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Analysis of Factors Determining the Potential for Fraud in the Regional Apparatus Organization (OPD) of Mimika Regency

Diabel Datu Langi'[1], Ignasius Narew[2]

[1,2] Sekolah Tinggi Ilmu Ekonomi (STIE) Jambatan Bulan

Abstract

This research aims to analyze the factors influencing the potential for fraud in the Regional Apparatus Organization (OPD) of Mimika Regency using the Fraud Hexagon Theory (pressure, opportunity, rationalization, capability, arrogance, and collusion). The research method used is descriptive quantitative through the distribution of questionnaires to 100 respondents, subsequently analyzed using confirmatory factor analysis. The research results show that all factors in the fraud hexagon affect the potential for fraud, but the most dominant factors are the absence of sanctions, lack of supervision, and deceitful attitudes that reflect a weak internal control system and a permissive organizational culture. These findings confirm the need for increased supervision, the strict application of sanctions, and the strengthening of apparatus integrity in the Mimika Regency OPD to realize transparent and accountable government governance.

Keywords: ***Fraud, Fraud Hexagon Theory, OPD, Mimika Regency***

INTRODUCTION

Fraud in the government sector has become an increasingly urgent problem to overcome, especially in the era of globalization and rapid information technology development. Fraud is an act committed by individuals or groups intentionally with the aim of obtaining personal or group benefits, which ultimately harms the entity or other parties. In various countries, including Indonesia, fraud in the form of corruption, budget misappropriation, and abuse of authority is still a serious challenge that hinders development and community welfare. The survey results from the Association of Certified Fraud Examiners (ACFE) report show that the level of fraud in the government sector is still at a concerning figure.

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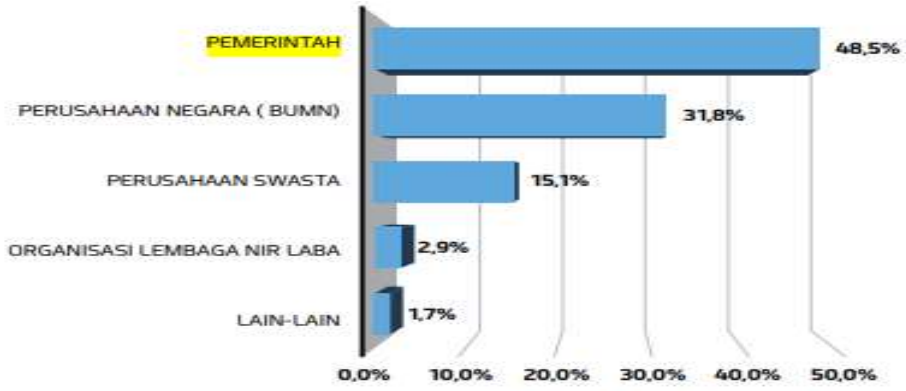


Figure 1. Percentage of Loss

From the survey results, it shows that the government is considered the institution most widely revealed to have committed fraud with a percentage of 48%.

One sector that is vulnerable to fraud practices is the Regional Apparatus Organization (OPD). OPD has a crucial role in managing public resources and providing services to the community. However, in practice, the high potential for fraud in this sector not only results in financial losses but also negatively impacts the effectiveness and efficiency of public services. As in Mimika Regency, several indications of fraud have occurred. There are several government figures proven to have committed fraud, such as Mr. Eltinus Omaleng, the former Regent of Mimika, who was found guilty of committing corruption in the construction of the Kingmi Mile 32 Church in 2015. According to Tambunan (2025:1), the defendant was sentenced to two years in prison by the Supreme Court (MA) because he was proven to have violated Article 3 in conjunction with Article 18 of the Anti-Corruption Law in conjunction with Article 55 paragraph 1 point 1 of the Criminal Code in conjunction with Article 64 paragraph 1 of the Criminal Code. In addition, there is Mr. Totok Suharto, the former section head of road and bridge maintenance at the Mimika Public Works Agency for 2015-2020, who was proven to have committed corruption in the construction of the Kingmi Mile 32 church in 2024. According to Supar (2020:1), in his case, it is known that he violated Article 2 Paragraph (1) and Paragraph 3 in conjunction with Article 18 of the Law of the Republic of Indonesia Number 31 of 1999 concerning the Eradication of Criminal Acts of Corruption in conjunction with Article 55 Paragraph (1) point 1 of the Criminal Code (KUHP). There is also a corruption case involving government employees, precisely by the former head of the Mimika Regency Regional Development Planning Agency (Bapeda), Mr. Donny Stiven Umbora, who committed corruption at the Mimika Regency Bapeda in 2020. According to Ratumakin (2024:1), the defendant was charged under Article 2 paragraph (1) of Law Number 20 of 2001 (primary), Article 3 of Law Number 20 of 2001 (subsidiary) in conjunction with Article 55 of the Criminal Code with a threat of a minimum of four years imprisonment. This

