Muhammad Nurrasyidin, dkk - Budget Implementation for Fraud Mediation and University Governance in Indonesia

by Muhammad Nurrasyidin, Dkk Uploaded By Mifta

Budget Implementation for Fraud Mediation and University Governance in Indonesia

Muhammad Nurrasyidin *, Meutia Meutia**, Elvin Bastian**, Agus Sholikhan Yulianto**

*Corresponding author, email: 7783220012@untirta.ac.id, *Student of Doctoral Program in Accounting, Faculty of Economics and Business, Sultan Ageng Tirtayasa* University, Jl. Raya Jakarta Km. 4 Pakupatan, serang, Indonesia; and *Lecturer at the Faculty of Economics and Business, University of Muhammadiyah Prof.DR.HAMKA, Indonesia*

**Faculty of Economics and Business Universitas Sultas Ageng Tirtayasa, Serang, Indonesia

Abstract

This study aims to examine the impact of fraud and budget implementation on university governance in Indonesia. The sample popolation of this study is 50 private universities in Indonesia. For data collection, a purposive sampling approach was chosen. The research sample amounted to 150 university leaders consisting of the rector, vice rector for academic, research and development and community service, vice rector for human resources, finance, facilities and infrastructure, and vice rector, midwife, alumni and student affairs. The results of this study show that good university governance and budget implementation carried out by universities in Indonesia have a significant and positive impact on fraud. However, there are potential limitations of variables in this study that need to be mentioned, including limited sample size and no control over additional variables that can have an impact on university governance. Budget implementation and fraud are very important to ensure the sustainability of university governance in Indonesia based on agency theory as explained by Jensen and Meckling (1976). The value of this study is derived from his study of important sectors, especially the higher education service sector, widely known for its great impact on the future of higher education.

Keywords : Good university governance, budget implementation, fraud

1. INTRODUCTION

Human resources are crucial for achieving effective university governance, alongside other organizational resources (Adam, 2019). Universities are intensely competitive not only on an individual and national level but also institutionally, making them adversaries in this competitive environment (Musselin, 2018). This rivalry has been intensified by the advent of global university rankings (Bagley and Portnoi, 2014). Today, the QS World University Rankings (QS WUR) and the Times Higher Education World University Rankings (THE WUR) serve as major indicators for evaluating the quality and prestige of universities worldwide (Salmi, 2013; Collins and Park, 2016; Altbach and Salmi, 2017). Besides rankings developed by private organizations, governments have also established their own ranking systems. (Tjahjadi et al., 2019). The rise of global university rankings fuels this competition.

In response to the demands for capital and human resources, many countries have transformed their higher education systems. These transformations include changes in funding and governance structures, the implementation of quality assurance measures, curriculum reforms, and technological innovations (Holm-Nielsen, 2001; Bingab et al., 2016); (Bekuni et al., 2018). Evidence of these changes in university governance worldwide indicates the adoption of stakeholder governance models (Bleiklie and Kogan, 2007; Bleiklie et al., 2013; Stensaker et al., 2014). This shift requires building a strong managerial framework to supplant the conventional academic structure of deans, department heads, and professors. Decision-making, previously a collegial process, is now embedded within the administrative hierarchy of the institution. Establishing world-class universities has become a crucial strategy for national development in both developed and developing nations (Wang, 2001; Salmi, 2009). This is due to the fact that economic growth and global competitiveness are increasingly fueled by knowledge, making universities essential for the creation and dissemination of knowledge (Salmi, 2019).

In recent years, government funding for universities has been prioritized, recognizing universities as institutions that cultivate future intellectual leaders, innovative thinkers, and educators. They are seen as generators of ideas and innovations that will drive the economy forward and as providers of knowledge and expertise that can support and validate societal progress (Tremblay, 2000). Transparency refers to an environment where policy objectives, legal and institutional frameworks, policy decisions, and financial data are readily accessible and timely (IMF, 2000). While transparency is commonly viewed as an essential goal, its interpretation and implementation require careful consideration (Heald, 2006a, 2006b). While many argue that greater transparency leads to better policy outcomes, empirical evidence supporting this claim is scarce (Finkelstein, 2000; Lapsley and Ríos, 2015). Additionally, there is ongoing debate about whether transparency should be regarded as a human right or merely an instrumental value, potentially conflicting or aligning with other fundamental values like effectiveness, trust, accountability, autonomy, control, confidentiality, privacy, anonymity, fairness, and legitimacy (Heald, 2003). Some suggest that transparency promotes good governance, highlighting its adaptability to various contexts (Hood and Heald, 2006). Internally, transparency in public finance is an emerging field of study that focuses on the internal disclosure of information within organizations (Heald, 2012; Robbins and Lapsley, 2015; Brun-Martos and Lapsley, 2017). This concept, known as internal transparency, aims to facilitate effective managerial decision-making and enhance accountability to external stakeholders (Robbins and Lapsley, 2015; Heald, 2006b, 2013).

