

Integrity as a Contingency in Asset Misappropriation: Behavioral and Fraud Risk Perspectives

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Abstract

This study aims to analyze the influence of managerial behavior, fraud risk elements, and integrity on asset misappropriation in banking branch offices in Palembang, Indonesia. The population consisted of managers from banking branch offices registered with the Financial Services Authority, with 80 respondents selected using a simple random sampling technique. Data were collected through questionnaires and literature studies. The findings reveal that moral obligation, pressure, and rationalization have a positive and significant effect on asset misappropriation. In contrast, attitudes toward fraud, subjective norms, perceived behavioral control, opportunity, and capability do not significantly influence asset misappropriation. Furthermore, integrity moderates the relationship between attitudes toward fraud, perceived behavioral control, opportunity, rationalization, capability, and asset misappropriation. This study contributes to the development of fraud prevention and behavioral accounting literature by integrating managerial behavior, fraud risk elements, and integrity into a comprehensive framework for explaining asset misappropriation in the banking sector. The study extends previous fraud theories by emphasizing the moderating role of integrity in reducing the tendency toward fraudulent behavior and strengthening ethical decision-making within banking institutions. Practically, the findings provide important implications for bank management in strengthening internal control systems, promoting integrity-based organizational culture, and developing more effective anti-fraud policies and risk mitigation strategies to minimize asset misappropriation practices in the banking industry.

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1. Introduction

Fraud is an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage (FASB & IASB, 2009). The other definition of fraud in Association of Certified Fraud Examiners (ACFE, 2020), the occupational fraud is the use of one's occupational for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets. ACFE (2020) also describes the fraud trees schematic namely fraudulent statements, asset misappropriation, and corruption. In this research, it is known that fraud is a problem that is increasingly happening nowadays and a threat to the world, especially in Indonesia. The perpetrators who be fraudster are carried out by all level of group management in company. It should get more attention on how to suspending it. To think of all the repercussions and solutions need to mitigate fraud nowadays, and hope that there will be no fraud in the future.

Asset management in a company is not always right, there are often errors and fraud in asset management. Untruthful management of assets caused by unintentional mistakes is called an error, if the untruthfulness of asset management is caused due to intentional mistakes by perpetrators who have bad intentions, then this is called fraud (Nasir, et., al., 2024; Pratoomsuwan & Yolrabil, 2020). Based on Serrano, et., al., (2025), mismanagement of assets can lead to suspicion that will indicate fraud within the company, where fraud is referred to as asset misappropriation. Asset misappropriation is an important issue commendable of discussion particularly in current economy. Asset misappropriation involves the use of deception to obtain an unjust or illegal advantage (Wynes, 2022).

Based on the survey of ACFE (2020) stated that misappropriation of assets that occurred in Indonesia amounted to 31% and 19% fraud caused by asset misappropriation that losses in Indonesia. It is an intentional act by one or more individual, such as management, employees, or their parties. Asset misappropriation scheme based on ACFE (2020) consists of theft of cash on hand, skimming, cash larceny, billing schemes, payroll schemes, expense reimbursement schemes, check tampering, register disbursements, and inventory and all other assets. ACFE (2020) survey on Asia-Pacific edition proven that Indonesia was occupy third ranks of fraud cases with 29 cases during 2018. The survey also shows that asset misappropriation is ranked highest by 80% compared with corruption and financial statement fraud by 51% and 13%. The case of fraud that caused by asset misappropriation, such as noncash 25%, expense reimbursements 17%, cash on hand 13%, check and payment tampering 8%, cash larceny 8%, skimming 7%, payroll 4%, and disbursements 3%.

In the last few years there have been cases of fraud and alleged negligence of auditors who were able to shake the world of accountants and auditors such as the case of Enron, WorldCom, Xerox, and Investment Securities LLC which occurred due to fraudulent acts in financial reporting conducted by the CEO of the company concerned. In Indonesia, according to Kusnan (2025) research on bank failure in Indonesia, it is stated that the inherently risky nature of banking requires robust risk management practices. While banks implement risk management frameworks encompassing policies, procedures, and defined limits aligned with established risk management principles across all activities, bank failures, nevertheless, continue to occur. Banking fraud in Indonesia is a multifaceted issue involving financial statement fraud, internal fraud, and online banking fraud. The country has made strides in implementing anti-fraud strategies and regulatory measures, but continuous efforts are needed to enhance fraud prevention and maintain trust in the banking sector (Handoko & Tandean, 2021; Lestari, et., al., 2024; Perdana & Rokhim, 2024; Shonhadji & Irwandi, 2024; Sunarto & Riantono, 2022; Thalib, et., al., 2024).

International Standards on Auditing 240, asset misappropriation involves the theft of an entity's assets and often perpetrated by employees in relatively small and immaterial amount (FASB & IASB, 2009). In addition, it also involved the management who are usually more able to disguise or conceal misappropriations in a manner that is difficult to detect. It because the management who has duties and responsibilities in their company both to company and shareholders. The management must to effort the company doing well that can get profit and how to get or make the investors still investment to their company. This condition can be an opportunity to do fraud. Because of difference interest between managers and shareholders. The managers can be unethical if they in the pressure condition or have the opportunity or have not the integrity in their-self (Hewitt, et., al., 2020).

