

THE EFFECT OF INTERNAL CONTROL, INDIVIDUAL MORALITY AND ETHICAL VALUE ON ACCOUNTING FRAUD TENDENCY

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Received: December 2019; Accepted: December 2019; Available online: January 2020

Abstract

In general, this study aims to determine the effect of Internal Control, Individual Morality, and ethical Value on Accounting Fraud Tendency. This study was conducted on Start-Up Businesses. One hundred eighty-eight respondents participated in this study. The result of this study showed that internal control has a significant negative effect on accounting fraud tendency. In other words, an increase in Internal Control will decrease the tendency of accounting fraud in a company. Individual morality also has a significant negative effect on accounting fraud tendency. An increase in individual morality, which could be done by implementing the right morals in daily activity, will prevent the action of fraudulent behavior. Furthermore, ethical value also has a significant negative effect on accounting fraud tendency. A proper professional ethic code will increase moral value in an individual's professionalism, which will minimize the action of fraudulent behavior. This research is done in the hope of contributing to theory and practice. This study contributes to the subject related to internal control, individual morality, ethical value, and accounting fraud tendency. Furthermore, for Start-Up Businesses, this research can be used to prevent accounting fraud.

Keywords: Internal Control, Individual Morality, Ethical Value, Accounting Fraud Tendency.

Abstrak

Secara umum, penelitian ini bertujuan untuk mengkaji pengaruh pengendalian internal, moralitas individu, dan nilai etis terhadap kecenderungan kecurangan akuntansi. Penelitian ini dilakukan pada Start-Up Businesses. Seratus delapan puluh delapan responden berpartisipasi dalam penelitian ini. Hasil penelitian ini menunjukkan bahwa pengendalian internal berpengaruh negatif signifikan terhadap kecenderungan kecurangan akuntansi. Dengan kata lain, peningkatan Kontrol Internal akan mengurangi kecenderungan kecurangan akuntansi dalam suatu perusahaan. Moralitas individu juga memiliki pengaruh negatif signifikan terhadap kecenderungan kecurangan akuntansi. Peningkatan moral individu, yang dapat dilakukan dengan menerapkan moral yang benar dalam aktivitas sehari-hari akan mencegah tindakan perilaku curang. Selain itu, nilai etika juga memiliki pengaruh negatif yang signifikan terhadap kecenderungan kecurangan akuntansi. Kode etik profesi yang tepat akan meningkatkan nilai moral dalam profesionalisme individu, yang akan meminimalkan tindakan perilaku curang. Penelitian ini dilakukan dengan harapan dapat berkontribusi pada teori dan praktik. Penelitian ini berkontribusi pada subjek yang berkaitan dengan kontrol internal, moralitas individu, nilai etika, dan kecenderungan kecurangan akuntansi. Selanjutnya bagi Start-Up Businesses, penelitian ini dapat digunakan untuk

mencegah terjadinya kecurangan akuntansi

Kata Kunci: *Pengendalian Internal, Moralitas Individu, Nilai Etis, Kecenderungan Kecurangan Akuntansi.*

How to Cite: Fernandhytia, F., & Muslichah. (2020). The Effect of Internal Control, Individual Morality and Ethical Value on Accounting Fraud Tendency. *Media Ekonomi dan Manajemen*, 35(1), 112-127. doi: <http://dx.doi.org/10.24856/mem.v35i1.1343>.

INTRODUCTION

The issue of fraud, the threats, and various practices of it has been going around, creating chaos for centuries. Although a billion efforts and many creative preventive methods have been done throughout the years, the threat of fraud still is the biggest concern when it comes to run a business. According to the Indonesia Corruption Watch (ICW) (2014), out of a total of 19 institutions in Indonesia, educational institutions occupy the fourth position with 28 corruption cases. While social institutions come with 31 corruption cases, regional finance with 60 corruption cases, then comes first, the infrastructure institution with a total of 102 corruption cases. The evidence shows that corruption cases are concerningly high. Actions that are often carried out as corruptive behavior including a significant amount of fraudulent activity, such as removal of documents, manipulation of evidence in the form of documents, intentional errors of recording, and mark up that impact significant losses on the country's economy (Adelin & Fauzihardani, 2013).