The accounting literature has observed an increase in the availability of financial information within public entities. Lapsley and Ríos (2015) highlight that the budget occupies a central role in citizens' lives. However, in today's complex economy, budgets have become sophisticated, facilitating practices aimed at achieving budgetary balance. Consequently, a more transparent budget can serve as a tool for internal management and an accountability mechanism for external stakeholders (Lapsley and Ríos, 2015). The OECD (Organisation for Economic Cooperation and Development) defines budget transparency as "the timely and systematic full disclosure of all relevant fiscal information" (OECD, 2001). Nonetheless, the absence of a standardized definition for "budget transparency" underscores its complexity and the challenges associated with its measurement (Stanic, 2018). The OECD outlines three pillars for budget transparency, which require not only the preparation of budget reports but also the disclosure of specific non-financial data and the implementation of procedures to ensure integrity, control, and accountability. These procedures include auditing, responsibility, and oversight.

Indonesia Corruption Watch (ICW) monitored corruption in universities over a period of 10 years, recording at least 37 cases of corruption related to universities. The trend of corruption in universities is increasing, not decreasing. Of the total corruption cases, ICW noted that there were at least 65 perpetrators from the academic community. This phenomenon shows that it has not been implemented and not carried out and there is no commitment from the managers to carry out good university governance. If conflicts occur frequently, it will be vulnerable to fraud and create fraud opportunities in various fields. Higher Education as a forum for intellectuals should be an example for society to eradicate corruption well. However, if universities are involved in corruption, then this behavior will be imitated by students, especially those who commit corruption carried out by the ranks in universities such as rectors, vice rectors, lecturers and educators.

Good University Governance (GUG), akin to Good Corporate Governance (GCG) in corporate management, can be evaluated based on a university's capacity to implement this concept. According to the Institute of Corporate Governance (IICG) and the Forum for Corporate Governance in Indonesia (FCGI), corporate governance implementation revolves around four key principles: fairness, transparency, accountability, and responsibility. Plumptre and Graham (2000) define governance as the processes and structures utilized by an organization to oversee and manage its overall operations and program activities. Governance pertains to the exercise of power, encompassing aspects such as who holds influence, who makes decisions, and how decision-makers are held answerable. (Rintoul & Maclellan). The aims of university governance are to enhance the operational efficiency and accountability of universities, ensuring they effectively expand the scope of educational offerings and manage research outcomes (Trakman, 2008). Universities need a governance framework that not only bolsters institutional autonomy but also ensures transparency to society and increased oversight. The integration of governance, autonomy, accountability, and evaluation is essential for universities to fulfill their mission effectively. (Ramı, 2018).

Over the past two decades, the significance of universities has grown, as demonstrated by initiatives such as the World Declaration on Higher Education for the Twenty-First Century (UNESCO, 1998) and the United Nations Decade of Education for Sustainable Development (2005–2014). Furthermore, the European Union has promoted a new paradigm in higher education (European Commission, 2017). As crucial agents of social progress, universities are expected to assess the allocation of public funds (Larran and Andrades, 2015) and foster good governance (Jongbloed et al., 2018). In response, universities have increasingly committed to enhancing accountability and increasing the disclosure of information about their activities (Fonseca et al., 2011; Lozano, 2011; Martin-Sardesai et al., 2017), although this trend is not as pronounced as it is in the business sector. (Ceulemans et al., 2015). The success of university governance and performance is closely linked to the overall success of universities (Muhammad Adam, 2019). While there is consensus on the significance of university governance for achieving the institution's mission in the twenty-first century, there remains a lack of specific information addressing university governance challenges in relation to university outputs. (Bernard Bekuni 2017).

Universities are complex and dynamic organisms subject to powerful social, political, and economic forces. When faced with strong opposing views in the environment, the effectiveness of bicameral systems can be tested. (Rintoul & Maclellan). Higher Education is an institution that is closely related to increasing economic growth and community participation. Not only because of its capacity to create and decimalize knowledge, but also as an organization capable of recruiting talented people, generating new ideas, enriching the quality of life and culture and as agents of change. Higher education is also related to changes in the economic and political environment. Along with globalization, especially economics and politics, and student mobility, there have been important changes in higher education almost all over the world.

In response to the increasing demand for resources and human capital, numerous countries have undertaken substantial transformations of their higher education systems. These changes encompass modifications to financing and governance models, the creation of quality assurance and accreditation mechanisms, curriculum updates, and technological advancements (Holm-Nielsen, 2001; Bingab et al., 2016). However, progress has been uneven and varied across global higher education systems. Many developing countries continue to face pre-existing challenges, such as expanding access to higher education, reducing disparities in access and outcomes, improving the quality and relevance of education, and implementing effective governance structures and management practices. (Holm-Nielsen, 2021).

