

The Determinants of Students' Intention to Conduct Fraud on Assignments and Examinations

Hamfri Djajadikerta
Parahyangan Catholic University

Marcellia Susan*
Maranatha Christian University

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ABSTRACT

Fraud is commonly defined as criminal deception intended to obtain personal gain, especially in the field of finance. Fraud may exist since childhood, a time in which ones cheat to achieve greater grades in school or to win games. This research is conducted with college students as respondents, in order to analyze whether there is any influence of Pressure, Opportunity, Rationalization, Environment, Capability, and Risk, towards the intention to cheat and the act of cheating during an exam or assignment. The result of the study shows the effect of Capability, Pressure and Opportunity on college students' intention to conduct fraud in working on assignments or examinations, while the effect of Rationalization, Risk and Environment are not proven.

Keywords: Fraud, Capability, Pressure, Opportunity

1. INTRODUCTION

Financial fraud may have existed since the beginning of commerce, yet this unethical behavior seems to be increasing rapidly in today's environment. S. Nonis and C. Swift (2001) stated that the behavior of students in an academic class has an impact on their subsequent professional life. In other words, students who engage in dishonest acts in college classes are more likely to engage in dishonest acts in the workplace.

Today, cheating and other forms of academic misconduct are a significant problem in academic environment. Cheating behavior is one of students' action which occurs during a test or an exam. The purpose of this research is to prove whether some of the determining factors of fraud occurrence stated by several theories are also the determinant of students' cheating behavior.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Association of Certified Fraud Examiner defined *Fraud* as a deception act resulting in benefits, obtained from a person by providing false evidences or objects (ACFE, 2016), while Institute of Internal Auditors' International Standards described fraud as "... any illegal act characterized by deceit, concealment, or violation of trust" (IIA'S, 2017).

Theory of Planned Behavior assumed that individuals make rational decisions to engage in specific behaviors based on their own beliefs and their expectation of the outcome. According to Ajzen (1985, 1991 in Stone et al., 2010), an intention to perform a behavior is determined

by three components: attitude toward a behavior, subjective norm, and perceived behavioral control. Attitude reflects positive feelings towards performing a behavior; subjective norm reflects particular ways or actions by an individual that are perceived or expected by other people; perceived behavioral control reflects internal and external constraints on performing the action.

Cressey (1950, in Adon et al., 2015) found in their research that the tendency of fraud behavior arises due to three factors, which are: Pressure, Rationalization and Opportunity. They are known as Fraud Triangle. Behavioral intention refers to the extent to which a person is ready to act and perform a given behavior (Djajadikerta et al, 2017).

Wolfe and Hermanson (2004) presented the diamond model of fraud. Fraud Diamond explains the driving factors leading a person to commit fraud, which are pressure, opportunity, rationalization, and capability. Fraud diamond model stated that there is a renewal of fraud triangle theory to improve the ability of detecting and preventing fraud by adding the fourth element: capability.

Nonis and C. Swift (2001), as well as Allmon, Page and Robert (2000) said that attitudes to academic cheating are an indicator of future attitudes towards unethical business practices. The origin of committing fraud have begun since childhood, where attempts to cheat for personal gain during activities or playing at school were conducted. Cheating also occurs when a student tries to get academic credit in a way that is dishonest or unfair.

An initial study, based on the perceptions of high school students by Djajadikerta et al. (2019), concluded that Opportunity, Pressure, and Rationalization factors in the Fraud Triangle model affected the occurrence of fraud. However, there exist other factors that also directly or indirectly contribute towards fraud occurrence, some of which consist of Environment, Capability and Risk. There will always be inherent risk in every action. However, actual risk is difficult to measure objectively, literature has therefore primarily addressed the notion of perceived risk. Since the 1960s perceived risk has been applied to explain decision-making behavior of the consumer. Perceived risk is generally regarded as the uncertainty pertaining possible negative consequences of using a product (Djajadikerta & Susan, 2017). Increased level of perceived risk is likely to reduce cheating behavior.

