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Protecting Public Assets: Safeguarding RSUD Accountability Through Integrity Fortress

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ABSTRACT

Internal control is expected to prevent and detect fraud in public hospitals. In Indonesia, Good Hospital Governance (GHG) is used as a public-sector governance instrument, while Integrity Fortress strengthens the second layer of fraud control. This study examines the relationship between management's understanding of GHG, attitude toward behavior, subjective norm, perceived behavioral control, management intention to use Integrity Fortress, and fraud deterrence in regional public hospital management. The study uses a descriptive-explanatory causal design and a questionnaire survey of RSUD management officials in Region 1. Data were analyzed using covariance-based structural equation modeling with LISREL. The findings show that fraud deterrence is primarily a managerial behavior preceded by the intention to implement Integrity Fortress. GHG understanding and subjective norms strengthen this intention, whereas attitude and perceived behavioral control do not consistently generate significant positive effects in this context. The study highlights Integrity Fortress as a strategic governance tool for safeguarding public assets and improving hospital accountability

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INTRODUCTION

Fraud in business and public-sector organizations is a situational crime because it occurs when the organizational environment provides pressure, opportunity, weak supervision, and rationalization. In this context, situational crime prevention focuses on management's ability to design and build control environments that reduce opportunities for misconduct. Fraud can be understood as intentional deception planned and carried out to take another party's rights or property, directly or indirectly, regardless of whether the perpetrator personally benefits from the act. Fraud and corruption remain important concerns for public-sector accountability in Indonesia. Global fraud surveys have shown that many organizations still use reactive and defensive approaches to fraud control. The Indonesian Fraud Survey also identifies corruption as the most frequent and most damaging type of fraud. These findings indicate that fraud control cannot rely only on formal compliance; it also requires proactive organizational design, managerial awareness, and behavioral commitment. The health sector is particularly vulnerable because hospitals manage large public funds, procurement activities, claims, service revenues, and complex operational decisions. Regional public hospitals (Rumah Sakit Umum Daerah/RSUD), especially those operating under the Regional Public Service Agency (BLUD) scheme, have greater flexibility in receiving and spending revenue for routine operations. This flexibility is important for improving public health services, but it also increases the need for strong accountability, transparency, and internal control.

Good Hospital Governance (GHG) is expected to strengthen accountability, transparency, responsibility, independence, and fairness in hospital management. However, governance instruments are not fully effective when management lacks understanding, when risk assessment and monitoring are weak, or when internal control can be overridden. Therefore, a second-layer instrument is required to strengthen fraud risk management. In this study, Integrity Fortress is positioned as that second layer because it integrates anti-fraud policy, accountability structures, fraud risk assessment, awareness, reporting, whistleblower protection, investigation standards, and discipline. Fraud deterrence is different from fraud prevention. Prevention implies the total elimination of fraud risk, which is rarely possible and may be too costly. Deterrence aims to create an environment in which potential perpetrators become reluctant to commit fraud because detection is perceived as likely and sanctions are credible. Because fraud is closely related to human behavior, the Theory of Planned Behavior is relevant for examining how attitude, subjective norms, and perceived behavioral control shape management intention to use Integrity Fortress, and how this intention contributes to fraud deterrence. Based on these issues, this article aims to examine the influence of management's understanding of GHG, attitude toward behavior, subjective norm, and perceived behavioral control on the intention of regional public hospital management to use Integrity Fortress to prevent fraud, and to analyze the implication of this intention for fraud deterrence. The novelty of the study lies in placing Integrity Fortress and fraud deterrence as behavioral-governance constructs in RSUD accountability.

