

Against Fraud: How Religious-Based Values Accounting Work

Elex Sarmigi

elexsarmigi@gmail.com

Institut Agama Islam Negeri Kerinci, Jambi, Indonesia

Sri Rahayu

sriahayufeb@unja.ac.id

Universitas Jambi, Indonesia

Enggar Diah Puspa Arum

enggar_diah@unja.ac.id

Universitas Jambi, Indonesia

Rico Wijaya Z

ricowijaya@unja.ac.id

Universitas Jambi, Indonesia

Abstract

Fraud is a widespread issue that can cause significant harm across various sectors, including government, business, and educational institutions. Several theories, such as the Fraud Triangle, Fraud Diamond, and Fraud Hexagon, have been developed to understand the factors that drive individuals to commit fraud. This research aims to analyze the role of religiosity values in minimizing fraudulent actions using a qualitative method and a literature study approach. Data were collected through an analysis of literature from journals, books, and previous research that examined the relationship between religiosity and fraudulent behavior. The findings indicate that religiosity plays a significant role in reducing individuals' intention and opportunity to commit fraud. Individuals with a good understanding of religion tend to have a stronger moral awareness, making it more difficult for them to rationalize fraudulent actions. Furthermore, religious values can help individuals manage pressure and suppress ego/arrogance, which are key elements in the Fraud Hexagon theory. Although religiosity serves as a deterrent to fraud, this study also finds that external factors such as opportunity and collusion continue to contribute to fraudulent behavior.

Keywords: Fraud Prevention; Religiosity; Fraud Hexagon Theory; Attribution Theory; Islamic Accounting

Abstrak

Fraud atau kecurangan merupakan masalah yang dapat merugikan berbagai sektor, baik dalam pemerintahan, bisnis, maupun institusi pendidikan. Berbagai teori, seperti Fraud Triangle, Fraud Diamond, dan Fraud Hexagon, telah dikembangkan untuk memahami faktor-faktor yang mendorong seseorang melakukan kecurangan. Penelitian ini bertujuan untuk menganalisis peran nilai religiusitas dalam meminimalisir tindakan fraud dengan menggunakan metode kualitatif dan pendekatan studi pustaka. Data dikumpulkan melalui analisis literatur dari jurnal, buku, serta penelitian terdahulu yang membahas hubungan antara religiusitas dan perilaku fraud. Hasil penelitian menunjukkan bahwa religiusitas memiliki pengaruh yang signifikan dalam mengurangi niat dan peluang seseorang untuk melakukan fraud. Individu dengan pemahaman agama yang baik cenderung memiliki kesadaran moral yang lebih kuat, sehingga lebih sulit untuk melakukan rasionalisasi atas tindakan kecurangan. Selain itu, nilai-nilai religius dapat membantu seseorang dalam mengelola tekanan (pressure) dan menekan sifat keangkuhan (ego/arrogance), yang merupakan beberapa faktor utama dalam Fraud Hexagon. Meskipun religiusitas berperan sebagai penghambat fraud, penelitian ini juga menemukan bahwa faktor eksternal seperti kesempatan (opportunity) dan kolusi (collusion) tetap berkontribusi dalam mendorong tindakan fraud.

Kata Kunci: Pencegahan Fraud; Religiusitas; Teori Fraud Hexagon; Teori Atribusi

Introduction

Fraud or financial misconduct is a serious issue that continues to undermine various sectors in Indonesia, including government, business, and financial institutions. Fraud can take various forms, such as corruption, financial statement manipulation, asset misappropriation, and deceptive practices that harm both individuals and organizations. This phenomenon not only affects the economic sector but also erodes public trust in existing systems and institutions. According to a report by the Association of Certified Fraud Examiners (ACFE) Indonesia Chapter, cases of fraud in Indonesia have been increasing every year.¹ One of the most frequently occurring forms of fraud is corruption, as evidenced by the 2019 Indonesia Fraud Survey, which reported that 64.4% of respondents identified corruption as

¹ ACFE, *Report of the Nation: Global Study on Occupational Fraud and Abuse*, (2018).

the most common type of fraud in Indonesia.² The primary factors contributing to fraud in Indonesia include weaknesses in the internal control system, lack of transparency and accountability, and the absence of a strong ethical culture in the workplace. Additionally, weak law enforcement and low public awareness regarding the importance of reporting fraudulent activities further exacerbate this issue.

The impact of fraud is extensive, ranging from significant financial losses and increased economic costs due to budget misappropriation to a decline in public trust in both government and private institutions.³ Therefore, strategic measures are needed, such as strengthening regulations, enhancing monitoring systems, and implementing technology in fraud prevention to reduce the prevalence of this crime in Indonesia.

