Does Love of Money effect the Fraud Action in Non-Profit Organizations ?

Apakah Cinta pada Uang Berpengaruh Terhadap Tindakan Kecurangan pada Organisasi Nirlaba?

Lilly Anggrayni[1*], Nurul Azizah Azzochrah[2], Fitria Ayu Lestari Niu[3]
Fakultas Ekonomi dan Bisnis Islam IAIN Manado [1,2,3]
*lilly.anggrayni@iain-manado.ac.id, nurul.azzochrah@iain-manado.ac.id, Fitria.niu@iain-manado.ac.id

*Coresponding Author

ABSTRACT
This research examine the effect of love of money variable on fraud action, which is related with the issue of fraud accounting. Love of money is founded had partial effect to the fraud action, this is proved by the data that love of money had R^2 as many as 13,7%, which means that love of money had partial effect to fraud action which is only about 13,7 % and the rest value could effect by the other variable. This research adopt agency theory as the main theory which could frame the relation between love of money variable and fraud action variable. Love of money is defined as the motivation or desire to reach money in human life. This intention exist because human had natural ego behavior such as want to owning assets, power, and self-expression and the other people in the society also think that money is the reflection of social status as well as reflected their achievement. This motivation could boost volunteers and managers desire to commit fraud action in non-profit organizations. This finding is in line with agency theory, which state that people had possibility to take self-interest when they had power and access to control and manage resources in an organizations. Manager and volunteers had access and authority to the financial resources in the organizations, therefore they had chance to take self-interest. This action could happend if the organization had lack of monitoring systems, and society did not push the organizations to report their operational, program and financial activity.

Keywords : Love of Money, Fraud Action, Fraud Accounting, Non-Profit Organization

1. Introduction

Non-Profit oriented organizations or well known also as Non-Government Organizations (NGO) is a form of organization which had unique visions and missions toward society. They had strong connection with society as well as government, because they had social missions to help other in needs and distribute the wealth from the rich one to the poor people. The other non-profit organizations also had missions to build eduactions in rular area as well as to help hunger people in several regions and also to help people to build the flow of water mainly in dried area. In Indonesia these NGO or Non Profit Organizations had many impact on society mainly to those who are experience the natural disaster. They had role in helping the victim of disasters such as giving medications treatment, building the emergency kicthen, delivering the food and clean water, providing the clothes, and also providing the healing center for children. Obviusly, there are many aid and financial contributions from society to the area which experience natural disaster. The NGO collect money from society in order to help the victim of disasters. The funding that collected by NGO should be used in several beneficial programs for society and after the program was implemented, they should report it to the financial contributors and stakeholders.

In the view of agency theory, the company manager had the right and responsibility to manage the financial and operational matter in the firm. This view had the same analogy with

NGO and Its financial resources. In the view of Agency theory the NGO had a role as an organization, Top manager and society are the stakeholder, and the financial contributor is the shareholders. The manager had the possibility in making the wrong decisions and doing the fraud in their organizations. This possibility is predicted could occured because the funding that has been collected had high concetrations of money that remain in the manager's Bank Account or cash.

The wrong decisions and fraud actions had strong relationships with the love of money perceptions and behavior which embedded in a person. People who had high level of love of money tend to do fraud actions in the organizations. This statement had the same view with the theory love of money. Tang Explain that love of money is related with the greedy concept (Sardžoska & Tang, 2012). In a work of study by (Tang & Tang, 2010) it was found that an employee which had high life expectations tend to do not had high satiscfactions on their job, and this perceptions lead to the unecthical behavior such as fraud.

The variable love of money and fraud is an important topic which should be discuss further. The latest research mainly only focus on the love of money and unetichal behavior on accountant (Paramita & Suryanawa, 2020), this is quite different with the purpose of this research which examine the relation between love of money and fraud in terms of Non-Profit Organizations. Therefore, it is very interested to examine the relationships between these two variables and furthermore the title of this research is "Does Love of Money effect the Fraud Action in Non-Profit Organizations ?" This study also intimately related with the fraud accounting issues which is very crucial to discuss, in order to learn about the fraud in NGO and Top manager behavior in manage the funding resources in NGO.

2. Literature Review

As mention in the first page, this research employee the agency theory which believe that in an organizations manager had main role in manage the funding from shareholders (financial contributors). In managing the funding of organizations there was a possibility that manager would act wrongly and take the wrong decisions (Jensen & Meckling, 2012). Manager also tend to had possibility to doing fraud actions and therefore the utilizations of money is not always for the interest of the society and the victim of disasters, but to satisfy the manager self interest. This theory could be combine with the love of money theory which suggest that the high level of love of money in a person could lead to unethical behavior (Sardžoska & Tang, 2012).

