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INTERNATIONAL JOURNAL OF RESEARCH IN BUSINESS AND SOCIAL SCIENCE 11(7)(2022) 210-217 * Corresponding author. ORCID ID: https://doi.org/10.20525/ijrbs.v11i7.2097 Organizational culture moderates the effect of bystander effect and internal control on accounting fraud trends in village credit institutions in Jembrana Regency Ida Bagus Anom Yasa (a)* I Ketut Sukayasa (b) Ni Made Mega Abdi Utami(c) (a,b,c) Lecturer, Bali State of Polytechnic,Kampus Bukit, Jimbaran, South Kuta, Badung Regency, Bali 80364, Indonesia A R T I C L E I N F O Article history: Received 19 August 2022 Received in rev. form 30 Sept. 2022 Accepted 19 October 2022 Keywords: Accounting Fraud Tendency, Bystander Effect, Internal Control, Organizational Culture. JEL Classification: G40, D73 A B S T R A C T This study aims to examine and explain organizational culture's role in moderating the bystander effect and internal control effect on the 2 tendency of accounting fraud. The research was conducted on The Village Credit Institution in Jembrana Regency, with the respondents being managers and employees who worked at the Village Credit Institution. Data were collected using a questionnaire, analyzed using variant-based SEM, and processed using Partial Least Square (PLS). The study's results found that the bystander effect and internal control significantly affected the 4 tendency of accounting fraud. Organizational culture can moderate the bystander effect's influence and internal control on the 2 tendency of accounting fraud. The results of this study are expected to provide a systematic overview to The Village Credit Institution management in the future regarding the influence of the bystander effect and the weakness of internal controls on the occurrence of accounting fraud. Through the results of this study, the Village Credit Institution Supervisory and Management Agency is expected to eliminate the influence of bystanders, streamline the 1 internal control system, and through a positive organizational culture, encourage the emergence of whistleblowers as an effort to prevent fraud.

Introduction

The Village Credit Institution is a Balinese asset and the only traditional village economic institution that carries out multifunctionality to strengthen the existence of traditional villages in Bali, namely as socio-cultural, economic, and religious institutions. Many problems have been faced by The Village Credit Institutions in Bali in the last three years, apart from the COVID19 pandemic, also due to unprofessional management, there were several irregularities or fraud, leading The Village Credit Institutions in Bali to going bankrupt, and some facing legal problems such as being sued by the Village Credit Institution. its customers. Data from the Village Credit Institutions Special Committee shows that, out of a total of 1,433 The Village Credit Institution in Bali, there were 158 The Village Credit Institution or 11.03 percent declared bankrupt and no longer operating (Baliberkarya.com, 2021). This fact shows that seriousness is needed to promote and strengthen The Village Credit Institution as a whole, both from the regulatory, institutional, and financial aspects. Weak internal control system because there are no written SOPs, or SOPs are not implemented properly, causing irregularities and fraud in practice, which in turn causes Village Credit Institutions management to become unhealthy (Baliberkarya.com, 2021). Jembrana Regency has 64 The Village Credit Institution spread over five sub-districts. Unhealthy Village Credit Institutions occurs every year, even increasing compared to the previous year. In 2021 the number of unhealthy Village Credit Institutions will increase by one Village Credit Institutions compared to 2020, even in 2021 there are two Village Credit Institutions in Jembrana Regency that is no longer operating. The causative factors include accounting fraud by manipulating financial statements and misappropriating funds for personal interests (Baliberkarya.com, 2021). The Triangle Fraud Theory by Cressey (1953) in (Kagias et al., 2022) explains that three interrelated factors encourage someone to commit fraud, namely Research in Business & Social Science IJRBS VOL 11 NO 7 (2022) ISSN: 2147-4478 Available online at www.ssbfnet.com Journal homepage: https://www.ssbfnet.com/ojs/index.php/ijrbs

Yasa 24 et al., International Journal of Research in Business & Social Science 11(7) (2022), 210-217 211 the element of pressure/motivation arising from financial difficulties, the element of opportunity arising from internal control weaknesses that allow the problem is done and hidden, and rationalization or verbalization which is just a mind game that allows the fraudster to feel comfortable with his actions or even as a victim of an unfortunate situation. 7 The bystander effect is a social phenomenon where the more presence of other people (bystanders) in an emergency situation, the less likely the presence of other people (bystanders) to help someone who is in an emergency situation. Bystanders may choose to ignore it, fearing for his safety or wanting not to be involved (Darley & Latane, 1968), the internal control system is another variable studied, which is thought to also influence the 2 tendency of accounting fraud. The internal control system in a company or organization has an important role to prevent fraud (Rashid & Chnar Abdullah, 2022). 