In recent years, the quality of higher education institutions has remained a pressing issue globally. Ensuring quality is a paramount concern in college management, as it is essential for gaining public recognition and trust (Sayidah and Ady, 2019). However, failing to effectively manage the quality of higher education can result in a decline in student enrollment and pose a significant threat to the long-term survival of universities. (Pratolo et al., 2020). (Sofyani et al., 2022a)

Achieving efficiency and effectiveness in organizational plans and programs necessitates a crucial function: control. There are three types of control: social, external, and internal. Social control is implemented by society and involves oversight by recipients of public policy. External control is conducted by institutions and entities outside the organization. These entities are autonomous and independent administrative bodies that do not engage in the organization's actions but are responsible for monitoring and inspection (Marçola, 2011). Internal control, as described by Machado (2015), is a process conducted by the management of an organization to reasonably facilitate the attainment of objectives, including effectiveness and efficiency, reliability of financial statements, and compliance with applicable laws and regulations. (Gadelha et al., 2023).

While previous studies on internal control have predominantly focused on accountability and malfeasance (Sofyani et al., 2022a; Zakaria et al., 2016; Rendon and Rendon, 2016), several have also explored its link to organizational performance. Al-Thuneibat et al. (2015) found that strong adherence to all components of internal control can lead to improved organizational performance. Similar findings were replicated in different samples by Zhou et al. (2016) and Tetteh et al. (2022). As internal control practices have been adopted by Non-Profit Organizations (NFPOs), including universities in Indonesia, this has created new research opportunities. However, Chalmers et al. (2019) observed that there has been a relative dearth of studies on internal control within the NFPO sector, such as universities.

An organization's ability to reduce fraud has been greatly aided by a variety of internal control publications. Strong internal controls and higher employee compensation, according to Nawawi and Salin (2018), can lower the likelihood that employment fraud will be performed within the organization. However, weakness in internal control can be a major factor causing fraud (Zakaria et al., 2016). Rendon (2016) argues that fraud occurs as long as it involves activities in internal control. Therefore, they suggest that to reduce fraud, organizations need to emphasize robust processes and improve the implementation of effective internal controls.

Increased transparency of the budgeting process can encourage stakeholder involvement on the process and the achievement of better governance, but internal transparency in the budgeting process is far from optimal. (Larr, 2020). Budgeting has a different role in contemporary organizations (Davidson, 2009). Drury (2021) Planning yearly operations, organizing organizational activities, conveying plans, inspiring managers, regulating actions, and assessing management performance are just a few of these responsibilities. Due to its extensive nature, budgeting has a significant role in influencing organizational success. Thus, there has been a lot of interest in how budgeting and budget control affect business success. (Lidia, 2015; Pimpong dan Laryea, 2016; Laitinen, 2016).

The relationship between university governance and fraud that occurs has been an important issue from the past until now. High school governance will be affected by irregularities. GUG will indirectly affect the budget through financial and academic as intervening variables. These issues will be very important to be examined for the development of management accounting science, especially related to higher education governance, fraud, internal control, budget implementation, organizational commitment to universities. Departing from several problems found from previous studies, the main problem formulated in this study is how to develop universities that can implement good governance without deviations, both financial and academic.

Based on the context described and the conflicting results from previous studies, the following research questions can be identifiedi:
RQ1: Does budget implementation affect university governance
RQ2: Does fraud affect university governance?
There are six different parts in this work. The introduction is in part 1. The literature review of previous theories and research on similar topics is the focus of part 2. In Part 3, the research methodology and data analysis are detailed. The results and discussion are outlined in section 4. Discussion part 5.Conclusion part 6.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Literature Review

A group of procedures that direct and control an organization so that it may carry out its duties more easily is referred to as governance. These intricate procedures touch on many areas of corporate operations, such as strategy, management, accounting, economics, and finance (Bisoux, 2004). Corporate governance (CG) has garnered increasing attention in recent decades. Several factors have spurred this, including the rise in organizational privatization, policy reforms, a multitude of corporate takeovers and mergers, shifts in the composition of global capital markets, corporate misconduct, and global economic downturns. (Adams et al., 2008; Khongmalai et al., 2010; dan Shleifer dan Vishny, 1997)(Zuckweiler et al., 2016). Because "corporate governance" encompasses developing a long-term perspective on decision making, creating shareholder value and positive financial results, aligning managerial actions with stakeholders, adhering to applicable laws and regulations, and electing a board of directors, agency theory was chosen as the foundation for this study. (Zuckweiler et al., 2016).