Various efforts have been made to prevent and combat fraud, such as implementing stricter internal control systems, increasing transparency, and enforcing stricter legal measures. However, despite the strengthening of regulations, fraud cases continue to occur. This indicates that, in addition to structural and regulatory approaches, another approach is needed—one that emphasizes individual awareness in upholding ethical and moral values. One such approach is instilling religious values as a means of internal fraud prevention, fostering integrity from within the individual.⁴

Religiosity reflects the extent to which an individual internalizes religious values in daily life, including aspects of morality, work ethics, and social responsibility.⁵ In various religious teachings, values such as honesty, justice, responsibility, and trustworthiness are strongly emphasized as essential aspects of a good and meaningful life. An individual with a high level of religiosity is believed to possess a stronger moral awareness, which can reduce the tendency to commit

² Association of Certified Fraud Examiners (ACFE) Indonesia, *Survei Fraud Indonesia 2019*, (2019).

³ Lisic, L. L., Silveri, S. D., Song, Y., & Wang, K, Accounting fraud, auditing, and the role of government sanctions in China, *Journal of Business Research*, 68(6), (2015), 1186–1195.

⁴ Wisker, Z. L., & Rosinaite, V, To cite this article: Zazli Lily Wisker, Vikinta Rosinaite. The Effect of Religiosity and Personality on Work Ethics: A Case of Muslim Managers, *Science Journal of Business and Management. Special Issue: Ethical Challenges in the 21st Century*, 4(1), (2016), 1–9. <https://doi.org/10.11648/j.sjbm.s.2016040101.11>

⁵ Mohdali, R., & Pope, J, The influence of religiosity on taxpayers' compliance attitudes: Empirical evidence from a mixed-methods study in Malaysia. *Accounting Research Journal*, 27(1), (2014), 71–91.

fraud, even when opportunities arise.⁶

Various studies have revealed that religiosity plays a crucial role in fraud prevention across different sectors, including government, business, and finance. A study conducted by Karami et al. (2014) found that individuals with a high level of religiosity tend to exhibit stronger ethical behavior in business decision-making, as they believe that all actions will be morally and spiritually accountable.⁷ Similar findings were confirmed by Vitell et al. (2009), who examined the relationship between religiosity and fraud in government accounting. Their research revealed that employees with strong religious values are more likely to avoid fraudulent activities in state budget management.⁸

Religiosity can reduce the intention to commit financial statement fraud.⁹ The experimental study they conducted on accountants and financial managers demonstrated that religious values promote compliance with accounting standards and inhibit the motivation to manipulate financial data for personal gain. Additionally, Mamahit & Urumsah (2018) highlighted that religiosity not only reduces an individual's tendency to commit fraud but also increases their willingness to report fraudulent activities (whistleblowing).¹⁰ A workplace environment that supports religious practices and transparency fosters awareness and encourages individuals to report fraudulent practices within their organizations.

From these various studies, it can be concluded that religiosity serves as a key deterrent to fraudulent activities by instilling moral values such as honesty, responsibility, and accountability. However, religiosity alone is not sufficient to completely eliminate fraud. It must be complemented by strict monitoring systems, strong regulations, and

⁶ Rashid, M. H. U., Buhayan, M. S. A., Masud, M. A. K., & Sawyer, A, Impact of governance quality and religiosity on tax evasion: evidence from OECD countries, In *Advances in Taxation* (2021), (pp. 89–110), Emerald Publishing Limited.

⁷ Karami, M., Olfati, O., & J. Dubinsky, A, Influence of religiosity on retail salespeople's ethical perceptions: the case in Iran, *Journal of Islamic Marketing*, 5(1), (2014), 144–172.

⁸ Vitell, S. J., Bing, M. N., Davison, H. K., Ammeter, A. P., Garner, B. L., & Novicevic, M. M, Religiosity and moral identity: The mediating role of self-control, *Journal of Business Ethics*, 88, (2009), 601–613.

⁹ McGuire, S. T., Omer, T. C., & Sharp, N. Y, The Impact of Religion on Financial Reporting Irregularities, *The Accounting Review*, 87(2), (2012), 645–673. <http://www.jstor.org/stable/23245618>

¹⁰ Mamahit, A. I., & Urumsah, D, The comprehensive model of whistle-blowing, forensic audit, audit investigation, and fraud detection. *Journal of Accounting and Strategic Finance*, 1(2), (2018), 153–162.

an organizational culture that promotes ethics and transparency to ensure more effective fraud prevention. Therefore, integrating religious values can serve as a sustainable strategy in fostering individual and organizational integrity as part of broader efforts to prevent fraud across various sectors.

