UDC 331

THE EFFECT OF FRAUD ON GOOD UNIVERSITY GOVERNANCE MODERATED BY ISLAMIC WORK ETHIC

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ABSTRACT
In this study, researchers want to know and analyze how the influence of Fraud on Good University Governance which will be mediated by the Islamic Work Ethic (IWE) at PTKIN. This research is expected to be able to provide insight and reference for university leaders to be able to run it properly and correctly in accordance with the provisions of Good University Governance. This research is explanatory research. The sample of this research is the head of finance, accounting staff, Head of SPI, Secretary of SPI, and SPI Auditor at the Ministry of Religion's BLU PTKIN Satker. The total number of questionnaires that have been filled in is 210 samples. Data analysis in this study used WarpPLS (WarpPLS Analysis) version 7.0. The results of this study indicate that 3 Fraud indicators affect Good university Governance and Fraud is measured by 3 indicators, namely Fraud detection, Fraud prevention, Fraud investigation will improve Islamic Work Ethic and will have an impact on improving Good University Governance.

KEY WORDS
Fraud, good university governance, Islamic work ethic.

Good University Governance (GUG) is a concept that is currently mainstream in the organization of higher education. This concept is a derivative of the concept of good governance. The purpose of this concept is to realize an accountable university. The government's initial effort in the framework of implementing the concept of good university governance (GUG) was to form a work unit that implemented a public service agency financial governance pattern (Wahyudi, 2018).

As one of the manifestations of the concept of good university governance, Public Service Agency universities are required to apply the principles of good governance principles. ICW data in 2017 there were 37 cases of corruption in the university environment, with a value of state losses of Rp. 218,804 M. The 37 cases involved 65 employees and structural officials of universities. And existing data shows that corruption suspects involved 13 rectors and vice rectors. This data is obtained from annual financial reports (Corruption Eradication Commission, 2017). One of the causes of corruption in higher education is due to the weakness of the supervision and control function over the implementation of activity programs. As in research (Astuti, 2010) that the implementation of good governance has many obstacles due to misuse of financial management authority.

According to (Jayasuriya, 2009) in qualitative research found that good corporate governance can reduce fraud. Strengthened in a study conducted (Habibullah et al., 2016) there is a relationship between good corporate governance and crime. Law No. 12 of 2012 concerning the Implementation of Higher Education states that Good University Governance includes Transparency, Accountability, Non-profit, Quality Assurance, Effectiveness and Efficiency. Good university governance as a university governance will not be separated from the ideology that shapes it.

Good University Governance is expected to be able to create an organization that is clean from elements that are contrary to religious norms (Saeed Hameed Aldulaimi, 2015). Efforts to instill Islamic ethical values are important to improve the efficiency and quality of an organization. This approach should be prioritized because the moral and ethical crisis is increasing significantly in developed and developing countries. The task of government

internal audit will produce reports that can contribute to management in an effort to reduce fraud.

According to (Hassink et al., 2010) internal audit which consists of the status of the internal audit organization, internal audit competence, and internal audit activities, is a dominant factor in fraud prevention. Due to the results of his research, the status of the internal audit organization, internal audit competence, and internal audit activities are significant predictors in management. fraud management. It is also stated in his research that the management of fraud management will be able to help realize good Good University Governance. Where fraud is measured by indicators including Fraud Detection, Fraud Prevention and Fraud Investigation. The study concluded that there was a significant positive effect on each variable.

Reinforcing research (Escaleras et al., 2010) (Sioussiouras & Vavouras, 2012) explains the occurrence of fraud in the government environment due to the malfunction of institutional democracy. In a bad government system, it will force bureaucrats or government officials to commit acts of fraud, this is evidence that good governance is not running according to organizational goals. (Jayasuriya, 2009);(Dal Mas & Barac, 2018) that a culture of good governance needs to be enforced to help provide control over the running of the government bureaucracy. Community commitment to help enforce fraud crimes must be instilled.

From this data and background, researchers want to know and analyze how the effect of Internal Audit on Good University Governance will be mediated by Islamic Work Ethic (IWE) at PTKIN. This research is expected to be able to provide insight and reference for university leaders to be able to run it properly and correctly in accordance with the provisions of Good University Governance.

LITERATURE REVIEW

Contingency theory considers that leadership is a process in which a leader's ability to exercise influence depends on the group task situation and the degree to which his leadership style, personality and approach are appropriate to the group. Contingency theory proposed by Fiedler (1967) states that contingency theory is group performance depends on the leader's motivational system and the extent to which the leader has control and influence in certain situations, situational advantage (Fiedler, 1974: 73).

