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THE ROLE OF POSITIVE PSYCHOLOGICAL CAPITAL MEDITATION ON THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND FRAUDULENT INTENT

Salle Agustinus*, Maryen Jean Renzky, Falah Syaikhul, Daat Sylvia C.

University of Cenderawasih, Papua, Indonesia

*E-mail: salleagustinus1@gmail.com

ABSTRACT

The aim of the study was to prove empirically the role of positive psychological capital mediating the ethical culture of the organization against fraud prevention. Research data was collected from a number of medical personnel who worked in hospitals. Data analysis in this study uses the Structural Equation Model (SEM) approach. Research hypothesis testing used Partial Least Square (PLS). All hypotheses prove significant influence on fraud prevention. Likewise, the influence of mediation positive psychological capital also has a significant effect.

KEY WORDS

Positive psychological capital, organizational ethical culture, fraud prevention, capital.

The fraud that occurs in the hospital is no longer a common thing. Types of fraud that occur in the public sector in the health sector are generally in the form of corruption, other forms of fraud such as asset misuse and financial statement fraud. According to Indonesia Corruption Watch (ICW) Health Corruption Trends for the Period 2010-2015, health sector corruption cases experienced a significant increase in the period 2013 to 2015.

The hospital organization that is happening at this time not only provides pure service but he also thinks of himself how to survive. According to Lu (2011) hospital management faces tighter pressure from health insurance institutions caused by increased medical costs and medical services. The implementation of the National Health Insurance System causes financial pressure and medical resources, according to (Chatterji 2009) and (Bhuiyan, Menguc, and Bell 2005). Financial pressure is one of the factors that cause fraud or fraud. Cheating or fraud is a mistake made intentionally (Mustika, Hastuti, and Heriningsih 2016). In a book entitled Fraud Examination, (Albrecht et al. 2012) said that there were 3 things that caused someone to commit fraud, namely: 1. Pressure / Pressure, 2. Opportunity, 3. Rational.

Hospital organizations that are under the auspices of the government need a leadership figure which is a reflection of the ethical culture of the leaders who are used as role models. High and low organizational culture can be seen from the level of commitment of hospital members to values and beliefs from the leadership to all levels of employees. According to (Douglas, Davidson, and Schwartz 2001) and (Falah 2010) organizational culture is essentially a system of general values. The personal values began to be developed at the beginning of life, as well as trust in general, arranged in a hierarchical system with characteristics that can be explained and measured, and the consequences of observable behavior. Perceptions of organizational culture are based on the conditions experienced by someone in the organization, such as appreciation, support, and behavior expected to be obtained in the organization. Organizational ethical culture which is a reflection of the leadership will build positive character from individuals in the organization, called psychological capital.

Psychological capital is defined as "a state of positive psychological development that is characterized by (1) having self-efficacy to take and succeed in challenging tasks, (2) make positive attribution (optimism) about the success of the present and the future, (3) diligently towards the goal, and if necessary, direct it back to the goal (hope) to succeed;

and (4) when hit by problems and difficulties, able to rise again and even more resilient to achieve success (Luthans 2012) and (Luthans and Youssef-Morgan 2017).

Research questions:

- Does the ethical culture of the organization affect fraud prevention?
- Does the ethical culture of the organization affect positive psychological capital?
- Does positive psychological capital affect fraud prevention?

LITERATURE REVIEW

Organizational culture can be seen from the level of commitment of hospital members to values and beliefs from leaders to all levels of employees. A good cultural climate will create good behavior for everyone in the organization (Najahningrum 2013). Organizations with good and right behavior can encourage people not to commit fraud, by establishing a code of conduct of the right behavior to assess integrity, encourage open and honest communication. Likewise, research conducted by (Sabău, Șendroi, and Sgârdea 2013) namely by creating a culture of strong ethics and integrity throughout the organization is the first step in developing an effective system to prevent fraud in organizations. (Francis and Armstrong 2003) explained that the lack of absorbing ethics culture within the organization led to the emergence of fraud that occurred, this also led to the collapse of large companies such as Enron. In an institution if the values have been implanted, that a fraud is an act that is not good and is detrimental to many parties, then employees will tend not to commit fraud.

H1: organizational ethical culture of fraud prevention.

High and low organizational culture can be seen from the level of commitment of hospital members to values and beliefs from leaders to all levels of employees. Leadership can lead to positive characteristics, ethical behavior that is instilled in the organization so that it can become a role model. (Pamela R. Murphy; Clinton Free; Carmel Branston 2011) the results provide good and significant support for the proposed hypothesis, where employees from various organizations with psychological capital will influence work performance assessed by superiors and job satisfaction and can eliminate the intention to move.

Ethical behavior within the organization will bring a person into self-efficacy having the confidence or confidence in carrying out various tasks, as well as the hope / hope, and ethical culture in the organization will provide lessons on how the values instilled in individuals can have a positive influence with have a sense of optimism in facing all problems and able to rise again from the downturn experienced and become better resilience.

In line with research conducted by (Dent, Higgins, and Wharff 2005) spirituality in the workplace is aligned with cultural values within the organization which have proven to be significant in providing self-motivation, motivating and controlling feelings in emotional situations (self-control).

H2: organizational ethical culture affects positive psychological capital.