Agency theory serves as the foundation for comprehending corporate governance as a whole. According to Jensen and Meckling (1976), an agency relationship entails a contract or agreement between managers acting as agents and investors serving as principals, which at times leads to information asymmetry from managers to investors, resulting in agency costs. Eisenhardt's research (1989) suggests that agency theory is grounded in three fundamental human traits: 1. Humans are inherently self-interested. 2. Humans possess limited cognitive abilities when it comes to perceiving the future (bounded rationality). 3. Humans tend to be risk-averse. Drawing from these three fundamental human traits, managers may engage in opportunistic behavior, prioritizing their personal interests (Haris, 2004).

According to research Verrechia (2001), It was concluded that there are three solutions to deal with the emergence of agency theory, Among them: 1. Activities based on policies (discretionary) made by managers (agents) to solve agency theory problems, managers do ways to solve agency problems by providing various disclosures to investors (principal). This is done to reduce agency costs by monitoring or monitoring management behavior. 2. Association activities carried out by investors to reduce agency costs. 3. Efficiency activities that occur naturally in stock market competition.

2.2 Hypothesis Development

2.2.1 Good University Governance (GUG)

Governance is defined by Plumptre and Graham (2000) as the procedures and frameworks that a company uses to supervise and control its overall operations as well as its program activities. The exercise of power includes deciding who has sway, who makes choices, and how those in charge are held responsible. This is known as governance. An organization is said to have good governance when its policies, procedures, and practices allow it to: (a) carry out its functions and services in an effective and efficient manner; and (b) adhere to legal requirements, published standards, and public expectations regarding transparency and accountability (Office of the Auditor General of British Columbia, 2014). The foundation of effective governance is strict responsibility to those who have a stake in the business. Bleiklie and Kogan (2007) describe a shift in university governance from being seen as a collection of scholars to being viewed as stakeholder organizations. Evidence of this shift in university governance worldwide indicates the emergence of stakeholder organization governance (Bleiklie and Kogan, 2007; Bleiklie et al., 2013; Stensaker et al., 2014). Examples of this evidence include:

1. The establishment of a robust managerial infrastructure has replaced traditional roles such as faculty leaders, department chairs, and professors. Collegial decision-making is now incorporated into the administrative hierarchy of the organization.
2. The academic senate has been replaced by a board or board of trustees that includes representatives from business, public service, and politics.

3. Institutional leaders, such as rectors and vice-chancellors, now hold positions more akin to that of a foundation chairman. This signifies increased involvement from a central authority in day-to-day operations.

The governance of various organizations, whether public or private, non-profit, and across different sectors and industries, varies due to their unique characteristics. In higher education, governance refers to the constitutional framework and processes by which universities manage their own affairs (Shattock, 2006). More precisely, governance pertains to the exercise of power or authority in resource allocation and management within an organization. This encompasses the establishment of policies and procedures for decision-making and control to ensure organizational effectiveness (Carnegie, 2009). It involves practices that ensure oversight, control, disclosure, and transparency (Harris & Cunningham, 2009), as well as aspects like university structure, delegation and decision-making, planning, coherence, and organizational direction (Considine, 2004). Developing a comprehensive set of indicators requires a broad understanding of university governance that includes all aspects and elements.

The aim of a university governance model should be to enhance the efficiency, accountability, and proper management of research outcomes (Trakman 2008). Universities need to connect governance, autonomy, accountability, and evaluation. Evaluation, through a fair and appropriate grading system, is the tool for ensuring effective accountability and achieving university objectives. A crucial aspect of university governance mechanisms is the information disclosed by the university itself. Universities operate in diverse environments, and this information can be presented both systematically and in a dispersed manner.

Successful universities reform their governance functions, regulatory bodies, and management methods to adapt to structural changes (Brunner 2011). Effective university governance is crucial for two main reasons, according to Florez et al. (2014): (1) the increasing need to find alternatives to public funding and (2) the pressure from society on universities to create organizational structures that guarantee efficacy, efficiency, economic viability, and enhanced knowledge transfer to society. This is accomplished by giving them a structure that is open and responsible, allowing them to compete globally for higher quality with other institutions.

The internal structure and functioning of higher education institutions are referred to as governance (Harvey 2004). It includes how decision-making procedures are arranged and ranked (Gayle et al. 2011; Lambert 2003) as well as how institutional objectives are accomplished through the use of collective control (Mora and Vieira 2007). By outlining procedures for achieving agreement, settling disputes, and approving actions, effective governance enhances decision-making (Melendez et al. 2010). Furthermore, modernizing universities to create a knowledge society, improving performance and competitiveness, and removing national obstacles are all goals of the university governance framework that the European Union has provided. According to the European Commission (2006), this guarantees universities' independence and accountability, helps them match their skills with the demands of the labor market, closes financial gaps, and enhances the quality of teaching and research.

Based on the arguments above, the first hypothesis of this study states that :

H1 : There is a considerable impact of budget implementation on university governance

2.2.2 Budget Implementation and Fraud

Budget implementation is a crucial aspect of the budgeting process (Hackbart and Ramsey, 1999). Agency theory posits that managers tend to be risk-averse (Baiman, 1990; Jensen and Meckling, 1976). In a rigorous and high-risk environment, college leaders, being risk-averse, often opt for caution in executing strategies, which influences budget implementation. This cautious approach is especially prevalent in colleges where increased risk does not typically correlate with greater rewards.