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indicates that the problem of fraud in the government sector, specifically in the OPD within the Mimika Regency regional government, needs deeper attention and analysis.

Agency theory was first proposed by Jensen and Meckling in 1976 (Ishak, 2022;14). Agency theory was first introduced by Jensen and Meckling, who stated that an agency relationship arises when there is a cooperative contract from the shareholders as the principal to provide authority in decision-making to the company's management as the agent. Eisenhardt in 1989 (Ishak, 2022;15) stated that there are three assumptions underlying agency theory, namely assumptions about human nature, organizational assumptions, and information assumptions. The information asymmetry makes it easier for management to hide some information unknown to shareholders, thus encouraging fraud. In the context of the Regional Apparatus Organization (OPD), the principal is represented by the regional government, while the agents are those who run the organization's operations. This information asymmetry gives agents the opportunity to hide important information from the principal, which in turn increases the risk of fraud occurring.

Many factors contribute to the occurrence of fraud in the OPD environment. In the Fraud hexagon theory, there are six main factors that can influence the occurrence of fraud, namely pressure, opportunity, rationalization, capability, arrogance, and collusion. Pressure is one of the main factors that can cause someone to commit fraud. This is evidenced by the research of Ambarwati & Handayani (2019;200) which states that pressure has a significant effect on the occurrence of potential fixed asset mismanagement. Besides pressure, opportunity is also an important factor in the occurrence of fraud. This is evidenced by the research of Wardhani (2021;60) which states that opportunity has a significant effect on asset misappropriation. Rationalization becomes a factor that allows individuals to justify the fraudulent actions they commit. This is evidenced by the researcher Ishak (2024;78) who states that rationalization has a significant effect on the occurrence of potential asset misappropriation. In addition, capability also plays an important role in the occurrence of fraud. This is evidenced by the research of Rompas & Gelatan (2024;9) which states that capability is the most dominant factor among the factors of the diamond fraud theory. Arrogance in the work environment can be a driving or inhibiting factor for fraud. This is evidenced by the research of Rahman & Nurbaiti (2019;42) which states that arrogance has a significant effect on financial statement fraud. Finally, collusion is an important factor that can strengthen the occurrence of fraud because it involves cooperation between two or more parties to hide fraud. This is evidenced by the research of Desviana et al. (2020;66) which states that collusion has a significant effect on increasing the potential for fraud in public sector financial management.

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METHOD

The type of research method used in this research is the descriptive method. The researcher uses the descriptive method because the researcher intends to describe the factors that determine the potential for fraud in the Mimika Regency OPD based on existing facts, as well as data completeness. This research was conducted in Mimika Regency on the Regional Apparatus Organization (OPD). The respondent population in this research is all employees of the Mimika Regency OPD. Meanwhile, the respondent sample was selected using a purposive sampling technique, with criteria that specifically only include OPD leaders, division leaders, and other work unit leaders.

The data used in this research is quantitative data. Quantitative data is data taken through the distribution of questionnaires. The data source in this research is primary sources where data is obtained from respondents, namely OPD leaders and division heads. The data collection technique used in this research is the result of a questionnaire using a Likert scale. The data collection instrument used in this research is a questionnaire list, in the form of a list of detailed statements needed in the Mimika Regency OPD research.