6 Organizational culture is a habit that is made in an organization as a guide for carrying out activities that are intended for both employees and others. Legitimacy theory provides the basis that companies must comply with applicable norms, which are characterized by conditions when the company's value system is the same and in harmony with the community's value system, to create an environment under applicable norms such as creating an honest culture within the organization (Wilmshurst & Frost, 2000). The main problems in this research are: i. Does the bystander effect affect the 2 tendency of accounting fraud at Village Credit Institutions in the Jembrana Regency? ii. Does internal control affect the tendency of accounting fraud Village Credit Institutions in the Jembrana Regency? iii. Is organizational culture able to moderate the effect of the bystander effect on the tendency of accounting fraud on Village Credit Institutions in the Jembrana Regency? iv. Is organizational culture able to moderate the influence of internal control on the tendency of accounting fraud in Village Credit Institutions in the Jembrana Regency? Literature Review Theoretical and Conceptual Background The well-known theory of crime developed by Becker (1968) predicts that fraud can be prevented by increasing the probability that fraud can be detected. Based on this theory, the decision to engage in criminal activities, such as fraud, requires a cost-benefit analysis. If the expected benefits of a crime are less than the expected costs, i.e. the sanctions are multiplied by the probability of being caught, then a rational individual will choose not to engage in the crime (Cordis & Lambert, 2017). According to Suchman (1995) in (Crossley et al., 2021) legitimacy is a general perception or assumption that an entity's actions are desirable, appropriate, or appropriate in some socially constructed system of norms, values, beliefs, and definitions. Because of its flexibility, the definition itself can be changed to suit the social and/or environmental spectrum, for example, the general perception or assumption that a company's environmental performance is desirable, appropriate, or appropriate. The underlying argument of legitimacy theory is the idea that management is able to influence public perception of it. The argument is that the company will try to satisfy the social values of the society in which it operates, and at least meet the norms of acceptable behavior. Legitimacy is also described as a condition or status that exists when the value system of an entity is in line with the value system of the larger social system of which the entity is a part (Wilmshurst & Frost, 2000). Agency theory by Jensen and Meckling (1976), assumes the principle of the agency relationship between shareholders and management. Top managers act as agents whose personal interests are not naturally aligned with those of the company and shareholders. According to Davis, et.al., (1997), agency theory assumes that management is usually motivated by self-interest and self-preservation so that management (executives) will commit fraud because it is best for personal and short-term interests (Albrecht et al.2015). Empirical Review and Hypothesis Development The effect of the Bystander effect on the tendency of accounting fraud. The bystander effect is a variable that influences the tendency of fraud, due to neglect of the occurrence of fraud, as a result of concerns about personal safety, or wanting not to be involved (Darley & Latane, 1968) so that the bystander effect has a positive and significant influence on the tendency of fraud (Darley & Latane, 1968). fraud) accounting. The higher the bystander effect, the higher the tendency for accounting fraud (Noviyanti et al., 2021) (Redini & Indraswarawati, 2021) (Asiah & Setyorini, 2017). However, the bystander effect was not found when the evidence of fraud was weak (Brink et al., 2015). The bystander effect has no significant effect on the tendency of accounting fraud (Asia & Setyorini, 2017) (Masdiantini et al., 2021). The hypothesis proposed in this study. H1: Bystander effect has a significant positive effect on the tendency of accounting fraud. The Effect of Internal Control on the Tendency of Accounting Fraud The internal control system in a company or organization has an important role to prevent fraud (Rashid & Abdullah, 2022) so the effectiveness of internal control has a negative and significant effect on the tendency of accounting fraud (Astuti et al., 2017). Weak internal control is one of the factors that causes fraud (Setyaningsih & Nengzih, 2020) (Bell & Carcello, 2000). However, the results of other studies show that the internal control system does not affect accounting fraud (Vamela & Setiyawati, 2021) (Setiawan, 2018). The proposed hypothesis is: H2: Internal control has a significant negative effect on the tendency of accounting fraud.