The public sector's wider concepts and trends have an impact on college governance. Among OECD nations, public management first appeared in the 1980s and 1990s as a response to shortcomings in national bureaucracies' output, effectiveness, and transparency. The European Union's higher education institutions' governance was profoundly affected by the New Public Management proposals. Numerous nations now have more autonomy in the financial and human resource management of their universities. Together with this greater autonomy came results-based funding, in which public spending is now more closely linked to the accomplishment of goals as determined by indicators of input, output, or outcome (Leitner et al. 2014).

Budgets are essential for organizing a number of organizational functions, such as staff motivation, performance evaluation and control, and communication improvement (Fisher et al., 2002; Hansen and Van der Stede, 2004; Parker and Kyj, 2006; Heupel and Schmitz, 2015). By converting corporate objectives into workable plans, outlining targets, and offering standards for performance evaluation, they function as a management control system (MCS) that molds managers' conduct and choices (King et al., 2010; O'Grady and Akroyd, 2016). Joshi et al. (2003) and Heupel and Schmitz (2015) Provide more context by pointing out that budgets are a component of performance assessment, which is how businesses evaluate their goals for a certain time frame.

The value of budgeting hinges on how entrepreneurs and managers perceive it. Aliabadi et al. (2019) argue that organizations aiming to reform budgeting practices should consider the perceptions of key stakeholders regarding the budgeting process. Given the importance of understanding these perceptions among both creators and users of budgets, it is not surprising that there is significant interest in exploring budgeting perceptions and their implications for companies. Kim and Mauborgne (1993) observed that senior managers who perceive organizational procedures as fair tend to exhibit greater organizational commitment and adherence to company policies. Consequently, such managers are more inclined to actively participate and cooperate in achieving budgetary goals.

According to Libby (1999) and Pasewark and Welker (1990), involvement level has a significant impact on how people view budgeting. They contend that subordinates—those who utilize or execute budgets—are unlikely to completely commit to budgetary objectives when the process is viewed as just semi-participatory. This suggests that include stakeholders in the budget-setting process improves their opinion of the process. The literature investigates a number of variables affecting how people see budgeting. According to Neely et al. (2001) and Hansen et al. (2003), there are twelve often mentioned flaws in budgeting that lead to unfavorable opinions of the practice. Additionally, the practice of budgeting may lead to behavioral problems at work. According to Jensen (2001), budgeting gives managers the chance to act dishonestly, unethically, and to promote internal rivalry.

In modern businesses, budgeting has several uses (Davidson, 2009). According to Drury (2021), these responsibilities include organizing organizational activities, conveying plans, inspiring managers, motivating them, controlling activities, and assessing managers' performance. It makes sense that academics are very interested in how budgeting and budget control affect business performance (Lidia, 2015; Pimpong and Laryea, 2016; Laitinen et al., 2016). Organizations that do not budget suffer from a lack of resources (Laitinen et al., 2016); on the other hand, budgeting guarantees intentional preparation for the organization's future success (Gooneratne and Hoque, 2016). A framework for comparing actual outcomes with objectives and taking corrective action when deviations occur is provided by budget control to management (Cohen and Karatzimas, 2011; Mohamed et al., 2016). This understanding of budget controls has led to increased interest among stakeholders (Frow et al., 2010; Dunk, 2011; Kerosi, 2018).

Numerous studies investigate the reasons behind unethical behavior and fraud. Cressey (1953) identified three motives related to cheating - pressure, opportunity, and rationalization, which together form the fraud triangle. Financial distress often serves as an initial catalyst for fraud, where individuals experience pressure stemming from personal debt, for instance. Additionally, the likelihood of deviation is influenced by odds; fraudsters must identify opportunities to engage in cheating. Therefore, the internal control framework of a company plays a crucial role in shaping these opportunities for fraud. Rationalization involves justifications or excuses for why cheating is deemed acceptable. According to Bekiaris and Papachristou (2017), individuals may rationalize their actions by blaming the company, such as saying "The company owes me." Furthermore, factors like the work environment and resentment towards the company can also serve as rationalization tools for fraudsters (Murphy and Free, 2016).

In broad terms, factors such as governance, ownership, and monitoring influence an employee's propensity to commit fraudulent acts. Parsons, Sulaeman, and Titman (2018) have recently highlighted the significance of cultural and ethical differences as explanatory factors for deceit, which has garnered attention. Their research revealed considerable variation in the prevalence of deviant behavior across major U.S. cities. Investigating the personal traits of fraudsters, Hermanson, Justice, and Ramammorti (2017) found that individuals engaged in fraud are less likely to hold leadership positions and possess lower levels of education.