From the previous research Ajzen (1991) article suggest that auditors should evaluate the ethics of management through the components of the Theory of Planned Behavior; the assessment of attitude, subjective norms, perceived behavioral control and moral obligation. Therefore, it is potentially important that the professional standards that are related to fraud detection strengthen the emphasis on manager's behavior that may be associated with unethical behavior (AlKhouri et al., 2024; Riadi et al., 2025). The people who have ethics will encourage them self to always behave honestly in any situation.

Integrity is one of the reasons that fraud occurrence can detect or not. Fraud will no longer arise in the event that they have integrity and will make the ethically selections (Khusnah & Soewarno, 2022; Nurleni, Darmawati, 2024). While humans have integrity, it's going to

discourage them to try these fraudulent activities, which that absolutely behavior became incorrect to do and it will jeopardize their perception to act clearly (Ateeq & Alqaidoom, 2025; Khusnah & Soewarno, 2022). Ademola (2024) states that managers who have high integrity have a tendency to follow the company's regulations and processes, which leads them to act ethically and mechanically avoid fraud activities.

Integrity is one in all essential fee to minimising the incidence of asset misappropriation. The result additionally discuss that minimising fraud risk factors is important in decreasing the incident of asset misappropriation (Ariffin et al., 2023; Isa et al., 2024). Another research by Hicks, et., al., (2025) stated that The Integrity Fluency Model (IFM) posits that subjective authenticity arises from self-integrity and experiential fluency, which manage independently or interactively. If someone have integrity, it will inspire itself to be honest and obedient to the corporation rule and regulation, which that can prevented someone to do fraud. Cressey (1953) states that the first concept was used to detect fraud namely fraud triangle theory which consist of three components, such as pressure, opportunity and rationalization. Fraud triangle concept adopted in SAS 99, with the aim to increase effectiveness in detecting fraud auditor to assess risk factors for enterprise fraud (Skousen et al., 2009).

Several research were discussed in order to discover why they do fraudsters act. The research from Sunecher & Dookhy (2025) discuss approximately the factors contributing to fraudulent activities, it called Fraud Triangle idea. Through the years, fraud triangle idea has grown into the fraud diamond concept. The Fraud Diamond concept delivered by Wolfe & Hermanson, (2004) states that there had been four elements might be fraudulent activities among people: the person has strain or incentive to commit fraud, that individual has a possibility that allows the fraudster act out like conduct, that individual has rationalization problems or mindset to commit fraud, and that individual who has capability or ability to commit fraud.

The occurrence of fraud in asset misappropriation whose slow detection will affect the company's losses. The organization and auditor must have ability to identify quickly the occurrence of asset misappropriation, it become a necessity to be prevented of fraud (Feess & Timofeyev, 2020; Jiménez Serrano et al., 2025; Thakkar et al., 2025). In this research, fraud will be occurred by several factors of fraud diamond theory, such as pressure or incentive, opportunity, rationalization and capability.

Razmin et al., (2024) discuss the effect of fraud risk elements using triangle concept and integrity on asset misappropriation inside the Royal Malaysian Police. Further, the studies additionally examines whether integrity the relationship among fraud risk elements and asset misappropriation. Different from Razmin et al., (2024) research, in this research adds

manager's behavior variable, uses diamond theory as fraud risk elements, and still uses integrity variable as moderator variable on asset misappropriation at the Banking office in Palembang. The survey results according to (ACFE, 2020) shown that banking and financial services are ranked as the second largest fraud company, with 11% or 25 cases of fraud. That means banking and financial services have great chance to commit fraud.

This research, integrity as one of factors that influence the occurrence of asset misappropriation, because the company whose low integrity can affect to the company bankrupt like the case of Enron, WorldCom, Xerox and other. Integrity is one thing that important for every people have. Everyone has different integrity depending on the behavior of that person. If someone behaves badly or unethical then the bad action like perpetrator of fraud. Conversely, if someone behaves well on ethic then the good action it does.

The research, employees and managers in banks are possibility to doing fraudulent action especially managers. It's because the manager has such great duties and responsibilities in the company that have risk to doing fraud in this case asset misappropriation. ACFE (2020) survey provide that the highest fraud perpetrator is occupied by managers 41%, employee 30%, and owner / executive 26%. According the description, the purpose of this is to test and analyze Mitigating Asset Misappropriation through Manager's Behavior, Fraud Risk Elements, and Integrity as Moderating Variable: Evidence from Banking Office in Palembang.