Regarding internal control of accounting fraud, prior studies concluded that internal control system plays a significant role to prevent the actions of fraudulent behavior (Suh, Nicolaides and Trafford, 2019; N'Guilla, Basiruddin, Mohammad & Rasid (2018), 2018; Nawawi and Salin, 2018; Putri and Irwandi, 2016; Zakaria, Nawawi, & Salin, 2016; Siregar and Tenoyo, 2015; Ionescu, 2010). A poorly designed Internal Control System can result in a weak

corporate control that creates an opportunity for someone to conduct fraudulent behavior that can harm an agency or institution. With the existence of adequate internal controls, it is expected to minimize fraudulent accounting activities in an agency or institution. Disclosure of internal control had become one of the main focuses in business for the last few years after a repetitive case and threat of accounting fraud, and thus became a determining factor in decision making.

Meanwhile, on the topic of individual morality and accounting fraud, studies were done once again by Putri and Irwandi (2016) and Setiawan (2018). They stated that individual morality positively affects accounting fraud. The morality level an individual has could impact their actions and behavior, and this will prevent them from committing a fraudulent act. According to experts, Liyanarachchi and Newdick (2009), who explained that the level of individual moral reasoning would most likely influence their ethical behavior. People who have a low level of moral reasoning behave differently from people who have a high level of moral literacy when they face ethical dilemmas. The higher the level of one's moral circulation, the more likely the individual is to do the right thing. Individuals at a specific moral level will also view their interests as the main thing in acting.

Prior researchers explained that ethical value relates to accounting fraud in a certain way (Nwayanwu, 2018; Suh et al., 2018; Smith, 2016; Shawver, Clements & Sennetti, 2015; Siregar and Tenoyo, 2015; Abdolmohammad and Owroso, 2000).

Professional accountants follow specific ethic codes, which applies differently in different countries and varies from each company based on the type of institution and business that is running. Generally, though, Accounting Ethics Codes are pretty much similar and created for the same purpose, which is to maintain the quality and professionalism of a credible accountant. The codes correlate to fraudulent behavior a lot, considering that proper professional accountant wouldn't so much go against the already existing and known rules in their profession. Going against the rules and regulations could create damage to their careers and affect the future of their profession. Seeing professionalism of a company or an institution regarding their ethical codes and how they take actions into it affect employees in the long run — creating a properly well-managed work environment increasing awareness in fraudulent behavior, and self-awareness of carrying the professionalism in the workplace (Jaijaram, 2018).

This research focuses mostly on Start-Up Business responses against accounting fraud tendency, judging the performance of a Start-Up company at handling and preventing fraudulent behavior in their institution or company. Many Start-Up Businesses have yet to effectively use proper internal control, which creates a lot of loopholes and opportunities for anyone to take advantage of the lack of security. In other words, a company or institution, creating an open space for anyone to commit a fraudulent action that could potentially harm and cause damage to the institution or company (Jackson, Holland, Albrecht & Woolstenhume, 2010). To prevent accounting fraud tendencies, we need to understand deeper the key leading factors towards this fraudulent actions. This research is done purposely to look deeper into the issue of internal control, individual morality, and ethical value aspect in the business. This study has a contribution of

knowledge for educational purposes and, hopefully, a solution for corporations and companies.

LITERATURE REVIEWS

Internal Control

Internal Control is the process of monitoring an accounting system/accounting information system in an active company or organization. Internal control aims to keep away companies from risks and threats that could potentially harm or create damage in the company or organization. According to AICPA, internal control is a process that is influenced by the board of commissioners, management personnel, and other business units, which are designed to obtain adequate confidence in achieving goals in the following matters: effectiveness and efficiency of operations, reliability of financial reporting, compliance with laws and applicable regulations. Internal accounting controls are designed in such a way as to maintain the wealth of the organization, examine the accuracy and reliability of accounting data, encourage operational efficiency, encourage compliance with management policies.