Embedding religiosity values in the context of fraud prevention can serve as a relevant alternative, considering that many cultures and societies have strong religious foundations. The moral values taught by religions can strengthen individuals' moral awareness and foster a sense of responsibility toward actions that could harm others. By highlighting religiosity, this research contributes to a more holistic approach to fraud prevention, one that not only relies on external measures but also involves internal changes within individuals.

Thus, the novelty of this research lies in its approach of integrating religiosity values as a strategic effort in preventing fraud. In many previous studies, the primary focus on preventing fraudulent actions has often been directed at legal aspects, oversight policies, and operational procedures. However, this research seeks to offer a different perspective by emphasizing the important role of religious values in shaping the integrity of individuals and organizations.

Methods

This study employs a qualitative method with a library research approach to analyze how the integration of religious values can contribute to fraud prevention. The library research method is chosen because this study aims to explore, understand, and analyze various concepts, theories, and previous research findings related to fraud, religiosity, and ethics in organizations. Through this approach, the research focuses on relevant literature sources, including books, scholarly journals, academic articles, research reports, and official documents that discuss the related topic. The keywords used for searching reference sources in this research are "Fraud, Religiosity, and Fraud Prevention".

The data in this study is obtained from various published references that have been validated for their credibility. Data sources are collected by reviewing literature that discusses fraud theories, which explain the factors causing fraud within organizations. The author has obtained a total of 37 relevant sources to support this research. To analyze the

data, this study employs content analysis, which involves examining, interpreting, and connecting various concepts found in the literature. The analysis is conducted systematically by comparing previous research findings to identify patterns, similarities, and differences in various studies related to fraud and religiosity. This approach enables the study to determine how religious values can be applied in fraud prevention, both at the individual and organizational levels.

Overall, this research method is designed to provide in-depth insights into the relationship between religiosity and fraud prevention through theoretical studies and previous research findings. By utilizing library research as the primary approach, this study is expected to make a significant academic contribution and offer practical recommendations for organizations to implement religious values as a strategy for fraud prevention.

Result and Discussion

Fraud from an Islamic Perspective

In Islam, fraud or deception is strictly prohibited as it contradicts the fundamental principles of honesty, justice, and trustworthiness, which are core teachings of Islam. Fraud in various forms, such as deception, abuse of authority, financial statement manipulation, and corruption, is considered a harmful act that negatively impacts both individuals and society as a whole. Islam teaches that every individual is responsible for their actions in this world and will be held accountable in the hereafter. Therefore, Islam emphasizes the importance of integrity and honesty in all aspects of life, including in business, governance, and social activities.

In Islam, fraud is an act that contradicts the fundamental values of honesty, trustworthiness, and justice. The Qur'an and Hadith explicitly prohibit all forms of deception, whether in trade, work, or social life. Islam also teaches that honesty and integrity are the key principles that must be upheld in conducting economic and social activities. Therefore, to prevent fraud, Islam emphasizes the importance of instilling religious values, fostering honest character, and implementing fair and transparent systems in various aspects of life.

he Qur'an explicitly prohibits all forms of fraud and deception. One of the verses related to this prohibition is found in Surah Al-Mutaffifin (83:1-3), which states:

وَيْلٌ لِّلْمُطَفِّفِينَ الَّذِينَ إِذَا اكْتَالُوا عَلَى النَّاسِ يَسْتَوْفُونَ وَإِذَا كَالُوهُمْ أَوْ وَزَنُوهُمْ يُخْسِرُونَ

"Woe to those who give less [than due], those who, when they take a measure from people, take in full, but if they give by measure or weight to them, they cause loss".
(QS. Al-Mutaffifin: 1-3)

This verse specifically highlights fraudulent trade practices, but more broadly, it encompasses all forms of dishonesty in daily life. Islam teaches that honesty and justice must be the foundation of interactions with others, whether in economic transactions or in fulfilling entrusted responsibilities. Upholding these values ensures fairness and trustworthiness in all aspects of life, reinforcing ethical behavior in both personal and professional settings.

Additionally, in a Hadith narrated by Muslim, the Prophet Muhammad (SAW) said:

"Whoever cheats (or deceives) is not one of us." (HR. Muslim No. 101)

This hadith demonstrates that Islam strongly opposes all forms of fraud and deception. The Prophet Muhammad (SAW) emphasized that those who engage in fraudulent acts have deviated from the principles of Islam, which uphold honesty and integrity. This reinforces the idea that fraud is not only a legal offense but also a serious moral and religious violation that contradicts the ethical foundations of Islamic teachings.