Previous studies have extensively examined asset misappropriation, fraud risk elements, managerial behavior, and integrity in various organizational contexts. However, several important gaps remain unresolved. First, prior studies generally analyze fraud behavior using separate theoretical perspectives, such as the Theory of Planned Behavior (TPB) and Fraud Diamond Theory, without integrating behavioral and fraud risk approaches into a comprehensive framework. Consequently, the interaction between managerial behavioral factors and fraud risk elements in explaining asset misappropriation remains insufficiently explored. Recent studies have emphasized the importance of integrating behavioral and fraud-related perspectives to better understand fraud prevention mechanisms in financial institutions (George et al., 2025; Maaloul et al., 2023). Second, previous empirical findings regarding the determinants of fraud and asset misappropriation remain inconsistent. Several studies report that pressure, rationalization, opportunity, and behavioral factors significantly influence fraudulent behavior, whereas other studies reveal insignificant or contradictory findings. These inconsistencies indicate that the determinants of asset misappropriation are still inconclusive and require further empirical investigation, particularly in highly regulated

sectors such as banking. Third, although integrity has been recognized as an essential ethical factor in fraud prevention, limited studies have examined its role as a moderating variable in the relationship between managerial behavior, fraud risk elements, and asset misappropriation. Most prior studies treat integrity only as an independent predictor rather than as a mechanism that can strengthen or weaken fraudulent tendencies. Therefore, the moderating role of integrity remains underexplored in fraud prevention and behavioral accounting literature. Finally, most previous studies were conducted in general corporate or organizational settings, with limited focus on the banking sector, particularly in Indonesia. The banking industry possesses unique characteristics, including high transaction intensity, strict regulatory oversight, and greater exposure to fraud risk, making it a critical context for examining asset misappropriation behavior. Recent literature also highlights the growing complexity of fraud risks in banking institutions and the need for stronger governance and fraud mitigation frameworks (George et al., 2025).

Accordingly, this study seeks to address these gaps by integrating the Theory of Planned Behavior and Fraud Diamond Theory into a single analytical framework and by examining integrity as a moderating variable in the context of Indonesian banking institutions. This study contributes theoretically to the development of fraud prevention and behavioral accounting literature by extending previous fraud models through the integration of behavioral, ethical, and fraud risk perspectives. In addition, the study provides practical implications for banking governance, internal control systems, and anti-fraud policy development aimed at minimizing asset misappropriation practices in the banking sector.

2. Literature Review

Agency Theory

Agency theory explains the conflict of interest between owners (principals) and managers (agents) arising from the separation of ownership and control, which generates agency costs and necessitates corporate governance mechanisms (Jensen & Meckling, 1976). In this contractual relationship, principals delegate decision-making authority to agents, creating potential conflicts due to divergent interests and information asymmetry, where agents possess more information than principals (Seth, 2018). Such asymmetry can occur *ex ante*, when principals cannot fully assess agents' qualifications or intentions, and *ex post*, when principals cannot perfectly monitor agents' actions, potentially leading to moral hazard and opportunistic behavior (Moloi & Marwala, 2020). The separation of ownership and control in corporations intensifies this issue, as managers may make decisions that do not align with shareholders' interests, prompting the need for mechanisms such as performance-based

compensation and active monitoring to reduce agency costs (Isaacs, 2020). Private internal investigations by external fraud examiners are also used by principals to detect misconduct and reconstruct fraudulent activities (Gottschalk, 2018). When managers prioritize personal welfare over organizational objectives, conflicts of interest may result in abuse of power and unethical behavior, especially under pressure, opportunity, or lack of integrity, thereby increasing the risk of fraud within the organization (Jensen & Meckling, 1976).

The Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), developed by (Ajzen & Fishbein, 1977) as an extension of the Theory of Reasoned Action introduced by (Fishbein, 2008) and (Ajzen & Fishbein, 1977), explains that behavior is primarily driven by behavioral intentions shaped by attitudes, subjective norms, and perceived behavioral control. Attitudes reflect favorable or unfavorable evaluations of behavior, subjective norms relate to perceived social pressure, and perceived behavioral control concerns the perceived ease or difficulty of performing the behavior. These components, rooted in behavioral, normative, and control beliefs, collectively determine intentions, which are the most immediate predictors of actual behavior (Koc & Memduhoglu, 2020; Mak et al., 2020). TPB can also explain dishonest acts, where moral obligation derived from legal and professional norms influences behavior (Nicolussi, 2024; Sanchez & Mulyani, 2020). In organizational contexts, managerial intentions significantly affect fraud risk: positive intentions mitigate fraud, whereas negative intentions increase it. Integrity, derived from the Latin “integrate,” signifies moral wholeness and alignment between intentions, words, and actions (Rushton, 2024), and is philosophically contextual and relational (Förg, 2020). High integrity fosters transparency and accountability, thereby reducing fraud (Khusnah & Soewarno, 2022; Paranoan et al., 2024), and is closely linked to conscientiousness, which enhances job performance and reduces counterproductive behavior (Giordano et al., 2020; Smithikrai et al., 2025). Asset misappropriation remains the most prevalent form of occupational fraud, accounting for approximately 85% of cases globally, with Indonesia ranking third in Asia-Pacific fraud cases, where asset misappropriation dominates (ACFE, 2020). It involves theft or misuse of company assets, often concealed through falsified records and perpetrated primarily by managers and employees (ACFE, 2020; FASB & IASB, 2009), including schemes such as skimming, payroll fraud, and expense reimbursement manipulation (ACFE, 2020). Weak internal controls from recording to reporting facilitate such misconduct (Tuanakotta, 2007), and despite its prevalence, asset misappropriation remains underexplored in prior studies (Zahari et al., 2020). Overall, TPB suggests that integrity-driven intentions play a critical role in preventing asset misappropriation within organizations.

