



الجامعة الإسلامية العالمية ماليزيا
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
يُونُسُ وَيُسْتَقِي: اِنْسَانًا اَبْنًا اَوِ اجْنَسًا مَلِيْسِيًا



**6th ASEAN UNIVERSITIES
INTERNATIONAL CONFERENCE ON
ISLAMIC FINANCE
(6th AICIF)**

**14th - 15th November 2018
New World Makati City, Manila, Philippine**

**CONFERENCE
PROCEEDING**

SUB THEMES

- 1. CORPORATE GOVERNANCE**
- 2. ISLAMIC BANKING AND CAPITAL MARKET**
- 3. MONEY PAYMENT SYSTEM & FINANCIAL INNOVATION**
- 4. TAKAFUL & RISK MANAGEMENT**
- 5. ISLAMIC SOCIAL FINANCE**
- 6. ARABIC PAPERS**



CORPORATE GOVERNANCE

Sub Theme		Corporate Governance		
No	Paper ID	Paper Title	Author(s)	Affiliation
1	6th AICIF: 083-075	Tax Amnesty and JIHAD on CV. SR (Phenomenology Study)	Ahmad Rudi Yulianto	Universitas Islam Sultan Agung (UNISSULA), Indonesia
2	6th AICIF: 039-032	Good Corporate Governance, Earnings Quality, and Firm Value: Empirical Study on Jakarta Islamic Index Companies 2008-2015 using Structural Equation Model-Partial Least Square Method	Sugiyarti Fatma Laela, Dian Yuni Anggraeni, Rahma Wijayanti	Sekolah Tinggi Ekonomi Islam (STEI) Tazkia, Indonesia
3	6th AICIF: 076-063	Taawun: An Islamic Practice to Reduce Voluntary Turnover Intention	Ken Sudarti, Alifah Ratnawati, Mulyana, M. Husni Mubarak	Universitas Islam Sultan Agung (UNISSULA), Indonesia
4	6th AICIF: 079-066	Successful Determinant of Islamic Knowledge Organization	Marno Nugroho	Universitas Islam Sultan Agung (UNISSULA), Indonesia
5	6th AICIF: 082-069	The Effectiveness of Internal Control, Organizational Ethical Culture, and Fraud Prevention: The Role of Moderating Individual Morality	Provita Wijayanti, Rustam Hanafi, Nurhidayati	Universitas Islam Sultan Agung (UNISSULA), Indonesia
6	6th AICIF: 084-071	Critics on the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP) from Shariah Banking and Investment	Hakimah Yaacob, Khairul Hidayatullah Basir	Universiti Islam Sultan Sharif Ali (UNISSA), Brunei Darussalam
7	6th AICIF: 084-072	Enabling Legal Environment of Islamic Finance in Brunei: A Demand for Improvement	Hakimah Yaacob, Khairul Hidayatullah Basir	Universiti Islam Sultan Sharif Ali (UNISSA), Brunei Darussalam
8	6th AICIF: 088-076	The Impact of Collaborative Networks and Islamic Works Ethic on Business Performance of Small and Medium Enterprises	Mulyana	Universitas Islam Sultan Agung (UNISSULA), Indonesia
9	6th AICIF: 090-078	Corporate governance from Islamic perspective	Abdulrahman Alnofli	International Islamic University Malaysia
10	6th AICIF: 093-082	Corporate Social Responsibility in Islamic Perspective	Chrisna Suhendi	Universitas Islam Sultan Agung (UNISSULA), Indonesia
11	6th AICIF: 094-084	Internal Control, Acceptance of Compensation and Unethical Behavior as a Predictor of Trends in the Establishment of Fraud	Khoirul Fuad	Universitas Islam Sultan Agung (UNISSULA), Indonesia
12	6th AICIF: 101-125	Earnings Management of Family Generation Company in Indonesia: Socio Emotional Wealth (SEW) Theory Perspective	Edy Suprianto, Y Anni Aryani, Doddy Setiawan, Rahmawati	Universitas Islam Sultan Agung (UNISSULA), Indonesia

13	6th AICIF: 081-103	The Role of Partnership in Improving SMEs Reputation: An Islamic Outlook	Tri Wikaningrum, Imam Ghozali, Ahyar Yuniawan	Universitas Islam Sultan Agung (UNISSULA), Indonesia
14	6th AICIF: 134-127	The Analysis of Online Shopping Satisfaction in Islamic Perspective (Case Study to Student Of University Of Darussalam Gontor Campus Magelang On Period 2017)	Mustaan Al Faruqi, Mufti Afif	University of Darussalam (UNIDA) Gontor, Indonesia
15	6th AICIF: 155-146	Short-run and Long-run Relationship between Economic Growth, Foreign Direct Investment, Trade Liberalization and Education on Income Inequality: Evidence from Indonesia	Siti Nur Azizah, Neneng Ela Fauziyah	UIN Sunan Kalijaga, Indonesia

