.083	0.085	Valid
X17	**0.896**	0.097	0.136	0.059	0.076	0.176	Valid
X18	**0.891**	0.156	0.111	0.115	-0.139	0.091	Valid
X21	0.034	**0.875**	-0.127	-0.203	-0.180	0.074	Valid
X22	0.033	**0.926**	-0.102	-0.159	-0.131	0.112	Valid
X23	0.139	**0.910**	0.021	-0.222	-0.070	0.113	Valid
X31	0.139	0.091	**0.805**	-0.002	-0.098	0.059	Valid
X32	0.154	-0.096	**0.954**	0.149	-0.045	0.172	Valid
X33	0.151	-0.108	**0.807**	0.228	0.011	0.061	Valid
X41	0.166	-0.154	0.125	**0.922**	-0.041	0.318	Valid
X42	0.125	-0.174	0.086	**0.838**	-0.052	0.099	Valid
X43	0.061	-0.243	0.166	**0.905**	0.182	0.279	Valid
X51	-0.014	-0.087	-0.039	0.013	**0.837**	0.247	Valid
X52	-0.072	-0.136	-0.027	-0.055	**0.850**	0.261	Valid
X53	0.002	-0.119	-0.056	0.131	**0.910**	0.398	Valid
Y1	0.087	0.139	0.051	0.221	0.387	**0.914**	Valid
Y2	0.180	0.064	0.172	0.382	0.341	**0.934**	Valid
Y3	0.090	0.118	0.168	0.198	0.260	**0.904**	Valid

Based on the cross loading table, all indicators have the highest loading value in the measured construct compared to other constructs. Thus, it can be concluded that the discriminant validity for all variables Pressure (X1), Opportunity (X2), Rationalization (X3), Competence (X4), Arrogance (X5), and Fraudulent Financial Reporting (Y) has been met, so that each construct in this research model is completely different and measures specific concepts without significant overlap in meaning.

3. Reliability Test (Construct Rebility)

The construct reliability test is carried out to assess the extent to which the indicators in a construct have internal consistency in representing latent variables in the research model.

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In the SEM-PLS analysis, the reliability of the construct is generally checked through Cronbach's Alpha, Composite Reliability (ρc), and Composite Reliability rho_a (ρa) values. A construct is declared reliable if Cronbach's Alpha and Composite Reliability values are above the threshold of 0.70. (Hair et al., 2019).

a. Cronbach's alpha

The results of the reliability test based on Cronbach's Alpha in this study can be seen as follows.

	CRONBACH'S ALPHA	REMARKS
Arrogance (X5)	0.838	Reliable
Competence (X4)	0.878	Reliable
Fraudulent Financial Reporting (Y)	0.907	Reliable
Opportunity (X2)	0.890	Reliable
Pressure (X1)	0.957	Reliable
Rationalization (X3)	0.848	Reliable

The test results showed that all constructs in the research model had Cronbach's Alpha values in the range of 0.838 to 0.957, and all of them were above the threshold of 0.70. These findings indicate that each construct has good internal consistency, so that the constituent indicators correlate with each other and stably measure the same concept. Thus, the research instrument was declared reliable and suitable for further analysis on structural models.

b. Composite reliability

The results of the reliability test based on Composite reliability in this study can be seen as follows.

	COMPOSITE RELIABILITY	REMARKS
Arrogance (X5)	0.900	Reliable
Competence (X4)	0.919	Reliable
Fraudulent Financial Reporting (Y)	0.941	Reliable
Opportunity (X2)	0.930	Reliable
Pressure (X1)	0.963	Reliable
Rationalization (X3)	0.893	Reliable

The results of the Composite Reliability test showed that all constructs in the research model had a value above 0.70, so that all variables were declared reliable. In detail, the Pressure (X1) construct has the highest Composite Reliability value of 0.963, followed by Fraudulent Financial Reporting (Y) of 0.941, Opportunity (X2) of 0.930, and Competence (X4) of 0.919. Meanwhile, the Arrogance (X5) and Rationalization (X3) constructs have Composite Reliability values of 0.900 and 0.893, respectively. These values explain that the indicators in each construct have a strong internal consistency in measuring the same latent variable, so that the research instrument is suitable for testing structural models at the next stage.