Yasa et al., International Journal of Research in Business & Social Science 11(7) (2022), 210-217 212 Organizational Culture Moderates the Influence of the Bystander Effect on the Trend of Accounting Fraud The bystander effect is a social phenomenon that influences fraud, because there is a neglect of the occurrence of fraud, as a result of concerns for personal safety, or wanting not to be involved (Darley & Latane, 1968). The higher the bystander effect, the higher the tendency for accounting fraud (Noviyanti et al., 2021) (Redini & Indraswarawati, 2021) (Asiah & Setyorini, 2017). However, the presence of a positive organizational culture will able to reduce the bystander effect, because a positive organizational culture will support increased company performance, thereby reducing the tendency for fraud to occur (Ozigbo, 2013), and financial statement fraud (Nahar & Nigar, 2018). If the opposite happens, the company does not implement positive organizational culture behavior, it will fail to prevent fraud (Duke, 2021) because negative organizational culture behavior shows the real perceived failure of the company (Shepherd et al.,2011), it will strengthen the presence of the bystander. Organizational culture is a variable that can strengthen or weaken the tendency to prevent fraud, a positive organizational culture will strengthen the prevention of fraud, whereas a negative organizational culture will weaken the prevention of fraud (Putri et al., 2022) (Putra et al., 2021). H3: Organizational culture can weaken the influence of the bystander effect [2] on the tendency of accounting fraud. Organizational Culture Moderates the Effect of Internal Control on Accounting Fraud Trends. Fraud prevention can occur if the company or organization has an adequate internal control system (Rashid & Abdullah, 2022) so that the effectiveness of [9] internal control has a negative and significant effect on the tendency of accounting fraud (Astuti et al., 2017). Weak internal control is one of the factors that causes fraud (Setyaningsih & Nengzih, 2020), (Bell & Carcello, 2000). The presence of organizational culture as a guideline for carrying out activities intended for both employees and others has implications for supporting the company's performance and innovation. [6] A positive organizational culture will support increased company performance and will reduce the tendency for fraud to occur (Ozigbo, 2013), and will reduce the tendency for fraudulent financial statements (Nahar & Nigar, 2018). An adequate internal control system, [16] if the company does not implement positive organizational culture behavior, will fail to prevent fraud (Duke, 2021), because negative organizational culture behavior indicates a real perceived failure of the company (Shepherd et al., 2011). [6] On the other hand, if the internal control system is inadequate, but the company implements a positive organizational culture, it will be able to prevent fraud. Organizational culture is a variable that can strengthen or weaken the tendency to prevent fraud, a positive organizational culture will strengthen the prevention of fraud, whereas a negative organizational culture will weaken the prevention of fraud (Putri et al., 2022), (Putra et al., 2021). H4: Organizational culture is able to strengthen [9] the influence of internal control on the tendency of accounting fraud Research and Methodology This research type is causality research. That is, this study aims to examine the causal relationship between the bystander effect variable and internal control with accounting fraud, with organizational culture as a moderating variable. Research Population According to data obtained from The Village Credit Institutions Empowerment Institution of Jembrana Regency, the number of Village Credit Institutions in Jembrana Regency is 64 with total 407 employees. Research Sample Sampling was done by using a stratified proportionate random sampling technique. The sampling calculation is shown in the following table: Table 1: The Number of Research Sample No Subdistrict Number of The Village Credit Institution Number of Employee Sample (40%) 1 Pekutatan 13 80 32 2 Mendoyo 19 119 48 3 Jembrana 9 54 21 4 Negara 10 81 32 5 Melaya 13 73 29 Total 64 407 162 Data collection techniques Data collection techniques were carried out in two ways, namely through questionnaires and interviews with employees working at The Village Credit Institution in Jembrana Regency.The hypothesis tested using variant-based SEM, processed using PLS (Partial Least Square) with a significance level of 0.05 (5%). Smart PLS 3.0 app.

