**SOCIAL RELATIONS BEHIND FRAUDULENT BEHAVIOR: ENRICHMENT OF THE FRAUD TRIANGLE THEORY**

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**Abstract**

This research aims to understand the tendency pattern of fraud by tracing social relations in the village government's bureaucracy. This research uses qualitative methodology with an ethnographic exploration approach. They were collecting data through field observations and in-depth interviews with informants. The selection of informants uses a snowball technique approach. The field findings show that the social relations of village government heads with political sponsors have decreased the accountability performance of the village government. Political sponsors are not part of the village apparatus but intervene in many bureaucratic affairs of the village government. That successfully created a patronage influence on the ranks of village devices. Such circumstances make the internal control system malfunction so that financial procedures do not run as they should. In the end, the bond of social relations in the bureaucratic environment gives rise to the tendency of fraud to the village budget. This research provides enrichment to the theory of triangle fraud by including elements of social relations in the model.

**Keywords**: Fraud, Internal Control, Village Government Budget, Patron-Client Relations.

1. I**ntroduction**

There is no gift; all gifts are always accompanied by a grant of return or reward (Mauss, 1992). "Giving" in the sense of social interaction will involve a minimum of two parties giving each other and at the same time or may also occur at different times, the parties act as "recipients" and "givers." In public sector organizations, giving each other a form of retribution is malpractice that occurs (Maulidi, 2020).

Bureaucratic violations in acts of corruption in government organizations (Ibietan, 2013; Kruger, 2019; Monteduro et al., 2016). Fraud due to failure in the internal control system (Bali, 2018; Huefner, 2011). Risk of fraud in public procurement (Kruger, 2019; Rendon & Rendon, 2015; Rustiarini, Sutrisno, et al., 2019; Rustiarini, T, et al., 2019). The study has not seen the social dimension as a factor that can lead to fraud in public organizations. The social aspect of this research is the model of social relations that contains reciprocal norms. In public organizations, reciprocally charged social ties can lead to the failure of internal control systems.

Many concepts explain the social relations model, but this research emphasizes the patron-client relationship model. Patron-client social ties were initially built on economic interests but continued to flourish in politics. In Scott's view (1972), a client patron relationship is a bond of two or more persons. Neither party has a higher position due to the lower socio-economic status (patron) and the other. Patron's resources are used to protect or provide economic benefits to other parties (clients). Furthermore, the client retaliates by providing support, assistance, including services needed by the patron. Patron-client relations exist in the social life of rural communities (Putra, 2007).

Patron-client relationships can enter and develop in bureaucratic systems that can lead to poor performance for government management (Sarker, 2008). Resulting in unfair public policy (S. Khan & Swapan, 2013) and causing undemocratic governance (Geofrey & Kungu, 2020). Government budgets are used to benefit certain parties associated with patron-client bonds (Golden, 2000). Public resources are allocated to specific parties that have patron-client relationships. Such circumstances make the rules of internal procedures do not work as they should. From this explanation, this study wanted to explore more deeply the existence of patron-client relationships that led to the failure of internal control in the village government. Failure of the internal control system can open up opportunities for certain parties to commit fraud.

This research aims to understand how the tendency pattern of fraud is seen from patron-client relationships in a village government.

1. **Literature review**

In academic studies, social relations are reciprocal, one of which is patron-client. Patron-client relations become a pattern of interaction in rural communities' social, economic, and political life (Putra, 2007). In a political context, electoral contests at the village level use patron-client bonding patterns. This approach succeeded in bringing the village government and its network (clients) into the bureaucratic environment (Andhika, 2018). The emergence of patron-client relations in government bureaucracy began when the affiliates of the parties' interests coalesced in local political alliances. In view Sarker (2008), the existence of patron-client relations in government bureaucracy can reduce the performance of Good Government Governance. A different idea by Sufianto (2018) is that the patron-client relationship does not have a bad influence on government performance because it contains "humanist" values. However, the patron-client relationship in the bureaucracy needs to be treated carefully.

