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## **Tri Hita Karana Culture as a Moderate Influence of the Love of Money on Ethical Perception of Fraudulent Accounting Practices**

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### **Abstract**

This research analyses the influence of the love of money on the ethical perception of fraudulent accounting practices of the head of LPD on Denpasar City and to try whether Tri Hita Karana culture may weaken that influences. The techniques of data analysis used to try the influence of the love of money on ethical perception were simply linear regression analysis and moderated regression analysis was used to try whether Tri Hita Karana culture may weaken the influence of the love of money on the ethical perception of fraudulent accounting practices of the head of LPD. The result of data analysis showed that the love of money had negative effects on ethical perception of fraudulent accounting practices of the head of LPD and Tri Hita Karana culture may weaken the influence of the love of money on the ethical perception of fraudulent accounting practices of the head of LPD.

**Keywords:** Love of money; Tri Hita Karana Culture; Ethical Perception.

### **1. Introduction**

Ethics has become an important issue and draws attention both in academics and professionals. Many cases that arise related to ethical issues, one of them is about fraudulent accounting practices.

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This can be seen from a survey conducted by Transparency International which shows Corruption Perception Index (CPI) Indonesia for the year 2017 was in the order of 96 of 180 countries surveyed with a score of 37 [1]. This shows Indonesia's perception of corruption is still low compared to other countries. Not only corruption occurring in major cities in Indonesia, it also begins to enter the village. Indonesia Corruption Watch (ICW) is also monitoring the corrupt practices of the use of village funds handled in 2016 to 10 August 2017. Based on ICW monitoring, there are 110 cases of village budget corruption that has been processed by law enforcement and allegedly involving 139 perpetrators. The amount of state losses incurred to reach at least 30 billion rupiah. There was an increase in the amount of corruption losses in village funds in 2017 at 19.6 billion rupiah, while in 2016 reached 10.4 billion rupiah [2]. In addition, based on data obtained from The Economic Bureau of Bali Province [3] showed LPD in Bali amounted to 1,433 units with total assets until the end of December 2017 amounting to 18,471,939,278,000 rupiah. There were 60.36% of 865 LPD in healthy condition, 16.82% is 241 LPD in quite healthy condition, 8.37% is 120 LPD in less unhealthy condition, 3.98% is 57 LPD in unhealthy condition and 10.47% of the total of 150 LPDs are declared non-operational.

The many cases of fraud have made it important to examine the ethical perceptions of decision makers about fraudulent accounting practices. In this study, the researcher wants to examine the ethical perceptions of the Head of LPD (Lembaga Perkreditan Desa). The reason of the researcher used the head of LPD as the sample because the LPD Head is the person who play the most role in every decision in LPD and the ethical perception from the LPD Head to the fraud will affect all the decisions concerning the LPD operation. As revealed by Robbins and Judge [4] state the perception of decision makers will show the decision. Suartana [5] also states that the various problems that arise in LPD such as the existence of the head of LPD who are subject to criminal cases due to fraud seem to be a hallmark of innate risk that can affect all organizations without exception. This inherent risk can be reduced if there is a strong supervision and ethical attitude and obedient leadership. LPD itself is a financial institution belonging to a pekraman village located in a pekraman village area which is needed to ensure the realization of community welfare. The reason of the researcher chose Denpasar as a place of research because researcher want to examine the LPD located in the city, it is because LPD has always been associated with the village. In addition, the highest profit generated by LPD in Bali in 2017 mostly controlled by LPD from Badung and Denpasar. This indicates that the rapid growth of financial institutions in the city, LPD still exists with its own uniqueness despite the increasing number of other financial institutions in the city. LPD is the only financial institution whose ownership is owned by the village and is a financial institution that is not subject to central regulations and is only subject to local regulations, awig - awig and pararem as disclosed by UU No 1 tahun 2003 section 39 paragraph 3 [6].