To understand the internal control system, it is necessary to understand what a system is before anything else. Control covers all methods, organizational policies, and procedures that ensure the safety of assets of the company, along with the accuracy and the reliability of the data management and other management operations standards (Susanto, 2013). Control as managerial activities works to monitor the implementation of the plan and make improvements following the requirements (Hansen, Sato, Kharecha, and Schuckmann, 2011).

Individual Morality

According to Bertens (1993: 7), morality (from Latin moralist adjectives) has a meaning that is the same as "moral," we speak "morality of an act" means that the moral aspect is a good or bad deed. Morality is the moral/overall nature of principles and values relating to good and bad. The moral is the term humans refer to humans or other people in actions that have a positive value. Salam (2002: 2) explained similarly, racial morals, from other words, mores. Mores come from the word *mos*, which means morality, character, or behavior. Meaning that morals can be interpreted as decency. Budiningsih (2004: 24) stated that morality occurs when people take good because they are aware of their obligations and responsibilities and not because they seek profit. So morality is an attitude and good deeds that are truly selfless. According to Amin (1992: 52), the reason behind management fraud is that managers do not care about morals (unscrupulous), such as helping conflicting interests. By knowing the nature and characteristics of humans who are most likely to commit fraud, the company can reduce the possibility of accounting fraud.

Liyanarachchi and Newdick (2009) said, in an organization, fraudulent actions can occur because of a lack of positive employee awareness of the wrongdoing, even being seen as usual or pretending not to know it. Positive awareness of the work environment is needed in building a strong ethical behavior and organizational culture. The low level of caring and low morale fosters acts of fraud, which in the end, can damage and even destroy the organization. Wilopo (2006) also said management equity is also related to accounting fraud tendencies. The more management pays attention to universal interests than the interests of the company, especially the personal interests, the higher the morality of management so that management tries to avoid accounting

fraud tendencies.

Liyanarachchi & Newdick (2009) then goes on to explain that ethical behavior is influenced by individual moral reasoning. Individuals who have different levels of moral reasoning will have different behavior in dealing with ethical dilemmas. If someone has a good moral level, the more likely that person is doing the right thing. Individual actions are divided into three stages. The first stage is also called the pre-conventional stage. At this stage, individuals will take appropriate action because of their fear of existing laws/regulations. In the next step, the conventional stage, individuals use norms that apply in society as a basis for carrying out their actions. In the final, post-conventional stage, the individual bases his actions on the interests of others and universal law.

Ethical Value

Ethics are the principles and moral values that govern the behavior of people or groups related to what is right or wrong. Ethics determines the extent to which something in behavior and decision making is considered right and wrong, good and bad (Hifayat & Rifa'i, 2018; Fauziah & Murharsito, 2019). Ethics looks at human behavior, moral principles, and the effort to separate good from the bad. The accounting profession plays a vital role in the community. In the code of ethics, accountants not only have responsibilities towards clients who pay them but also have responsibilities to the public. The public will expect accountants to fulfill their obligations properly and following the professional code of ethics. Accountants' compliance with shared values is reflected in the code of ethics. Several values need to be held by professional accountants, including integrity, accountability, reliability, ethics, moral reasoning, honesty, trust, and confidentiality. These values play an essential role and help ensure that

accountants follow strict internal rules that govern the way they do work every day.

The nature of the work carried out by accountants and auditors requires a high level of ethics. Shareholders and other users of financial statements are very dependent on the company's annual financial statements because they can use this information to make investment decisions. They rely on the opinions of accountants who prepare reports, as well as auditors who examine and then provide opinions about the financial statements. Knowledge about ethics can help accountants and auditors to resolve ethical dilemmas, enabling them to make the right choice, even though it may not benefit the company, will benefit the public who depend on the accountant/auditor's report. Accountants, whose priority is ethics, can easily handle ethical dilemmas, areas that are not black and white. They feel comfortable dealing with gray areas.

