

Analysis of Fraud Factors According to The Pentagon Theory on BUMD Sumber Daya Bangkalan

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Abstract: The purpose of this study was to analyze the factors of fraud committed by PT Sumber Daya according to the perspective of the Pentagon Theory which covers the five main factors of individuals committing fraud, namely Pressure, Opportunity, Rationalization, Capability and Arrogance. the researcher developed the theory in practice for fraud detection. The method used is qualitative with a case study approach based on interviews with informants, the findings of this study reveal the elements of fraud there are three factors that trigger the act of fraud, including Pressure, Capability and Opportunity. the implications of this research with the identification process of fraud cases are special skills and techniques, in uncovering fraudulent activities and investigating financial irregularities and collecting evidence for legal proceedings. by connecting the elements of the Pentagon Theory in analyzing fraud, it is hoped that it can be more effective, in dealing with fraud cases and later creating a more transparent work environment as well as integrity.

Keywords: Pentagon Theory, Fraud Detection, BUMD.

Introduction

Corruption is a serious problem that occurs in many Asian countries, this can be seen from the many news and disclosure of corruption cases in various communities. This behavior occurs due to several factors such as personal interest, status, and environmental factors (Anisah; azim, 2021). Corruption is very vulnerable to occur in planning, implementation, and accountability activities because it is necessary to pay attention to accounting supervision (Anisah, 2021). Many factors influence acts of corruption such as motivation, rationalization, human resource competence and supervision (Anisah; Feldman, 2021) Internal Control is a preventive measure and early warning system to detect fraud in the management of regional finances and assets (Kurniawan; Izzaty, 2019; Leke et al., 2022).

Researchers took the phenomenon of a corruption case committed by the former director of PD Sumber Daya Bangkalan, this case originated from a cooperation agreement contained in the notarial deed of the initials MKA number 4 of 2019 in the agreement, PT Aman submitted collateral in the form of a certificate of ownership (SHM) in the name of the director of PT Aman, based on the agreement PT Sumber Daya had disbursed funds amounting to 1.5 billion to

PT Aman. However, this problem arose PT Aman did not acknowledge the receipt of money and stated that the cooperation agreement, between PT Aman and PT Sumber Daya was only a fabrication with the President Director of PT Sumber Daya. the cooperation agreement between the two companies is strongly suspected of fulfilling the elements of criminal acts of corruption, enriching themselves or others So that this triggers a loss for the local government. (LSM Pakis, 2024).

Researchers use the Pentagon theory which is used as a basis for detecting indications of this case which are classified based on pressure, opportunity, rationalization, capability and arrogance. the pressure factor makes someone driven to commit fraud, both pressure from the environment and from within themselves as well as conditions that can lead to fraud, namely financial targets, stability in finance and pressure from outside parties. The opportunity factor is a condition when someone must have access to assets or have the authority, to regulate control procedures so that fraud can occur within the company then also weak internal control conditions. such as the ineffectiveness of supervision and the quality of the organization can trigger the opportunity for someone to commit fraud, a special capability factor that a person has can also cause large-number fraud. (Puspita et al, 2021).

Then rationalization in this context rationalization is a mental process where dishonest and unethical actors they do as something different from actual criminal acts, ignorance and a way of thinking that seeks opportunities for self-interest makes rationalization behavior that what is done is right (Soedarsono, 2023). and the factor of arrogance and excessive self-confidence of individuals who commit fraud they feel superior and are sure that the actions taken are not caught or punished. (Nurwahyuni, 2024).

Some previous studies include the role of internal control packages to prevent financial statement fraud in this study adding hexagon fraud theory and spirituality to internal control, by connecting elements of fraud theory to financial statements and spirituality which is the basis for prevention efforts (Soedarsono, 2023). Also research on the implementation of the Pentagon theory in detecting tax evasion in which this study examines indications of evasion based on, the effect of the Pentagon fraud theory variables on trading companies to detect indications of tax evasion so that in the future reporting is carried out honestly (Puspita et al, 2021) and research on fraud detection using fraud triangle theory: evidence from china this study aims to explore the relationship between fraud triangle theory (FTT) and the phenomenon of accounting fraud in all companies listed in China (Rahman, 2024).

The novelty of this research with the previous Researcher takes a view based on the perspective of the Pentagon theory in the case of BUMD. to analyze the motivation behind the fraud committed, and its application to this theory so that it is necessary to clearly know the factors that cause fraud based on the Pentagon Theory by connecting the elements of the Theory, in analyzing fraud it is hoped that it can be more effective in dealing with fraud cases and later create a more transparent work environment as well as integrity.

Literature Review

Pentagon Theory

This theory is one of the theories used to analyze the factors that cause fraud, there are 5 factors that trigger someone to commit fraud, one of which is corruption in this study, to identify these 5 elements in the case of BUMD resources that occur in Bangkalan Regency. Pressure is a significant trigger for individuals to engage in immoral or deviant actions, (Firnanda, 2020; Nurwahyuni, 2024) explaining that pressure can arise from various urgent situations, both from within and outside the individual. This research emphasizes that pressure is not only internal factors, but also external ones, such as job demands, social pressures, or personal financial problems.

Opportunity reflects a situation where individuals have access and authority to carry out a certain action, one of the factors that often triggers fraud is the position or position of a person in a (Firnanda, 2020; Nurwahyuni, 2024) identifies six main factors that can increase opportunities for fraud including weaknesses in the control system, inability to demonstrate quality performance, failure to create discipline, limited access to information, indifference, and lack of an adequate audit trail.

