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## Factors That Affect The Tendency of Accounting Fraud

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### 1 Abstract

*This study aims to find out and analyze the factors that affect the tendency of accounting fraud at BUMN banks in Kuningan Regency. This study uses descriptive and verifiative methods. Sampled in this study as many as 95 employees of BUMN banks in Kuningan Regency. The data analysis technique used is multiple regression analysis using Lisrel. The results showed that information asymmetry has a positive effect on the tendency of accounting fraud, spiritual intelligence negatively affects the tendency of accounting fraud, the morality of the leadership has no effect on the tendency of accounting fraud, the suitability of compensation negatively affects the tendency of accounting fraud and good governance has no effect on the tendency of accounting fraud.*

**Keywords:** BUMN Bank, Factors the tendency of accounting fraud

### Abstrak

Penelitian ini bertujuan untuk mengetahui dan menganalisis faktor-faktor yang mempengaruhi kecenderungan kecurangan akuntansi pada Bank BUMN di Kabupaten Kuningan. Penelitian ini menggunakan metode deskriptif dan verifikatif. Sampel dalam penelitian ini sebanyak 95 orang karyawan Bank BUMN di Kabupaten Kuningan. Teknik analisis data yang digunakan adalah analisis regresi berganda dengan menggunakan Lisrel. Hasil penelitian menunjukkan bahwa asimetri informasi berpengaruh positif terhadap kecenderungan kecurangan akuntansi, kecerdasan spiritual berpengaruh negatif terhadap kecenderungan kecurangan akuntansi, moralitas pimpinan

tidak berpengaruh terhadap kecenderungan kecurangan akuntansi, kesesuaian kompensasi berpengaruh negatif terhadap kecenderungan kecurangan akuntansi dan *good governance* tidak berpengaruh terhadap kecenderungan kecurangan akuntansi.

**Kata kunci:** *Bank BUMN, Kecenderungan Kecurangan Informasi*

### 3 INTRODUCTION

Accounting fraud has received a lot of public attention as a dynamic that is the center of attention of business people in the world. Even in Indonesia, accounting fraud has become a habit from year to year. Fraud is a form of fraud that is deliberately done so that it can cause losses. According to (Wilopo, 2006), in general accounting fraud is related to corruption. In corruption, the usual actions are manipulating, recording, removing documents, and mark-ups that harm the country's finances or economy. The tendency to show indications to take actions that lead to fraud or fraud. The tendency of accounting fraud can be said to be a tendency of corruption in definition and terminology due to the involvement of several elements consisting of misleading facts, rule violations or abuse of trust, and the omisi of critical facts (Soepardi, 2007).

The occurrence of the tendency of accounting fraud makes the organization or institution managed into a loss. The tendency of accounting fraud can be said to be a tendency of corruption in definition and terminology due to the involvement of several elements consisting of disclosure of misleading facts, violation of rules or abuse of trust (Ariani et al., 2015). Indications of the tendency of accounting fraud can be seen from the form of deliberate policies and actions aimed at committing fraud or manipulation that harms others.

Indonesia is among the countries that have the highest level of corruption in the world, ranking 89 out of 182 countries. This condition shows that corruption in Indonesia has not changed much. In Indonesia, accounting fraud is evidenced by the liquidation of several banks, the filing of state-owned and private management to the courts, banking crime cases, tax manipulation, corruption in the election commission, and the DPRD.

A wide variety of factors that influence the tendency of accounting fraud have been identified by previous researchers. In Indonesia, several researchers have discussed the tendency of accounting fraud, among others, Shintadevi (2015), Ariani et al. (2015), (Setiawan, Adi, Adiputra, & Yuniarta, 2015), Delfi, Tiara; Grace, Rita; A, (2014). In addition, research on the tendency of accounting fraud from outside Indonesia has been discussed by Muse et al. (2016), Kanapickienė & Grundienė (2015), Black, Nilsson, Pinheiro, & Silva (2015), Popoola, Ahmad, & Samsudin (2014), Enofe, Ibadin, Audu, & Izevbigie (2014), Baxevani & Mylonas (2014). Overall, these studies have shown that the tendency of accounting fraud is influenced by several factors.