Accounting Fraud

Fraud in accounting can occur due to several conditions, as explained by Cressey (1953) in Tuanakotta (2007: 207), which is called a Fraud Triangle Theory. The theory state that corruption is caused by the existence of 3 factors, namely pressure, opportunity, and rationalization. Generally, accounting fraud is related to corruption. In corruption, actions that are commonly carried out include bribery, conflicts of interest, unauthorized gratitude, and economic extortion. The Theory of Triangle Fraud explains fraud behavior. Someone cheats because of pressure, opportunity, and rationalization. According to Dorminey, Fleming, Kranacher, and Riley (2012), rationalization and pressure factors are characteristics of the perpetrators of accounting fraud that cannot be observed. It is impossible to know what the perpetrators are thinking when going to commit accounting fraud. According to Lou and Wang (2009), this

rationalization is proxy by the gap in management integrity and bad relations between managers and auditors. Besides, the presence of opportunities can cause the perpetrator to commit fraud freely. The fraud can occur because of the weak internal control system within the government agency.

International Internal Audit Statement on internal audit also defines fraud as irregularities and illegal actions carried out intentionally for personal or group purposes. Such actions cause detriment to the organization. Also, the internal audit guideline (I.A.G) defines fraud as a type of irregularity that can cause deceit with the intention of obtaining an illegal advantage.

The above definitions have, therefore, fully incorporated what fraud is all about. Legally, therefore, fraud may constitute embezzlement on larceny or both. It may be a misdemeanor or a felony, and it is always a crime or a tort. Fraud is an action that involves the use of deceit and seeks to alter the truth to deprive a person of something which he is entitled to.

Hypotheses Development

The Effect of Internal Control on Accounting Fraud Tendency

According to Ansori, Evana, and Gamayuni, (2018), internal control is the key to an organization in achieving its goal. With internal control running effectively, it creates the certainty of an organization being prevented from various forms of deviations and frauds that will obstruct the course of the organization wheel. Joseph et al. (2015) in their study also recommended that the policy and procedure of effective and efficient internal control shall be applied correctly to prevent fraud in an organization. The fraud can quickly occur in an organization that has a weak and ineffective internal control system.

Meanwhile, Mirinaviciene (2014), in her study, stated that the low or lack of internal control could result in problems and losses for a business. Companies need to analyze the needs of internal controls that fit their needs and conduct employee training on the implementation of these controls. Dimitrijevic, Milovanovic, and Stancic (2015), in their study, stated that the internal control techniques applied by the company could facilitate the detection of fraud. The determination of these techniques is an essential part of the overall process of developing internal control. If the method used is appropriate, then certainly fraud that occurs within the company is most likely to be detected.

H1: There is an effect of internal control on accounting fraud tendency.

The Effect of Individual Morality on Accounting Fraud Tendency

Junaidi and Ubaidillah (2018), in their study, explained the importance of individual morality and the importance of morality because it affects an individual's action that's taken within. They also stated that individual with high-internalized moral norms is less likely to commit fraud. On the contrary, an individual with low internalized moral norms is more likely to commit fraud. Based on their developed theory, individuals develop opinions about ethical issues according to their innate view of wrong/right, opinions of influencing individuals around them, and opinions of others through the individual's perception and experiences in expected outcomes.

Meanwhile, Putri and Irwandi (2016), explained the importance of morals in each individual could easily prevent fraudulent behavior. The moral value will help an individual seeing what's right and wrong in different situations. Proper implementation of morality in each individual supports the company or corporation to prevent damage by an accounting fraud

in their workplace.

H2: There is an effect of individual morality on accounting fraud tendency.

The Effect of Ethical Value on Accounting Fraud Tendency

In his study, Nwayanwu (2018) stated that consequently, a fraud control model was developed, highlighting the national value system factor in fraud management. The people's behavioral patterns and philosophy anchored on ethical considerations should reflect honesty, integrity, and value of knowledge. Meanwhile, Smith (2016), in her study, explained the relations of Ethical Value and Accounting Fraud. They state that the accountant's professional code of ethics was made as a guideline for accountants in carrying out their work so that they avoid unethical behavior. In the code of ethics, there are ethical contents that are basically to protect the interests of the people who use professional services.