Patron-client social relations are built on the motives of reciprocal benefits. Interests are owned by one party but jointly owned even though the value of benefits obtained is different due to unbalanced power.

Unequal social relations make patrons feel more dominant and can do as they please. The coercion of desire in a social bond is a form of Strong-Power Network. Inequality in the structure of social relations encourages stronger parties to use coercive power approaches towards the weaker parties. The use of "coercive power" in the village government bureaucracy poses psychological pressure for village apathy. Coercive power in the bureaucracy is used to make village devices comply with patrons.

Clientelism relationships are extensible from the social environment of society to the government bureaucratic environment (Golden, 2003). In a bureaucratic environment, patron-client relationships have reciprocal benefits among actors. Khan (1998) distinguishes benefits into two parts, namely direct and indirect benefits. Golden (2003) revealed that the interests of one party (client) accommodated in the public development budget is a form of indirect benefit compensation. While direct benefit in the form of cash giving. This technique is more widely applied to lower-middle-class people, especially those who are experiencing economic limitations. The implications of client patron relationship ties in public organizations, in view Hanif (2009), can change the nature of public services to be exclusive.

Internal controls are designed to keep activities running according to the rules. In addition, securing the organization's wealth becomes the primary goal of internal control. Public sector organizations need to focus more on internal control to become excellent and efficient organizations (Azis et al., 2015). Human attitudes and abilities often outperform the capabilities of internal control systems to lead to the usability (Alatas, 1987) potentially. Albrecht et al. (2012) assert that weaknesses in the internal control system open up opportunities for a person or group to commit fraud. Therefore, in addition to adequate internal control, a culture of honesty and high-value ethics is helpful to control the desire to cheat in the organization (Tunggal, 2010).

Collusion or building a concession that is bad for the organization is a potential weakness for anyone. Alatas (1987) asserts that the implications posed by human limitations on internal control are collusion or conspiracy behavior. Lestari & Supadmi (2017) responded to this by revealing that the value of integrity and sense of responsibility in individuals needs to be increased to decrease the level of fraud in the organization.

Cheating, although done by different methods, reason behind the action is due to economic conditions (Sumarti, 2007). Cressey (1964) argues in the fraud triangle theory that cheating for financial reasons is a form of pressure.

Fraudulent actions can result from "internal self-worth" as a guideline in producing individual actions. Schwartz (1994) argues that every individual has fundamental human values as a foothold in behaving. Yuwanto (2015) views that a cheater is more dominated by actual human values such as achievement, stimulation, power, hedonism, self-direction. Greedy or greedy, low morality, and consumptive lifestyle in oneself is an internal value that Irianto's view (2003) is called "moral competence" is terrible value in the individual.

1. **Methodology**
   1. **Data Collection**

The methodology is determined based on the purpose of observation of social phenomena (Wahyuni, 2012). Unraveling the socio-cultural aspects of a village government bureaucracy led this study to apply qualitative research methods. Using qualitative instruments in research opens up opportunities for researchers to engage directly in social group activities, even if not as full members. This method is known as participating observers (Bryman, 2012).

This approach provides an opportunity for researchers to gain knowledge naturally. Participant observers conducted in a government bureaucracy can help researchers obtain information related to bureaucratic activities. During participant observation, they were collecting data through observation and in-depth interviews with informants. The selection of the first informant was based on purposive sampling, and then the next informant was based on instructions from the previous informant. This technique is known as "snowball." The number of informants continues to grow until it finds a key informant. In addition to using the snowball method, informants are selected based on researchers' knowledge of social facts obtained during field research. Information obtained through in-depth interviews will enrich the information obtained from participating observers.