(Luthans et al. 2008) psychological capital has a significant influence on positive emotions, attitudes, and behavior of employees so that the tendency of crime will be controlled. Having a high psychological capital will make a person feel confident and able to do positive things in the organization, this attitude will make the individual suppress all forms of fraudulent intentions that occur in the hospital.

H3: positive psychological capital affects fraud prevention.

Honest and high ethical culture is the most effective way to prevent and deter fraud. Organizational ethical culture will create a positive work environment, from research conducted it appears that violations occur less frequently when employees have positive feelings about their superiors (Zelmiyanti and Anita 2015). There are positive changes, both ethics, attitudes, behaviors and individual perspectives, which develops into the character of individual groups (from superiors to subordinates) so that it will form a positive change in new work culture, based on the explanation above, the hypothesis can be taken as follows.

H4: positive psychological capital mediates the ethical culture of the organization against fraud prevention.

METHODS OF RESEARCH

Data collection in this study was obtained by distributing questionnaires to respondents by visiting the sampling location directly. Instrument to measure Psychological Capital which consists of four aspects: self-efficacy, optimism, hope, resilience, consisting of 12 items of questions adapted from (Venkatesh & Blaskovich, 2012) in (Soleha et al., 2014). Measurement of organizational ethical culture was carried out using an instrument developed by Hunt et al. (1989). In an effort to prevent fraud, it also starts from internal control, instilling awareness of fraud awareness.

The instrument used to measure fraud prevention consists of 13 question items (Thabi, 2017). Measurement of this variable using a Likert scale 1 strongly disagrees to 5 strongly agrees that the highest value shown is the prevention of fraud is more effective.

Table 1 – Latent Variable Coefficients

	BEO	PSY	PF
R-squared		0.289	0.307
Adj. R – squared		0.272	0.271
Composite reliab.	0.791	0.868	0.906
Cronbach's alpha	0.668	0.827	0.887
Avg. Var. extract	0.437	0.436	0.431
Full Collin VIF	1.385	1.362	1.243
Q-squared		0.307	0.322

Source: Primary data processed, 2018.

The output of the table above shows that all three constructs have not met the convergent validity criteria because BEO has AVE 0.437 <0.50, PSY has AVE values 0.493 <0.50 and PF has AVE values of 0.476 <0.50. so it can be concluded that the three variables do not meet the convergent validity criteria.

Figure 1 – Statistical Test Results

The results of statistical testing of ethical cultural hypotheses against fraud prevention show p-value <0.05 that is equal to 0.01. This means that the hypothesis of the influence of the organization's ethical culture on preventing fraud is accepted. An ethical culture of the organization proved to be influential in preventing fraud in hospitals. Ethical culture that is a reflection of leadership that instills good ethical values and becomes a role model from the boss to the ranks below it. In hospitals in the city of Singapore, employees/staff tend not to commit fraud, good ethical values seem to make employees/staff reluctant to their leaders who are used as role models so they do not commit fraud.

Research is in line with research conducted by (Najahningrum 2013) which shows empirical evidence that a good cultural climate can create good behavior in the organization so that it reduces the level of fraud. Likewise, opinion (Sabău, Şendroi, and Sgârdea 2013) that is by creating a culture of strong ethics and integrity throughout the organization is the first step in developing an effective system to prevent fraud in the organization. So the more ethical the behavior of employees/staff in hospitals in the city of Jayapura with their leadership as role models, then the tendency to commit fraud can be overcome.

The second hypothesis test shows that the p-value <0.05 is equal to 0.01. This means that the hypothesis of the influence of organizational ethical culture on positive psychological capital is accepted. Organizational ethical culture seen from leadership has proven to be able to build positive psychological capital within hospital organizations. Leadership or leaders in hospital organizations instill ethical behavior so that employees or staff follows what their leadership does. The ability to do everything, have a sense of optimism and hope and able to rise again to achieve organizational goals.

So, a positive feeling that is built from his leadership makes employees or staff in the hospital do everything with confidence and optimism that whatever is done can run according to goals or expectations, and when failure occurs the employee or staff does not despair quickly but can rise again or activity again and focus again on the goal.

Statistical test results show that the p-value <0.05 is equal to 0.01. This means that the positive influence hypothesis of psychological capital on fraud prevention is accepted. Positive psychological capital is proven to have a significant effect on preventing fraud that occurs in hospitals. A positive development pattern of a person consisting of four elements, namely self-efficacy, hope, optimism, and resilience makes employees feel confident and able to do positive things; this positive attitude can suppress or prevent fraud.

In line with research conducted by (Pamela R. Murphy; Clinton Free; Carmel Branston 2011) where psychological capital has a significant influence on positive emotions, employee attitudes and behavior so that the tendency of crime can be controlled. So, the positive attitude of psychological capital of employees/hospital staff in the city of Jayapura makes a person's tendency to commit fraud can be prevented.

CONCLUSION

Organizational ethical culture has a significant effect on fraud prevention. This shows that good ethical values that are attached to the leadership become one of the factors preventing fraud. Similarly, the positive influence of psychological capital in preventing fraud shows a significant role. Conditions explained that with a sense of confidence, optimism, hope and able to rise again in achieving its goals, this is one that is needed by every employee. The negative influence of employees can be minimized with a strong ethical culture and psychological capital. Research on positive psychological capital in mediating the organization's ethical culture against fraud prevention is a new research in accounting, so research needs to be done on the same aspects to find out the consistency of the results. Further research needs to consider other variables that affect the organization's ethical culture against fraud prevention

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