Yasa et al., 13 International Journal of Research in Business & Social Science 11(7) (2022), 210-217 213 Findings and Discussions Findings Hypothesis testing processed using PLS (Partial Least Square) is done by testing the significance through the bootstrapping procedure 9 by looking at the parameter coefficient values and the significance value of t-statistics and P Values. The results of bootstrapping to test the hypothesis are Path coefficients and Total Effect. The Path coefficients and Total Effect are shown in output below: Table 2: Path coefficients, Total Effect dan Specifik Indirect Effect Original Sample T Statistics P Values Description Organizational (M) → Accounting Fraud Trend (Y) -0,238 2,393 0,017 Significant Bystander Effect (X1) → Accounting Fraud Trend (Y) 0,132 1,988 0,047 Significant Internal Control (X2) → Accounting Fraud Trend (Y) -0,664 9,831 0,000 Significant X2*M → Accounting Fraud Trend (Y) 0,207 2,054 0,040 Significant X1*M → Accounting Fraud Trend (Y) -0,235 1,997 0,041 Significant Hypothesis H1 states that the bystander effect has a significant positive effect on the tendency of auditor accounting fraud. Table 2 shows the original sample value 7 of the bystander effect (X1) on the tendency of auditor accounting fraud (Y) is 0.132 with t-statistic 1.988 >

1.9751 (t-table) and P values 0.047 <0.05. The results of the analysis show that there is a significant effect of the Bystander Effect (X1) on the tendency of accounting fraud (Y), so that the hypothesis H1 is accepted. A positive path coefficient value of 0.132 indicates a positive or unidirectional relationship, which means that if the bystander effect is higher, the tendency for accounting fraud will increase. Hypothesis H2 states that internal control (X2) has a significant negative effect on the tendency of accounting fraud (Y). The data in Table 4.19 shows the original sample value of the influence of internal control (X2) on internal control (Y) is -0.664 with t-statistic 9.831 > 1.9751 and P values 0.000 <0.05. The results of the analysis indicate that internal control (X2) has a significant effect on the tendency of accounting fraud (Y), so hypothesis H2 is accepted. A positive path coefficient value of -0.664, indicates a negative or opposite relationship, which means that the better the internal control, the smaller the tendency for accounting fraud to occur. Table 3: Moderating Effect of Organizational Culture on the Bystander Effect with the Trend of Accounting Fraud Effect Original sample T Statistic T table Description Conclution X1 → Y 0,132 1,998 0,047 Significant Pure Moderator M → Y -0,238 2,393 0,017 Significant (X1*M) -0,235 1,997 0,041 Significant Hypothesis H3 states that organizational culture is able to moderate the relationship between the bystander effect and the tendency of accounting fraud. The moderating effect of organizational culture (M) on the relationship between the bystander effect and the tendency of accounting fraud. The data in Table 3 shows that the original sample value of the moderating effect of the relationship between the bystander effect and the tendency of accounting fraud (X1*M) is -0.235 with a t-statistic of 1.997 < 1.9751 and a pvalue of 0.041 < 0.05, so that the moderating effect is significant. Table 3 also shows that the bystander effect has a significant positive effect on the tendency of accounting fraud. Based on the results of this study, there is a moderation with pure moderation, which means that the organizational culture variable is a moderating variable. It also shows that organizational culture is able to moderate the effect of the bystander effect with the tendency of accounting fraud, so H3 is accepted. The negative path correlation coefficient is -0.235, indicating that there is a negative relationship between the bystander effect and the tendency of accounting fraud, which means that the stronger the organizational culture will weaken the bystander effect with 2 the tendency of accounting fraud. Table 4: 11 Moderating Effect of Organizational Culture on the Effect of Internal Control with Accounting Fraud Trends Effect Original sample T Statistic T table Description Conclution X2 → Y -0,664 9,831 0,000 Significant Pure Moderator M → Y -0,238 2,393 0,017 Significant (M* X2) 0,207 2,054 0,040 Significant Hypothesis H4 states that organizational culture can moderate the relationship between internal control and the 1 tendency of accounting fraud. The 11 moderating effect of organizational culture (M) on the relationship between internal control and the tendency