LITERATURE REVIEW

Fraud Theory and Its Development

The development of fraud theory begins with Sutherland's concept of white-collar crime, which emphasizes crimes committed in economic and organizational settings. This perspective challenged earlier assumptions that criminal behavior is caused only by poverty and became the foundation for later fraud theories. Cressey's Fraud Triangle explains fraud through three elements: perceived pressure, opportunity, and rationalization. These elements show that fraud is not only an economic action but also a behavioral and organizational phenomenon. Albrecht's Fraud Scale later replaced rationalization with personal integrity because integrity is more observable through a person's past behavior. Modern fraud theories broaden this explanation. The Fraud Diamond adds capability as an important condition, because pressure, opportunity, and rationalization are insufficient without a person who has the ability to execute fraud. The A-B-C model views fraud through sociological and psychological perspectives, namely bad apples, bad bushels, and bad crops. The M.I.C.E. model expands pressure into money, ideology, coercion, and entitlement. Together, these theories indicate that fraud deterrence must address individual behavior, organizational culture, and control systems simultaneously.

Fraud Deterrence and Fraud Prevention

Fraud deterrence refers to the creation of an environment in which individuals are reluctant to commit fraud. Deterrence increases when potential perpetrators believe that fraud can be detected and that sanctions will be imposed when fraud is found. In contrast, fraud prevention suggests the elimination of risk, which is not fully achievable in practice. Excessive control may also become inefficient because the cost of control can exceed the reduction in expected losses. For hospitals, fraud deterrence requires a balanced system consisting of risk assessment, continuous improvement of procedures and internal control, integrity culture, whistleblowing mechanisms, fair remuneration, and proportional sanctions. These elements are directly related to the management of public assets and the credibility of hospital services.

Theory of Planned Behavior and Management Intention

The Theory of Planned Behavior explains that intention is the main predictor of behavior. Intention is influenced by attitude toward behavior, subjective norm, and perceived behavioral control. Attitude reflects an individual's evaluation of whether a behavior is beneficial. Subjective norm reflects perceived social pressure from important referents. Perceived behavioral control reflects an individual's perception of the ability and opportunity to perform a behavior. In the context of hospital fraud deterrence, management intention is the intention to apply Integrity Fortress as a governance and fraud-control instrument. If managers believe that Integrity Fortress is useful, are supported by important stakeholders, and perceive sufficient control over implementation, they are expected to be more willing to apply it. However, the influence of each factor may vary because hospitals also face structural limitations, regulatory pressure, and differences in organizational culture.

Good Hospital Governance

Good Hospital Governance is a governance concept that applies transparency, accountability, responsibility, independence, and fairness to hospital management. It adapts public-sector good governance principles into the health-service organization so that service delivery, financial management, resource utilization, and decision-making are conducted effectively, efficiently, and in line with applicable regulations. In BLUD-

based regional public hospitals, GHG is highly important because hospitals have greater flexibility in financial management. This flexibility must be balanced with stronger internal control, stakeholder involvement, internal audit, risk management, and continuous performance evaluation. In this study, GHG is viewed as the foundation of fraud deterrence and RSUD accountability because good governance can narrow opportunities for fraud and strengthen responsibility for public assets.

Integrity Fortress

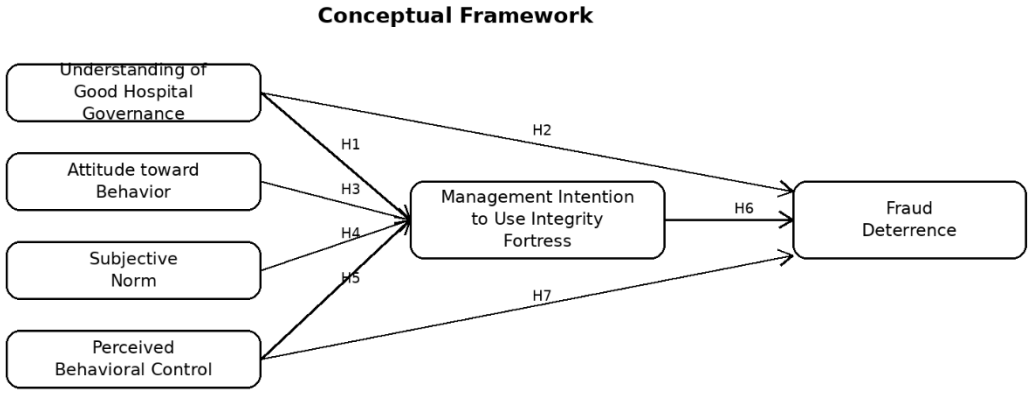
Integrity Fortress is positioned as a second layer of protection when existing internal control cannot adequately detect or deter fraud. Its implementation stages include diagnostic assessment, design and planning, solution development, implementation, and post-implementation review. It strengthens fraud risk management by integrating policy, structure, assessment, reporting, protection, investigation, and discipline. The key attributes of Integrity Fortress include integrated policy, accountability structure, fraud risk assessment, employee awareness, customer and community awareness, whistleblower protection, fraud reporting system, external reporting, investigation standards, and standards of behavior and discipline. These attributes are expected to support management in creating a hospital environment that discourages fraud.