Pressure motivation may come from parents, such as in order to be able to maintain one's Grade Point Average (GPA). Opportunity comes from a variety of sources such as lenient or careless lecturers. Rationalization are associated with student personal ethics, while capability is the ability to commit Cheating. Risk refers to the cheating consequences such as punishment for unsatisfactory academic behavior while Environment describes the influence or encouragement from friends or peers.

Therefore, based on the literatures, we hypothesize that:

H1: Environment has positive effect on Student Fraud Intention

H2: (Perceived) Risk has negative effect on Student Fraud Intention

H3: Opportunity has positive effect on Student Fraud Intention

H4: Pressure has positive effect on Student Fraud Intention

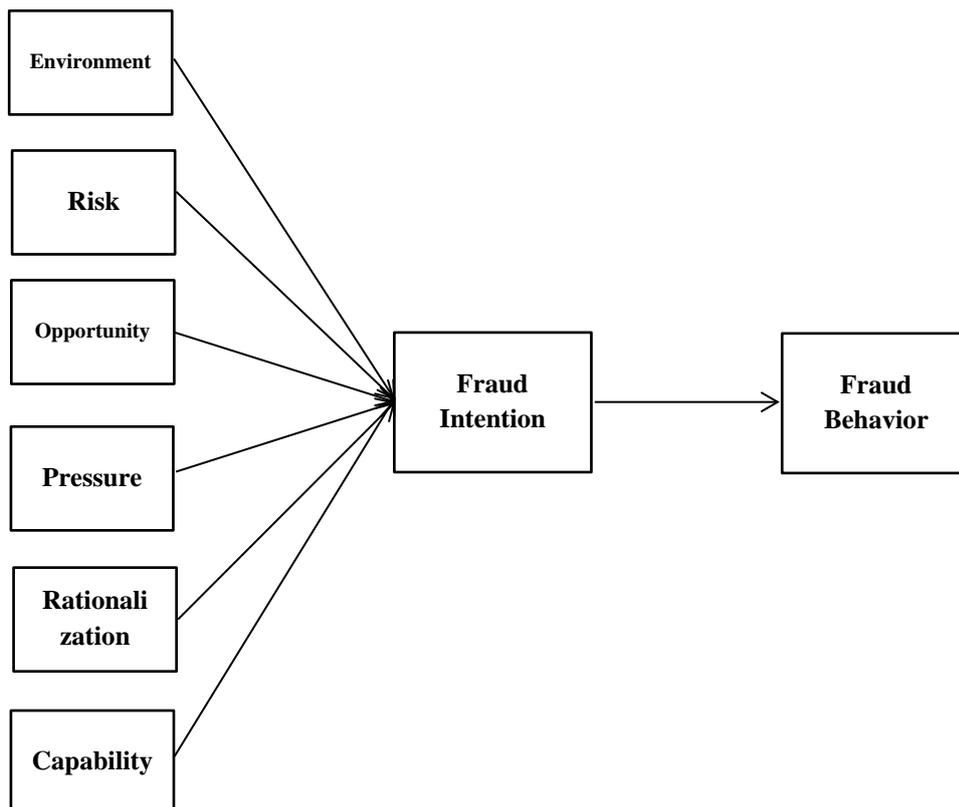
H5: Rationalization has positive effect on Student Fraud Intention

H6: Capability has positive effect on Student Fraud Intention

H7: Student Fraud Intention has positive effect on Student Fraud Behavior

The model of this research is depicted in figure 1 as follows:

Figure 1: Research Model



3. RESEARCH METHODOLOGY

The research is a study with undergraduate students in Indonesia as respondents. The questionnaire distributed by an online survey. Primary data are obtained by the distribution of questionnaires which include questions related to the 8 variables. A questionnaire model was designed for data collection from the target population. The questionnaire was structured into two major sections. The first section aims at gathering basic information about the respondents while the second section consists of 16 questions on a 5-points Likert scale, ranging from “strongly disagree” to “strongly agree”. The research model for this study was tested by using WarpPLS.

4. RESULT

According to the result of online survey, 140 questionnaires were fully answered and completed to be used, whereby 99.3% of respondents are located at West Java.

The demographic profile of the surveyed respondents is presented in Table 1.