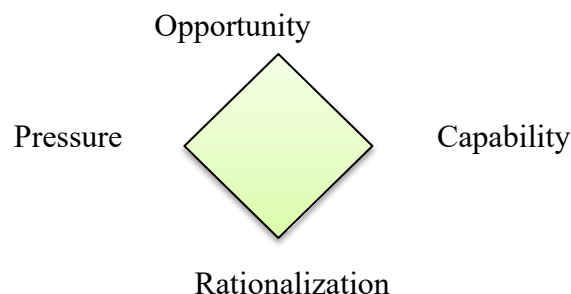
Fraud Diamond Theory

Fraud diamond theory is a developmental theory of the triangle fraud theory by (Cressey, 1969). Fraud Triangle Theory is the pioneer of the theories that explain the reasons for fraudulent acts. Both theories define the elements that lead to a fraud (Abdullahi, R. and Mansor, 2015). Wolfe & Hermanson (2004) believed that the former Fraud Triangle Theory could be enhanced to improve both fraud prevention and detection by considering in additional element, namely Fraud Diamond Theory.

In detecting the reasons for fraud, there are elements in the form of pressure, opportunity, rationalization, and additional elements, namely individual capabilities where personal characteristics and abilities play a major role in the occurrence of fraud. These four elements, of course, play a very important role in detecting fraud. However, the main contribution of the fraud diamond is that the ability to commit fraud is explicitly and separately considered in the fraud risk assessment (Wolfe & Hermanson, 2004).

Pamungkas et al., (2024) states that are four factors of fraud, such as:

1. Pressure, the existence of incentives to encourage people to commit fraud.
2. Opportunity, which is a situation that opens the opportunity to allow fraud to occur.
3. Rationalization, which is an attitude, a character that allows certain parties to commit acts of fraud.
4. Capability, the nature and ability of individuals who have a big role which enable fraud.



Source: Wolfe and Hermanson (2004)

Figure 1
Fraud Diamond Theory

Kassem and Higson (2012) and Sorunke and Abayomi (2016) argue that many frauds will not occur without the right people with the right ability to commit fraud. In other words, potential fraud perpetrators must have the skills and ability to commit fraud. Fraud diamond

theory provided a framework that could help business managers and practitioners find solutions to prevent or minimize fraud (Ruankaew, 2016). Therefore, it can be seen that fraud is that adversely affects business and stakeholders and provides unfair gain to carry out a fraud actor. It is necessary to identify and prevent fraud. According to the fraud diamond approach, it is necessary to have the ability to carry out a fraud in individuals in order to bring together the pressure, opportunity and rationalization that cause the fraud, and to perform the fraud action. When the conditions for the three elements ripen, the fraud is performed with talent.

3. Research Methods

This study employs a quantitative correlational design to examine the relationships between managers' behavior (attitude toward fraud, subjective norms, perceived behavioral control, and moral obligation) and fraud risk elements (pressure, opportunity, rationalization, and capability) on asset misappropriation, as well as the moderating role of integrity in mitigating asset misappropriation among managers of banking branch offices in Palembang. Primary data were collected via a structured questionnaire distributed through Google Forms using a five-point Likert scale Presser et al., (2004), with instruments adapted from Cohen et al., (2010) and Kazemian et al., (2018), ordinal responses were transformed into interval data using the Methods of Successive Interval (MSI) following Riduwan and Kuncoro (2017). The population comprised 110 banks listed by the Financial Services Authority (OJK), and purposive sampling yielded 43 banks with branches in Palembang and two managers per branch (loan/customer managers and asset management managers), resulting in 80 observations (Otoritas Jasa Keuangan (OJK), 2017). Data analysis included descriptive statistics (Ghozali, 2018b), data quality tests (validity using Pearson correlation and reliability using Cronbach's alpha) (Ghozali, 2018), classical assumption tests (normality, multicollinearity, heteroscedasticity, and linearity) (Susilo, 2017; Ghozali, 2018), and hypothesis testing using multiple regression and Moderated Regression Analysis (MRA) with interaction terms to assess both direct effects and moderation types, with model explanatory power evaluated using the coefficient of determination (R^2) (Ghozali, 2018).

This study examines the relationship between manager's behavior consisting of attitude toward the fraud, subjective norms, perceived behavioral control and fraud risk elements consisting of pressure, opportunity, rationalization, capability with the dependent variable, namely asset misappropriation in order to mitigate the occurrence of asset misappropriation. Data collection through research instruments and quantitative data analysis using analytical methods, where this method contains testing data obtained from the results of respondents' answers received.



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The data collection technique is using a questionnaire (Presser et al., 2004). The questionnaire will direct to manager of banking office in Palembang, such as customer loan manager, credit manager. This research using a questionnaire instrument that adopted by (Cohen et al., 2010a; Kazemian et al., 2018).