Generally money is an important resources foe every organizations. Many people had different perspective about money and its functions. In Indonesia the symbol of sucess nowadays is symbolized by money that earned by someone. Therefore money had essential role in motivating people to do a hardwork. Then because of some main reason of money for people, Tang (1992) introduce the concept the love of money in order to measure the individual subjectivity about money. In 2008 Tang summerized the definitions of love of money such as : 1) the measurement of individual value, or the intention for money but not for their nessicity; 2) The meaning and the importance of money and the behavior of an individual to money. Love of money is define as an individual behavior upon money (Tang et al., 2008). Budget, evil, equity, sucess, self expression, social influence, power of control, happiness, richness, motivator were the indicators which could be used to measure the level of the love of money in an individual. The fraud variable is define as the symptomps that can lead to the fraud actions and the indicators to measured the fraud actions could be classified as 1) motivations to get the self interest for himself or an organizations; 2) tools or medium which could be used to do the fraud; 3) opportunity which motivated by the less supervisions (Greenlee et al., 2007).

Fraud is defined as any act, expressions, omissions, or or concealment calculated to deceive another to his or her disadvantage. According to Under J. T. Wells (20025), there are four elements of fraud:

1. A statement is materially false.
2. Knowledge that the statement is false when made.
3. A victim relies on the statement.
4. The victim suffers damages as a result of relying on the false statement.

In Non-profit organization, there are several illustrations which could explain each of the element that mentioned above: 1.) Occupational fraud, for example, a nonprofit employee overcharges his or her employer for travel expenses or steals cash from the bank account; 2.) Consumer fraud, for example, an attendee at a fund-raising auction replaces the price tag on an item with the goal of purchasing it at a lower price; 3.) Insurance fraud, for example, a nonprofit policyholder falsely claims its van or car has been stolen with the goal of collecting the value of the "stolen" vehicle in cash; 4.) Medicare fraud, for example, a nonprofit health care worker "codes "services rendered with the goal of increasing Medicare reimbursement to the organization (Seyam et al., 2018).

3. Research Methods

This study work employee the quantitative method as the method of research. The object of this research is the people who work in non profit organizations including the zakat institutions, students institutions and several religious organizations. This research employee questionners as the research instrument and the data is processed by using linier regressions. Spss is the tool of analysis and the questionners were delivered to 100 people randomly which work and active in Non Profit Organizations of Non Government Organizations (NGO). The questionners was sent to the respondents by using google form and whatssapp aplication. The scale which had been used in this research was likert scale, which had 5 options 1 = not very agree; 2 = not agree, 3 = Netral, 4 = agree, 5= very agree.

4. Results and Discussions

After collecting data by using google form, then the data is check, save and donwloaded with excel format. Then the data were transfered to the statistic application such as spss.

The Result of Coefficient Determination (R^2)

Table 1. The Result of Coefficient Determination (R^2)

Model	R	R^2	Adjusted R Square	Std. Error of The Estimate
1	0,382[a]	0,146	0,137	7,56452

Source: Data Processed from Primary Data with SPSS Program (2024)

The table 1 give information about the value of coefficient determination which achieve the value of adjusted R square about 0,137. This finding reflected that the varible love of money could explain the variable fraud action as many as 13,7 % and the rest of the value about 87 percent could be explain by the other variable. This means that the probability of variable love of money could effect the fraud action in the non-profit organizations is only 13,7% and the probability of the existence of the other variable which could effect the fraud

actions in about 87%. This also means that the love of money variable only had partial effect to the fraud actions variabel.

The Result of Linier Regression

Table 2. The Result of Linier Regression

Model	Coefficient*				
	Unstandardized B	Unstandardized Std. Error	Beta	t	Sig.
Constant	10,458	3,677		2,8444	0,05
Love of Money (X1)	0,174	0,43	0,382	4,088	<0,001

Source: Data Processed from Primary Data with SPSS Program (2024)

Based upon the data in table 2, it could be identified that the love of money had the value of significant for about under 0,001 and the formula of variable equatations for this model is:

$Y = c + \beta_1 X_1 + e$

$Y = 10,458 + 0,382 + e$

It also could be identified that love of money had positive effect on the fraud action wich had level of significant under the value 0,005 and the value of t is about 4,088. This result show that the hyphotesis of the love of money had positive effet to the fraud action is accepted.

Non-profit organizations has been spread in each city in Indonesia. The growth of this organizations is quite fast and the funding which managed by this organizations could reach billion rupiah. For example Baznas, an Islamic charity organizations which had total asset for about 153 billion rupiah in 2021 (audited annual report of Baznas 2021). Many people choose to distribute their money to the other party who needs help by using Baznas service because this organizations integrity. This organization also had many services options and their financial activity had been reported and audited in every year. Indonesia had many zakat institutions and the other form of non-profit organizations, but it is very meaningful to stay alert for any fraudelent behavior. Because the Indonesian society are eager to give more money and billion dollars are run on the non profit organizations. In 2022, ACT, a philantropic and also non profit oragnization was reported to do fraud and corruptions. Many social funding from the society was entrusted to this organizations but the transparancy of this organizations was still being questioned (Kompas, 2022).

The case of fraudelent in non profit organization was already released in the public in America by 2012. The Association of Certified Fraud Examiners (ACFE) a non profit organozation in America was reported lost its revenue for about 5% of the total revenue which is caused by fraud actions (Seyam et al., 2018). Eventhough The ACT case and also ACFE case is not seem to be significant, but this actions could give losses and harming the organizations as well as the society as the main contributor.