Regional Public Service Agency and Hospital Accountability

The Regional Public Service Agency (BLUD) model gives public hospitals flexibility in financial management. Financial reports are expected to provide information for measuring organizational services and benefits, preparing management accountability reports, evaluating the hospital's going concern, and identifying changes in net assets. Therefore, BLUD hospitals require not only accounting compliance but also governance systems capable of protecting public resources. In Region 1, the study focuses on regional public hospitals because the area has rapid growth in hospital management, relatively comparable infrastructure and managerial competence, and important public-health funding characteristics. These conditions make Region 1 a relevant location for examining the behavioral and governance dimensions of fraud deterrence.

Hypotheses and Conceptual Framework

- H1: Management's understanding of Good Hospital Governance positively affects the intention to use Integrity Fortress to deter fraud.
- H2: Management's understanding of Good Hospital Governance positively affects fraud deterrence.
- H3: Attitude toward behavior positively affects the intention to use Integrity Fortress to deter fraud.
- H4: Subjective norm positively affects the intention to use Integrity Fortress to deter fraud.
- H5: Perceived behavioral control positively affects the intention to use Integrity Fortress to deter fraud.
- H6: The intention to use Integrity Fortress positively affects fraud deterrence.
- H7: Perceived behavioral control positively affects fraud deterrence.



Picture 1. Conceptual Framework

METHODOLOGY

This study uses a descriptive-explanatory and causal research design. The descriptive dimension explains the characteristics of the variables, while the explanatory dimension tests the relationships among constructs. The study examines direct effects among constructs based on a ceteris paribus assumption. The object of the study is the relationship between management's understanding of GHG, attitude toward behavior, subjective norm, perceived behavioral control, intention to use Integrity Fortress, and fraud deterrence in regional public hospital management. The unit of analysis is the individual member of hospital management. Data were collected through a structured written questionnaire. Respondents provided answers based on their personal opinions and each response was scored for analysis. The research used two data collection activities: library research to build the theoretical foundation and field research to collect empirical data from hospital management officials.

The population consists of management officials of regional public hospitals in Region 1. Based on the BLU/BLUD management structure, the management group includes the director, deputy directors or heads of divisions, finance officials, accounting officials, internal supervisory units, procurement officials, and supervisory board members. The population covers 181 hospitals and 1,333 management officials. Data analysis was conducted using covariance-based structural equation modeling (CB-SEM) with LISREL. The measurement model was evaluated through confirmatory factor analysis. Indicator validity was examined using loading-factor significance, while reliability was evaluated using indicator reliability and construct reliability. The structural model was then used to test the hypotheses and interpret the relationships among constructs.

Table 1. Research Variables and Indicators

Construct	Main indicators used in the study
Understanding of Good Hospital Governance	Control environment, risk assessment, control activities, information and communication, and internal-control monitoring.
Attitude toward Behavior	Management beliefs about the benefits of fraud deterrence and evaluation of expected outcomes.

Subjective Norm	Normative beliefs, motivation to comply with referents, moral-ethical pressure, and stakeholder pressure.
Perceived Behavioral Control	Perceived ability, control beliefs, organizational support, and perceived power to implement controls.
Management Intention to Use Integrity Fortress	Willingness, commitment, and readiness to apply Integrity Fortress as a second layer of fraud control.
Fraud Deterrence	Fraud risk assessment, continuous improvement of procedures and internal control, integrity culture, whistleblowing, remuneration improvement, and proportional sanctions.