Deviant behaviour that occurs in everyday life can be minimized by the existence of ethical values. So the researcher raised the topic of ethical perceptions as well as factors that can affect these ethical perceptions. Robbins and Judge [4] state perception is the process by which individuals set and analyse their sensory impression to give meaning to their environment. In this study examines the individual perceptions of accounting fraud behaviour is the process of individuals in interpreting, organizing and giving meaning to accounting fraud that is influenced by love of money and Tri Hita Karana culture as a moderate.

In Fraud Triangle Theory, love money is included in the pressure. Pressure is the impetus for people to commit

fraud. Someone will commit acts of cheating if there is encouragement or motivation in him, one of those is the love of money. As it is stated by Utama [7], one example of pressure is the urge to have material goods. Himmah [8], also states that individual, materialist and capitalist personal characteristics encourage people to do negative things without thinking about the impact of such actions, one of which is fraud or unethical behaviour. Research conducted by Pradanti and Prastiwi [9], Basri [10], Aziz and Taman [11], Elias and Farag [12] and Arridla [13] found that the love of money negatively affects on ethical perceptions. However, different results were found by Tang and Arocas [14] and Kamayanti and Widyaningrum [15] found that the love of money affects positively on ethical considerations. Different results were also found by Rindayanti and Budiarto [16] who found that the love of money had no significant effect on ethical behaviour. Previous research on love of money still creates inconsistencies. It is therefore necessary to add contingency variables. As Govindarajan [17] and Murray [18] point out that in order to deal with conflicting results, a contingency approach is needed to identify other variables acting as moderating or mediating variables. Fisher [19] states that a management control system is influenced by the contingency variable that is culture. Verma and Gray [20] also state that culture affects all systems and processes in countries, regions, and community groups, including accounting systems. Therefore the variable chosen in this research is Tri Hita Karana (THK) culture. Because based on data obtained from Bappeda Kota Denpasar [21] shows that the level of public understanding on Tri Hita Karana culture related to the cultural development set on the vision and mission of the government of Denpasar is very high, reaching 90.05%.

Theory of Planned Behaviour (TPB) shows that human actions are directed by three kinds of beliefs, Tri Hita Karana in this research relates to control beliefs. Tri Hita Karana culture can hamper the attitude of person that love of money towards ethical perception, it is because in Tri Hita Karana, there are noble values that can be a guide in living life. Given this guideline, a person will not take action that could harm the harmony of this relationship, even if the person has a love of money is high. As revealed by Agung [22] that the balance of the relationship between human and his God (parahyangan), with human (pawongan) and with nature environment (palemahan) will cause a person to avoid negative deeds.

## **2. Literature Review and Hypotheses**

### ***2.1 Fraud Triangle Theory***

In general, cheating has three traits expressed in the fraud triangle. Where the conditions were generally present at the time of fraud occurs the pressure, opportunities and rationalization [23]. Pressure is the impetus for people to commit fraud. Opportunity is someone's chance to commit fraud. While rationalization, where the perpetrator seeking justification for his actions. In this study love of money associated with pressure. Someone will commit acts of fraud if there is encouragement or motivation in him, one of those drives is the love of money. Someone who has a high love of money, then he will try to do everything possible to fulfil his needs, even though the act is not in accordance with ethics [10].

### ***2.2 Theory of Planned Behaviour***

According to Ajzen [24], Theory of Planned Behaviour shows that human actions are directed by three kinds of beliefs: behavioural beliefs, normative beliefs and control beliefs. Behavioural beliefs are individual beliefs about the outcome of a behaviour and an evaluation of the outcome. Normative beliefs are beliefs about other people's normative expectations and motivation to meet those expectations. Control beliefs are beliefs about the existence of things that support or inhibit behaviours to be displayed and perceptions about how strong things are supporting and hindering their behaviour. In this study Tri Hita Karana culture is related to the control beliefs. Tri Hita Karana culture can hamper the love of money of a person against his ethical perception because in Tri Hita Karana culture there are noble values that can be a guide in living life.

### **2.3 Ethical Perceptions**

Robbin and Judge [4], describe perception as a process of how an individual organizes and interprets an impression in order to give meaning to his environment. While ethics is a set of rules, norms or guidelines that govern human behaviour, whether to be done or to be abandoned by a group of people or profession [25]. An ethical perception is the decision making of something of the good or bad measure in accordance with generally agreed behavioural principles [26].