Consequences of Fraud in Islam

Corruption and fraud in any form are forbidden in Islam. This is based on the principles of justice and the respect for others' rights. Corruption and deceit are considered forms of injustice that harm society and the nation.¹¹ Fraud, including corruption, is forbidden in Islam. This is explained in various fiqh texts, which state that any action that harms others or violates justice is a major sin and must be avoided.¹² Any form of fraud committed by individuals or officials, such as taking property unlawfully, is forbidden in Islam. He

¹¹ The Indonesian Ulema Council (MUI), Fatwa MUI No. 01/DSN-MUI/IV/2000 on the Law of Corruption, states that corruption is forbidden because it harms society and the nation, and contradicts the principles of justice and goodness in Islam.

¹² Al-Azhar University, Fatwa on the Law of Corruption and Fraud, which asserts that fraudulent actions, including corruption, are forbidden because they are forms of injustice and the violation of others' rights.

emphasizes that Islam teaches honesty, fairness, and trustworthiness, both in business transactions and in daily life.¹³

Islam imposes severe consequences on those who commit fraud, including moral, social, and eternal punishments. In Surah An-Nisa (4:29), Allah SWT states:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ
مِنْكُمْ ۚ وَلَا تَقْتُلُوا أَنْفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

"O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful." (QS. An-Nisa: 29)

This verse emphasizes that gaining profit through unlawful means, including fraud, is strictly forbidden in Islam. It highlights that wealth obtained through deception and dishonesty lacks blessings (barakah) and can ultimately lead to the ruin of the perpetrator. Islam teaches that sustenance (rizq) gained through fraudulent acts will not bring true prosperity, as it violates the principles of justice, honesty, and ethical conduct. Instead, such illicit gains may lead to moral, social, and even financial destruction, both in this world and in the hereafter.

In the Hereafter, perpetrators of fraud will face severe punishment, as mentioned in Surah Al-Baqarah (2:188):

وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْلُوا بِهَا إِلَى الْحُكَّامِ لِتَأْكُلُوا فَرِيقًا مِّنْ أَمْوَالِ النَّاسِ
بِالْإِثْمِ وَأَنْتُمْ تَعْلَمُونَ

"And do not consume one another's wealth unjustly or send it to the rulers to consume a portion of others' wealth sinfully while you know it is wrong." (QS. Al-Baqarah: 188).

This verse warns that fraudulent actions not only have consequences in this world but will also lead to repercussions in the Hereafter.

¹³ Sheikh Yusuf al-Qaradawi, *Fiqh al-Zakah*, which emphasizes that fraudulent actions and corruption are forbidden because they violate the principles of honesty and trustworthiness outlined in Islam. See Yusuf al-Qaradawi, *Fiqh al-Zakah* (1999). Dar al-Qalam.

Fraud Prevention through the Cultivation of Religious Values

Fraud is one of the major challenges across various sectors, including government, business, and social organizations. Research indicates that fraud occurs due to a combination of pressure, opportunity, and rationalization, which enable individuals to engage in fraudulent activities.

In this context, religious values play a crucial role in preventing fraud by shaping individuals with stronger integrity, honesty, and a sense of responsibility. By instilling these values, individuals are more likely to develop ethical awareness and moral consciousness, which serve as deterrents against fraudulent behavior.¹⁴

The cultivation of religious values has proven to be an effective strategy in fraud prevention. By fostering strong moral and spiritual awareness, individuals develop a greater sense of responsibility and fear of the consequences of their actions, both in this world and the hereafter.¹⁵ Therefore, religious values need to be instilled in various aspects of life, including education, work culture, and organizational policies, to create a more transparent and integrity-driven environment.¹⁶ The implementation of work ethics based on religious values can foster accountability in financial reporting, thereby reducing the risk of fraud.¹⁷

Religiosity refers to an individual's level of adherence to religious values, encompassing aspects of belief, worship practices, and application in daily life. In various scholarly works, religiosity is considered to play a crucial role in preventing fraudulent behavior by fostering strong moral and ethical awareness. According to research by Vitell et al. (2009) individuals with a high level of religiosity tend

¹⁴ Tiffani, N. H., & Widodo, C, Determinants Of Accounting Fraud Tendency: The Role Of Religiosity As A Moderating Variable, *Journal of Economic, Bussines and Accounting (COSTING)*, 7(4), (2024), 8588–8596.