Table 1: Demographic profile of respondents

		Frequency	Percentage
Gender	Male	58	41.5
	Female	82	58.5
Entry Year	2017	104	75
	2016	21	15
	2015	7	5
	2014 or earlier	8	5
GPA	3 or above	53	38
	2-2.99	82	58.5
	Below 2	5	3.5

4.1 Fit Model Analysis

With the use of Warp PLS software, a result is obtained:

- (1) Average path coefficient (APC)=0.163, P=0.011
- (2) Average R-squared (ARS)=0.161, P=0.012
- (3) Average block VIF (AVIF)=1.208

This result shows that the goodness of fit model criteria is fulfilled.

4.2 Hypothesis Testing Result

According to SEM-PLS data analysis, the result of the hypothesis testing is as follows:

Figure 2: Results of analysis

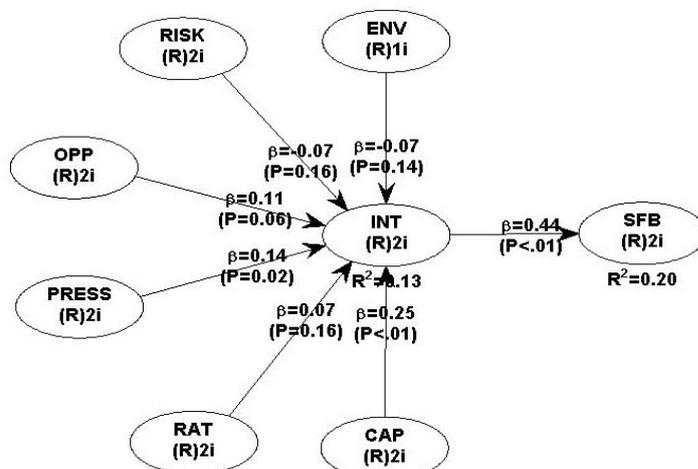


Table 2: Hypothesis Testing Result

	Coefficient	P-Value	Level of Confidence 95 % (alpha =5%)
H1: Environment have positive effect on Student Fraud Intention	-0.072	0.143	Rejected
H2: (Perceived) Risk have positive effect on Student Fraud Intention	-0.066	0.164	Rejected
H3: Opportunity have positive effect on Student Fraud Intention	0.107	0.056	Accepted (alpha=6%)
H4: Pressure have positive effect on Student Fraud Intention	0.135	0.023	Accepted
H5: Rationalization have positive effect on Student Fraud Intention	0.067	0.161	Rejected
H6: Capability have negative effect on Student Fraud Intention	0.255	<0.001	Accepted
H7: Student Fraud Intention has positive effect on Student Fraud Behavior	0.443	<0.001	Accepted

The results of these hypotheses testing indicate that not all the hypotheses are proven.

5. Conclusion and Discussion

A conclusion can be extracted from the result. Since hypothesis number 1, 2, and 5 are rejected, Environment, Risk, and Rationalization are not proven to be affecting students' urge to commit fraud, i.e. cheating in exams and assignments given by the lecturer. Hypothesis number 4 and 6 are accepted, which means pressure and capability are proven to affect the impulse to commit fraud during exams and assignments, whereby the insistence to obtain good grades or to maintain high GPA in order to apply for a decent job and to adhere to standard set by parents, combined with the capability to commit fraud, are the main determinants to the decision of committing fraud, where capability is the main factor.

Moreover, regarding Hypothesis number 3, opportunity factor has a P-Value of 0.056 which is lacking a miniscule amount when used with alpha = 5%, which allows opportunity to also affect the impulse to commit fraud. The result has similarities with a research done by Becker et al. (2006) which stated that pressure is the main factor of encouraging people to cheat, however capability as fraud actor is a stronger factor. Moreover, in an interview, university students support the claim that capability is the reason fraud is done, aside from pressure and opportunity. The result also shows that if the intention to commit fraud exist in the first place, the action will then be done. With regards to the rejected variable, Environment, which in this research are encouragement from friends and colleagues, it could not be proven, perhaps due to the stigma towards fraud actor which drives an individual to avoid recommending fraud to other people, and even if an individual does it, he/she would commit it discretely. Risk factors could be considered insignificant in Indonesia, while Rationalization is usually ignored by students, as the main factors are pressure, opportunity and the capability to commit fraud.

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