Internal Control, Compensation Receipt, Regulatory Enforcement and Unethical Behavior as A Predictor of Trends in Fraud

Khoirul Fuad

Department of Accounting, Faculty of Economics, UNISSULA

Abstract

The term fraud becomes a familiar thing in the world of work both in the private sector and the government sector. Fraud spread throughout the foundations of the life of the perpetrator known better as the fraud triangle where pressure, opportunity, and justification are the main factors that form the basis for fraud. Public service agencies are formed by the government on the basis of improving services to the community where the government gives an authority to State Universities to manage their funds to be utilized and developed to be more productive, efficient and beneficial for their users. This study aims to determine the perception of financial managers regarding some actions that can affect the occurrence of fraud. The test tool used SPSS with the sample acquisition method is purposive sampling with a quantitative approach. Based on the results of the study it can be concluded that the good and bad of the internal control system in an institution greatly affects the tendency of fraud, the better internal control make the lower tendency of fraud as well as the suitability of compensation received by employees will minimize fraud and the potential for fraud will be greater if unethical behavior of employees tends to increase, while enforcement of regulations is not as an indicator of fraud.

Keywords: Fraud, internal control, compensation, and behaviour

1. Introduction

1.1 Background of the Study

BLU (Public Service Agency) is an agency within the Government that is formed to provide services to the public in the form of the provision of goods and/or services sold without prioritizing profit-seeking and in carrying out its activities based on the principles of efficiency and productivity (PP 74/2012). BLU develops so rapidly in the organizations of the public sector, especially the government sector, the preparation of the public service agency develops itself start from the arrangement of the resources they have, the technology that will be used and the strategic steps they will take to implement the BLU thoroughly and accordingly with the main objective of serving the community as a whole from various fields, such as education, health, and others.

Law Number 1 Article 69 paragraph (7) of 2004 states that:

"BLU aims to improve services to the public in order to promote public welfare and educate the life of the nation by providing flexibility in financial management based on economic principles and productivity, and the application of sound business practices."

Public Service Agencies (BLU) must prepare financial statements in accordance with financial accounting standards (SAK) set by the Indonesian Accountants Professional Association and must submit financial reports to the State Ministry / Institution in accordance with Government Accounting Standards. Then, the financial statements will be consolidated with the financial statements of the State Ministry / Institution (Mulyono, 2009). Government Accounting Standards is a standard for the preparation of government-owned financial statements prepared in the form of accounting principles in preparing and

presenting government financial statements. So it can be said that government accounting standards are a requirement in an effort to improve the quality of financial statements.

The results of the examination of 37 2013 ministry and agency financial reports show that the Audit Board of the Republic of Indonesia (BPK) has provided unqualified opinions (WTP) in 26 ministries or institutions, and fair opinions with exceptions (WDP) in 9 ministries or institutions as well as 2 ministries or institutions who get opinion but they do not give opinions. In addition to providing opinions on the fairness of the presentation of financial statements, the examination of financial reports by the BPK also revealed findings regarding the weaknesses of the Internal Control System (SPI) and non-compliance with the legislation. Based on the examination data carried out by BPK against BLU, there are weaknesses in the internal control of financial reports produced by BLU, which are feared that these weaknesses have an impact on State losses. Where essentially the purpose of internal control is to ensure the reliability of financial statements but in reality, there are still weaknesses in BLU's internal control (BPK, 2013). The weaknesses in internal control can be seen from many cases of not / not yet done or inaccurate recording, inadequate budgeting or planning, implementation of activities not entirely through the Regional Revenue and Expenditure Budget (APBD) mechanism and not regulated by an adequate mechanism, as well as the absence of adequate Standard Operating Procedure (SOP) (Ikbal, 2013).

Government Regulation No. 24/2005 in Thoyibatun (2009: 6) states that the rules used in accounting activities are financial accounting standards, while compliance with accounting rules is seen as the level of conformity of organizational asset management procedures, the implementation of accounting procedures and presentation of financial statements along with all supporting evidence, with the rules determined by the BPK and/or SAP. The use of accounting rules by leaders of State Universities can meet the need to maintain his quality as the recipient of the mandate. Because through work procedures and financial reporting in accordance with accounting rules, State University (PTN) leaders can show evidence to the performance appraisers about the quality and efficiency of their activities and can provide assurance and quality control from the community (BAN PT, 2001 in Thoyibatun, 2009: 6).