Information asymmetry is also an important factor that causes a person to act fraudulently. In the event of information asymmetry, the company's management will present financial statements that benefit them, for the motivation of obtaining high bonus compensation, maintaining positions and others. Company management also manipulates financial statements so as to improve management's reputation as well as the company's financial ratio ratio. Information asymmetry factors from the research Ariani et al. (2015) and Saftarini et al. (2015) showed that information asymmetry had a significant effect on accounting fraud, but in setiawan et al. (2015) information asymmetry had no significant effect on accounting fraud.

The spiritual intelligence of the individual today only becomes the cover for gaining public sympathy and the impact of it, spirituality or faith possessed by the individual will fade if faced with deviations that cause harm. The impact of Spiritual Intelligence on the intention of cheating, which states that the spiritual intelligence of the individual is not a deterrent to cheating Urumsah et al. (2016).

Morality factors of the leadership are also very influential on the tendency of accounting fraud. The higher the morality stage of the leader, the more the leader pays attention to broader and universal interests than his individual interests and seeks to avoid the tendency of accounting fraud. Individual morality factors from Ariani et al. (2015) to the tendency of accounting fraud show the result that individual morality negatively affects the tendency of accounting fraud.

The suitability factor of compensation also affects the tendency of accounting fraud. Providing appropriate compensation to employees can provide satisfaction and motivation to employees in work. The higher the suitability of compensation, the lower the occurrence of accounting fraud. Shintadevi (2015) and Delfi, Tiara; Grace, Rita; A (2014) has examined the effect of compensation conformity on accounting fraud tendencies and showed results that compensation conformity negatively affects the tendency of accounting fraud.

This good governance factor shows a reliable and responsible system of government that is in line with democratic principles. Good governance is the governance that every country aspires to. With the application of the principle of good governance optimally it can minimize the chance of accounting fraud tendencies. According to previous research, good governance has a significant negative effect on the tendency of accounting fraud (Saftarini et al., 2015).

BUMN banks located in Kuningan Regency have a very important role for economic growth, especially in Kuningan Regency, this makes researchers interested in analyzing related to the banking system, especially regarding factors that affect the tendency of accounting fraud.

## **LITERATURE REVIEW**

### **Attribution Theory**

Attribution theory was developed by Fritz Heider who explained the theory of the cause of a person performing certain behaviors. Whether the behavior is caused by dispositional factors (internal factors), such as nature, character, attitude, etc., or caused by external circumstances, such as the pressure of certain situations or circumstances that force a person to do certain actions (Luthans, 2005). Factors such as internal control, management morality, information asymmetry and compensation are some of the factors that cause fraud and unethical behavior. Internal control system is a process that is carried out to provide adequate confidence about the achievement of financial statement reliability, compliance with the law, and effectiveness and efficiency of operations (Mulyadi, 2002). With an effective control system is expected to reduce unethical behavior and accounting fraud. Compensation received by company employees can also be the cause of the employee behaving unethically and cheating accounting, because inadequate or inappropriate compensation of the employee will make the employee do unethical and fraudulent things to make ends meet. Morality that employees have can also affect every action of the

employee, employees who do have low morality even though well paid are still likely to commit unethical behavior and commit accounting fraud for their own sake. If the management of the company has been and often behaves unethically then it is not impossible for the management of the company to commit accounting fraud.

### **Accounting Fraud**

In the scope of accounting, the concept of fraud or fraud is a deviation from accounting procedures that should not be applied in an entity (Ariani et al., 2015). SAS 99 defines fraud as a deliberate act that causes material misstatements in financial statements (Baxevani & Mylonas, 2014). In addition, research conducted by Saftarini, Yuniarta, & Sinarwati (2015) defines fraud as a deliberate act of fraud committed that causes harm to others and provides benefits for fraudsters and their groups. Acts of fraud in accounting can occur due to several conditions as described in Shintadevi's research (2015) by Cressey (1953) in Tuanakotta (2007: 207) mentioning the Theory of Fraud Triangle, that corruption is caused by the existence of 3 factors namely pressure (pressure), opportunity (opportunity), and rationalization (razionalization).