Amiram et al. (2018) outline the factors contributing to individuals engaging in deviant behavior, encompassing personal attributes (where errors in personal life can forecast fraudulent behavior in professional settings), cultural variances linked to divergent social norms, and financial incentives. They also highlight the role of overconfident Chief Executive Officers (CEOs), whose excessive confidence may lead to financial statement misreporting.

Frequent scandals involving nonprofit organizations in the United States often lead to negative portrayals in media and public scrutiny (McDonnell and Rutherford, 2018). Stephens and Flaherty (2013) highlight that a considerable portion—approximately one-sixth—of major embezzlement cases occur within the nonprofit sector. According to the Association of Certified Fraud Examiners (ACFE) Report of 2018, nonprofit entities account for up to 9 percent of reported and analyzed fraud cases, with an average loss of $75,000.

While these losses may not appear significant at first glance, they can have devastating effects on many nonprofit organizations, particularly considering their limited financial resources and the challenges they face in effectively carrying out their missions (ACFE, 2018).

While all organizations are susceptible to deviant behavior, nonprofits face a heightened risk due to their reliance on moral and ethical values. Elevated levels of fraudulent activity within these organizations can stem from factors such as increased availability of funds, lax enforcement of regulations, or inadequate internal and external control measures. Despite this heightened risk, there is a dearth of empirical research on fraud within nonprofits, leaving unanswered questions about the reasons behind the increase and potential recommendations for mitigating fraud occurrences.

Plagiarism stands out as the most frequently discussed form of academic fraud in the literature on academic integrity. In practice, it remains the most prevalent form of academic misconduct among students, as evidenced by the widespread implementation of plagiarism policies across universities worldwide. Plagiarism involves the unauthorized use of words or ideas beyond what is typically considered common knowledge (Park, 2003). It entails the act of copying and pasting content from other sources without proper attribution (Selwyn, 2008; Scanlon and Neumann, 2002), effectively appropriating someone else's ideas and presenting them as one's own (Stebelman, 1998). Plagiarism is considered a form of academic fraud because it deprives the original author of their rights to the plagiarized content, thus granting an unfair advantage to the individual engaging in plagiarism.

Based on the above thoughts, the hypothesis of these two studies is formulated as follows:
H2 : Budget implementation has a positive effect on fraud in universities

3. RESEARCH METHODS

Penelitian ini menggunakan tehnik kuantititif untuk menilai keterkaitan antar variabel dan menguji hipotesis berdasarkan teori yang ada. Sampel penelitin ini terdiri dari univeritas swasta yang ada di indonesia. Purposive sampling method was chosen to collect data for this study. A total of 150 respondents from 50 private universities in Indonesia as samples based on research criteria were the rector, vice rector for academic, research and development and community development, vice rector for human resources, finance and facilities and infrastructure and vice rector for alumni and student affairs.

Data collection was carried out by distributing online questionnaires to respondents who became criteria in this study. Each question in the questionnaire uses an ordinal scale or Likert scale to assess the level of agreement of the respondents. The Likert scale used has the following levels:
1 = Strongly Disagree
2 = Disagree
3 = Netral
4 = Agree
5 = Totally Agree
The sample obtained is then analyzed using statistical software. For the process of obtaining the submission of the proposed hypothesis results, researchers use SmartPLS 3.0 software. SmartPLS software is used to obtain various test results that can answer the hypothesis proposed in this study.

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistics

Discriminant Validity dan Construct Realibility

When Cronbach's alpha value shows a value between 0.6 and 0.7, it can be said that the test results pass the reality test. And when the value is above 0.7 or even above 0.9, then the reliability of a construct is very satisfactory (Hair et al., 2017). A construct is considered valid when the value of the extracted average variance shows a value above 0.5 (Hair et al., 2017). In the following table can be seen the validity value of each construct studied.

Table 1. *Convergent Validity and Internal Consistency Realibility*

	Cronbach's Alpha	**Rho_a**	**Composite Reliability**	**AVE**
FD	0,964	0,964	0,969	0,798
IM	0,943	0,955	0,954	0,727
UG	0,917	0,939	0,936	0,685

Source : Data processed by researchers, 2023

From the data above, it can be seen that the value of Cronbach's alpha of each construct shows a number above 0.7. This result indicates that the reliability is above the minimum standard previously recommended. For the value of average variance extracted, each variable also shows the value above the recommended. Therefore, in terms of reliability and validity, the construct value is very satisfactory.

4.2. Discriminant Validity: Hetertrait-Monotrait (HTMT)

For Hetertrait-Monotrait test (HTMT) the good is below 0.90 (Hair et al., 2017). This value can still be tolerated if it does not pass the value of 1.0. In the table below it can be seen that the results of the Hetertrait-Monotrait (HTMT) test are obtained from each variable.