### **2.4 Love of Money**

Tang [27] introduced the concept of "love of money". The theory seeks to measure one's subjective feelings about money. Love of money represents one's behaviour towards money and one's desire and aspiration toward money [28]. Tang and Chiu [29] explain that the concept of love of money is closely related to the concept of greed, the character of a person who is deifying money. Chen and Tang [30] also stated a direct link between the relationship of love of money and unethical behaviour. Money is also very important in relation to the individual attitudes that can be seen through personality, biography and attitude variables [31].

### **2.5 Tri Hita Karana**

Tri Hita Karana (THK), etymologically formed from the word tri which means three, hita means happiness, and karana, which means cause or effect, so THK can be interpreted as three harmonious relationships that cause happiness. Basically, the nature of the teachings of Tri Hita Karana according to Wiana [32] emphasized the three human relationships in life in this world. These three harmonious relationships are believed to bring happiness in this life, in which the Hindu community's terminology is manifested in three elements, called parahyangan, pawongan, and palemahan [33]. 1) Parahyangan is a harmonious relationship between human and Ida Sang Hyang Widi Wasa or God. As a religious person on the basis of the theology concept which he believes in particular the first Hindu people must do is how to try to connect with the God through hard work in accordance with the ability he has. 2) Pawongan is a harmonious relationship between fellow human beings. In this case emphasized for fellow religious people to always hold communication and harmonious relationships through the activities of Sima Krama Dharma Santhi / silahturahmi. 3) Palemahan is a harmonious relationship between humankind and the natural environment. This teaching emphasizes to mankind to keep the preservation of the natural environment around, so that the realization of harmony and maintain the balance of the ecosystem.

## ***2.6 The Influence of Love of Money on the Ethical Perception of Fraudulent Accounting Practices of the Head of LPD on Denpasar City***

In Fraud Triangle Theory, love of money is related to the pressure that causes the person to commit fraud. Someone will commit acts of fraud if there is encouragement or motivation in him, one of those is the love of money. It is stated by Utama, [7] one example of pressure is the urge to have the material goods. Individual, materialist, and capitalist personal characteristics encourage people to do negative things without thinking about the impact of the action, one of which is fraud or unethical behaviour [8]. This is supported also by research Pradanti and Prastiwi [9] which state the attitude of someone who love of money will tend to view money as a necessity and ambition to get it in various ways. So the higher level of love of money a person has, the lower level of ethical perception. Basri [10] states this is because if someone has a high love of money, then he will try to do everything possible to fulfil his needs. Therefore, the perception of a person will be lower, the person will see a cheating as an ethical behaviour and justify the action as long as its needs are met.

### **H1. Love of money negatively influences the ethical perception of fraudulent accounting practices of the head of LPD on Denpasar City**

## ***2.7 The Influence of the Love of Money on the Ethical Perception of Fraudulent Accounting Practices of the Head of LPD on Denpasar City with Tri Hita Karana Culture as Moderating***

Theory of Planned Behaviour (TPB) shows that human actions are directed by three kinds of beliefs. Tri Hita Karana culture in this research relates to control beliefs. Tri Hita Karana culture can hamper the attitude of person love of money towards his ethical perception because in Tri Hita Karana culture there are noble values that can be a guide in living life. As revealed by Agung [22] that the balance of the relationship between human and his God (parahyangan), with human (pawongan) and with nature environment (palemahan) will cause a person to avoid negative deeds. Putri and his colleagues [34] states that the application of the local culture can be used as a guide in running a company that will generate positive feedback from the environment that will also affect the performance. It is also supported by Gunawan [35] who stated that the values that are born from the philosophy of Tri Hita Karana from the attitude of the Hindu community in Bali that can lead the Lembaga Perkreditan Desa (LPD) to growth and significant performance.