RESULTS

Descriptive Analysis

The descriptive results show that all constructs are in the medium category. The average standard deviations are low, indicating narrow data dispersion and relatively homogeneous responses among respondents. This pattern suggests that hospital management in Region 1 generally has a moderate level of understanding, perception, and intention regarding GHG, Integrity Fortress, and fraud deterrence.

Table 2. Descriptive Summary of Research Variables

Variable	Mean	Category	Standard deviation	Dispersion
Understanding of GHG	2.67	Medium	1.03	Low
Attitude toward Behavior	2.67	Medium	1.03	Low
Subjective Norm	2.38	Medium	1.08	Low
Perceived Behavioral Control	2.25	Medium	0.92	Low
Intention to Use Integrity Fortress	2.47	Medium	1.07	Low
Fraud Deterrence	2.42	Medium	1.09	Low

Measurement Model Evaluation

The measurement model was evaluated using confirmatory factor analysis. Indicator validity was assessed through the significance of loading factors. Indicator reliability was examined using the R-squared value of each indicator, while construct reliability was assessed using construct reliability coefficients. Most indicators show acceptable reliability, and the constructs are considered reliable for further structural analysis. Although one indicator shows a low R-squared value, the overall construct reliability remains acceptable, so the indicator is retained in the model.

Table 3. Structural Model Fit

Goodness-of-fit index	Value	Interpretation
RMSEA	0.054	Good fit
NFI	0.983	Good fit
CFI	0.994	Good fit

The model-fit results indicate that the proposed model is suitable for explaining the covariance structure of the studied phenomenon. The close-fit evaluation supports the conclusion that the model can be used to test the research hypotheses.

Table 4. Summary of Hypothesis Testing

Hypothesis	Relationship	Result
H1	Understanding of GHG -> Intention to Use Integrity Fortress	Supported
H2	Understanding of GHG -> Fraud Deterrence	Not supported
H3	Attitude toward Behavior -> Intention to Use Integrity Fortress	Not supported
H4	Subjective Norm -> Intention to Use Integrity Fortress	Supported
H5	Perceived Behavioral Control -> Intention to Use Integrity Fortress	Not supported
H6	Intention to Use Integrity Fortress -> Fraud Deterrence	Supported
H7	Perceived Behavioral Control -> Fraud Deterrence	Not supported

Overall, the results indicate that fraud deterrence in regional public hospitals is most strongly explained as a behavioral outcome preceded by management intention to implement Integrity Fortress. The findings also show that subjective pressure and governance understanding are important antecedents of that intention, while attitude and perceived behavioral control are not sufficient in this organizational context.

DISCUSSION

Understanding of Good Hospital Governance and Management Intention

The finding that understanding of GHG positively affects the intention to use Integrity Fortress indicates that hospital managers who understand governance principles are more likely to accept additional fraud-control instruments. GHG provides the basic governance mindset, while Integrity Fortress functions as a second layer in fraud risk management. When managers understand accountability, transparency, responsibility, independence, and fairness, they are more likely to view Integrity Fortress as a relevant tool for protecting public assets.

Understanding of Good Hospital Governance and Fraud Deterrence

The direct relationship between understanding of GHG and fraud deterrence is not supported. This result suggests that knowledge of GHG alone is insufficient to create deterrence when the governance system is not fully implemented. Several elements remain weak, including risk assessment, control activities, monitoring of internal control, continuous improvement of procedures, adequate whistleblowing systems, and proportional sanctions. Therefore, fraud deterrence requires not only governance awareness but also operational mechanisms that make detection and sanctions credible.

Attitude toward Behavior and Management Intention

Attitude toward behavior does not show a positive effect on management intention to use Integrity Fortress. Although the Theory of Planned Behavior generally predicts that favorable attitudes increase intention, this study indicates that positive personal evaluation may not be enough in public hospital management. Structural constraints, mandatory regulations, organizational routines, and limited implementation capacity may weaken the conversion of attitude into intention.