B. Validate the Fit Model

The evaluation of the fit model is used as a supporting measure to assess the extent to which the model built as a whole is feasible and able to represent the research data well. Through this test, it can be found whether the compatibility between the theoretical model and the empirical data is sufficient, so that the model can be used for further analysis. The results of the Model Fit test in this study are presented as follows.

	SATURATED MODEL	ESTIMATED MODEL	REMARKS
SRMR	0.071	0.071	Model fit
D_ULS	1.383	1.383	
D_G	1.000	1.000	
CHI-SQUARE	347.072	347.072	
NFI	0.731	0.731	Moderately Fit

Based on the fit model output, the SRMR value in this study was 0.071, which indicates that the model has a good fit level because it is below the general limit of 0.10 (even close to the strict criterion < 0.08). In the context of SEM-PLS, SRMR is positioned as a complementary indicator because the PLS approach is more oriented towards predictive ability rather than pursuing perfect fit as in covariance-based SEM.

Furthermore, the NFI value = 0.731 indicates a moderate/adequate model fit rate, because in general NFI ≥ 0.90 is considered good on the classical SEM approach. The NFI value that is not high in SEM-PLS can be influenced by the characteristics of the model, such as the relatively large number of indicators, the complexity of the relationship between constructs, and the small sample size (in this study n = 65). Overall, the global fit index in this model shows that the fit of the model is at a sufficient to good level (SRMR has met the limit, while NFI is in the moderate category)..

C. Structural Model Testing (Inner Model)

Structural model testing (inner model) aims to assess the causal relationships between latent constructs that have been identified in the research model. The test was carried out on 3 aspects, namely the R Square Value, the significance of the relationship (hypothesis testing, and and the F Square/ *Effect Size*.

1. R Square (R^2)

R-squared is used to measure the extent to which independent variables in a model can explain dependent variables. A higher R^2 value indicates that the model is better at explaining variations in dependent variables. The results of the R Square test in this study are as follows.

	R-SQUARE	R-SQUARE ADJUSTED
Fraudulent Financial Reporting (Y)	0.284	0.223

The R^2 value of 0.284 indicates that 28.4% variation in the potential for Fraudulent Financial Reporting (Y) can be explained by independent variables in the model, namely Pressure (X1), Opportunity (X2), Rationalization (X3), Competence (X4), and Arrogance (X5). These results indicate that the model's ability to explain variations in potential fraudulent financial reporting is in the moderate/moderate category in the context of behavior- and perception-based research.

However, there is still about 71.6% variation that cannot be explained by the variables in the model. This shows that there are other factors outside the construct, such as organizational culture, effectiveness of internal controls, quality of internal audits, good

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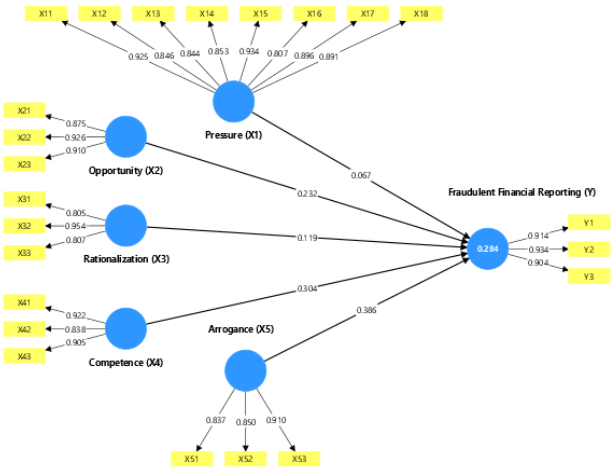
corporate governance, individual integrity/ethics, reward-punishment system, situational pressures, and management policies that have not been included in this research model.



2.Hypothesis Testing (Significance Test)

The hypothesis test in this study aims to test the significance of causal relationships between variables in structural models, which includes the relationship between independent variables and dependent variables. In SEM-PLS, hypothesis testing is carried out using bootstrapping, which is a statistical technique used to measure t-statistic and p-value of each path in the model.