### **Information Asymmetry**

Wilopo (2006) in Saftarini et al. (2015) states that information asymmetry is a situation where there is a misalignment of information between parties who own or provide information with parties who need information. The existence of information asymmetry in an entity will make internal parties use the misalignment of the information to gain profit and can harm outsiders of the entity.

### **Spiritual Intelligence**

Zohar and Marshall (2002) define spiritual intelligence as intelligence to deal with the question of meaning or value, which is intelligence to place our behavior and life in the context of a broader and richer meaning, intelligence to judge that one's actions or life path are more meaningful than others. Spiritual intelligence is the deepest part of a person's self and is the intelligence that lives from within the human soul.

### **Leadership Morality**

Morality (from the Latin adjective moralist) has essentially the same meaning as "moral". Morality is the moral nature or the whole of the foundations and values pertaining to good and bad. An individual's ability to resolve ethical dilemmas is influenced by his level of moral reasoning (Yulina Eliza, 2015). Leadership morality is the moral nature of the leader related to good decisions and bad decisions on the basis and value of life.

### **Compensation Suitability**

Compensation according to Sofyandi (2008) in exposure to Delfi et al. (2014) is a form of cost that must be incurred by the agency in the hope that the agency will get rewards in the form of work performance from its employees. Conformity according to Ali (2007:433) in Delfi et al. (2014) can be defined as "harmony, conformity to...". Compensation suitability is the overall return of services received by employees as a result of implementation in the organization in the form of money or other, which can be salaries, wages, bonuses, incentives, and other benefits (Hariandja, 2005: 244). The compensation received by employees must be in accordance with the contributions made by employees to the organization. Providing appropriate compensation to employees can provide satisfaction and motivation to employees in work, thus encouraging them to provide the best for the company they work for.

### **Good Governance**

The Forum for Corporate Governance In Indonesia (FCGI) defines Good Governance as a set of regulations that establish the relationship between governments, employees and other internal and external stakeholders with respect to their rights and obligations, or it can be said to be a system that directs and controls companies or entities (Saftarini et al., 2015).

### **METHOD**

The research method used in this study is a verifiative method, the subject of this study is an employee of BUMN bank in Kuningan Regency. Data retrieval technique by distributing questionnaires for each part, with purposive sampling techniques taken as many as 95 Employees of state-owned banks consisting of finance and mantri, the basis of consideration used in sampling (Hair, et al, 2010) states if the sample above 40 will result in a fit model (goodness of fit) is not so good, so it is recommended that samples at intervals of 100-400 so that analytical tools used in This study is Multiple Regression using Lisrel.