Jaijaram (2017) emphasizes the need for ethical values to prevent accounting fraud. He further stated that to avoid potential conflicts of interest, ethical guidelines must underlie the behavior of accountants in carrying out the tasks assigned to them. The moral values held by accountants can prevent accounting fraud, for example, financial misstatement. Ethical values can prevent accountants from harming themselves and others. The fraud does not only damage the reputation of the organization, but also the reputation of the accounting profession, the level of customer satisfaction, and investor confidence in the company.

H3: There is an effect of ethical value on accounting fraud tendency.

RESEARCH METHODS

The subjects used in this research are the accounting employee of Start-Up Businesses operating in Jakarta, Indonesia, in which use a computerized accounting information system to operate, with the criteria as such: have at least ten accounting staffs and have been working with the computerized accounting system for minimum five years. Data collection in this study used a closed questionnaire; this is done to gather detailed answers with minimum time. The population used in this research is the Start-Up companies client of PT Metacific Consultant, Indonesia, as of 2015 to 2018 with a total of 282 companies. In this case, the target sampling for this study is based on each company's response, meaning one person will represent each company as a respondent. As formulated by the Slovin Formula, the minimum samples required for this research are 165 samples. One hundred eighty-eight (188) respondents participated in this study. This study uses snowball sampling, in this type of sampling, participants will be asked to identify or provide recommendations for other companies that, according to the criteria in the study. Snowball sampling is used besides random sampling in the case of the lack of respondents, with the hope that by getting recommendations, the proper amount of respondents to conduct this research can be achieved. The data analysis method used is the multiple linear regression, which is used to determine the effect of internal control, individual morality, and ethical value on accounting fraud tendency.

RESULTS AND DISCUSSION

Respondents Description

Based on Table 1, 62.2% of females, 37.8% of males. The age ranges from 21-29 years old with a percentage of 67%, from the age of 31-39 years old of 28.7%, and 40-49 years old with a percentage of 4.3%. Meanwhile, the educational

background of the respondents, ranging from diploma degree up to a master's degree, shows that 1.6% of the respondents were certified with a diploma degree or 31.9 % with a bachelor's degree and 62.2% with master degree. Aside from that, respondent's work experience was also put into consideration, resulting in 16.5% with the experience of more than 10 years, 25% ranges from 6 to 10 years, 31.9% from 3 to 5 years, and 26.6% of 1-2 years experience.

Validity Tests

The validity instrument test can be calculated using the correlation formula, which is based on the Pearson Product Moment. Tables 2 through Table 5 show the validity test of the items used in this study. The validity of an item is approved as valid if the value of $r_{count} > r_{table}$, based on the tables above, with the r_{table} of 0.142 (significant rate of 5% with $n=188$), it is easily concluded that all the data are considered valid and usable for further analysis.

Reliability Test

Table 6 shows the reliability test results using Cronbach's alpha. A variable is considered reliable if the Cronbach Alpha values more than 0.6, which in this research has proven to be true. All four variables score more than 0.6 making every single one of the constructs deemed reliable.

Classical Assumption Tests

Multicollinearity Test

The presence or absence of multicollinearity can be seen from the large Tolerance Value and Variance Inflation Factor (VIF). If the value of Tolerance Value is ≥ 0.10 or equal to VIF value ≤ 10 , then multicollinearity does not occur. Based on Table 7, all independent variables have a Tolerance value of ≥ 0.10

and $VIF \leq 10$. Thus it can be concluded that multicollinearity did not occur in all independent variables in this study.