Adherence to accounting rules is an obligation in the organization because if the financial statements that are made are not appropriate or without following the accounting rules that apply then these conditions can foster unethical behavior and trigger accounting fraud where it will make it difficult for the auditor to track it down.

The research result of Wilopo (2009: 1-49) show that compliance with accounting rules has a significant and negative effect on unethical behavior and the accounting fraud trend. This means that the higher the compliance of the company with the accounting rules, the lower the unethical behavior and the accounting fraud trend committed by management in the company. In addition to the factors described earlier, the suitability of compensation is also a factor that affects unethical behavior and the occurrence of accounting fraud. This phenomenon was corroborated by the statement of the Corruption Eradication Commission (KPK) Gratification Director Giri Supradiono who explained that as the various cases occurred, the gratuities committed by civil servants were due to low income from salaries and benefits. As a result, the civil servants tried to find additional in various ways, including receiving gratuities. In general, a gratuity is an act of giving in a broad sense, giving can be in the form of money, goods, or other. Gratuity is usually carried out by a person or group of people and corporations to public officials, including civil servants from the lower classes, with certain objectives. Metro Mayor Lukman Hakim also stated that one of the causes of corruption is the low salary of civil servants (Wid, 2013).

Compensation is usually also called salary or income and can be defined as all income in the form of money, direct or indirect goods received by employees in return for services provided to the company (Hasibuan, 2000: 17). Compensation is something that affects employee behavior, someone tends to behave unethically and cheat to maximize profits for himself. Usually, employees will commit fraud because of dissatisfaction or disappointment with the results or compensation they receive for what they have done. By giving, the appropriate compensation is expected to minimize unethical behavior and acts of accounting fraud.

There are many cases concerning accounting fraud that occurred in the state universities in Indonesia indicates that accounting fraud is still relatively high. Inspector General of the Ministry of Education and Culture Haryono Umar explained many vulnerable points that could be exploited by corruptors within the state university (PTN), the most potential to be corrupted were campus income or Non-Tax State Revenues (PNBP), the total PNBP recorded in all PTN was quite large around Rp. 11 billion-12 billion per year. In addition, it is not uncommon for allegations of corruption to arise because those who concerned do not know or are not regulated in the administration of financial reporting (Wan, 2014). In Yogyakarta Special Region (DIY), the level of corruption is ranked 10th out of 33 provinces in Indonesia. The Corruption Eradication Commission (KPK) assessed that the handling of corruption cases in the Special

Region of Yogyakarta (DIY) was still less prominent with the number of cases that were protracted or stopped in Indonesia (Olivia, 2010). Based on this information, it can also be said that the act of accounting fraud in the Special Region of Yogyakarta (DIY) is also high and does not rule out the possibility of acts of accounting fraud occurring in State Universities (PTN) in the Special Region of Yogyakarta (DIY). Because the existence of this case and seeing the importance of Internal Control Effectiveness, Compliance with Accounting Rules and Compensation Compensation in accounting activities at State Universities, the authors were encouraged to conduct research on this matter.

Based on the background described above, the authors hereby carry out a study entitled **INTERNAL CONTROL, COMPENSATION RECEIPT, REGULATORY ENFORCEMENT AND UNETHICAL BEHAVIOR AS A PREDICTOR OF TRENDS IN FRAUD.**

2. THEORITICAL FRAMEWORK

2.1 Theoritical Review

2.1.1 Perseption Theory

According to Mahmud (1990), in psychology, the notion of perception is to interpret stimuli that already exist in the brain. Although the tools for receiving stimuli are similar to each individual, the interpretation can vary. Robins (1996) stated that an individual's perception of an object is likely really different from the individual's perception on the same object.

According to Ikhsan and Ishak (2005), perception is how people see or interpret events, objects, and humans. People act on the basis of their perception by ignoring whether the perception reflects the real reality. In fact, each person has his own perception of an event. The description of a person's reality may be far different from the description of others. So it can be said that the process of forming perceptions relates to various series of events and experiences, as well as expectations and judgments about something.

2.1.2 Attribution Theory

Attribution theory is an explanation of the ways humans judge people differently, depending on what meaning is connected to a particular behavior (Robbins, 2003). Basically, this theory suggests that if someone observes an individual's behavior, the person tries to determine whether the behavior is caused by internal or external factors that depend on three factors. They are specificity (independence), consensus, and consistency. According to Heider (1958) in Sarwono (2010), this attribution theory studies the process of how a person interprets an event, reason, or cause of his behavior. A person's behavior is combined by internal and external power.

2.1.3 Fraud

According to the Association of Certified Fraud Examiners (ACFE) in Abdul Halim (2003), fraud is everything that can be skillfully used to gain profit by covering the truth, deception, cunning or tricking and other dishonest ways.