Rationalization as an element reflects a concept where fraudsters must build a series of normal, acceptable reasons to justify actions. In this context, rationalization is a mental process where dishonest and unethical actors do as something different from actual criminal acts, in other words they convince themselves that these actions have legitimate or moral reasons that justify them (Nurwahyuni, 2024).

Capability covers individual abilities in various situations and this plays a key role in the successful implementation of fraud, such as position or position, intelligence, selfishness, persuasive ability, lying habits, and the ability to manage stress are determinants in how an individual commits fraud (Nurwahyuni, 2024). The ability of staff to improve the performance of their organization and be able to control social situations that can bring benefits to them, including the ability to see gaps as opportunities to take advantage on an ongoing basis (Anggelina et al, 2022). Arrogance the arrogant attitude and excessive self-confidence of individuals who commit fraud, they feel superior and believe that the actions taken are not caught or punished, giving rise to greed in individuals who believe that policies and procedures are not implemented (Anggelina et al, 2022).

Methods

This research uses a case study approach to try to analyze the motivation behind the fraud committed and the application of the pentagon theory in analyzing fraud factors. After reviewing the literature on BUMD funds, the explorative case study developed by Yin (2003) reflects Yin's sources of data collection process using two of the six strategies stated by Yin including using documentation and interviews, the data collection process is based on websites that discuss cases at BUMDs and this research also conducts a semi-structured interview process to explore information and collect data. The interview technique

provides an opportunity to explore the details of how fraud factors occur based on the case at BUMD by connecting the pentagon theory. (Anisah, 2021) his research data analysis technique begins with data collection, data reduction, data presentation and drawing conclusions on the data that has been described and, comparing research results with previous studies.

Findings

Companies may engage in external fraud. However, fraud in the company can occur with problematic causes of fraud from the company's own employees, or some instances of fraud are carried out with collusion between employees and outsiders so that they are classified as internal or external attacks (Soedarsono, 2023) This section of the article reveals the factors of fraud based on the pentagon theory from the case of the former director of PT Sumber Daya.

Table

Pentagon Theory	Treatment	Fraud
Pressure	Pressure, external interests	Carrying out orders by other parties
Oppurtunity	Opportunity to commit fraud	Capital pledging without return of profit
Capability	Authority and decisions held by management	Engineering the agreement

This study only found three factors based on the pentagon theory which are indications of fraud, including pressure, opportunity and capability, the push factor manifested in the form of pressure is an intensive to commit fraud. Pressure can come from the perpetrator himself, such as pressure in the form of economic and family factors, besides that pressure also comes from the environment, such as pressure from upper management to manipulate so that fraud cannot be avoided (Soedarsono, 2023). as in the case of PT Sumber Daya, researchers made observations related to pressure that the company was only carrying out orders by other parties regarding the existence of these funds. Kressey states that the element of pressure is financial demands that arise due to various problems, and Lister states that most of them consist of personal pressures from life in work pressures, external pressures such as threats to financial instability and capital agreements (Rahman, 2024).

The existence of capability, namely funds worth 1.5 billion which are used as cooperation capital between PT Aman but the capital participation is fictitious (Kamaluddin, 2024) with this there is an indication of a person's authority in terms of engineering, and there is an agreement between the two parties so that this action damages morals because it violates trust and healthy cooperation. capabilities often involve conflicts of interest among the individuals or groups involved, have personal or group interests that conflict with the interests of the company or entity they represent this conflict of interest, so that it can trigger

individuals to commit fraudulent acts by manipulating information or making decisions that are not objective to meet personal or group interests (Soedarsono, 2023).

Then the opportunity factor is an indication that the investment in the form of capital participation carried out is only limited to spending PT Sumber Daya's capital without returning profits of around 23 billion for the investment that has been used, as a form of cooperation with private companies, even worse, this kind of cooperation indicates interest requirements because it is a place for budget absorption for unscrupulous officials and bureaucracy. also due to the minimal management capabilities of the company, causing continuous losses (Pakis NGO, 2024). ineffective control is evidence that the company does not have good supervisory standards to monitor its business performance, this is due to the dominance of management by one person or a small group (Soedarsono, 2023).

With this process of identifying fraud cases, specific skills and techniques in uncovering fraudulent activity investigate financial irregularities and collect evidence for legal proceedings. and analyze data to identify anomalous patterns, and red flags that indicate potential fraudulent activity (Naz, 2024) in the application of the pentagon model theory is the basis for analyzing these three factors to explore the importance of these factors if fraud occurs.

Conclusion

The results of this study answer that only three factors based on the pentagon theory influence the existence of fraud at PT Sumber Daya. related to pressure that the company is only carrying out orders by other parties related to the existence of these funds so that there is external party support for this fraud which is mostly external pressure such as threats to financial instability and capital agreements. then the existence of capabilities in the form of capital participation that is fictitious is an indication of one's authority in terms of engineering agreements between the two parties so that this action damages morals because it violates trust and healthy cooperation. then then the opportunity factor of PT Sumber Daya spending capital without any return. a profit of around 23 billion for investments that have been used as a form of cooperation with private companies because it is a place for budget absorption for unscrupulous officials and bureaucracy, this is also due to the minimal management capability of company management so that it causes continuous losses due to ineffective control so that it triggers opportunities and makes it easier for unscrupulous people to carry out fraudulent actions.

A deep understanding of the pentagon fraud theory can provide identification, limiting and detecting fraud with the identification process of this fraud case specific skills and techniques in uncovering fraudulent activities investigating financial irregularities and collecting evidence for legal proceedings. the limitations in this study are the lack of research that discusses fraud in BUMD based on the analysis of fraud factors according to other fraud theories and the lack of information related to the cases analyzed in the application of the pentagon theory.

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