¹⁵ Karami, M., Olfati, O., & J. Dubinsky, A, Influence of religiosity on retail salespeople's ethical perceptions: the case in Iran, *Journal of Islamic Marketing*, 5(1), (2014), 144–172.

¹⁶ Tarjo, T., Anggono, A., Alim, M. N., Said, J., & Mohd-Sanusi, Z, Religiosity, ethical leadership and local wisdom in moderating the effect of fraud risk management on asset misappropriation: evidence from local government in Indonesia, *Journal of Islamic Accounting and Business Research*, (2024).

¹⁷ Kamaruddin, M. I. H., Auzair, S. M., Rahmat, M. M., & Muhamed, N. A, The mediating role of financial governance on the relationship between financial management, Islamic work ethic and accountability in Islamic social enterprise (ISE), *Social Enterprise Journal*, 17(3), (2021), 427–449.

to avoid unethical behavior, including fraud.¹⁸

In Islam, the concept of religiosity encompasses five main dimensions as proposed by Glock & Stark (1965):

1. Ideological Belief – Understanding that fraud is a major sin that will be held accountable in the Hereafter.
2. Ritualistic Practice – Religious practices such as prayer, fasting, and reading the Qur'an strengthen an individual's moral awareness.
3. Experiential – Those with strong spiritual experiences tend to be more cautious in their actions.
4. Intellectual – A deep understanding of religious teachings helps individuals avoid actions that harm others.
5. Consequential Practice – Religiosity applied in daily life fosters honesty and integrity in individuals.¹⁹

The concept of faith that must be upheld by a Muslim to avoid actions of fraud that harm others is known as the Hierarchy of Faith or *Sy'ab al-iman*, which consists of:

1. Tayyib al-Qalbi (Sincerity of the heart): Believing in Allah with a sincere heart, without any doubt.
2. Amal Saleh (Good deeds): Performing actions by Islamic law.
3. Sabar and Syukur (Patience and Gratitude): Showing steadfastness in facing life's trials and being grateful for all the blessings from Allah.²⁰

Research indicates that the cultivation of religious values can be carried out through various means, including within family, educational, and workplace environments. The following are some strategies that can be implemented to prevent fraud:

1. Moral and Religious Education from an Early Age – Religious education provided from an early age helps shape strong character and instills the values of honesty and responsibility. Schools and educational institutions should emphasize that fraudulent behavior is contrary to religious teachings.
2. Work Culture Based on Religious Values – Organizations and

¹⁸ Vitell, S. J., Bing, M. N., Davison, H. K., Ammeter, A. P., Garner, B. L., & Novicevic, M. M, Religiosity and moral identity: The mediating role of self-control, *Journal of Business Ethics*, 88, (2009), 601–613.

¹⁹ Glock, C. Y., & Stark, R, Is there an American protestantism? Nearly all Americans believe in God—But not in the same God. *Trans-Action*, 3(1), (1965), 8.

²⁰ Qaradawi, Yusuf al-. *Fiqh al-Zakah. Dar al-Qalam*, 1999

companies can establish a work culture rooted in religiosity by implementing transparency policies, conducting religious studies, and encouraging employees to uphold ethical standards in their work. Research by Weaver & Agle (2002) suggests that companies incorporating religious values in the workplace tend to have lower levels of fraud.²¹

3. Implementation of Monitoring Systems and Moral Sanctions – In addition to strict regulations, applying moral sanctions based on religiosity can deter individuals from engaging in fraud. The fear of punishment both in this world and the Hereafter serves as a strong deterrent against fraudulent intentions.
4. Raising Awareness Through Preaching and Religious Studies – Regular religious preaching and studies can serve as effective tools to enhance awareness of fraud's dangers. Religious leaders play a crucial role in educating society about the negative impacts of fraud and the importance of maintaining integrity.

Fraud can be minimized through the cultivation of religiosity and spirituality within individuals.²² Religion is believed to regulate individual behavior (Biduri & Tjahjadi, 2024).²³ The higher a person's level of spirituality, the better they can control their behavior by avoiding unethical actions.²⁴ A strong religious belief is expected to prevent illegal behavior through feelings of guilt, particularly in ethical matters.²⁵ Individuals with a good understanding of religion tend to possess strong moral values, which in turn help minimize the risk of fraud.²⁶ Furthermore, those with strong religious understanding

²¹ Weaver, G. R., & Agle, B. R, Religiosity and ethical behavior in organizations: A symbolic interactionist perspective, *Academy of Management Review*, 27(1), (2002), 77–97.