According to the Indonesian Institute of Accountants (IAI) accounting fraud is misuse/embezzlement or improper conduct, while Sutherland (1940) in Wilopo (2006) as a legal expert considers that accounting fraud is a crime.

Based on the definitions that have been mentioned, it can be concluded that the tendency of accounting fraud (KKA) is the desire to do everything to gain profits in a dishonest way such as covering the truth, fraud, manipulation, cunning or tricking that can be a misstatement of financial statements, corruption, and misuse of assets.

2.1.4 Internal Control

According to PP No. 8 of 2006 in Adelin (2013: 6), internal control is a process that is influenced by management which is created to provide adequate confidence in achieving effectiveness, efficiency, adherence to the prevailing laws and the reliability of the presentation of financial statements, while according to Abdul Halim (2003: 197) the structure of internal control is a series of processes carried out by an entity, in which the process includes a variety of policies and procedures that are systematic, varied and have main objectives:

- 1) Maintain the reliability of the entity's financial reporting
- 2) Maintain effective and efficient operation carried out

- 3) Maintain compliance with applicable laws and regulations

2.1.5 Compensation Receipt

According to the Big Indonesian Dictionary (KBBI), suitability is a matter of match, harmony or compatibility. Conformity is also a state of feeling fit or right for something we get.

Veitzhal Rivai (2011: 741) explains that compensation is something that employees receive as a substitute for the contribution of their services to the company. Compensation is the main cost of expertise or work and loyalty in the company's business. Compensation is the main reason why most people look for job.

Compensation must be determined according to fair and screen principles and is reasonable by paying attention on applicable regulations. Veitzal Rivai, (2011: 763) explains the principles of fair and decent must get the best attention so that the compensation provided stimulates employee passion and job satisfaction. They are 1) The Principle of fair, 2) The principle of reasonable.

2.1.6 Enforcement of Regulations

According to Rahmawati (2012: 9) accounting rules are made in such a way as the basis for preparing financial statements. In accounting standards, there are rules that must be used in the measurement and presentation of financial statements that are guided by the rules issued by the Indonesian Institute of Accountants (IAI).

Adherence to the Accounting Rules is an obligation in the organization to comply with all accounting rules or regulations in carrying out financial management and financial report making in order to create transparency and accountability in financial management and financial statements that result in effective, reliable and accurate information.

2.1.7 Unethical Behavior

According to Velasques (2005: 7) in Adelin (2013: 7), in general, ethics has two meanings, they are:

- 1) Ethics comes from Greek, ethos (singular) or ta etha (plural) which means habits and customs. This understanding relates to good habits of life, both in themselves and in a society that is passed on from one generation to another.
- 2) Ethics in the second sense is understood as a philosophy or science that emphasizes a critical approach in seeing and understanding moral values and norms as well as moral problems that arise in society.
- 3) Dijk (2000: 297-305) in Thoyibatun (2009: 4) describes Unethical Behavior is a behavior that deviates from the main tasks or the main objectives agreed upon. Unethical behavior should not be morally acceptable because it causes harm to others and the environment (Beu and Buckley, 2001: 57-73).

2.2 Previous Study and Hypothesis Development

2.2.1 Internal Control

The internal control system includes organizational structures, methods, and measures coordinated to maintain organizational wealth, check the accuracy and reliability of accounting data, encourage efficiency, and encourage compliance with management policies (Mulyadi, 2010). Research conducted by Wilopo (2006) shows that effective internal control has a significant and negative influence on the accounting fraud trend. This means the more effective internal control of the company, the lower the accounting fraud trend. This statement is supported also by Smith et al., (1997), Beasley (1996), Beasley et al., (2000), Reinstein (1998), Matsumura (1992), and Abbot et al., (2002) which state that effective internal control reduces the accounting fraud trend. Whereas in another study of Wilopo (2008), it shows that partially bureaucratic internal control does not significantly affect fraud.

Najahningrum et al. (2013) and Chandra et al. (2015) shows that the effectiveness of internal control negatively affects the accounting fraud trend. The existence of several differences in research results from previous researchers, the researchers want to re-examine the effect of the internal control system on fraud, supported by the statement that the better the internal control system of the organization, the lower the level of fraud in the ministry sector, and the higher compliance with internal control systems then the level of fraud in the ministry sector will be lower. Based on the description, the researcher draws the following hypothesis:

H1: Internal control has a negative effect on fraud trend

2.2.2 Compensation Receipt

The research conducted by Sulistiyowati (2007) stated that compensation satisfaction does not affect the perception of local government officials about acts of corruption. There are similarities in the results of research conducted by Wilopo (2006), it is stated that the suitability of compensation does not have a significant effect on the accounting fraud trend and satisfaction does not affect the perception of local government officials about corruption. The results of this analysis do not support the existing theory that someone who's his/her compensation is satisfied will not carry out a compromise reaction in the form of acts of corruption (Darsono, 2001). Jensen and Meckling (1976) explain in the agency theory that the provision of adequate compensation makes the agent (management) act in accordance with the wishes of the principal (shareholders). That is by giving actual information about the state of the company. This compensation is expected to reduce the accounting fraud trend. From some descriptions above that are directly related to the suitability of compensation, the researcher takes the following hypothesis:

H₂: Compensation Receipt negatively affects the fraud trend

2.2.3 Regulatory Enforcement

In general, regulations are made with the aim to provide a basis and even a limit for every activity in the organization so that it can run smoothly and according to expectations. The rules that have been compiled must be implemented by all parties involved in the organization if the enforcement of the regulation is not effective, the opportunity for all individuals within to violate will be greater and the effect leads to fraudulent actions, it is concluded that the better the regulation is enforced then the trend for cheating will get smaller. Najahningrum et al. (2013) and Chandra et al. (2015) showed that regulatory enforcement negatively affects the tendency of accounting fraud. Based on previous research and descriptions that the researcher has done, a hypothesis can be drawn as follows:

H₃: Regulatory Enforcement negatively affects the fraud trend

2.2.4 Unethical Behavior

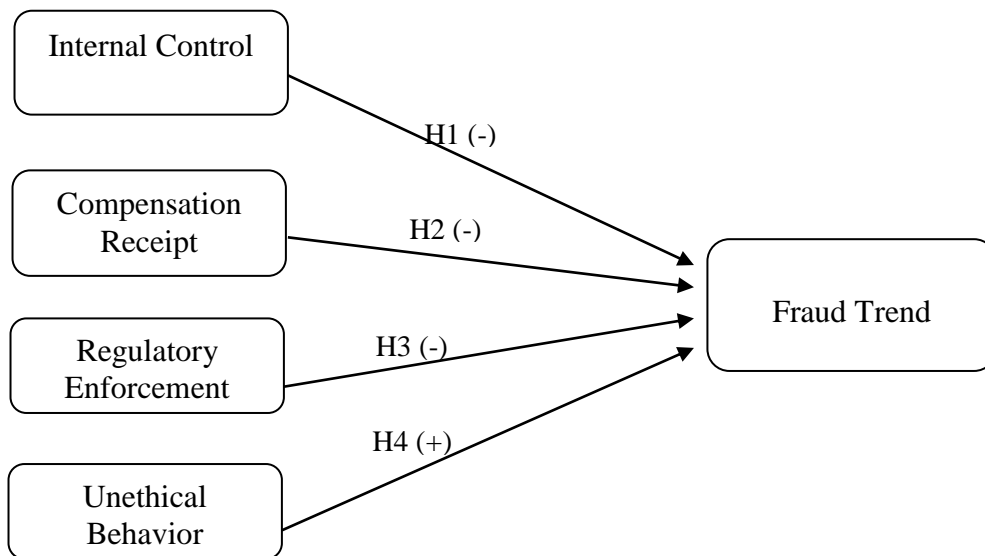
Unethical behavior consists of behaviors that abuse positions, behaviors that abuse power, behavior that misuses organizational resources, and behavior that does nothing. According to CIMA (2002) in Wilopo (2008) argues that corporate culture with low ethical standards will have a high risk of accounting fraud. The research results of Wilopo (2006) states that unethical behavior has a significant and positive influence on the tendency of fraud in the company. While the study of Wilopo (2008), it is stated that unethical behavior has a positive influence on the fraud trend but not significant. Unethical behavior has a positive influence on fraud in the government sector. Thus, it can be concluded that the unethical behavior of the bureaucracy/management will influence the government accounting fraud trend. The higher the level of unethical bureaucratic behavior, it will be the higher the level of government accounting fraud. From the description above, the following conclusion can be drawn:

H₄: Unethical behavior has a positive effect on the fraud trend

2.3 Research Model

Based on the analysis that has been described in the theoretical framework and some previous research regarding the fraud trend, internal control, compensation receipt, regulatory enforcement and unethical behavior, the research model can be described as follows:

Figure 2.1
Research Model



3. Research Methodology

3.1 Research Design, Population, Samples and Data Collection Methods

This study uses quantitative data analysis methods. The data used in this study is primary data. The instrument used as a data collection technique in this study is questionnaire. Questionnaires were distributed to permanent employees (PNS) and Public Service Agency Guards (BLU) at State Universities in Semarang which were sampled in this study. Hypothesis testing in this study uses multiple linear regression analysis methods.