**Table 1: List of Informants**

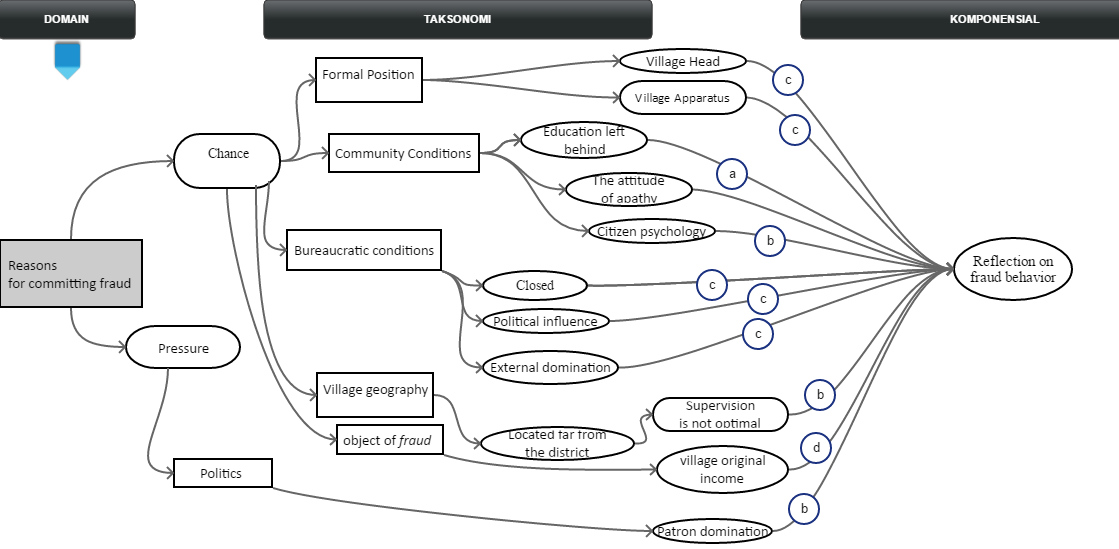
|  |  |  |
| --- | --- | --- |
| No | Informant Source | Number of Informants |
| 1 | Village apparatus | 6 |
| 2 | Members of the Village Consultative | 3 |
| 3 | Former Member of Village Consultative | 2 |
| 4 | Community Leaders | 2 |
| 5 | Management of Forest Village Community Institutions | 3 |
| 6 | Farmer (Village Government Owned Land User) | 1 |
| 7 | Territory chairman | 1 |

In the in-depth interview process, researchers positioned themselves more as listeners. If more in-depth information is needed, the researcher sometimes interrupts the informant in the middle of a conversation with a short question. In addition, researchers obtained data through documents in the form of files belonging to the village government. To support the research, the equipment used is a voice recorder and a mobile phone camera.

* 1. **Analysis Methods**

Data accuracy is tested with triangulation techniques, considering the data comes from diverse sources (Patton, 2014). Researchers tested the accuracy of the data by confirming information from one informant to another. Informant confirmation is essential to consider the capacity and relevance of the informant. Data has accuracy when the data produced contains consistent information from informants. Testing the accuracy of qualitative data at the same time as field research takes place. Data analysis used the Spradley model, namely domain analysis, taxonomy, and componential analysis (Bungin, 2015). At each stage, the data is reduced to produce a proposition and further enriched with literacy discourse.

**Figure 1. Qualitative Data Analysis according to the Spradley model**

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1. **Result**
   1. **Reflection on fraud behavior**
2. **Social and economic aspects of the village**

On the research site, the social and cultural life of the community is not much different from other villages around it. Recitation activities become a routine activity for villagers to refresh their spiritual. This activity became a medium of friendship among the villagers even though they often met outside the activity. Formal social activities are also part of the habits of the villagers, especially when entering the period of village development planning. Villagers call it the "Aspiration Net" activity or regulation known as the Development Plan Meeting (Musrenbang).

Agricultural-based economic activities are the main activities in rural communities (Murdiyanto, 2008). Villagers prefer to work in the agricultural sector rather than go into other sectors. Villagers widely develop vegetable and vegetable commodities. The villagers also cultivate long-term crops on plantation lands such as Orange, Clove, and Coffee trees. Since the Covid-19 outbreak hit Indonesian territory, villagers working in the agricultural sector have increased because overseas residents in urban areas have lost their jobs and returned to farming. Sulistyorini ( 2020), in his research, said that the pandemic that hit Indonesia accompanied by a policy of restricting social activities has caused many citizens to lose their jobs.

