

ABSTRACT

The increase of fraud cases constantly becomes a crucial problem for enterprises in the world. Culture as an aspect of life is affecting every society. The purpose of this research is to analyse the effect of culture on fraud risk. National culture dimension theory by Hofstede gave a big contribution to scientific researches related to culture. National culture dimensions that tested are power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence.

The dependent variable of this research is fraud risk proxied by corruption perceptions index 2020. The data had used is secondary data which was taken from www.transparency.org and www.hofstede-insight.com. Data population is 94 countries that had culture dimension and CPI 2020 measured. Data that had earned then tested with multiple linear regression method.

The result of this research shows that all culture dimensions, except uncertainty avoidance dimension, have effect on fraud risk. Power distance and masculinity dimension give positive effect to fraud risk. On the other hand, long-term orientation, individualism, and indulgence dimension give negative effect to fraud risk.

Keywords: Fraud, Fraud Risk, National Culture Dimension Hofstede, Fraud Triangle, Fraud Theory, Fraud Prevention