Normality Test

The normality test aims to test whether in the regression model, the dependent variable, the independent variable, or both have a normal distribution or not. A good regression model is to have normal data distribution or the distribution of statistical data on the diagonal axis of the normal distribution graph (Ghozali, 2001). There are two methods in approaching this test through the Kolmogorov-Smirnov testing in which the asymp. Significance should score more than 0.05. The normality test in Table 8 shows scores of 0.200 on the Kolmogorov-Smirnov test, indicating that the data distribution is normal.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model variance occurs from one observation to another. The way to detect it is to see whether there is a specific pattern on the Scatterplot chart between SRESID and ZPRED, where the Y-axis is Y that has been predicted, and the x-axis is residual (Y prediction - Y actually) that has been standardized (Ghozali, 2001).

If there are certain patterns on the SPSS Scatterplot Chart, such as points that form a regular pattern (wavy, diffuse, and then narrow), it can be concluded that heteroscedasticity has occurred. Con-

versely, if there is no clear pattern, and the points spread, then the indication is that there is no heteroscedasticity. As seen on Figure 1, dots that spread randomly, do not form a definite pattern and are spread both above and below the number 0 (zero) on the Y axis, this indicates no classical assumptions of heteroscedasticity in the regression model made.

Hypothesis Testing

As seen in Table 9, the significance of the t-test can be seen by comparing the t-count in the table with the t-table value at $df (n-k-1) = 184$ and $\alpha = 5\%$ which is equal to 1.65318. The amount of t-count for the independent variable of internal control is -5.126, higher than the t-table of 1.65318, and significance level less than 0.05. With the results, it is decided that the first hypothesis which reads there is an effect of internal control on accounting fraud tendency is proven correct. Therefore H1 is accepted. The value of t-count for individual morality is -2.558, higher than the t-table of 1.65318, and significance level less than 0. The results show that personal morality has a significant partial effect on accounting fraud tendency. Thus, H2 is accepted. The value of t-count for ethical value is -3.910, higher than t-table of 1.65318, and significance level less than 0,05. The results show that moral value has a significant partial effect on accounting fraud tendency. Therefore H3 could not be rejected.

Table 1. Respondents' Profile

Description	Frequency	Percentage (%)
Gender		
Male	71	62.2
Female	117	37.8
Total	188	100
Age		
21-29 years	126	67.0
30-39 years	54	28.7
40-49 years	8	4.3
Total	188	100
Education Level		
Bachelor	125	66.5
Diploma	60	31.9
Master	3	1.6
Total	188	100
Work experience		
< 3 years	50	26.6
3 - 5 years	60	31.9
6 - 10 years	47	25
> 10 years	31	16.5
Total	188	100

Table 2. Validity Test of Internal Control

Items	r count	r table	Status
Organization structure	0.435	0.142	Valid
Management Competency.	0.368	0.142	Valid
Performance Accountability.	0.385	0.142	Valid
Effectivity.	0.753	0.142	Valid
Frequency	0.632	0.142	Valid
Accuracy	0.583	0.142	Valid
Activity assessment	0.603	0.142	Valid
Internal audit functions.	0.586	0.142	Valid
Internal control structure	0.552	0.142	Valid

Table 3. Validity Test of Individual Morality

Items	r count	r table	Status
Rationalism	0.441	0.142	Valid
Individual Reasoning	0.332	0.142	Valid
Moral Knowledge	0.560	0.142	Valid
General Moral Implementation	0.714	0.142	Valid
Moral Judgements	0.682	0.142	Valid
Criticalism	0.640	0.142	Valid
Positive Perceptions	0.390	0.142	Valid

Table 4. Validity Test of Ethical Value

Items	r count	r table	Status
Perception of Norms	0.467	0.142	Valid
Normative Induced Behavior	0.612	0.142	Valid
Profession Ethics	0.437	0.142	Valid
Professional Attitude in Workplace	0.607	0.142	Valid
Integrity	0.633	0.142	Valid
Attitude	0.525	0.142	Valid
Etiquette	0.442	0.142	Valid
Individual Judgements	0.501	0.142	Valid