²² Purnamasari, P., & Amaliah, I, Fraud Prevention: Relevance to Religiosity and Spirituality in the Workplace. *Procedia - Social and Behavioral Sciences*, 211(September), (2015), 827–835. <https://doi.org/10.1016/j.sbspro.2015.11.109>

²³ Biduri, S., & Tjahjadi, B, Determinants of financial statement fraud: the perspective of pentagon fraud theory (evidence on Islamic banking companies in Indonesia), *Journal of Islamic Accounting and Business Research*, (2024).

²⁴ Said, J., Alam, M. M., Karim, Z. A., & Johari, R. J, Integrating religiosity into fraud triangle theory: findings on Malaysian police officers, *Journal of Criminological Research, Policy and Practice*, 4(2), (2018), 111–123.

²⁵ Giovano, Andre., Wibowo, A. S., & Yanuarisa, Y, Pengaruh Love Of Money dan Religiusitas Terhadap Kecenderungan Fraud Accounting Dana Desa dengan Gender sebagai Variabel Moderasi Pada Desa di Kecamatan Katingan Tengah, *Balance*, 12(6), (2020), 2. <https://e-journal.upr.ac.id/index.php/blnc/article/view/1879>

²⁶ Istifadah, R. U., & Senjani, Y. P, Religiosity as the moderating effect of diamond fraud and personal ethics on fraud tendencies, *Journal of Islamic Accounting and Finance*

are more likely to act by ethical principles,²⁷ where ethical values themselves are also a key factor in reducing the likelihood of fraud.²⁸

The integration of religious aspects into professional ethics provides a strong foundation for addressing fraud in today's world. For Muslims, adherence to professional codes of ethics reflects a positive image in their profession, as the principle of tawhid, which underpins the Islamic worldview, necessitates an ethical commitment manifested in actions.²⁹ Individuals with a high level of religiosity tend to be more responsible in their work and are less likely to engage in fraudulent activities, including corruption, abuse of authority, and financial statement manipulation.³⁰ Organizations that incorporate religious values into their work culture tend to exhibit higher levels of transparency and accountability.³¹ Additionally, companies that embed religious ethics into their internal policies demonstrate greater compliance with regulations, thereby minimizing the risk of fraud.³²

The Relationship Between Attribution Theory and Religiosity in the Context of Fraud

Religious individuals often experience value conflicts when faced with situations that present opportunities for fraud. On one hand, religious values encourage honesty and discourage actions that harm others.³³ On the other hand, pressures or temptations to commit fraud

Research, 2 (1), (2020), 91, 116.

²⁷ Hayati, N., & Amalia, I, The effect of religiosity and moderation of morality on fraud prevention in the management of village funds, *The Indonesian Accounting Review*, 11(1),(2021). 105. <https://doi.org/10.14414/tiar.v11i1.2297>

²⁸ Fernandhytia, F., & Muslichah, M, The Effect of Internal Control, Individual Morality and Ethical Value on Accounting Fraud Tendency, *Media Ekonomi Dan Manajemen*, 35(1), (2020), 112. <https://doi.org/10.24856/mem.v35i1.1343>

²⁹ Awang, Y., Abdul Rahman, A. R., & Ismail, S, The influences of attitude, subjective norm and adherence to Islamic professional ethics on fraud intention in financial reporting, *Journal of Islamic Accounting and Business Research*, 10(5), (2019), 710–725.

³⁰ Mohamed, I. S., Mohamed, N., & Sulistyowati, E, Islamic Work Ethics, Good Corporate Governance Practices and Fraudulent Financial Statements. *Asia-Pacific Management Accounting Journal*, 18(2), (2023).

³¹ Stack, S., & Kposowa, A, The effect of religiosity on tax fraud acceptability: A cross-national analysis, *Journal for the Scientific Study of Religion*, 45(3), (2006), 325–351.

³² Sharma, S., Singh, G., Gaur, L., & Sharma, R, Does psychological distance and religiosity influence fraudulent customer behaviour? *International Journal of Consumer Studies*, 46(4), (2022), 1468–1487.