## RESULT AND DISCUSSION

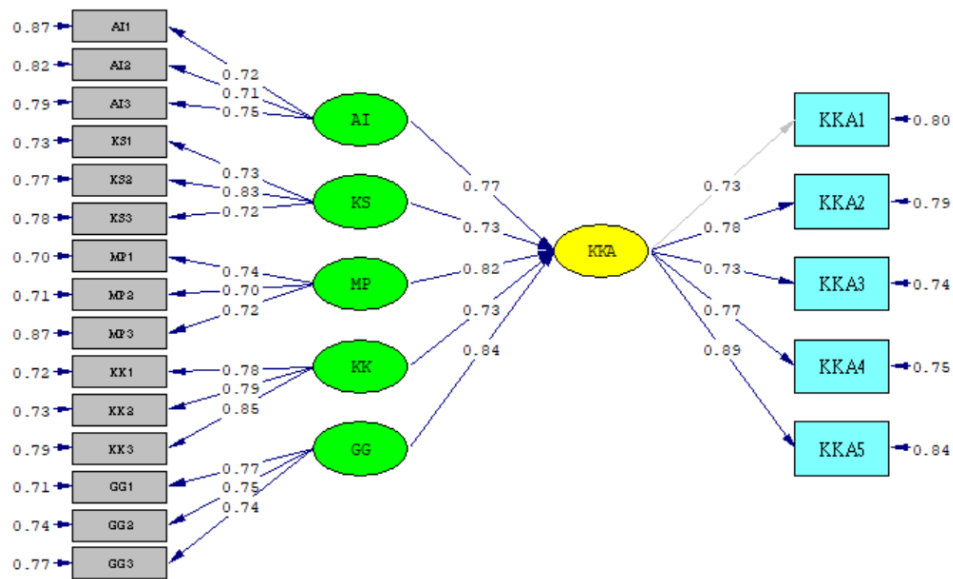


Figure 1 Confermatory Factor Analysis (CFA) Full Model

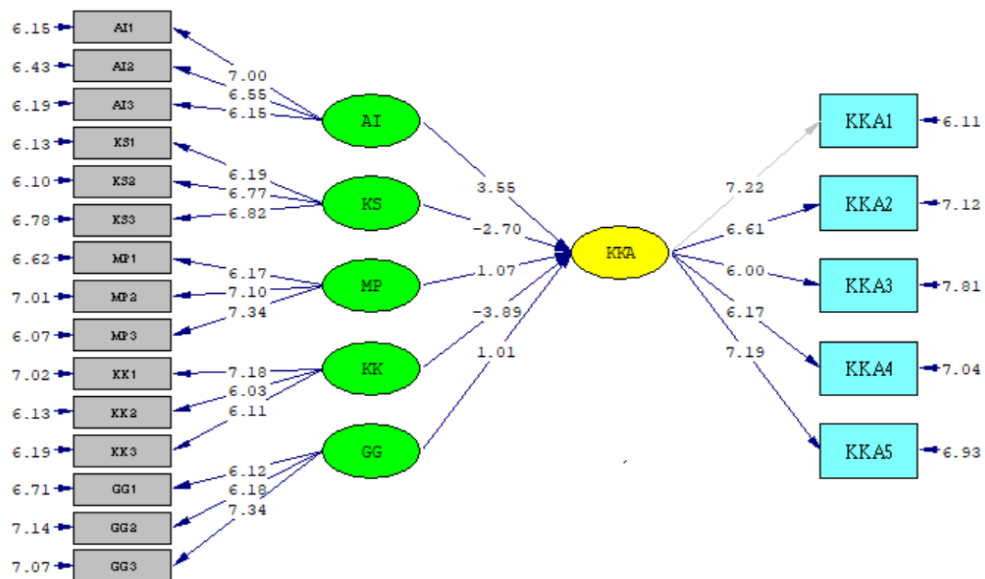


Figure 2 Confermatory Factor Analysis (CFA) Test t-value Full Model

### Hypothesis Test Results

Based on the results of the hypothesis test that has been done previously seen in the path diagram T-Value while the conclusion of the hypothesis test results can be seen in table 1 as follows:

**Table 1 Hypothesis Test Conclusions**

Hypothesis	Path	t-value	Estimation	Result
H1	AI ---> KKA	3,55	0,77	Accepted
H2	KS ---> KKA	-2,70	0,73	Accepted
H3	MP--->KKA	1,07	0,82	Rejected
H4	KK ---> KKA	-3,85	0,73	Accepted
H5	GG ---> KKA	1,01	0,84	Rejected

Source: Lisrel Output Results 2022

### **The Effect of Information Asymmetry on Accounting Fraud Tendencies**

Based on the results of research that has been carried out hypothesis 1 (H1) which states that information asymmetry has a positive effect on the tendency of accounting fraud is proven. Based on the results of the above analysis tests it can be concluded that the positive relationship of information asymmetry to the tendency of accounting fraud is proven. If a bank has a high information asymmetry, then the tendency of accounting fraud is also increasing. For this reason, the provision of information must be done in a balanced manner so that there is no excessive utilization of information that can lead to the tendency of accounting fraud. The results of this study are supported by previous research, namely Ariani et al. (2015) and Saftarini et al. (2015) which stated that information asymmetry positively affects the tendency of accounting fraud.