Table 2. Discriminant Validity : Hetertrait-Monotrait (HTMT)

	FD	**IM**	**UG**
FD			
IM	0,839		
UG	0,919	0,854	

Source : Data processed by researchers, 2023

Determinasi R-Square

From statistical analysis conducted using SmartPLS 3.0 software, it was found that the value of r-square determination in this study was 0.791 or if made in the form of percent, or it can be said that r-square determination is 79.1 percent. The remaining 20.9 percent may have been influenced by other factors not examined in the study.

4.3 Uji Hypotesis

Hypothesis testing is carried out to find out whether the hypothesis tested is in accordance with the hypothesis proposed. The value of a hypothesis is accepted if the t-statistics value shows a > number of 1.96 and significant if the P-Value value is not more than 0.05 (Hair et al., 2017). The value of the hypothesis test in this study can be seen in the following table:

Table 3. Test the hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation	T-Statistics	P Values
IM -> FD	0,284	0,274	0,092	3,084	**0,002**
UG -> FD	0,644	0,656	0,092	6,982	**0,000**

Source; Data processed by author, 2023

From the table above, it can be seen that IM has a positive and significant impact on FD. Where the test results show a t-statistics value of 3.084 and also a p-value of 0.002. As for the next variable, it also showed a positive and significant impact with a t-statistics value of 6.982 and a p-value of 0.000. This means that each independent variable in this study both showed a positive and significant impact on the dependent variables that were partially reviewed.

5. DISCUSSION

University governance frameworks offer effective mechanisms for higher education institutions to establish control and accountability measures, formulate long-term strategic plans, delineate strategic missions and visions, devise performance metrics for effectiveness, allocate annual budgets, and address stakeholder concerns. (Lambert Report 2003).(Ramı, 2018). The adoption of university governance mechanisms is geared towards enhancing university management and serving as a catalyst for competitiveness. These mechanisms enable better control, advisory roles, management, and success in strategy formulation (Lapworth, 2004).

Cressey (1953) and findings by Trompeter, Carpenter, Desai, Jones, and Riley (2013), as well as Donelson, Ege, and McInnis (2017), underscore the significance of opportunities in the context of fraud. Trompeter et al. emphasize the importance of internal controls and highlight how weak governance practices and ineffective internal controls can create opportunities for fraudulent activities. Similarly, Donelson et al. demonstrate the role of inadequate internal controls in fostering an environment conducive to fraud. Education plays a crucial role in shaping individuals' future behavior (Duarte, 2008; Lawson, 2004). What is taught in classrooms today can influence individuals' decision-making and actions, as highlighted by Blanchette and Richards (2010). However, instances of misconduct and negligence can also occur within educational environments themselves. Previous research indicates that individual behavior is the primary cause of student misbehavior (Granitz and Loewy, 2007; Guo, 2011; Murdock and Anderman, 2006). In many professions, but especially in those demanding public trust like accounting and auditing, behavior is crucial. Various stakeholders, such as management, staff, shareholders, and regulators, entrust accountants and auditors to protect their distinct interests inside a firm.

In conceptual terms, academic fraud stands in direct opposition to academic integrity, which fundamentally undermines the integrity of those involved. Also known as academic dishonesty, it encompasses any academic behavior that unfairly grants academic advantages, credits, or recognition to oneself or others (Franklyn-Stokes and Newstead, 1995), ultimately leading to a misrepresentation of students' genuine academic capabilities and understanding of knowledge. (Chan et al., 2014; Raja et al., 2009).(Nahar, 2018).

Academic fraud mencakup banyak sekali integritas yang menghancurkan tindakan dalam akademik termasuk (tetapi tidak terbatas pada) plagiarisme, free-riding, pemalsuan catatan dan penyuapan (Stuber et al., 2009).

6. CONCLUSION

A number of studies conducted in various regions have resulted in findings that budget implementation and fraud have a positive influence on university governance. However, through several studies it has been proven that budget implementation with media fraud may not consistently have a positive influence on universities.

Based on the results of statistical tests conducted, this study concludes that good university governance and budget implementation carried out by universities in Indonesia have a significant and positive impact on fraud. This means that the better the management and formulation of budgets carried out by campuses in Indonesia, the better the process of preventing accounting irregularities. This will certainly make universities in Indonesia better in governance, management and finance.

However, it is important to know that this study may have constraints, such as limited sample size or absence of control over other variables that impact on university governance. Therefore, it is important to validate these findings with follow-up experimental studies involving additional variables that may be influences on university governance.