³³ Arifin, J, Determinants of the effectiveness of audit procedures in revealing fraud: An attribution theory approach, *International Journal of Research in Business and Social Science* (2147-4478), 11(6), (2022), 378–387.

may drive them to violate these values.³⁴ In some cases, individuals who commit fraud may attempt to justify their actions using religious reasoning. For example, they may argue that their fraudulent actions serve a greater good or that they have divine permission to act in such a way. This represents a form of positive internal attribution but with a religious justification. For example, individuals may argue that their fraudulent actions serve a greater good or that they have been granted divine permission to commit such acts. This represents a form of positive internal attribution but with a religious justification. Religion can serve as a powerful mechanism of social control. Religious individuals tend to fear divine punishment if they engage in actions that violate religious teachings. However, this deterrent is not always effective, especially if individuals interpret religious doctrines differently or believe that God will ultimately forgive all their transgressions. Understanding the relationship between attribution theory and religiosity in the context of fraud can enhance efforts to prevent fraudulent behavior. By examining how individuals justify unethical actions through religious reasoning, organizations and policymakers can develop strategies that reinforce ethical conduct and reduce the risk of fraud. Several measures can be taken, including:

1. Strengthening Religious Values – Encouraging individuals to develop a deeper understanding and appreciation of religious principles.
2. Preventing the Misuse of Religion – Ensuring that religious teachings are not manipulated to justify unethical behavior.
3. Establishing a Strong Internal Control System – While religiosity can act as a deterrent, a robust internal control system is still necessary to minimize opportunities for fraud.

In Islam and Secularism, al-Attas states that the loss of adab has led to the corruption of knowledge and morality within the Muslim community, which in turn gives rise to false leaders and unethical actions that harm the ummah.³⁵

In summary, religiosity can influence fraudulent behavior, but it does not guarantee that an individual will always act ethically.

³⁴ Wong-On-Wing, B., & Lui, G, Culture, implicit theories, and the attribution of morality, *Behavioral Research in Accounting*, 19(1), (2007), 231–246.

³⁵ Al-Attas, Syed Muhammad Naquib, *Prolegomena to the Metaphysics of Islam*, Kuala Lumpur: International Institute of Islamic Thought and Civilization, 1995.

Attribution theory helps us understand how religious individuals may justify fraudulent actions.³⁶

Religiosity and Its Relationship with the Fraud Hexagon Theory

Religiosity plays a crucial role in shaping an individual's morality and ethics, ultimately influencing their tendency to engage in fraudulent behavior. Within the Fraud Hexagon framework, religiosity can serve as a deterrent, inhibiting a person's intention to commit fraud. For instance, individuals with a high level of religiosity tend to exhibit greater patience and self-control when facing financial pressures or environmental demands, thereby reducing their urge to commit fraud to meet specific needs or targets. A study on stimulus and fraud, moderated by religiosity Purnamasari & Amaliah (2015) found that religiosity negatively affects fraudulent tendencies. However, religiosity primarily mitigates the impact of weak pressures or stimuli, rather than strong external pressures. This suggests that religiosity is a moral safeguard against fraudulent behavior, reinforcing internal ethical values and shaping an ethical perspective toward external circumstances.³⁷

In terms of capability, although an individual may possess the skills necessary to commit fraud, religiosity can serve as a controlling factor that prevents them from using their abilities for unethical purposes. Research conducted by McGuire et al. (2012) indicates that religiosity influences fraud prevention; even when individuals can commit fraud, a strong understanding of religious values acts as a deterrent, reducing their desire to engage in fraudulent activities. Thus, religiosity functions as a moral filter that shapes how an individual utilizes their abilities, preventing them from applying their skills in ways that violate ethical or legal standards.³⁸

Similarly, in cases of collusion, individuals who uphold strong religious values are more likely to resist invitations or pressure from

³⁶ Tseng, L.-M., & Kuo, C.-L, Customers' attitudes toward insurance frauds: an application of Adams' equity theory. *International Journal of Social Economics*, 41(11), (2014), 1038–1054.

³⁷ Purnamasari, P., & Amaliah, I, Fraud Prevention: Relevance to Religiosity and Spirituality in the Workplace. *Procedia - Social and Behavioral Sciences*, 211(September), (2015), 827–835. <https://doi.org/10.1016/j.sbspro.2015.11.109>

³⁸ McGuire, S. T., Omer, T. C., & Sharp, N. Y, The Impact of Religion on Financial Reporting Irregularities, *The Accounting Review*, 87(2), (2012), 645–673. <http://www.jstor.org/stable/23245618>

others to engage in fraudulent cooperation. Collusion typically occurs due to social pressure, opportunity, or financial incentives from external parties that encourage individuals to collaborate in fraudulent activities. However, religiosity moderates these external influences by altering how individuals perceive such pressures or incentives and by strengthening their resistance to unethical actions.³⁹ Thus, religiosity serves as a moral safeguard, reducing the negative impact of collusion on fraudulent behavior—both by reinforcing internal ethical values and by fostering rejection of external influences that promote fraudulent conduct.