In this research, (Memmedova & Ertuna, 2024) scale measurement techniques are usually used to compile a questionnaire as a data collection tool. This scale measurement technique uses a Likert scale which is an ordinal data. So that data can be changed statistically, the data must be converted into interval data. This research is to be measured using a Likert scale with 5 levels in response preference.

4. Results

Statistic descriptive tends presentation of the data is done by numerically. Descriptive analysis is used to identify and describe the characteristics of the research variables and the conditions of the respondents. The explanation in the analysis of descriptive demonstrates the value maximum, value minimum, the mean and standard deviation. The results of descriptive statistics in this study are:

Table 1
Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
Manager's Behavior (X1)	80	14.19	39.51	26.6106	6.23881
Fraud Risk Elements (X2)	80	20.24	56.34	41.7355	7.38335
Integrity (Z)	80	10.85	32.66	22.4841	4.98316
Asset Misappropriation (Y)	80	15.57	44.17	34.8606	5.54332
Valid N (listwise)	80				

Source: SPSS 25 Processing Results (2025)

Based on the descriptive statistics processed using SPSS, the results show that all research variables have an average respondent score at scale 3 (neutral). Manager’s Behavior (X1) has a highest score of 40 and lowest of 14, with a mean of 26.61, which when divided by 8 statement items indicates an average response on a neutral scale. Fraud Risk Elements (X2) show a highest score of 56 and lowest of 20, with a mean of 41.74 across 12 items, also reflecting a neutral average response. Integrity (Z) records a highest score of 33 and lowest of 11, with a mean of 22.48 across 7 items, again indicating neutrality. Similarly, Asset Misappropriation (Y) has a highest score of 44 and lowest of 16, with a mean of 34.86 across 10 items, demonstrating that respondents’ perceptions toward all variables tend to be neutral based on the questionnaire scale.

Based on the results of the tests carried out, it can be seen that the results of the t statistical test are as follows:

Table 2
Result of T Statistical Test

Coefficients ^a				
Model	t	Sig.	Result	Hypothesis Conclusion
1 (Constant)	5,972	,000		
Attitude Toward the Fraud	,168	,867	Not significant	H_1 rejected
Subjective Norms	-1,853	,068	Not significant	H_2 rejected
Perceived Behavioral Control	1,445	,153	Not significant	H_3 rejected
Moral Obligation	2,476	,016	Significant	H_4 accepted
Pressure	1,996	,050	Significant	H_5 accepted
Opportunity	,732	,467	Not significant	H_6 rejected
Rationalization	2,078	,041	Significant	H_7 accepted
Capability	,086	,932	Not significant	H_8 rejected

a. Dependent Variable:
ASSET
MISAPPROPRIATION

Source: SPSS 25 Processing Results (2025)

Based on the regression test results, several independent variables were examined for their effect on asset misappropriation. Attitude toward fraud ($t = 0.168$; sig. $0.867 > 0.05$), subjective norms ($t = -1.853$; sig. $0.068 > 0.05$), perceived behavioral control ($t = 1.445$; sig.

0.153 > 0.05), opportunity ($t = 0.732$; sig. 0.467 > 0.05), and capability ($t = 0.086$; sig. 0.932 > 0.05) were found to have no significant effect, leading to the rejection of H1, H2, H3, H6, and H8. In contrast, moral obligation ($t = 2.476$; sig. 0.016 < 0.05), pressure ($t = 1.996$; sig. 0.050 ≤ 0.05), and rationalization ($t = 2.078$; sig. 0.041 < 0.05) showed a positive and significant effect on asset misappropriation, supporting H4, H5, and H7, indicating that higher moral obligation reduces misappropriation, while greater pressure and rationalization increase it. Furthermore, Moderated Regression Analysis (MRA), which maintains sample integrity and controls moderating effects (Ghozali, 2018b), was employed to assess the moderating role of integrity through interaction testing. Based on (Ghozali, (2018), moderation can be classified as quasi moderator, pure moderator, homologizer moderator, or predictor moderator depending on the significance of the direct and interaction effects between manager's behavior, fraud risk elements, integrity, and asset misappropriation, with the final determination derived from comparisons between Model I and Model II regression equations.

Moderated Regression Analysis Test (MRA)

Moderated Regression Analysis (MRA) is an analytical approach that preserves sample integrity and controls the influence of moderating variables (Ghozali, 2018b). Moderation can be tested through interaction tests, absolute difference tests, or residual tests, and determining the type of moderator requires comparing regression equations that include interaction terms (Ghozali, 2018b). Based on this approach, moderating variables can be classified into four types: (1) a quasi moderator, when integrity (Z) significantly affects asset misappropriation (Y) and the interaction between manager's behavior, fraud risk elements, and integrity (X1, X2, Z) also significantly affects Y; (2) a pure moderator, when integrity (Z) does not directly affect Y, but the interaction term significantly influences Y; (3) a homologizer moderator, when both the direct effect of integrity (Z) on Y and the interaction effect are not significant, yet it influences the strength of the relationship; and (4) a predictor moderator, when integrity acts merely as an independent predictor, meaning X1 and X2 significantly affect Y, but the interaction term does not show a significant effect (Ghozali, 2018b).