In order to understand why this fraud action occured in non-profit organizations, the researcher add one variable which is assumed could become the cause and motivation in doing that harming actions and it was love of money variable. Sardžoska & Tang, (2012) examined the variable love of money and job satisafation on his paper and found that the person who had value of high LOM (Love of money) was related to the low corrup intention. This identified that someone who had high score love of money is had possibility in doing fraudelent, not only in government organization but also in non-profit organization. Tang explain that people who want to gets rich usually fall in to temptation and a trap and into foolish and harmfull desire that plung man into desire and destruction. Love of money is define

as attitudes towards money that include affective, behavioral, and cognitive components. Tang also state taht the other definition love of money is desire or aspiration to money. If compare with the other reason of unetichal behavior, such as rich, motivation and power, rich is the most significant sub-counstruct that can predict this behavior (Sardžoska & Tang, 2012). This statements are in line with the finding in this study work that found that love of money could become one of motivation and reason in doing fraudelent in non-profit organization. This motivation is caused by the human desire to reach a level of owning current assets such as money in the unlimited amount. Money also believed is one of the motivator, because money could become a motivator in doing great task performance. The other scholar also believe that money represent their power in the society. Some indicators love of money such budget, evil, equity, sucess, self expression, social influence, power of control, happiness, richness, motivator. This indicators were then measured by using likert scale (Singhapakdi et al., 2013). After the measurement of each indicator has been done, then the effect of all this indicator then tested using spss in order to examine its effect to the fraud actions and it is found that people tend to assume that money as their refeflection of achievement, respect and power, then because their want to owning the amount of money, their thoughts are controlled by money and this though is lead to corrupt act (TANG, 2014).

In a research that conducted by Sardžoska & Tang, (2012)It is found also that managers with high level of satisfaction are the most corrupt. This indicate also that people which expect high salary had possibility in doing fraudelent. This finding is in line with the case in non-profit organizations, usually volunteer earn salary in small portion from their volunteer activity and the manager of the program usually manage the regulations of the financial distribution in the organizations. Each of the volunteer and manager of the organizations had chance to take self-interest from the financial distribution, especially the manager who had significant role in manage the money. This research found also that power of control and richness become the main factors that caused the fraudelent in the orgnizations. The other scholar such Douglas and Mills (2000) state that the possibility of fraud action in non-profit organizations is high because Non-profit organization had significant issue on trust, lack of business and financial expertise, weaker internal controls (Greenlee et al., 2007)s and only reliance on volunteer contribution. In addition, the research of fraud in non-profit organization are significantly different with business organization in some aspects, such as: 1.) the focus of object is non-profit organization and this led to the issue that fraud against the organization, rather than the owner of the organization; 2.) the report of annual financial Is quite different with the profit organization.

This research finding also related significantly with the agency theory which believe that the supervisor role is very essential in various organizations, because when the internal control is not optimal there will be a chance for the manager or staff to take self-interest action. Non-profit organization had lack of the internal control. According to Wells (20050, there are three types of fraud in non-profit organization: 1.) misappropriation of assets and it usually occur when the asset of the organization is stolen or misused; 2.) Corruption and it usually occur in economic transaction; 3.) financial statement fraud which is deliberately falsification of the organization financial report. These three major types of fraud could happen in an organization, due to the lack of knowledge about internal control as well as the lack of integrity. Therefore, according to agency theory, the organization should have sceptics perception to the manager as well as the volunteer. The role of supervisor in an organization is very essential, in order to supervise the various activities which related with assets and financial activity (Silva et al., 2021). The misused of organization's assets for self-interest and not for public-interest, corruption such as asking the high price of ticket reimbursement which is different with the real transportation expense, as well as management of cash flow which is not represent the real value of cash flow in an organization, are classified as fraud (Sihombing, 2016).

5. Conclusion

This research examine the effect of love of money variable on fraud action, which is related with the issue of fraud accounting. Love of money is founded had partial effect to the fraud action, this is proved by the data that love of money had R^2 as many as 13,7%, which means that love of money had partial effect to fraud action which is only about 13,7 % and the rest value could effect by the other variable. This research adopt agency theory as the main theory which could frame the relation between love of money variable and fraud action variable. Love of money is defined as the motivation or desire to reach money in human life. This intention exist because human had natural ego behavior such as want to owning assets, power, and self-expression and the other people in the society also think that money is the reflection of social status as well as reflected their achievement. This motivation could boost volunteers and managers desire to commite fraud action in non-profit organizations. This finding is in line with agency theory, which state that people had possibility to take self-interest when they had power and access to control and manage resources in an organizations. Manager and volunteers had access and authority to the financial resources in the organizations, therefore they had chance to take self-interest. This action could happend if the organization had lack of monitoring systems, and society did not push the organizations to report their operational, program and financial activity. The next research could examine the same variable by using the other background theory. This research also suggest and recomend the organization to do the supervising activity continously and beside it, the human resources should be given training about how to manage the flow of financial in the organization. Therefore the fraud action could be prevent and the performance of the oragnization would be better in the future.

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