1. **Minimal Surveillance**

The village area far from reach is the cause of the lack of supervision of the village government. This reason also makes the desire of many parties to supervise bureaucratic accountability in the village government is still relatively hampered. So far, the government's surveillance system uses electronic documents via the internet. Such a step is considered a solution in overcoming geographical distance barriers between the location of the district government and the site of the village government. Such surveillance can only supervise compliance based on documents but loses the context of the actual social reality occurring in the bureaucracy. The patron-client relationship is not visible in the report documents but is often detrimental to the village government.

1. **The dominance of non-apparatus actors in the village bureaucracy**

The candidate of the village head who won the electoral competition involved his social relations network into the bureaucracy of the village government. Excerpts of interviews with informants corroborate the situation, stating that

"The village apparatus is entirely political supporters of the head of the village government in office." During the election of the village head, all the devices were in favor".

The line of political supporters in the village government bureaucracy is building a reciprocal social relations alliance. In social relations with a common motive, the benefits are not only on one side but also belong together even though the value is different because of the power factor of one party (Scott, 1972).

1. **Fraud Action: Village's Original Income**

In addition to using the village budget, the village government can receive assistance from the community in cash and goods to carry out infrastructure development. Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management in Article 12 point (4) states that "Self-help, participation, and mutual assistance are receipts derived from village community donations." Furthermore, donations from villagers are the village's original income Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management in Article 12 point (1) letter c, explains that "The Village Native Income Group consists of self-help, participation and mutual assistance."

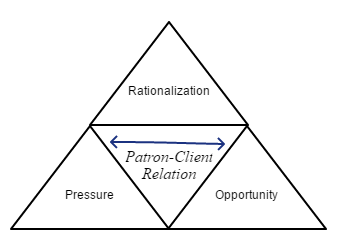
The Budget for Village infrastructure activities is part of economic development efforts in the village area (Udjianto et al., 2021). The fact of the field, the infrastructure development budget is dominated by patrons who are political relations of the head of the village government. Patrons collect donations from particular residents under the pretext of infrastructure activities. Donations from residents that were collected were not submitted and reported to the village finance department. This action violates village financial administration procedures stipulated in Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management, including abuse.

1. **Conclusion**

A patron-client relationship is the interaction of two or more people who tend to be mutually beneficial (reciprocal). Although patron-client relationships provide mutual benefit to the parties but the most profitable patrons, this condition is called the term asymmetric benefit. Patrons have a dominant role so that the benefits received are more significant than others. But on the contrary, village officials face more significant risks due to responsibility for village financial management.

Village officials in the context of patron-client relations are clients who often violate the provisions of village regulations. The desire imposed by the patrons leads village officials to violate financial laws. The domination of patrons who often impose their will in the view of fraud triangle theory is a pressure. The psychological burden makes the apparatus choose to follow the patron's will even though it violates the provisions of the regulations.

Fraud is part of the action that leads to cheating (Cressey, 1964). Fraud triangle theory stipulates three elements that encourage someone to commit fraud: pressure, opportunity, and rationalization. Fraud Triangle Theory helps analyze someone's motivation to commit fraud. In this research, the fraud triangle theory is a theoretical instrument to understand fraud in the village government bureaucracy.

**Figure 2. Fraud Triangle Theory Enrichment**

The figure factor and the influence of "patronage" put the village apparatus and the village government bureaucracy under patron pressure. The social relations of the village government head with the patron (political sponsor) succeeded in suppressing the village government's policies to suit the interests of the patron party. The domination of patrons in the village bureaucracy fulfills the opportunity element in the fraud triangle theory. The patron-client social relationship in the village government bureaucracy opens opportunities for certain parties to commit fraud.

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