The results of the calculation of the moderated regression analysis in model I and model II are as follows.

Table 2
MRA Model I Test Results
Coefficients^a



Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15,752	2,691		5,853	,000
	Attitude Toward the Fraud	-,048	,379	-,017	-,127	,899
	Subjective Norms	-,803	,352	-,260	-2,284	,025
	Perceived Behavioral Control	,325	,367	,113	,885	,379
	Moral Obligation	,789	,346	,280	2,281	,026
	Pressure	,524	,261	,231	2,005	,049
	Opportunity	,105	,268	,044	,392	,696
	Rationalization	,416	,246	,189	1,692	,095
	Capability	-,047	,283	-,019	-,165	,870
	Integrity	,300	,168	,270	1,784	,079

a. Dependent Variable: ASSET MISAPPROPRIATION

Source: SPSS 25 Processing Results (2025)

Table 3
MRA Model II Test Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6,123	9,893		-,619	,538
	Attitude Toward the Fraud	2,620	2,543	,926	1,030	,307
	Subjective Norms	-3,612	2,138	-1,170	-1,689	,096
	Perceived Behavioral Control	3,722	1,960	1,294	1,899	,062
	Moral Obligation	4,747	2,289	1,682	2,074	,042
	Pressure	2,737	1,456	1,205	1,879	,065
	Opportunity	-2,503	1,601	-1,042	-1,564	,123
	Rationalization	-1,554	1,334	-,707	-1,165	,249
	Capability	-,467	1,466	-,187	-,319	,751
	Integrity	1,597	,574	1,436	2,782	,007
	Attitude Toward the Fraud X Integrity	-,110	,107	-1,417	-1,024	,310
	Subjective Norms X Integrity	,114	,092	1,371	1,244	,218

Perceived Behavioral Control X Integrity	-,124	,078	-1,648	-1,587	,118
Moral Obligation X Integrity	-,167	,094	-2,176	-1,770	,082
Pressure X Integrity	-,094	,060	-1,584	-1,571	,121
Opportunity X Integrity	,097	,069	1,611	1,406	,165
Rationalization X Integrity	,069	,055	1,194	1,237	,221
Capability X Integrity	,005	,063	,080	,079	,937

a. Dependent Variable: ASSET MISAPPROPRIATION

Source: SPSS 25 Processing Results (2025)

Based on the results of the processing in table 2 and table 3 show the mathematical model of moderated regression analysis is as follows:

$$AM = \alpha + \beta_1 ATF + \beta_2 SN + \beta_3 PBC + \beta_4 MO + \beta_5 PRE + \beta_6 OPP + \beta_7 RA + \beta_8 CA + \beta_9 INT + \beta_{10} ATF * INT + \beta_{11} SN * INT + \beta_{12} PBC * INT + \beta_{13} MO * INT + \beta_{14} PRE * INT + \beta_{15} OPP * INT + \beta_{16} RA * INT + \beta_{17} CA * INT + e$$

$$AM = 15.752 - 0.048 ATF - 0.803 SN + 0.325 PBC + 0.789 MO + 0.524 PRE + 0.105 OPP + 0.416 RA - 0.047 CA + 0.300 INT - 0.110 ATF * INT + 0.114 SN * INT - 0.124 PBC * INT - 0.167 MO * INT - 0.094 PRE * INT + 0.097 OPP * INT + 0.069 RA * INT + 0.005 CA * INT$$

Based on the Moderated Regression Analysis (MRA), integrity demonstrates different moderating roles in the relationship between managerial behavior, fraud risk elements, and asset misappropriation. For attitude toward fraud and perceived behavioral control, integrity shows no significant direct or interaction effect ($p > 0.05$), indicating a homologizer moderator, where neither the direct relationship ($Z \rightarrow Y$) nor the interaction term ($X \times Z$) is significant (Ghozali, 2018b), thus supporting H9 and H11. In contrast, for subjective norms, moral obligation, and pressure, integrity has a significant direct effect ($p < 0.05$) but no significant interaction effect, classifying it as a predictor moderator that functions only as an independent predictor in the model (Ghozali, 2018b), leading to the rejection of H10, H12, and H13. Meanwhile, for opportunity, rationalization, and capability, integrity again shows no significant direct or interaction effects, confirming its role as a homologizer moderator (Ghozali, 2018b), thereby supporting H14, H15, and H16. Although several interaction terms indicate positive or negative directions, none are statistically significant, suggesting that

integrity primarily acts either as a predictor or homologizer moderator rather than a pure or quasi moderator in influencing asset misappropriation.