Subjective Norm and Management Intention

Subjective norm positively affects the intention to use Integrity Fortress. This result confirms that hospital managers are influenced by important referents, including regulators, supervisory boards, internal auditors, peers, and stakeholders. Moral expectations and stakeholder pressure can encourage management to commit to anti-fraud instruments. In public hospitals, external legitimacy and accountability pressure are important drivers of fraud-control behavior.

Perceived Behavioral Control, Intention, and Fraud Deterrence

Perceived behavioral control does not have a positive effect on intention or on fraud deterrence. This finding indicates that perceived ability and control are not sufficient when organizational conditions do not support implementation. Managers may believe that they have control, but fraud deterrence requires formal authority, resources, integrated systems, and consistent enforcement. In the hospital setting, the implementation of Integrity Fortress may depend more on institutional support and stakeholder pressure than on individual perceived control.

Management Intention and Fraud Deterrence

The intention to use Integrity Fortress positively affects fraud deterrence. This is the central finding of the study. It means that actual deterrence is a management behavior preceded by a clear intention to implement a second-layer anti-fraud system. When managers are willing and committed to apply Integrity Fortress, hospitals are more likely to establish risk assessment, reporting systems, investigation standards, integrity culture, and proportional discipline. This finding supports the behavioral logic of the Theory of Planned Behavior and strengthens the role of Integrity Fortress in hospital accountability.

CONCLUSIONS AND RECOMMENDATIONS

Based on the phenomenon, research questions, hypotheses, and empirical results, this study concludes as follows:

1. Management's understanding of Good Hospital Governance positively affects the intention to use Integrity Fortress to deter fraud. Governance understanding builds self-efficacy and managerial awareness regarding the need for stronger fraud risk management.
2. Understanding of GHG does not directly produce adequate fraud deterrence when governance instruments are not fully implemented. Weaknesses in risk assessment, control activities, monitoring, whistleblowing, remuneration, and sanctions reduce the direct effect of governance understanding.
3. Attitude toward behavior does not positively affect the intention to use Integrity Fortress in this context. Personal attitudes are not sufficient without institutional pressure and implementation support.

4. Subjective norm positively affects the intention to use Integrity Fortress. Stakeholder pressure, moral expectations, and referent influence play an important role in shaping management intention.
5. Perceived behavioral control does not positively affect the intention to use Integrity Fortress or fraud deterrence, indicating that individual perceived control must be supported by organizational systems and formal authority.
6. The intention to use Integrity Fortress positively affects fraud deterrence. Fraud deterrence in regional public hospitals is a behavioral outcome that begins with management's intention to apply Integrity Fortress.

The following recommendations are proposed:

1. BPKP and related authorities should intensify the socialization and technical assistance of GHG, Integrity Fortress, and fraud deterrence for hospital management.
2. Regional public hospitals should increase management awareness of the risks and consequences of fraud for service quality, public trust, and institutional sustainability.
3. Hospitals should routinely conduct independent financial audits in accordance with applicable laws and regulations.
4. Independent audit opinions may be considered as supporting requirements for claims and accountability processes, in addition to hospital accreditation requirements.
5. Hospitals should integrate KARS accreditation standards, ISO quality management standards, GHG, continuous improvement, and fraud risk assessment.
6. Hospital management should build an integrity culture, strengthen discipline, and apply fair accountability mechanisms across all levels of management.

FURTHER STUDY

This research is limited to regional public hospital management in Region 1 and focuses on the constructs of GHG, Integrity Fortress, behavioral intention, and fraud deterrence. Future research may expand the location to other regions, compare public and private hospitals, and include additional variables such as organizational culture, leadership style, digital control systems, and audit quality. Further studies may also use a mixed-method approach by combining survey data with interviews, document analysis, and case studies of hospitals that have implemented Integrity Fortress. Such research would provide deeper insight into the practical barriers and success factors of fraud deterrence in public health organizations.

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