### **H2. Tri Hita Karana Culture weakens the influence of the love of money on the ethical perception of fraudulent accounting practices of the head of LPD on Denpasar City**

## **3. Research Methods**

The data used in this study is the primary data obtained based on the results of respondents' answers to the questionnaires distributed. Selection of respondents in the study using saturated sample technique, where the overall of the existing population sampled in this study. This research was conducted at Lembaga Perkreditan Desa (LPD) located in Denpasar City. The number of LPD in Denpasar city are as much as 35 scattered in 4 districts. So the number of samples in this study was 35 Head of LPD. In the measurement, the variables of the love of money, Tri Hita Karana culture and ethical perceptions in this study were measured using a

questionnaire with a likert scale of 1 to 5. Before performing the analysis, classical assumption tests such as normality test, and heteroskedacity were performed. In addition, tested the validity and reliability. After performing classical assumption tests on the research sample, then data analysis will be done by using simple linear regression analysis and Moderated Regression Analysis (MRA). The regression equation model is as follows:

a. Simple linear regression equation model

$$Y = \alpha + \beta_1 X_1 + e$$

b. Moderated Regression Analysis (MRA) equation model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + e$$

Where:

Y = Ethical Perception

$\alpha$  = Constants

$\beta_1 \beta_2 \beta_3$  =Regression coefficient

$X_1$  = Love of Money

$X_2$  = Tri Hita Karana Culture

$X_1 X_2$  = Interaction between Love of Money and Tri Hita Karana Culture

e = Standard error

Dependent variable of this research is Ethical Perception. Questionnaires used to measure ethical perceptions The head of the LPD used questionnaires from Richmond [36] that had been modified to suit the research sites of the LPD. Independent variable of this research is love of money. The love of money is measured by adopting a questionnaire from Tang [27] and Martini [37] research. This variable uses 5 indicators, namely success, self expression, happiness, richness and motivator. Moderating variable of this research is Tri Hita Karana Culture. THT culture was measured by adopting a questionnaire from Riana [38] and Mulyawan [39] research. This variable uses three indicators namely Parahyangan, Pawongan and Palemahan.

## 4. Results and Discussion

### 4.1 Instrument Retrieval Data

Respondent from this research is the Head of LPD because the Head of LPD is the person who play the most role in every decision in LPD. This study used a saturated sampling, which means using the entire population of

35 heads of LPD. The distribution of questionnaires is presented in Table 1.

**Table 1:** Sampling Data

<b>Description</b>	<b>Quantity</b>
Directly delivered questionnaires (submitted)	35
The questionnaire is not returned	0
The questionnaire is returned and used	35
Usability response rate	100%
<u>Questionnaire processedx 100%</u>	
A questionnaire sent	

Based on Table 1 shows that out of 35 questionnaires distributed, the questionnaires returned were 35 questionnaires. All the questionnaires returned are complete and fulfilled the requirements so no questionnaires are being not used. The calculation of the data results in a usability response rate of 100 percent.

#### 4.2 Characteristics of Respondents

Characteristics of respondents this study is a profile of 35 respondents who participated in filling questionnaires. Characteristics of study respondents include gender, age and last education. Characteristics of respondents is presented in Table 2.

**Table 2:** Characteristics of Respondents

<b>Description</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
<b>Age</b>		
41-50	14	40.0
51-60	14	40.0
61-70	5	14.3
> 70	2	5.7
Total	35	100.00
<b>Gender</b>		
Male	32	91.4
Female	3	8.6
Total	35	100.00
<b>Level of education</b>		
senior high school	11	31.4
Bachelor	17	48.6
Magister	2	5.7
Others	5	14.3
Total	35	100.00

The respondent characteristic data are described as follows:

- 1) Age of respondents used to know the age of the head of the LPD who became respondents. Table 2 shows that heads of LPD with ages 41 to 50 years are 14 people (40.0%), Heads of LPD with ages

between 51 and 60 are 14 people (40.0%), heads of LPD with age between 61 up to 70 years are 5 people (14.3%), and head of LPD who have aged more than 70 years are 2 people (5.7%)

- 2) Gender is used to determine the gender distribution of the head of the LPD who becomes the respondent. Table 2 shows that 32 male LPD heads (91.4%), while female head of LPD were 3 (8.6%).
- 3) The level of education is used to determine the level of education owned by the head LPD who became respondents. From Table 2 it can be seen that the Head of LPD who senior high school are 11 people on (31.4%), Head of LPD who a bachelor level are 17 people (48.6%), Head of LPD who Magister are 2 people (5.7%), while the head of LPD who has other education level as many as 5 people (14.3%).