Table 4
Summary of Moderated Regression Analysis Test Result

Model	Result	Moderating Type	Hypothesis Conclusion
Attitude Toward the Fraud X Integrity	a = not significant b = no interaction	Homologize moderator	H_9 accepted
Subjective Norms X Integrity	a = significant b = no interaction	Predictor moderator	H_{10} rejected
Perceived Behavioral Control X Integrity	a = not significant b = no interaction	Homologize moderator	H_{11} accepted
Moral Obligation X Integrity	a = significant b = no interaction	Predictor moderator	H_{12} rejected
Pressure X Integrity	a = significant b = no interaction	Predictor moderator	H_{13} rejected
Opportunity X Integrity	a = not significant b = no interaction	Homologize moderator	H_{14} accepted
Rationalization X Integrity	a = not significant b = no interaction	Homologize moderator	H_{15} accepted
Capability X Integrity	a = not significant b = no interaction	Homologize moderator	H_{16} accepted

Source: Processing Data Results (2025)

The Effect of Manager's Behavior against Asset Misappropriation

Managerial behavior, consisting of attitude toward fraud, subjective norms, perceived behavioral control, and moral obligation, is grounded in Agency Theory and the Theory of Planned Behavior (TPB). Agency Theory explains that conflicts between principals and agents may arise because of differing interests, potentially leading to opportunistic behavior and fraud (Jensen & Meckling, 1976). Meanwhile, TPB emphasizes that individual intentions and behavior are influenced by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991, 2005).

The findings reveal that attitude toward fraud, subjective norms, and perceived behavioral control do not significantly affect asset misappropriation. These results indicate that favorable managerial attitudes, social pressures, or perceived control do not necessarily reduce fraudulent behavior within banking institutions. This finding contradicts the Theory of Planned Behavior, which suggests that behavioral intention is shaped by these three dimensions. The results are also inconsistent with previous studies that reported significant relationships between these variables and unethical intentions (Alleyne et al., 2014; Buchan, 2005; Carpenter & Reimers, 2005; Cohen et al., 2010a; Cronan et al., 2018; Jafarkarimi et al., 2016). However, the findings support studies conducted by (Carpenter & Reimers, 2005; Hidayati & Djuminah, 2013; Suryana & Sadeli, 2015), which found insignificant effects.

One possible explanation is that banking institutions in Palembang operate under strict regulatory supervision, standardized operational procedures, and strong internal control systems, thereby limiting the influence of individual behavioral tendencies on fraudulent actions. Professional responsibilities and institutional monitoring mechanisms may reduce the impact of subjective perceptions and managerial intentions on asset misappropriation behavior. In contrast, moral obligation has a positive and significant effect on asset misappropriation mitigation. This finding supports the extension of TPB proposed by Beck & Ajzen (1991), which incorporates personal moral obligation as a determinant of dishonest behavior. Managers with stronger moral responsibility are more likely to avoid unethical conduct and comply with organizational regulations. This finding is consistent with Setiawan (2017), who emphasizes the role of morality in preventing accounting fraud, although it contradicts Alou et al., (2017); Nisrinanisa (2019), who reported no significant influence of managerial morality. Overall, the results suggest that managerial behavior alone is insufficient to prevent asset misappropriation. Therefore, banking institutions should strengthen ethical governance, organizational culture, and institutional control mechanisms rather than relying solely on managerial attitudes and behavioral intentions.

The Effect Fraud Risk Elements against Asset Misappropriation

Fraud risk elements in this study are based on Fraud Diamond Theory, which consists of pressure, opportunity, rationalization, and capability (Wolfe & Hermanson, 2004). The theory explains that fraudulent behavior occurs not only because of pressure, opportunity, and rationalization, but also because individuals possess the capability to commit and conceal fraud.

The findings demonstrate that pressure significantly influences asset misappropriation. This result supports Fraud Diamond Theory, which identifies pressure as one of the primary



drivers of fraudulent behavior. Managers facing financial burdens, work demands, performance targets, or organizational pressure may be more likely to engage in unethical practices. This finding is consistent with Bakri et al., (2017b) and Dellaportas (2013), who found that pressure increases the likelihood of fraud, although it differs from (Dahlia et al., 2013), who found no significant effect in corruption related cases.

Conversely, opportunity, rationalization, and capability do not significantly affect asset misappropriation. These findings differ from several previous studies that reported positive relationships between these variables and fraud occurrence (Bakri et al., 2017b; Dellaportas, 2013; Kazemian et al., 2018; Mardiah & Jasman, 2021). However, the findings are consistent with Sihombing & Raharjo (2014) and Yesiariani & Rahayu (2016), who also found insignificant effects.

One possible explanation is that banking institutions generally implement strict supervision systems, internal audits, segregation of duties, and operational controls that reduce opportunities for fraud and limit the effect of individual rationalization or capability. Moreover, banking activities are highly regulated and closely monitored by financial authorities, which may suppress fraudulent intentions despite the existence of opportunity or individual capability. Overall, the findings indicate that pressure remains the most dominant fraud risk factor influencing asset misappropriation. Therefore, banking institutions should strengthen fraud risk management systems, improve employee welfare, and implement more effective monitoring mechanisms to minimize fraud risk.