The following are the results of the bootstrapping test for direct influence in this study.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Remarks
Arrogance (X5) -> Fraudulent Financial Reporting (Y)	0.386	0.377	0.089	4.361	0.000	Accepted
Competence (X4) -> Fraudulent Financial Reporting (Y)	0.304	0.306	0.103	2.959	0.002	Accepted
Opportunity (X2) -> Fraudulent Financial Reporting (Y)	0.232	0.225	0.121	1.914	0.028	Accepted
Pressure (X1) -> Fraudulent Financial Reporting (Y)	0.067	0.065	0.153	0.435	0.332	Rejected
Rationalization (X3) -> Fraudulent Financial Reporting (Y)	0.119	0.104	0.163	0.730	0.233	Rejected

The results of the bootstrapping test for direct influence in this study showed that there were some significant pathways and some insignificant ones.

1) The effect of Arrogance on Fraudulent Financial Reporting (H1) has a t-statistic value = 4.361 and a p-value = 0.000, which shows a significant positive influence, and means that the hypothesis is accepted. This indicates that Arrogance has a significant positive influence on Fraudulent Financial Reporting.
2) The effect of Competence on Fraudulent Financial Reporting (H2) with t-statistic = 2.959 and p-value = 0.002, which shows a significant positive influence, and the hypothesis is accepted. This shows that Competence has a significant positive effect on Fraudulent Financial Reporting in this research model.

3) The influence of Opportunity on Fraudulent Financial Reporting (H3) has a t-statistic value = 1.914 and p-value = 0.028, which shows a significant positive influence, and means that the hypothesis is accepted. This shows that Opportunity has a significant positive effect on Fraudulent Financial Reporting in this research model.
4) The effect of Pressure on Fraudulent Financial Reporting (H4) has a t-statistic value = 0.0435 and p-value = 0.332, which shows a non-significant positive influence, and means that the hypothesis is not accepted. This shows that Pressure has a insignificant effect on Fraudulent Financial Reporting in this study model.
5) The effect of Rationalization on Fraudulent Financial Reporting (H5) has a t-statistic value = 0.730 and p-value = 0.233, which shows a negative influence that is not significant, and means that the hypothesis is not accepted. This shows that Rationalization has a insignificant effect on Fraudulent Financial Reporting in this research model.

Conclusion

Based on the results of the bootstrapping test in this study, it can be concluded as follows:

Based on the results of hypothesis testing, this study shows that of the five dimensions of Fraud Pentagon, namely; Pressure, Opportunity, Rationalization, Competence, and Arrogance, there are three variables that have a positive and significant effect on the potential for Fraudulent Financial Reporting at PT Pegadaian (Persero) Medan Branch, namely Arrogance, Competence, and Opportunity, while the other two variables, Pressure and Rationalization, do not show a significant influence. These findings indicate that the tendency to cheat in financial statements is more triggered by arrogance and abuse of management authority (arrogance), followed by the ability of individuals to manipulate the system (competence), as well as the existence of opportunities or weaknesses in internal control (opportunity).

These results are consistent with several previous studies, namely, Vivian Theana (2025) showing that human resource competence has a significant effect on the quality of financial statements, and the use of information technology plays a role as a moderator that strengthens the relationship between internal control and financial reporting, although it has not been effective in moderating the relationship between HR competence and the quality of financial statements. Similarly, Bunga Mentari (2024) proves that human resource competence has a significant positive influence on the quality of local government financial statements, while internal audits have no significant effect.

Meanwhile, research by Mega Suryani Hutabri (2024) also found that human resource competence and internal control systems have a positive effect on the quality of financial statements, but the use of information technology does not have a significant effect. In line with this, Yetri Martika Sari (2024) emphasized that internal audits, accounting information systems, and organizational commitments simultaneously have a positive effect on the quality of financial statements.

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The results of this study strengthen empirical evidence that individual competence and control of the organizational environment (opportunity and arrogance) have an important role in influencing the integrity of financial reporting, both in the public sector and state-owned enterprises. However, the pressure and rationalization factors proved to be insignificant, which showed that fraudulent behavior in SOEs such as PT Pegadaian tended not to be solely triggered by economic pressure, but by aspects of morality and managerial behavior that abused opportunities and power. Thus, it can be concluded that fraud prevention efforts in similar organizations need to be focused on strengthening internal control systems, improving employee competencies, and establishing a culture of ethics and humble leadership, so that the potential for fraudulent financial reporting can be minimized in an sustainable manner.

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