G. Jack Bologna and Josep T (1993: 3) rewritten by Alvins A. Arens (2003) defines that Fraud is criminal deception intended to financially benefit the deceiver, namely fraud is a criminal act aimed at providing financial benefits to the fraudster. Criminal in the context above is any wrongdoing committed with the intention and purpose of crime. From these criminal acts, the person concerned will benefit and harm their victims financially. According to G. Jack Bologna, Robert J. Lindquist and Joseph T. Wells in Alvins A. Arens (2003) in (Amrizal, 2015) is to optimize the function and role of internal audit. Fraud generally includes three aspects, including the act, the concealment and the conversion.

According to Albrecht in (Maria et al., 2022) there are basically two types of fraud, namely internal fraud and external fraud. Internal fraud is an improper act committed by employees, leaders or other internal parties that harms the institution financially. Fraud according to the Institute of Internal Auditors Standard in 2013 is any act that intends to deceive or violate trust to obtain assets, money, services or prevent payments or losses or guarantee personal and business benefits. Fraud is an illegal act committed by people from within the organization or outside the organization with the aim of obtaining personal or group benefits that harm the organization.

Good University Governance is the concept of Good Governance which means good governance, the word "Governance" in Indonesian means "governance" which indicates an activity, but also means management, direction, organizational guidance and can also mean government. Therefore, it is not surprising that there are terms of public governance, private governance, and others. Governance as a translation of government, then develops and becomes popular as governance, while the best practice is called good governance (Jais, 2012) in (Rahmawati, 2018). Good governance in principle according to Law No. 12 of 2012

consists of five principles, namely accountability, transparency, non-profit, quality assurance, and effectiveness and efficiency.

In the Islamic perspective, ethics is defined as actions that are accepted as norms that do not contradict Islamic rules, which are based on the Qur'an and Hadith (Saeed Hameed Aldulaimi, 2015). In the Quran (53:39) there is an instruction that believers should involve commitment in work, thus enabling the person to realize their goals.

On the other hand, Islam highly values work productivity because it will minimize various social and economic problems. According to the study (Willy Filatrovi et al., 2021), it is stated that the measurement indicators of Islamic Work Ethic include competition (competitive), openness (transparency), and morality (morality).

METHODS OF RESEARCH

This research is explanatory research, namely research that explains the position of the variables studied in the pattern of relationships between variables (Sugiono, 2000). This research uses a survey method, conducted to obtain individual data and opinions through filling out questionnaire instruments by respondents (Jogiyanto, 2010) and hypothesis testing.

The population in this study is all State Islamic Universities under the Ministry of Religion which have now become Public Service Agencies. In 2019 State Islamic Universities under the Ministry of Religion have reached 59 PTKIN BLU. The sample of this research is the head of finance, accounting staff, Head of SPI, Secretary of SPI and SPI Auditor at the Ministry of Religion's PTKIN BLU Satker. The total number of questionnaires that have been filled in is 210 samples. Data analysis in this study used WarpPLS (WarpPLS Analysis) version 7.0. According to (Andini & Surya, 2020), PLS is an alternative method of analysis with variance-based Structural Equation Modeling (SEM).
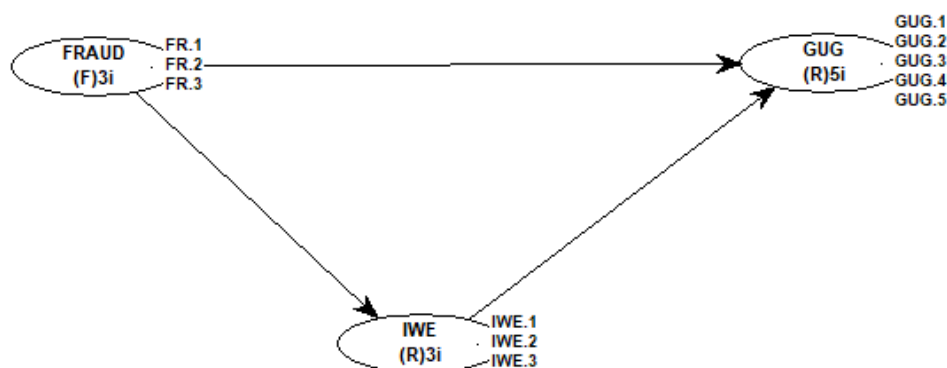

Figure 1 – Path Diagram Model

RESULTS AND DISCUSSION

Validation based on the loading factor on all indicators is good because it is more than 0.5. In addition, all indicators, apart from the loading factor of more than 0.50, are also the highest value in their constructs when compared to crossloading on other constructs. Outer model evaluation based on loading factors and crossloading is in the good category. Discriminant validity uses square root of average extracted (√AVE). If the AVE root value of each latent variable is greater than the correlation with other variables, the instrument is said to have good discriminant validity.

The reliability test results show that all constructs have a composite reliability coefficient of more than 0.70. Thus, all measurement models used in this study already have high reliability.