Table 5. Validity Test of Accounting Fraud

Items	r count	r table	Status
Individual Intentions	0.376	0.142	Valid
Action Reasoning	0.496	0.142	Valid
Bad Moral / Ethical Value	0.516	0.142	Valid
Financial Issue	0.703	0.142	Valid
Ambitions	0.375	0.142	Valid
Personal Reasons	0.583	0.142	Valid
Jealousy	0.269	0.142	Valid
Envy	0.657	0.142	Valid
Hate / Dislike	0.492	0.142	Valid

Table 6. Reliability Test

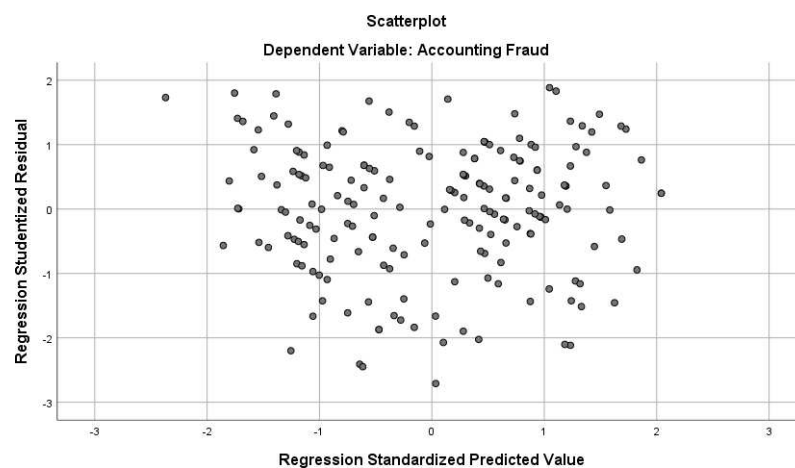
No.	Variable	Cronbach Alpha	Criteria	Status
1	Internal Control	0.704	0.6	Reliable
2	Individual Morality	0.601	0.6	Reliable
3	Ethical Value	0.632	0.6	Reliable
4	Accounting Fraud	0.626	0.6	Reliable

Table 7. Multicollinearity Test

No	Variable	Tolerance Value	VIF	Status
1	Internal Control (X1)	0.481	2.078	Multicollinearity not proven
2	Individual Morality (X2)	0.630	1.587	Multicollinearity not proven
3	Ethical Value (X3)	0.487	2.055	Multicollinearity not proven

Table 8. Normality Test with Kolmogorov-Smirnov Test

Standardized Residual		
N		188
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.31991079
Most Extreme Differences	Absolute	.059
	Positive	.046
	Negative	-.059
Kolmogorov-Smirnov Z		.059
Asymp. Sig (2-tailed)		.200 ^{c,d}

**Figure 1.** Heteroscedasticity Test with Scatterplot**Table 9.** Regression Result

	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Internal Control	-0.830	0.162	0.345	-5.126	0.000
Individual Morality	-0.635	0.248	0.195	-2.558	0.011
Ethical Value	-0.808	0.207	0.310	-3.910	0.000

Discussion

The Effect of Internal Control on Accounting Fraud Tendency

The results of multiple linear regression analyses show that internal control has a negative effect on accounting fraud tendency. The finding indicates that an increase in internal control will result in a decrease in the accounting fraud tendency. By the rise of internal control, it means increasing and strengthening activity control, increasing management access, and increasing overall control of the management in said company, will potentially result in a decrease in accounting fraud tendency in the company or organization. This result is caused by the effectivity of internal control and the proper implementation of it. This will prevent and minimize opportunities for employees to commit fraud that can potentially damage and harm the company.

The result of this study is consistent with the research conducted by Putri and Irwandi (2016). They found that the higher the internal control, the lower the accounting fraud tendency. The resulting state that adequate internal control in a company or an organization can minimize the tendency of accounting fraud. Internal control narrows the loopholes that could be taken advantage of by people who do not have good intentions for the company. Meanwhile, a similar result was also obtained by Setiawan (2018) with a negative effect of internal control on accounting fraud tendency. Setiawan (2018) also stated that the existence of internal control prevents the subject from behaving fraudulently. In the context of a company or organization, the presence of internal controls can ensure that company assets can be better maintained than if internal controls are not implemented properly.