References

Muhammad Nurrasyidin, dkk - Budget Implementation for Fraud Mediation and University Governance in Indonesia

ORIGINALITY REPORT

17%	9%	14%	4%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Hafiez Sofyani, Haslida Abu Hasan, Zakiah Saleh. "Does internal control contribute to quality management in higher education institutions? Indonesia's adoption experience of the COSO integrated framework", The TQM Journal, 2022 Publication	1%
2	Heather M. Rintoul, Duncan MacLellan. "A Consideration of Ethical Leadership in Ontario University Governance", Emerald, 2016 Publication	1%
3	dro.dur.ac.uk Internet Source	1%
4	Ana Lúcia Lima Gadelha, Luis Borges Gouveia, Anabela Mesquita Sarmento. "Essential internal control: evidence from the executive branch of the State of Ceará", Revista de Gestão, 2022 Publication	1%

5	Quyên, Đỗ Thị Ngọc. "Developing University Governance Indicators and their Weighting System Using a Modified Delphi Method", Procedia - Social and Behavioral Sciences, 2014. Publication	1 %
6	Bernard Bekuni Boawei Bingab, Joseph Ato Forson, Anselm Komla Abotsi, Theresa Yabaah Baah-Ennumh. "Strengthening university governance in sub-Sahara Africa: the Ghanaian perspective", International Journal of Educational Management, 2018 Publication	1 %
7	digilibadmin.unismuh.ac.id Internet Source	1 %
8	ejournal.uin-suka.ac.id Internet Source	1 %
9	International Journal of Emerging Markets, Volume 6, Issue 2 (2011-04-03) Publication	1 %
10	Bambang Tjahjadi, Noorlailie Soewarno, Elga Astri, Hariyati Hariyati. "Does intellectual capital matter in performance management system-organizational performance relationship? Experience of higher education institutions in Indonesia", Journal of Intellectual Capital, 2019 Publication	1 %

11	R Yuliviona, E Azliyanti, E S Tasri, Lindawati. "The effect of tourist attraction, location and promotion toward local tourist decision visit to Air Manis beach in Padang city in new normal policy", IOP Conference Series: Earth and Environmental Science, 2021 Publication	<1 %
12	ecedweb.unomaha.edu Internet Source	<1 %
13	Fuad Rakhman. "Budget implementation in a risky environment: evidence from the Indonesian public sector", Asian Review of Accounting, 2019 Publication	<1 %
14	Submitted to University of Sheffield Student Paper	<1 %
15	academics.morris.umn.edu Internet Source	<1 %
16	www.researchgate.net Internet Source	<1 %
17	Submitted to University of Greenwich Student Paper	<1 %
18	Submitted to Sriwijaya University Student Paper	<1 %
19	www.coursehero.com Internet Source	<1 %

20	Submitted to Universitas Sultan Ageng Tirtayasa Student Paper	<1%
21	repository.stie-sak.ac.id Internet Source	<1%
22	ummaspul.e-journal.id Internet Source	<1%
23	www.scitepress.org Internet Source	<1%
24	jurnal.unimus.ac.id Internet Source	<1%
25	www1.hkexnews.hk Internet Source	<1%
26	Submitted to University of East London Student Paper	<1%
27	doaj.org Internet Source	<1%
28	www.ejournal.radenintan.ac.id Internet Source	<1%
29	Andi Eko Pramono Pramono. "THE ROLE OF FOLLOWER CHARACTERISTICS AS A MEDIATOR BETWEEN THE INFLUENCE OF INSPIRATIONAL LEADERSHIP AND HAPPINESS AT WORK", International Journal	<1%

of Economics, Business, and Entrepreneurship, 2023
Publication

30	inspiree.review Internet Source	<1 %
31	migrationletters.com Internet Source	<1 %
32	www.econjournals.com Internet Source	<1 %
33	www.unisbank.ac.id Internet Source	<1 %
34	Roni Budianto, Denny Susanto, Seandy Ginanjar, Eko Suyono. "Factors affecting on the quality of financial reports in small and medium size enterprises", Risk Governance and Control: Financial Markets and Institutions, 2024 Publication	<1 %
35	Nawang Kalbuana, Muhamad Taqi, Lia Uzliawati, Dadan Ramdhani. "The Effect of Profitability, Board Size, Woman on Boards, and Political Connection on Financial Distress Conditions", Cogent Business & Management, 2022 Publication	<1 %
36	Sylva Alif Rusmita, Moh.Saifin Ami An-Nafis, Indria Ramadhani, Mohammad Irfan.	<1 %

"chapter 14 The Effect of Good Corporate Governance on Financial Distress in Companies Listed in Sharia Stock Index Indonesia", IGI Global, 2023
Publication

37	datakata.files.wordpress.com Internet Source	<1 %
38	www.journal2.uad.ac.id Internet Source	<1 %
39	Mamorena Lucia Matsoso, Moses Nyathi, Franklin A. Nakpodia. "An assessment of budgeting and budgetary controls among small and medium-sized enterprises: evidence from a developing economy", Journal of Accounting in Emerging Economies, 2021 Publication	<1 %

Exclude quotes	Off	Exclude matches	Off
Exclude bibliography	Off		