Moreover, honesty and responsibility, instilled through religious teachings, can prevent individuals from exploiting available opportunities, thereby narrowing the chances of engaging in fraud. Opportunities for fraud are often viewed as the result of specific situations or conditions that facilitate fraudulent behavior.⁴⁰ External circumstances that create opportunities may include weak corporate policies, lack of oversight, or a permissive work environment. However, religiosity moderates how individuals respond to these opportunities. Thus, religiosity acts as a mitigating factor, reducing the negative influence of opportunities for fraudulent behavior by providing a strong moral foundation. This encourages individuals to consider ethical and spiritual values in their decision-making processes, thereby discouraging them from exploiting fraudulent opportunities.

Furthermore, the aspect of rationalization, in which individuals attempt to justify fraudulent actions, can also be minimized through strong moral and spiritual awareness. The belief in moral consequences or spiritual punishment can deter individuals from seeking justifications for engaging in fraud. When religious individuals are faced with the opportunity to rationalize fraudulent behavior, they are more likely to reflect on their religious teachings and the moral consequences of their actions.⁴¹ Religiosity helps individuals assess whether their

³⁹ Sharma, S., Singh, G., Gaur, L., & Sharma, R, Does psychological distance and religiosity influence fraudulent customer behaviour? *International Journal of Consumer Studies*, 46(4), (2022), 1468–1487.

⁴⁰ Said, J., Alam, M. M., Karim, Z. A., & Johari, R. J, Integrating religiosity into fraud triangle theory: findings on Malaysian police officers, *Journal of Criminological Research, Policy and Practice*, 4(2), (2018), 111–123.

⁴¹ Apsari, A. K., & Suhartini, D, Religiosity as Moderating of Accounting Student Academic Fraud with a Hexagon Theory Approach, *Accounting and Finance Studies*, 1(3), (2021), 212–231.

justifications for fraudulent actions align with the moral values they uphold. It not only serves as a deterrent against rationalization but also provides a strong moral framework that encourages individuals to act with integrity, even when confronted with opportunities to engage in unethical behavior.

Moreover, ego or arrogance can also be mitigated by religiosity, as religious teachings generally emphasize humility and awareness of moral boundaries. Consequently, religious individuals are less likely to feel superior or immune to legal and ethical constraints, which is one of the key factors behind ego-driven fraud.⁴² Some individuals may perceive fraudulent actions as an acceptable means to meet external demands, such as pressure to achieve targets or overcome financial difficulties.⁴³ However, religious individuals are more likely to assess such situations through the lens of their religious values. Even when faced with situations that encourage self-centered behavior, religiosity can help individuals resist justifications for fraudulent actions. Thus, religiosity serves as a barrier against the negative influence of egoism in fraud-related decisions, encouraging individuals to act with integrity and responsibility, even when they encounter pressure or opportunities to engage in unethical behavior.

Conclusion

In the context of religion, dishonesty, betrayal, and the abuse of trust are actions that are highly detrimental and can lead individuals or groups to greater losses. Those who engage in such actions are considered to be among the hypocrites. Therefore, it is important to strengthen integrity and honesty through the application of strong religious and moral values to prevent fraudulent actions in various aspects of life. Religiosity plays a crucial role in preventing fraud. Research findings indicate that individuals with a high level of religiosity tend to have stronger moral awareness, making them less likely to engage in fraudulent activities. Religious values—such as

⁴² Li, X., Kim, J.-B., Wu, H., & Yu, Y, Corporate social responsibility and financial fraud: The moderating effects of governance and religiosity, *Journal of Business Ethics*, 170(3), (2021), 557–576.

⁴³ Gunanti, R., Eliza, A., & Sari, Y. M, The Effect of Hexagon Fraud Elements on Village Fund Fraud with Religiosity as a Moderating Variable. *KnE Social Sciences*, (2024), 269–295.

honesty, responsibility, and fear of moral and spiritual consequences—contribute to reducing the motivation to commit fraud, particularly in aspects of rationalization, pressure, and ego, as explained in the Fraud Hexagon theory. Although religiosity has been proven to act as a deterrent to fraud, this study also highlights that external factors, such as opportunity and collusion, can still influence individual behavior. Therefore, in addition to instilling religious values, a strong internal control system, an integrity-based organizational culture, and strict regulations are essential to ensuring a fraud-free environment. With a holistic approach, fraud prevention can be more effectively implemented through both internal individual factors and external mechanisms that promote transparency and accountability.

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