According to (Gendro, 2011), the inner model is a specification of the relationship between latent variables (structural model), also known as the inner relation. Evaluation of

the structural model (inner model) is carried out to ensure that the structural model built is robust and accurate.

Model fit can also be calculated using the goodness of fit index. The goodness of fit (GoF) index is defined as the geometric mean or root of the average communality and average R^2 for all endogenous constructs (Tenenhaus et al. 2005). The GoF index indicates the predictive power of the overall model. GoF values have an interval between 0 and 1. GoF values close to 1, at least 0.33, indicate good path model estimation (Akter, D'Ambra, and Ray, 2011). The GoF index for this research model is 0.588. Thus, the structural model that explains the relationship between the three variables has good predictive power (fit).

Table 1 – Model Fit Test in Inner Model

No.	Model Fit and Quality Indices	Fit Criteria	Statistics	Result
1	Average Path Coefficient (APC)	p < 0.051	(APC)=0.325, P<0.001	Fair
2	Average R-Squared (ARS)	p < 0.05	(ARS)=0.515, P<0.001	Fair
3	Average Adjusted R-Squared (AARS)	p < 0.05	(AARS)=0.510, P<0.001	Fair
4	Average block VIF (AVIF)	Acceptable if < = 5, Ideally < = 3.3	(AVIF)=1.765	Fair
5	Average Full Collinearity VIS (AFVIF)	Acceptable if < = 5, Ideally < = 3.3	(AFVIF)=2.046	Ideal
6	Tenenhaus GoF (GoF)	Small > = 0.1, Medium >= 0.25, Large > = 0.36	(GoF)=0.588	Large
7	Sympson's Paradox Ratio (SPR)	Acceptable if > = 0.7, Ideally = 1	(SPR)=1.000	Ideal
8	R-Squared Contribution Ratio (RSCR)	Acceptable if > = 0.9, Ideally = 1	(RSCR)=1.000	Ideal
9	Statistical Supression Ratio (SSR)	Acceptable if > = 0.7	(SSR)=1.000	Fair
10	Nonlinear Bivariate Causality Direction Ratio (NLBCDR)	Acceptable if > = 0.7	(NLBCDR)=1.000	Fair

Inner model testing aims to determine the path coefficient and inner model T-statistic which shows the level of significance of changes in independent variables on the dependent variable (Hartono and Abdillah, 2009). Hypothesis testing is based on the results of the SEM PLS model analysis which contains all variables supporting hypothesis testing.

Figure 2 – Outer Model
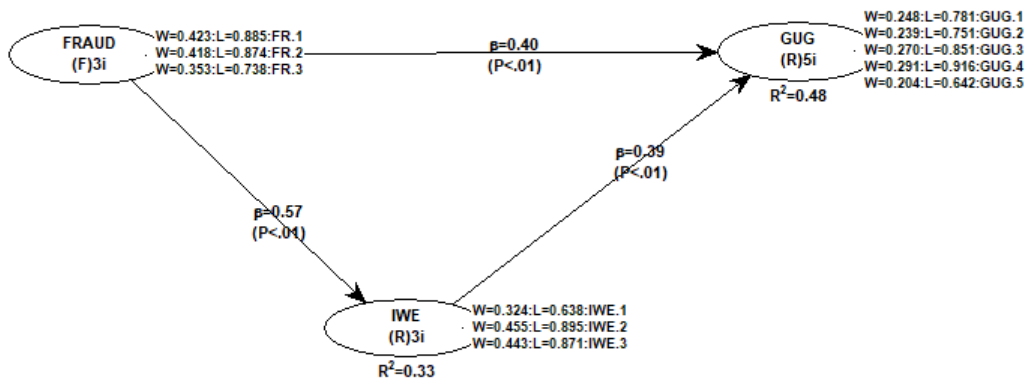
In this study, Good University Governance consists of 5 indicators, namely Accountability (Y1), Transparency (Y2), Non-profit (Y3), Quality Assurance (Y4), and Effectiveness and Efficiency (Y5). From the results of the research model obtained from Warpls, Accountability has a Loading Factor of 0.781 tested significant (p<0.001). Transparency Loading Factor of 0.751 tested significant (p<0.001), Non-profit Loading Factor of 0.851 tested significant (p<0.001). Loading Factor Quality Assurance of 0.916 tested significant (p<0.001) Loading Factor Effective and Efficient of 0.642 tested significant (p<0.001).

The largest Loading Factor in the 5 indicators in Good University Governance is Effective and Efficient (Y5) which has a Loading Factor of 0.642 tested significant (p <0.001). This is because Efficiency is the optimal comparison between input and output. If the output

can be achieved with minimal input, it can be called efficient. Inputs can be resources in the form of money, energy, time and others. So it can be concluded that efficiency means the cost of public services that are affordable by the economic capacity of the community.