The analysis instrument used in this research is Confirmatory Factor Analysis (CFA) with the help of SPSS. The steps taken in analyzing this research data are collecting data related to the research and distributing questionnaires to Mimika Regency OPD employees, and conducting examination and processing of questionnaire data. Furthermore, conducting an indicator feasibility test with a factor loading of 0.55 according to the sample size of 100 respondents as stated by Hair et al. (2010;179). The final steps are conducting a data adequacy test, conducting an indicator identification test on each factor, and conducting a dominant factor test.

RESULTS AND DISCUSSIONS

Descriptive Data Analysis

Descriptive statistics provide the initial overview for the variables tested. Opportunity represents the condition enabling fraud to occur within the organization. The descriptive results for this dominant variable are presented below:

Table 1. Descriptive Variable Opportunity

Indicator	N	Minimum	Maximum	Mean
Lack of control	100	1	5	3.89
Inability to assess quality	100	1	5	3.48
Failure to discipline perpetrators	100	1	5	3.82
Lack of information access	100	1	5	3.16
Ignorance and indifference of victims	100	1	5	3.73

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Lack of inspection	100	1	5	3.83
Valid N (listwise)	100			

All indicators on the opportunity variable demonstrate a full range of respondent answers from the lowest to the highest measurement scale. The highest average appears in the lack of control indicator (3.89), followed by the lack of inspection (3.83), and failure to discipline perpetrators (3.82). The lack of information access records the lowest average (3.16). Respondents evaluate the lack of control as the most influential aspect in creating opportunities for fraud.

Data Adequacy Test

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy determines if the data is sufficient for factoring, while Bartlett's Test identifies the relationship between variables.

Table 2. KMO and Bartlett's Test

Test	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	**0.868**
Bartlett's Test of Sphericity	
Approx. Chi-Square	2131.329
df	465
Sig.	0.000

The KMO value stands at 0.868, fulfilling the requirement as it exceeds the 0.5 threshold. The Bartlett's Test result is significant (0.000 < 0.5). The data is definitively valid and feasible for further factor analysis.

Indicator Confirmation Test

The Rotated Component Matrix isolates the indicators formed on each factor, utilizing a factor loading benchmark of ≥ 0.55.

Table 3. Results of Indicator Confirmation

Variables	Confirmed Indicators	Excluded Indicators
Pressure	Financial pressure, habitual pressure, work relationship pressure, other pressures	None

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Opportunity	Lack of control, inability to assess quality, failure to discipline perpetrators, lack of information access, ignorance and indifference of victims, lack of inspection	None
Rationalization	Imitating fraudulent behavior, fraud due to desperation, not harming other parties, fraud for a good cause	Fraud due to injustice
Capability	Positioning, intelligence and creativity, confidence/ego, coercion, deceit, stress	None
Arrogance	Large ego, disregard for internal controls, disruptive behavior, authoritarian leadership style	Fear of losing status
Collusion	Abusing power, collusion with rewards for cooperation, cooperation in fraud	Collusion without punishment, collusion due to weak evaluation

The test confirms four indicators for the pressure variable, six for opportunity, four for rationalization, six for capability, four for arrogance, and three for collusion. Excluded indicators failed to meet the required factor loading threshold.

Dominant Factor Test

The Component Transformation Matrix identifies the factor possessing the strongest influence among the tested variables.

Table 4. Dominant Factor Test Results

Component	1	2	3	4	5	6
1	0.568	0.423	0.442	0.375	0.296	0.275
2	-0.433	**0.747**	-0.071	-0.151	0.355	-0.317
3	-0.067	-0.205	-0.450	0.748	0.368	-0.237
4	0.361	-0.097	-0.491	-0.488	0.564	0.251
5	-0.370	0.224	-0.293	0.194	-0.174	0.812
6	-0.468	-0.401	0.519	-0.043	0.551	0.213

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The correlation value across components reveals that the opportunity variable possesses the highest dominant correlation value at 0.747. The hierarchy of dominance follows with pressure, collusion, arrogance, rationalization, and capability respectively.