The Moderating Role of Integrity in the Relationship between Managerial Behavior, Fraud Risk Elements, and Asset Misappropriation

The results of the Moderated Regression Analysis (MRA) indicate that integrity does not function as a significant moderating variable in the relationship between managerial behavior, fraud risk elements, and asset misappropriation. This conclusion is supported by the statistical findings showing that all interaction terms between integrity and the independent variables have significance values greater than 0.05, including attitude toward fraud \times integrity ($p = 0.310$), subjective norms \times integrity ($p = 0.218$), perceived behavioral control \times integrity ($p = 0.118$), moral obligation \times integrity ($p = 0.082$), pressure \times integrity ($p = 0.121$), opportunity \times integrity ($p = 0.165$), rationalization \times integrity ($p = 0.221$), and capability \times integrity ($p = 0.937$). Therefore, the interaction effects cannot be interpreted as evidence of significant moderation. Although weak interactions are identified between integrity and attitude toward fraud, perceived behavioral control, opportunity, rationalization, and capability, the interaction effects remain statistically insignificant, indicating that

integrity primarily functions as a predictor variable rather than a significant moderator. These findings suggest that integrity does not significantly strengthen or weaken the relationship between managerial behavior, fraud risk elements, and asset misappropriation, and therefore cannot be categorized as a pure or quasi moderating variable in this study.

Nevertheless, integrity demonstrates a significant direct effect on asset misappropriation in Model II ($p = 0.007$), suggesting that integrity mainly acts as an independent predictor. Consequently, integrity can only be interpreted as a predictor moderator or homologizer moderator depending on the significance of its direct effect, consistent with the moderation classification proposed by (Ghozali, 2018a). The relationship between integrity and managerial behavior is supported by Schlenker (2008); Chen et al., (2013); Dikolli et al., (2012) and Erhard et al., (2016), who emphasize integrity as adherence to ethical principles, lawful managerial conduct, and organizational compliance, although these findings contradict (Irianto et al., 2012). Likewise, the absence of moderation between integrity and subjective norms and moral obligation is consistent with Irianto et al., (2012) and Cohen et al., (2010b), but differs from Susanto, (2013) and Ta'a et al., (2014), who associate integrity with ethical and disciplined behavior that reduces fraud. Furthermore, the insignificant moderating role of integrity on pressure is supported by Bakri et al., (2017a); Irianto et al., (2012) and Susilo, (2017), although contradicting Schlenker et al., (2008). Meanwhile, the interactions between integrity and opportunity, rationalization, and capability are consistent with Ta'a et al., (2014); Turner et al., (2003); Schlenker, (2008); Avolio & Gardner, (2005) and Luther, (2000), who highlight the role of integrity in restraining unethical behavior and promoting ethical leadership, although differing from (Bakri et al., 2017a; Bao & Hu, 2016; Irianto et al., 2012).

From a theoretical perspective, these findings imply that integrity alone may not be sufficient to alter the influence of behavioral and fraud risk factors on asset misappropriation. In the banking sector, fraudulent behavior may be more strongly influenced by organizational governance, internal control systems, regulatory supervision, and institutional procedures than by individual ethical values alone. Banking institutions in Palembang operate within highly regulated environments characterized by strict operational standards and continuous monitoring, which may reduce the moderating influence of personal integrity on fraudulent behavior. Therefore, fraud prevention strategies in banking institutions should not rely solely on individual integrity but should also strengthen governance quality, internal control effectiveness, ethical supervision, and anti-fraud monitoring systems to minimize asset misappropriation practices.

5. Conclusion and Suggestion

Conclusion

This study examines the influence of managerial behavior and fraud risk elements on asset misappropriation, as well as the moderating role of integrity among managers of banking branch offices in Palembang. Using data from 80 respondents analyzed with SPSS version 25, the findings indicate that attitude toward fraud, subjective norms, perceived behavioral control, opportunity, and capability do not significantly affect asset misappropriation. In contrast, moral obligation and pressure have a significant effect on asset misappropriation, indicating that stronger moral responsibility may reduce fraudulent behavior, while higher pressure increases the likelihood of asset misuse. Rationalization also shows a positive relationship with asset misappropriation, suggesting that individuals who justify unethical behavior are more likely to engage in fraudulent practices.

The results of the Moderated Regression Analysis (MRA) further reveal that integrity does not significantly moderate the relationships between managerial behavior, fraud risk elements, and asset misappropriation, as all interaction terms have significance values greater than 0.05. Therefore, the interaction effects cannot be interpreted as evidence of significant moderation. Although integrity demonstrates a significant direct effect on asset misappropriation, its role is limited to functioning as an independent predictor rather than a significant moderating variable. These findings imply that integrity alone is insufficient to strengthen or weaken the influence of managerial behavior and fraud risk elements on asset misappropriation.

The study highlights that fraudulent behavior in the banking sector may be more strongly influenced by organizational governance, internal control systems, regulatory supervision, and institutional monitoring mechanisms than by individual ethical values alone. Therefore, banking institutions should strengthen governance quality, ethical supervision, internal control effectiveness, and anti-fraud policies to minimize asset misappropriation practices.

Suggestion

Based on the limitations of this study, it is suggested that future research expand the sample scope to obtain more comprehensive and representative results that better reflect actual conditions, and incorporate additional or alternative variables that align with prevailing theoretical frameworks in order to more broadly and deeply examine factors influencing the mitigation of asset misappropriation.

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