### 4.3 Test Instruments

The questionnaire is called valid if the question in the questionnaire is able to express something that is measured by the questionnaire, the higher validity of the questionnaire, the smaller variation of the error. If the correlation of the total score item is greater than the critical (0.30) then the research instrument is said to be valid with a 0.05 significance level.

**Table 3:** Instrument Validity Test Results

No	Variable	Indicator	Correlation Coefficient	Description
1	Love of Money (X1)	X1.1	0.450	Valid
		X1.2	0.591	Valid
		X1.3	0.814	Valid
		X1.4	0.742	Valid
		X1.5	0.869	Valid
		X1.6	0.865	Valid
		X1.7	0.820	Valid
		X1.8	0.864	Valid
		X1.9	0.858	Valid
		X1.10	0.764	Valid
		X1.11	0.823	Valid
		X1.12	0.753	Valid
		X1.13	0.873	Valid
		X1.14	0.842	Valid
		X1.15	0.869	Valid
		X1.16	0.770	Valid
		X1.17	0.889	Valid
2	THK Culture (X2)	X2.1	0.717	Valid
		X2.2	0.753	Valid
		X2.3	0.905	Valid
		X2.4	0.915	Valid
		X2.5	0.935	Valid
		X2.6	0.963	Valid
		X2.7	0.917	Valid
		X2.8	0.948	Valid
		X2.9	0.966	Valid
		X2.10	0.927	Valid
		X2.11	0.937	Valid
		X2.12	0.903	Valid
		X2.13	0.936	Valid
3	Ethical Perceptions (Y)	Y1.1	0.761	Valid
		Y1.2	0.892	Valid
		Y1.3	0.892	Valid
		Y1.4	0.903	Valid
		Y1.5	0.859	Valid

Table 3 shows that the research instrument consisting of money love items (X1), THK culture (X2) and ethical perceptions (Y) is valid. This is due to the correlation between the scores of each question with a total score greater than 0.30.



**Table 4:** Reliability Test Results

No	Variable	Cronbach's Alpha	Description
1	Love of Money (X1)	0,963	Reliable
2	THK Culture (X2)	0,981	Reliable
3	Ethical Perceptions (Y)	0,913	Reliable

The results of the reliability test shown in Table 4 show that all research instruments are said to be reliable in which the whole instrument is suitable for collecting data. The value of cronbach's alpha > 0.70 indicates that such measurements can provide consistent results when re-measured of the same subject at different times.

**4.4 Classic Assumption Test**

This study uses Kolmogorov-Smirnov test to detect whether or not the normality test is met with the provision when the significance of each variable is greater than 0.05 then the normal distribution, whereas if the significance of each variable is smaller than 0.05 then the data is not normally distributed [40].

**Table 5:** Normality Test Results

No.	Regression Model	N	Asymp. Sig
1	$Y = \alpha + \beta_1 X_1 + e$	35	0,200
2	$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + e$	35	0,200

Source: Attachment of Output SPSS

Based on Table 5 it can be seen that the value of Asymp Sig of the first equation model is 0.200 and the second equation model is 0.200 greater than the 0.05 significance level. This shows that both equation models are normally distributed. Heteroscedasticity test aims to test the occurrence of variance and residual inequality one observation to another observation in a regression model. A good regression model is homoscedasticity or does not occur heteroscedasticity [40]. One way to detect whether or not heteroscedasticity is the glejser method. If the significance of the result of regression of residual absolute value to the independent variable is more than 0.05 then the regression model does not contain heteroscedasticity.