### **The Effect of Spiritual Intelligence on Accounting Fraud Tendencies**

Based on the results of research that has been done hypothesis 2 (H2) which states that spiritual intelligence negatively affects the tendency of accounting fraud is proven. Based on the results of the above analysis test, it can be concluded that the negative relationship of spiritual intelligence to the tendency of accounting fraud means that if the higher one's spiritual intelligence, then the tendency of accounting fraud will be lower. This is in line with the results of research conducted by Melisa, et al (2017) partially, spiritual intelligence has a negative and significant effect on the tendency of accounting fraud. Empirically, the results of this study are in line with the results of Purnamasari and Amaliah's (2015) study which states that individual spirituality influences fraud prevention. The higher the spirituality of the individual, the higher the prevention of fraud, which means that the high spirituality of the individual will reduce the level of fraud (fraud) accounting. An employee who has a high level of spiritual intelligence will work seriously and try to find the meaning of what they are doing, aligning their vision and mission of life with the vision and mission of his organization (Purnamasari and Amaliah, 2015). The effect will appear as a feeling of pride in what he does in an organization.

### **The Influence of Leadership Morality on the Tendency of Accounting Fraud**

Based on the results of research that has been carried out hypothesis 3 (H3) which states that the Morality of the Leader has no effect on the Tendency of



Accounting Fraud is proven. Based on the results of the above analysis tests it can be concluded that the morality of the leadership has no influence on the tendency of accounting fraud means that researchers assume that there are other factors where the morality of the leader does not become a benchmark to see the tendency of accounting fraud, so this is in line with the research conducted by (Maryati, 2019).

### **Effect of Compensation Suitability on Accounting Fraud Tendencies**

Based on the results of research that has been carried out hypothesis 4 (H4) which states that the suitability of compensation negatively affects the tendency of accounting fraud is proven. Based on the results of the above analysis tests it can be concluded that the suitability of compensation negatively affects the tendency of accounting fraud means that the provision of appropriate compensation to employees can provide satisfaction and motivation to employees in working, thus encouraging them to provide the best for the agency where they work. With the appropriate compensation, it can minimize the actions of employees to commit acts of accounting fraud through asset theft or other fraud because the welfare of employees has been fulfilled and considered properly by the agency. The results of this study are supported by previous research conducted by Shintadevi (2015) which states that the suitability of compensation negatively affects the tendency of accounting fraud.

### **The Effect of Good Governance on Accounting Fraud Tendencies**

Based on the results of research that has been carried out hypothesis 5 (H5) which states that Good Governance has no effect on the tendency of accounting fraud. Based on the results of the analysis test above it can be concluded that Good Governance has no effect on the tendency of accounting fraud means that with the application of good governance carried out by various parties both government, agency or institution does not affect at all the tendency of accounting fraud, so there are other factors such as obeying the applicable rules or standards to be one of the factors that can affect the tendency of fraud. accountancy. This is in line with research conducted by Mulyana (2020) which states that Good Governance has no effect on the tendency of accounting fraud.

### **CONCLUSION**

Based on the results of this research analysis, it was concluded that: (1) information asymmetry has a positive effect on the tendency of accounting fraud. (2) Spiritual intelligence negatively affects the tendency of accounting fraud. (3) The morality of the leader has no effect on the tendency of accounting fraud. (4) The suitability of compensation negatively affects the tendency of accounting fraud. (5) Good Governance has no effect on the tendency of accounting fraud.

The results of this study can be used as a consideration and evaluation for companies to find out what factors affect the Availability of Information Fraud, if the company pays attention to these factors, the company can minimize problems regarding the tendency of information confusion, in addition, further researchers are expected to be used as a means of enriching knowledge and completing the literature on factors that affect the information tendency of a company.

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