Yasa et al., International Journal of Research in Business & Social Science 11(7) (2022), 210-217 214 of accounting fraud The data in Table 4 shows that the original sample value of the moderating effect of the relationship between internal control and the 1 tendency of accounting fraud (X2*M) is 0.207 with t-statistic 2.054 <1.9751 and p-value 0.040 <0.05, so the moderating effect is significant. Table 4 33 also shows that internal control has a significant negative effect on the tendency of accounting fraud. 1 The results of this study indicate that there is moderation with pure moderation, which means that the organizational culture variable is the moderating variable. It also shows that organizational culture can moderate the relationship between control and accounting fraud tendencies, so H4 is accepted. The negative path correlation coefficient is 0.207, indicating that there is 1 a positive relationship between internal control and the tendency of accounting fraud, which means that the stronger the organizational culture, the stronger the influence of internal control 2 on the tendency of accounting fraud. Discussion The Influence of Bystander Effect on the Trend of Accounting Fraud Based on the results of testing the first hypothesis (H1) regarding the bystander effect, it has a positive and 31 significant effect on the tendency of accounting fraud, so that the H1 hypothesis is accepted. The bystander effect has a positive and significant effect 2 on the tendency of accounting fraud, which means that the presence of a bystander in the Village Credit Institution in Jembrana Regency has a significant impact on the tendency of accounting fraud. [10] The bystander effect is a social phenomenon where the more presence of other people (bystander) in an emergency situation, the less likely the presence of other people (bystander) to help someone who is in an emergency situation. Bystander may choose to ignore it, fearing for his personal safety, or wanting to stay out of it (Darley & Latane, 1968). The bystander effect can occur in situations where people are present, have the opportunity to help prevent harmful behavior, and/or have the opportunity [3] to respond to the behavior of others, but choose not to act. (Ortega, 2021). The well-known theory of crime predicts that fraud can be prevented if the fraud can be detected. The decision to engage in fraud requires a cost-benefit analysis. Rational individuals will choose [7] not to engage in fraud, if the costs are more expensive than the expected benefits of disclosing a fraud (Cordis & Lambert, 2017). This is done by a bystander for fear of becoming a target for actions that are not taken that will make the situation worse. [7] If a bystander is faced with a fraud, they will choose to remain silent, and do not report if someone around them is also silent, so the presence of a bystander will positively significantly increase the tendency for fraud to occur. [1] The results of this study support the well-known theory of crime, that bystanders feel there is no benefit in disclosing the occurrence of fraud, because the costs to be borne are greater, such as feeling themselves threatened, so they do not need to interfere. In addition, they feel that someone is already responsible, and oversees the fraudulent act. With this bystander, The Village Credit Institution employees in Jembrana Regency will tend to become bystanders, if there is a bystander in the surrounding environment, so that it will provide opportunities for accounting fraud to occur.The results of this study are in line with research by (Noviyanti et al., 2021) (Redini & Indraswarawati, 2021) (Asiah & Setyorini, 2017), where the higher [3] the bystander effect, the higher the tendency for accounting fraud. The Effect [18] of Internal Control on the Trend of Accounting Fraud The results showed that there was a negative effect between internal control and the tendency of accounting fraud. If the internal control at the village credit institution Jembrana is more effective, it will reduce the tendency for accounting fraud to occur, and vice versa, if the internal control is not effective, it will increase the tendency for accounting fraud to occur.The fraud triangle theory is a theory that provides a framework to assist companies in analyzing the company's vulnerability to fraud. Cressey (1953) in (Kagias et al., 2022) explains that there are three factors that encourage someone to commit fraud which is described as a fraud triangle, which are interrelated with one another. One