**Table 6:** Heteroscedasticity Test Results

No.	Regression Model	Variable	Sig.
1	$Y = \alpha + \beta_1 X_1 + e$	X1	0,072
		X1	0,073
2	$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + e$	X2	0,566
		X1X2	0,700

Source: Attachment of Output SPSS

Based on table 6 it is known that the significance value of each variable in both regression models is greater

than 0.05 so it can be concluded that the regression model in this study is free from symptoms of heteroscedasticity.

#### 4.5 Descriptive statistics

Descriptive statistics are the analysis used to provide an overview of the data about the characteristics of research variables, including minimum values, maximum values, mean values and standard deviations. Descriptive statistical test results are presented in Table 7.

**Table 7:** Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
X1	35	24,67	65,18	46,7646	13,45464
X2	35	16,52	53,45	40,4477	11,72745
Y	35	6,65	21,70	15,9857	4,31280
X1X2	35	407,55	3483,87	1988,9544	938,31206
Valid N (listwise)	35				

Source: Attachment of Output SPSS

The descriptive statistics in Table 7 show that the love of money (X1) variable has a mean value of 46.76 which is close to the maximum value of 65.18. This means that the love of money from the Head of LPD in Denpasar city is high. THK Culture Variable (X2) has a mean value of 40.45 which is close to the maximum value of 53.45. This means that the implementation of Tri Hita Karana Culture has been well executed by the Head of LPD in Denpasar city. Ethical Perception Variable (Y) has a mean value of 15.98 which is close to the maximum value of 21.70. This means the ethical perception of the head of LPD in Denpasar city in viewing the acts of accounting fraud is high.

#### 4.6 Simple Linear Regression Test Result

The analysis used to determine the influence of the love of money on the ethical perception of fraudulent accounting practices of the head of LPD on Denpasar City, then used simple linear regression statistical analysis. The results of the analysis can be seen in Table 8.

**Table 8:** Simple Linear Regression Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	23,352	2,362		2,394	0,019
Love of Money (X1)	-,158	,049	-,491	-3,241	,003
<b>F</b>	<b>10,506</b>				
<b>Sig F</b>	<b>0,003</b>				
<b>R Square</b>	<b>0,241</b>				
<b>Adjusted R Square</b>	<b>0,218</b>				

Source: Attachment of Output SPSS

In this study the coefficient of determination used shows the value of R Square of 0.241. This means that 24.1% of the dependent variable variance (ethical perception) can be explained by the variance of the love of money variable. While the rest of 75.9% influenced by variance other variables that are not included into this research model. Based on Table 8, the love of money variable has t equal to -3.241 and its significance value is 0.003 (0.05) which means H0 is rejected and H1 accepted. This proves that the variable of the love of money negatively affect the ethical perception of fraudulent accounting practices of the Head of LPD on Denpasar city. This means the higher love of money of Head of LPD, the lower the ethical perception of the LPD Head in looking at the acts of accounting fraud. The results of this study in line with Fraud Triangle Theory are the love of money associated with the pressure that causes the person to do fraud.

The results of this study are also consistent with Pradanti and Prastiwi [9], Basri [10], Aziz and Taman [11], Elias and Farag [12] and Arridla [13] who found that the love of money negatively affects on ethical perceptions. This is because if someone has a high love of money, then he will try to do everything possible to fulfil his needs, even though the act is not in accordance with ethics [10]. As revealed by Ermawati and Kuncoro [41] that is because money plays an important role from various aspects of human life, then money becomes everything. Tandon and his colleagues [42] state that highly materialistic individuals will have a tendency to show values and attitudes that are contrary to social sensitivity and social impacts so that the individual will have a negative attitude towards corporate social responsibility. The same thing was also expressed by Manoe [43] who found that materialism had a negative influence on the view of the role of ethics and corporate social responsibility.

**4.7 Moderated Regression Analysis (MRA) Test Results**

The analysis used to find out how Tri Hita Karana culture moderates the influence of the love of money on the ethical perception of fraudulent accounting practices of the Head of LPD on Denpasar city, then tested moderated regression analysis (MRA). The results of the analysis can be seen in Table 9.