DISCUSSION OF RESEARCH RESULTS

Opportunity acts as the most dominant factor in determining the potential for fraud within the Regional Apparatus Organization (OPD) of Mimika Regency. A weak supervision system and the absence of clear sanctions grant organizational apparatus the space to commit irregularities without the fear of detection. Opportunity provides the primary entry point for individuals to exploit administrative and structural weaknesses for personal gain. The lack of strict sanctions creates an impression that fraudulent behavior is tolerated. Inconsistent audits limited to administrative documents without field verification further expand the loopholes for financial manipulation. A severe lack of technical comprehension and concern from supervisors reduces internal control to a mere administrative burden rather than an active fraud deterrent.

Habitual pressure functions as the most significant trigger pushing individuals toward deviant behavior under the pressure variable. Consumptive lifestyles and addictions create personal financial deficits that cross over into the work environment. Financial pressure originating from accumulating debt directly encourages employees to manipulate operational budgets or procurement procedures for supplementary income. Work relationship pressure, driven by the demand to maintain organizational status or fulfill executive expectations, forces individuals to view fraud as the only viable survival mechanism.

Collusion operates by forming an internal protection network that complicates external and internal audits. The absence of reprimands for minor mistakes fosters a secure environment for perpetrators to escalate their deviations. Employees actively collaborate to manipulate internal processes, shielding each other from exposure. Individuals in strategic positions often coerce subordinates into executing manipulative tasks, expanding the collusion network and prioritizing misguided loyalty over organizational integrity.

Arrogance drives rule violations through a pronounced sense of superiority. Employees harboring large egos perceive organizational regulations as applicable only to others, deliberately ignoring internal control mechanisms. Disruptive behavioral traits, characterized by the intimidation of colleagues, establish a culture of fear where subordinates actively avoid reporting violations. An authoritarian leadership style centralizes decision-making and suppresses critical evaluation, streamlining the execution of systemic fraud.

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Rationalization allows perpetrators to construct moral justifications for their infractions. Fraudulent acts are frequently defended under the premise that no significant harm is inflicted upon the organization. Desperate circumstances prompt employees to legitimize rule-breaking as a temporary organizational or personal remedy. The continuous observation of unpunished fraud normalizes the behavior, transforming systemic corruption into an acceptable organizational culture.

Capability equips the individual with the specific tools required to bypass controls. High intelligence and creativity empower employees to engineer complex manipulations within financial reports that evade standard detection. Excessive confidence convinces the perpetrator of their invulnerability against existing supervisory frameworks. The capacity to deceive, coerce peers, and manage internal psychological stress ensures that the fraudulent activities remain concealed over extended periods. Mitigation demands a strict focus on eliminating opportunities through aggressive internal audits and the enforcement of absolute disciplinary sanctions.

CONCLUSION

Based on the results of the Confirmatory Factor Analysis (CFA) research, a number of indicators are confirmed on each factor that determines the potential for the occurrence of fraud in the Regional Apparatus Organization (OPD) of Mimika Regency, with the dominant factor namely opportunity.

From the results of the discussion that have been presented, there are several suggestions found. As the highest leader, the Head of OPD is expected to strengthen the internal control system by establishing clear work procedures, tightening internal audit mechanisms, as well as providing strict sanctions against every form of violation, and needs to foster a transparent and accountable work culture so that there are no loopholes that can be utilized for fraud. At the managerial level, the Secretary and Head of Division are advised to increase routine evaluations, conduct sudden inspections (spot checks), as well as ensure a balanced division of tasks so that no individual holds full authority without control. As technical supervisors, the Section Head, Sub-Division Head, and Sub-Section Head need to be more active in assessing the quality of subordinates' work, not hesitate to reprimand when mistakes occur, and immediately follow up on indications of deviations so that fraud potential based on deceit or weak discipline can be suppressed early on. Implementing employees and technical staff are expected to carry out tasks according to the rules without looking for loopholes for personal gain, maintain integrity, report if there are deviations, and dare to reject directives that lead to data manipulation or budget abuse.

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