of these factors is opportunity, where opportunity is a condition that gives someone to cheat. The results of this study indicate that if the internal control does not work properly in accordance with the procedures established by the Village Credit Institution management, it will provide opportunities or opportunities for The Village Credit Institution employees to commit accounting fraud, on the other hand, if the internal control runs well it will close the employee's access to commit accounting fraud. accounting fraud. Aspects of fraudulent behavior in general mainly focus on agency theory. Agency theory assumes that management is usually motivated by self-interest and self-preservation, so that management (executives) will commit fraud because it is in the best interests of personal and short-term interests (Albrecht et al., 2015). Agency relationships can occur in The Village Credit Institution namely The Village Credit Institution employees as agents have the task of providing services to traditional village communities as principals. The existence of this relationship does not rule out the possibility of conflict, in this case, due to the opportunistic behavior of agents who take personal gain at the expense of the public interest. In order to minimize the occurrence of agency conflicts that can be carried out by The Village Credit Institution employees, The Village Credit Institution management can carry out regular supervision of employee performance, so that internal control is effective, able to reduce behavior that deviates from procedures, which causes accounting fraud. The results of this study are in line with research by (Rashid & Abdullah, 2022), (Astuti et al., 2017), (Setyaningsih & Nengzih, 2020) and (Bell & Carcello, 2000) that the internal control system has an important role to prevent the occurrence of fraud so that the effectiveness of internal control has a negative and significant effect on the tendency of accounting fraud. Organizational Culture Moderates the Influence of the Bystander Effect on the Trend of Accounting Fraud

Yasa et al., International Journal of Research in Business & Social Science 11(7) (2022), 210-217 215 The results showed that organizational culture was able to moderate the relationship between the bystander effect and the tendency of accounting fraud. This means that organizational culture is able to weaken the bystander effect on the tendency of accounting fraud in The Village Credit Institution in Jembrana Regency. On the other hand, the bystander effect has a significant effect on increasing the tendency of accounting fraud, so that moderation occurs in the form of pure moderation. Legitimacy theory provides the basis that companies must comply with applicable norms. This is characterized by a condition when the company's value system is the same and in harmony with the community's value system, so that an environment is created in accordance with applicable norms, such as creating a culture of honesty in the organization. The results of this study support the legitimacy theory, because The Village Credit Institution in Jembrana Regency have social values that become culture for the company, thus weakening the influence of bystanders such as providing services with honesty according to established procedures and policies; prioritizing public services over personal/group interests; there are sanctions against unethical behavior; socialization and training on ethics regarding the organization's standards of demands, which explains the practices that should not be done and believes in the law of karma phala and dares to declare not to be corrupt. The results of this study are in line with statements by (Ozigbo, 2013), (Duke, 2021), (Shepherd et al., 2011) and (Nahar & Nigar, 2018) that the presence of a positive organizational culture will be able to reduce the bystander effect, thereby reducing the tendency financial statement fraud. Similarly, the results of research by (Putri et al., 2022) (Putra et al., 2021), that a positive organizational culture will strengthen the prevention of fraud. Organizational Culture Moderates the Effect of Internal Control on the Trend of Accounting Fraud. The results showed that organizational culture was able to moderate the relationship between internal control and the tendency of accounting fraud. The positive and significant path coefficient means that organizational culture can strengthen the influence of internal control on the tendency of accounting fraud in The Village Credit Institution in the Jembrana