The effect of Individual Morality on Accounting Fraud Tendency

Based on the results, we can conclude that individual morality has a negative impact on accounting fraud tendency. An increase in the Individual Morality variable will result in a decrease in the accounting fraud tendency. The statement means that the level of individual morality will affect decision-making activities in an individual's life. Furthermore, for actions that require moral considerations such as considering the right or wrong options. The finding proves that the higher the level of an individual, morality will decrease the level of accounting fraud tendency in a company and minimize the intention of employees to commit fraudulent behavior.

A similar result was done by Setiawan (2018) that individual morality has a negative effect on accounting fraud tendency. Setiawan (2018) also stated that individuals with low morality do not question the existence or absence of internal control in committing fraud. High morality individuals, when faced with conditions of internal control, fraud is carried out, tends to be lower than the state of no internal control. Meanwhile, Putri and Irwandi (2016) also acquired a similar result of a negative effect of internal control on accounting fraud tendency. They concluded that the prevention of accounting fraud tendencies could be done by applying good morality on management. Morality will lower the intention to commit fraudulent behavior within a company or an organization.

The effect of Ethical Value on Accounting Fraud Tendency

The results of multiple linear regression analysis show that ethical value has a negative impact on accounting fraud tendency. The findings indicate that an increase in the moral value will result in a decrease in the accounting fraud tendency.

The increase in ethical values intended is the actions and attitudes carried out by an individual in daily activities in the work environment based on the professionalism and professional code of ethics that have been established. The code can be in the form of discipline, attitudes, and ethical behavior of an employee, thus can affect accounting fraud tendency in a company or organization within.

The result of this study is consistent with the research conducted by Smith (2016) that there is a significant effect of ethical value on accounting fraud tendency. The study also stated that ethics policies and guidelines should be in place in organizations to guide newly hired workers and accounting employees. These serve as guides for employee behavioral and professional action. The existence of ethics policies demonstrates to new hires that the organization takes ethics seriously. During the onboarding and training process, there should be a separate module or program that emphasizes the ethics policies and how they should be applied to daily operations. Meanwhile, a similar result was also obtained by Jaijaram (2017), which proved that the accountants' role is dependent on an organization's emphasis on culture and accountability. Therefore it is essential for the government and public governing bodies to advocate and develop ethical practices in accounting firms.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of multiple linear regression analysis, we can conclude that internal control has a negative effect on accounting fraud tendency. The result is due to the conclusion that increasing activity and management control in an organization or a company will prevent fraudulent behavior. Furthermore, the results of this study also show that individual morality has a negative effect on accounting fraud tendency. The tendency

is due to the conclusion that an individual with a high moral level will be very unlikely to commit fraudulent behavior. Thus proving the point that accounting fraud tendency can be prevented by implementing moral knowledge in daily activity and a selective hiring process in a company or an organization. Lastly, this study also shows that ethical value has a negative effect on accounting fraud tendency. This is due to the conclusion that professionalism and professional ethic codes play a significant role in maintaining ethical behavior in the workplace. The code is a standard guideline of how one should behave in a work environment. With proper implementation of professional ethic, codes can help the chances of any employee to commit fraudulent behavior that could potentially harm the company. Companies, especially start-up businesses, should implement an internal control system from the very beginning. Furthermore, they should go through a very selectively hiring process with a lot of considerations regarding individual morality and ethical value to prevent accounting fraud. It is suggested that the next researcher to choose a different study object and a diverse group of respondents to obtain better and detailed data results. There are two of these studies. First, the use of self-report measurement to measure the variables studied suggests potential sources of method biases for some of the results. Future research should employ in-depth interviews to investigate the respondent's views in greater depth. Second, this research only examines Start-Up companies' clients of PT Metacific Consultant. Further research shall enhance coverage by including more Start-Up businesses.

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