**Table 9:** Moderated Regression Analysis (MRA) Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7,280	7,388		2,394	0,019
Love of Money (X1)	0,103	0,169	0,321	0,610	0,546
THK Culture (X2)	0,549	0,220	1,492	2,490	,018
X1*X2	-0,009	0,004	-2,001	-2,057	,048
<b>F</b>	<b>6,483</b>				
<b>Sig F</b>	<b>0,002</b>				
<b>R Square</b>	<b>0,386</b>				
<b>Adjusted R Square</b>	<b>0,326</b>				

Source: Attachment of Output SPSS

The model feasibility test shown in the F value of 6.483 (0.002) is smaller than  $\alpha = 0.05$  which implies that this research model is feasible to be used to verify the hypothesis formed or in other words the fit model. While the coefficient of determination used in this study shows the value of Adjusted R Square of 0.326. This means that 32.6% of the dependent variable variance (ethical perception) can be explained by the variance of the love of money variable and moderated by the THK culture. While the rest equal to 67,4% influenced by variance another variable not included in this research model. According to Table 9, the moderating variable in THK culture has t equal to -2.057 and its significance value is 0.048 (0.05) which means H0 is rejected and H2 is accepted. This proves that the culture of Tri Hita Karana weakens the influence of the love of money on the ethical perception of fraudulent accounting practices of the Head of LPD on Denpasar city. Seen from  $\beta_3$  that have negative value means that the influence of the love of money accompanied by a sufficient understanding of Tri Hita Karana Culture can decrease the negative influence of the love of money on the ethical perception of fraudulent accounting practices of the Head of LPD on Denpasar city. The results of this study are in line with the Theory of Planned Behaviour (TPB), Tri Hita Karana culture can hamper the attitude of one's love of money towards ethical perception because in Tri Hita Karana culture there are noble values that can be a guide in living life. The values taught in Tri Hita Karana are maintaining a harmonious relationship between human with human, the human with the environment and human with God. Given this guideline, a person will not take any action that could harm the harmony of this relationship, even if the person has a love of money. As expressed by Suartana and Jati [44], Tri Hita Karana (THK) essence in relation with LPD business risk management boils down to the harmony values reflected in parahyangan, pawongan and palemahan. This is also supported by Putri and his colleagues [34] which states that the application of the local culture can be used as a guide in running a company that will generate positive feedback from the environment that will also affect the performance. Vitell and Hidalgo [45] studies also show that the ethical culture of the organization has a significant influence on ethical considerations and social responsibility in business. In addition, Yudastri and his colleagues [46] also stated that Tri Hita Karana Culture is also in line with Karmaphala's, which is the teaching that directs people to always do good. By using the direct interview method, I Wayan Rayun as Head of LPD Kesiman stated that there are three things needed to become a good LPD Head is an entrepreneurship, leadership and integrity. From the three things, the most important possessed by an LPD Head is integrity. This understanding of Tri Hita Karana Culture is related to the formation of the integrity of the Head of LPD.

## **5. Conclusions and Recommendations**

The love of money negatively affects the ethical perception of accounting fraud Head of LPD in Denpasar city. This means the higher the love of money has by the head of the LPD, the lower the ethical perception of the head of the LPD in viewing the acts of accounting fraud. Tri Hita Karana culture is able to weaken the influence of the love of money on the ethical perception of fraudulent accounting practices of the Head of LPD on Denpasar city. This means that the more adequate understanding of THK culture conducted by Head of LPD, the lower the influence of the love of money on the ethical perception of fraudulent accounting practices of the Head of LPD on Denpasar city. Therefore, it is expected that the implementation of Tri Hita Karana culture will be enhanced in an LPD environment because the noble values contained in Tri Hita Karana can be used as

guidance in behaving and will generate positive feedback from the environment which will also affect the performance of LPD. This study used questionnaires to measure the love of money, Tri Hita Karana culture and ethical perceptions of LPD Heads in viewing the act of cheating. For further researchers who want to take a similar topic can use other methods such as experimental methods and add other variables such as corporate governance. In addition, further researchers can also conduct research on other areas such as in Badung which has LPD growth is also very rapid.

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