The population of this study is all parties involved in the preparation and use of budgeted funds, financial and accounting implementers, and employees who compile financial reports and accountability reports at the State University with a Public Service Agency in Semarang. The sample determination phase is by determining the sample of respondents using purposive sampling technique, the criteria include (1) the work experience of respondents more than one year in their fields, (2) having the knowledge and abilities according to their fields, (3) not being transferred from units that are made object research.

Data collection procedures in this study use survey methods, which means by distributing a list of questions (questionnaires) to respondents who have been determined and in accordance with the appropriate criteria. The questionnaire in this study consisted of two main parts; namely biodata and statements about research variables.

3.2 Operational Definition and Variable Measurement

3.2.1 Independent variable

Independent variable is types of variables that explain or influence other variables (Indriantoro and Supomo: 2002). This study uses several independent variables described below:

- 1) The effectiveness of Internal Control
The variables of the effectiveness of internal control are measured by the following indicators:
 - a. Compliance in the internal control environment.
 - b. Compliance with management risk.
 - c. Compliance in control activities.
 - d. Compliance in Information and Communication.
 - e. Compliance in monitoring and monitoring.
- 2) Compensation Compliance
Compatibility variable is measured by indicators developed by Wilopo (2006) as follows:
 - a. Financial compensation.
 - b. Company recognition for success in carrying out work.
 - c. Promotion.
 - d. Task completion.

- e. Achievement of goals.
- 3) Regulatory Enforcement
Variable measurement used a 1-5 Likert scale, the lower the indicated value, the enforcement of the regulation is not good. This variable is measured by using the following indicators:
 - a. Obedience to the law.
 - b. Law enforcement process.
 - c. Organizational regulations.
 - d. Work discipline.
 - e. Responsible.
- 4) Unethical behavior
Unethical behavior variables are measured by indicators developed by Wilopoo (2006) as follows:
 - a. Management behavior that misuses the position (abuse position).
 - b. Management behavior that misuses organizational resources (abuse resources).
 - c. Management behavior that abuse power.
 - d. Management behavior that does nothing (no action).
 - e. Management behavior that ignores rules (abuse rule).

3.2.2 Dependent variable

This study uses the fraud trend in the Ministry of Research and Higher Education Ministry's instrument units used to measure fraud trends consisting of nine questions developed from types of fraud according to the Association of Certified Fraud Examinations (ACFE) in Najahningrum et al. (2013), which consists of financial report fraud, asset abuse, and corruption. Variable measurement used a 1-5 Likert scale.

3.3 Metode Analisis Data Dan Pengujian Hipotesis

3.4 Data Analysis Method and Hypothesis Testing

The data analysis method in this study is to test the quality of the data using validity and reliability testing which serves to see the feasibility of existing data before being processed using analytical tools to test the hypothesis, the data analysis technique used in this study is the moderation variable regression analysis and to do Hypothesis testing using the coefficient of determination (R²), F test, and t-test.

The regression equation used is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Which is :

- Y : Fraud Trend
- α : Constant
- $\beta_1 \dots \beta_n$: Coefficient of regression direction
- X1 : Effectiveness of Internal Control
- X2 : Compensation Compliance
- X3 : Regulatory Enforcement
- X4 : Unethical Behavior
- e : error

4. Discussion

4.1 Data Analysis

The object of research that was sampled in this study was PTN BLU in Semarang. Respondents in this study were all parties involved in the financial management of BLU. Based on the survey, the distribution of questionnaires was 58 copies and given a period of 3 weeks in the filling process, besides that the researcher also accompanied or met the respondent directly so that the answers and rates of return were as expected by the researcher. Questionnaires filled can be used further collected as many as 56.

In this study, the quality of the data was tested by testing validity and reliability. The test results can be seen in the following tables:

Table 4.1
Internal Control

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.796	.791	5

Table 4.2
Compensation Receipt

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.716	.714	4

Table 4.3
Regulatory Enforcement

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.838	.847	5

Table 4.4
Unethical Behavior

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.640	.708	5

Table 4.5
Fraud Trend

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.932	.937	9

Based on the table above, the Cronbach's Alpha coefficient results for five variable indicators is > 0.60. So it can be concluded that the questionnaire used in this study is reliable so that the questions in this study can be used for further researches.