There are three strategies that can be done to improve the efficiency aspect, namely deregulation, cost reduction and technology adoption. Some government policies in order to realize efficiency include simplifying public service procedures, providing open and transparent announcements of service flows and procedures so that the public can get complete information to get services, optimizing the use of appropriate technology, and sending the results of public services to service users' addresses using APBD costs.

Fraud in this study uses 3 indicators, namely Fraud Detection (X21) Fraud Prevention (X22) and Fraud Investigation (X23). From the results of the research model obtained from Warpls, Fraud Detection (FD) has a significant effect on Good University Governance (GUG). Indicator weight fraud detection of 0.423 tested significant (p <0.001), Fraud Prevention (FP) has a significant effect on Good University Governance (GUG). Indicator weight fraud prevention of 0.418 tested significant (p <0.001). Fraud Investigation (FI) has a significant effect on Good University Governance (GUG). Indicator weight fraud investigation of 0.353 tested significant (p <0.001).

The largest indicator weight on the 3 indicators in Fraud is Fraud Investigation (X23), where the indicator weight fraud investigation of 0.353 is tested significant (p <0.001). This is corroborated by research from (Wahyudi, 2018) and (Mardiasmo, 2009) The three main aspects that support the creation of good governance, namely supervision, control, and examination and these three aspects can be carried out by internal auditors in fraud cases. Strong and effective internal control will prevent fraud and the implementation of good university governance (GUG) can be achieved. In higher education, internal audits are carried out to detect fraud, one of which is in the form of fraud investigations. Fraud investigations are carried out if a company has indications of fraud. Investigations carried out in the form of investigation and supervision. If a college has good corporate governance, of course, the college will conduct a series of internal audits including investigations. Regardless of the policy orientation of the system, higher education policymakers should not forget that higher education has a tremendous influence on people's attitudes and beliefs (Saiti et al., 2018)

In this study, Islamic Work Ethic consists of 3 indicators, Competition (Z1), Openness (Z2) and Morality (Z3). From the results of the research model obtained from Warpls, Competition (Z1) has a Loading Facto of 0.638 tested significant (p <0.001). Loading Factor Openness of 0.898 tested significant (p<0.001), Loading Factor Morality of 0.871 tested significant (p<0.001).

The largest indicator weight on the 3 indicators in Islamic Work Ethic is Competition (Z1) which has a Loading Factor of 0.638, tested significant (p <0.001). Companies that have Islamic ethics will certainly carry out audit activities in accordance with Islamic principles. In addition, (Muneeza, 2014) states that sharia governance is the backbone of every sharia entity. If the company applies Islamic ethics, then all activities carried out will be based on the Qur'an and Hadith. This shows that the company has implemented Islamic corporate governance. Islamic work ethics has a positive and significant relationship with commitment and job satisfaction (Nasution et al., 2021).

CONCLUSION

The main purpose of this study is to analyze the effect of Fraud on Good University Governance (GUG) and also moderated by Islamic Work Ethic. The sample used was 215 respondents from SPI at PTKIN Indonesia. The data analysis technique uses the SEM-PLS method. Fraud is measured by 3 indicators, namely Fraud detection, Fraud prevention, Fraud investigation.

The effect of fraud on good university governance with a path coefficient of 0.286 (p<0.001) is tested significant. Indicator weight fraud detection of 0.423 tested significant (p<0.001). Fraud formed by good fraud detection will improve Good University Governance.

Fraud Prevention (FP) has a significant effect on Good University Governance (GUG). Indicator weight fraud prevention of 0.418 tested significant (p <0.001). Fraud formed by good fraud detection will improve Good University Governance.

Fraud Investigation (FI) has a significant effect on Good University Governance (GUG). Indicator weight fraud investigation of 0.353 tested significant (p <0.001). Fraud formed by good fraud investigation will improve Good University Governance.

The indirect effect of fraud on good university governance through Islamic work ethic of 0.103 (p<0.001) was tested significant and related to the results of hypothesis testing H10, H11 and H12. Indicator weight fraud detection of 0.423 tested significant (p<0.001). Fraud formed by good fraud detection will increase Islamic Work Ethic and will have an impact on improving Good University Governance.

Fraud Prevention (FP) has a significant effect on Good University Governance (GUG) mediated by Islamic Work Ethic (IWE). Indicator weight fraud prevention of 0.418 tested significant (p <0.001). Fraud formed by good fraud prevention will increase Islamic Work Ethic and will have an impact on improving Good University Governance.

Fraud Investigation (FI) has a significant effect on Good University Governance (GUG) mediated by Islamic Work Ethic (IWE). Indicator weight fraud investigation of 0.353 tested significant (p <0.001). Fraud formed by good fraud investigation will increase Islamic Work Ethic and will have an impact on improving Good University Governance.

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