Regency. Agency theory shows [3] the relationship between the principal and the agent. Agency relationships can occur in [20] The Village Credit Institution, namely between The Village Credit Institution employees as agents who have the task of providing services to traditional village communities as principals. The customary village as the principal will supervise the Village Credit Institution management, to prevent fraud. Legitimacy theory provides the basis that companies must comply with applicable norms, which are characterized by conditions when the company's [30] value system is the same and in harmony with the community's value system, to create an environment under applicable norms such as an honest culture in the organization. [1] The results of this study support the legitimacy theory, because The Village Credit Institution in Jembrana Regency has social values that become a culture for the company to strengthen internal control, such as providing services with honesty, according to established procedures and policies; prioritizing public services over personal/group interests; there are sanctions against unethical behavior; socialization and training on ethics regarding the organization's required standards, which explains what not to do. The results of this study are in line with (Ozigbo, 2013), (Nahar & Nigar, 2018) [14] (Putri et al., 2022) and (Putra et al., 2021) that the presence of a positive organizational culture will support increased company performance and improve internal control. This will reduce the tendency for fraudulent financial statements to occur. An adequate internal control system, [16] if the company does not implement positive organizational culture behavior, will fail to prevent fraud (Duke, 2021), because negative organizational culture behavior shows a real perceived failure of the company (Shepherd et al., 2011). [6] A positive organizational culture will strengthen internal controls to prevent fraud, whereas a negative organizational culture will weaken the prevention of fraud.   Conclusions [1] Based on the research objectives and the results of the discussion, the conclusions of the research are: The bystander effect has a significant positive effect on the tendency of accounting fraud in The Village Credit Institution in Jembrana Regency because there is no benefit to revealing fraud that can worsen the situation, so it is better not to interfere when colleagues commit fraud because there are already other people who will be responsible and supervise the action.Internal control 25 has a significant negative effect on the tendency of accounting fraud at The Village Credit Institution in Jembrana Regency because internal controls have been running well, such as checking all important records and documents, physical inspection 29 of The Village Credit Institution assets, the existence of rules that must report to managers if there are fraudulent acts and routine evaluation carried out by the Village Credit Institution leadership on the tasks performed by employees. Organizational culture can moderate 3 the influence of the bystander effect and internal control on the tendency of accounting fraud. Organizational culture can weaken the influence of the bystander effect and strengthen internal control to prevent the 10 tendency of accounting fraud to occur, because of the social values that become a culture for managers and employees of The Village Credit Institution in Jembrana Regency, such as honest service under applicable procedures and policies, prioritizing public service rather than personal/group interests, the application of sanctions for unethical behavior, always socializing about ethics regarding standard practices that should not be done.

Yasa et al., 13 International Journal of Research in Business & Social Science 11(7) (2022), 210-217 216 The Village Credit Institution Supervisory and Management Agency through the results of this study is expected to be able to eliminate the influence of bystanders, streamline the internal control system, and through 6 a positive organizational culture encourage the emergence of whistleblowers as an effort to prevent fraud. Acknowledgments The author would like to thank the Director of Politeknik Negeri Bali, for allowing and helping to fund this research. Thank you also to the Head of Research and Community Service Center (P3M) of Politeknik Negeri Bali, for providing the opportunity to conduct research. Acknowledgement 1 All authors have read and agreed

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