Hypothesis testing is the next step after the indicator is stated can be used. This study, hypothesis testing used multiple linear regression analysis which can be seen in the following table:

Table 4.6
Multiple linear regression analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	59.518	11.927		4.990	.000
	KPI	-.493	.237	-.288	-2.079	.043
	KES KOMP	-3.598	.938	-.771	-3.836	.000
	PP	.142	.155	.115	.916	.364
	PTE	.927	.420	.408	2.206	.032

a. Dependent Variable: KK

Based on that table, so that it can be formulated the regression equation is as follows:

$$Y=59,518-0,493X1-3,598X2+0,142X3+0,927X4$$

Table 4.7
Determination Coefficient

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.486 ^a	.236	.176	6.242

a. Predictors: (Constant), PTE, PP, KPI, KES KOMP

Hypothesis testing of this study used the coefficient of determination (R²), in this test found adjusted R² results of 0.176 or 17.6%, which means that all variables used in this study are able to explain the fraud trend and the remaining 83.4% is explained by other variables, other than those used in this study.

4.2 Discussion

4.2.1 The Effect of Internal Control on Fraud Trends

Based on table 4.6 obtained significance value of 0.043 (<0.05), it can be concluded that the hypothesis is accepted, namely the existence of adequate internal control is possible to minimize the occurrence of fraud trends. This result is in line with research from Wilopo (2006) and Najahningrum et al. (2013) which states that the more effective internal control, it will be the lower the tendency of fraud.

4.2.2 The Effect of Compensation Receipt on Fraud Trends

Based on table 4.6 obtained a significance value of 0.000 (<0.05), it can be concluded that the hypothesis is accepted, the compensation should be received by employees can minimize the fraud trends, employees will not commit fraud if the rights they get are in accordance with agreement given and in accordance with the job desk they are assigned.

This result is consistent with the research of Faizal (2013) and Chandra *et. al.* (2015) which shows that receiving compensation has a negative effect on the fraud trend, the greater the compensation received, it will be the lower the fraud trend.

4.2.3 The Effect of Regulatory Enforcement on Fraud Trends

Based on table 4.6 obtained a significance value of 0.364 (> 0.05), it can be concluded that the hypothesis is rejected, this means that the tighter the existing regulation is not necessarily able to minimize the tendency of fraud. This result is not in line with the research conducted by Najahningrum et al. (2013) and Faizal (2013) who argued that weak regulatory enforcement in an agency would create opportunities for fraud.

4.2.4 The Effect of Unethical Behavior on Fraud Trends

Based on table 4.6 obtained a significance value of 0.032 (<0.05), it can be concluded that the hypothesis is accepted, the higher the unethical behavior, it will be the greater the door for open fraud. This is in line with the results obtained by Wilopo (2006) and Faizal (2013) which states that the lower the unethical behavior of an employee, it will be the lower the tendency for fraud to occur. This also means that morality is something that greatly affects the actions and behavior of an individual in doing something.

According to Dallas (2002) when conducting an empirical study at Enron, obtaining evidence that behavior focused on money as the final goal will ignore the value factor and will result in justifying any means to fulfill their desires and needs.

5. Closing

5.1 Conclusion

The results of this study found that there were three proven hypotheses. They are internal control variables, compensation receipt and unethical behavior while for enforcement variables the hypothesis was rejected. Based on the results of the study it can be concluded that the good and bad of the internal control system in an institution greatly affects the fraud trend, the better the internal control, the lower the fraud trend as well as the suitability of compensation received by employees will minimize fraud and the potential for fraud will be greater if unethical behavior of employees tends to increase, while regulatory enforcement is not as an indicator of fraud.

5.2 Limitation and suggestion

5.2.1 Adjusted R2 results whose presentations under 20% prove that the variables used in this study cannot represent the fraud trend, so further researches should consider other variables or modified research models.

5.2.2 Sample is extended to heterogeneous BLU (Public Service Agency) so that variations in results are more optimal.

References

- Association of Certified *Fraud* Examiners. 2006, *Report to Nation on Occupational Fraud & Abuse*. The Association of Certified Fraud Examiners, Inc
- Chandra, Devia Prapnalina dan Sukardi Ikhsan. 2015. Determinan Terjadinya Kecenderungan Kecurangan Akuntansi (*Fraud*) Pada Dinas Pemerintah Se-Kabupaten Grobogan. *Accounting Analyssys Journal AAJ* 4 (3).
- Dallas, Lynne L., 2002. A Preliminary Inquiry into the Responcibility of Corporations and Their Directors and Officers for Corporate Climate: The Psychology of Enron's Climate. *Working Paper*. www.ssrn.com
- Dunk, A.S. 1993. The Effect Budget of Emphasis and Information Asymmetri on the Relation Between Budgetary Participation and Slack. *The Accounting Review* 68 (2).
- Faisal, Muhammad. 2013. Analisis *Fraud* di Sektor Pemerintahan Kabupaten Kudus. *Accounting Analyssys Journal AAJ* 1 (3).
- Ghozali, Imam. 2001. *Aplikasi Analisis Multivariate dengan Program SPSS*. Semarang: Badan Penerbit Universitas Diponegoro
- Griffin, Ricky W dan Ronald j Ebert. 2006. *Binis*. Edisi Kedelapan. Jakarta: Erlangga.
- Hakim, Abdul.(2012).*The Implementation of Islamic Leadership and Islamic Organizational Culture and Its Influence on Islamic Working Motivation and Islamic Performance PT Bank Mu'amalat Indonesia Tbk.Employee in the Central Java*.Asia Pasific Management Review 17(1) 77-90
- Hariandja, Marihot Tua Efendi. 2005. *Manajemen Sumber Daya Manusia: Pengadaan, Pengembangan, Pengkompensasian, dan Peningkatan Produktivitas Pegawai*. Cetakan Ketiga. Jakarta: Grasindo.
- Hernandez, J.R dan T. Groot. 2007. *Corporate Fraud: Preventive Control Which Lower Corporate Fraud*. Amsterdam Research in Accounting.
- Ikhsan, Arfan dan Muhammad Ishak. 2005. *Akuntansi Keperilakuan*. Terjemahan: Krista. Jakarta:

Salemba Empat.

- Ikatan Akuntansi Indonesia (IAI). (2001). *Standar Profesional Akuntan Publik*. Jakarta: Salemba Empat.
- Indonesia Corruption Watch. 2014. *Annual Report 2014*. <http://www.antikorupsi.org/id/doc/annual-report-2014>. Diunduh Tanggal 4 Januari 2016.
- Khang, K. and Tao-Hsien Dolly King, 2002. Is Dividend Policy Related to Information Asymmetry? Evidence from Insider Trading Gains. *Working Paper*. www.ssrn.com.
- Mangkunegara Prabu Anwar. 2009. *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: Remaja Rosdakarya
- Meliandy, Lia dan Herna Ernawati. 2013. Pengaruh Keefektifan Pengendalian Internal dan Kesesuaian Kompensasi Terhadap Kecenderungan Kecurangan Akuntansi. *Journal and Proceeding Universitas Jenderal Soedirman* 3 (1).
- Mulyadi. 2011. *Sistem Akuntansi*. Jakarta: Salemba Empat.
- Najahningrum, Anik Fatun, Sukardi Ikhsan, dan Maylia Pramono Sari. 2013. *Faktor-Faktor yang Mempengaruhi Kecenderungan Kecurangan (Fraud): Persepsi Pegawai Dinas Provinsi DIY*. Simposium Nasional Akuntansi XVI Manado.
- Ramamooti, S. 2008. *The Psychology and Sociology of Fraud: Integrating the Behavioral Sciences Component Into Fraud and Forensic Accounting Curricula*. *Issues in Accounting Education* 23.
- Republik Indonesia. 2005. *Peraturan pemerintah No. 58 Tahun 2005 tentang Standar Akuntansi Pemerintahan*. Robbins, Stephen P. 2003. *Organizational Behaviour, Tenth Edition (Perilaku Organisasi Edisi Sepuluh)*. Alih Bahasa Drs. Benyamin Molan. Jakarta: PT Macanan Jaya Cemerlang.
- Robbins, S. 2008. *Perilaku Organisasi*. Jilid II. Jakarta: Salemba Empat.
- Sarwono, Sarlito W. 2010. *Teori-teori Psikologi Sosial*. Jakarta: PT Raja Grafindo Persada.
- Sukanto, Eman. 2007. *Perbandingan Persepsi antara Kelompok Auditor Internal, Akuntan Publik, dan Auditor Pemerintah terhadap Penugasan Audit Kecurangan (Fraud Audit) dan Profil Auditor Kecurangan (Fraud Auditor)*. Thesis. Semarang: UNDIP.
- Sulistiyowati, Firma. 2007. *Pengaruh Kepuasan Gaji dan Kultur Organisasi Terhadap Persepsi Aparatur Pemerintah Daerah tentang Tindak Korupsi*. Yogyakarta: Universitas Sanata Dharma.
- Tuanakotta, Theodorus. M. 2010. *Akuntansi Forensik dan Auditor Investigatif*, Edisi Kedua. Jakarta: Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia (LPFE UI).
- Thoyibatun, Siti. 2009. Faktor-faktor yang Berpengaruh terhadap Perilaku Tidak Etis dan Kecenderungan Kecurangan Akuntansi Serta Akibatnya terhadap Kinerja Organisasi. *Ekuitas Jurnal Ekonomi dan Keuangan* 16 (2): 245-260.
- Wilopo, 2006. *Analisis Faktor-faktor yang Berpengaruh Terhadap Kecenderungan Kecurangan Akuntansi: Studi pada Perusahaan Publik dan Badan Usaha Milik Negara di Indonesia*. Simposium Nasional Akuntansi (SNA) IX Padang.