

Determinants of Accounting Fraud Tendencies with Individual Morality as Moderation



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ABSTRACT

This research aims to examine the factors that influence the tendency of accounting fraud with individual morality as a moderating variable. The results of this study indicate that internal control, the principle of good corporate governance, pressure, opportunity and capability have a significant positive effect on accounting fraud tendencies. Then rationalization and individual morality have a positive but not significant effect on accounting fraud tendencies. Individual morality cannot moderate the effect of internal control and the principle of good corporate governance on accounting fraud tendencies. This research illustrates that companies implementing internal control and good corporate governance principles do not guarantee minimizing the tendency for accounting fraud. High individual rationality and morality should be able to reduce the tendency for accounting fraud, but in reality, it has an effect, although not significant. This research contributes to the fact that companies need to make efforts to improve internal control and apply governance principles, encourage rationality and individual morality.

1. INTRODUCTION

Fraud is an unlawful act carried out illegally to obtain benefits for individuals or groups from inside or outside the organization that can harm others (Febriani & Suryandari, 2019). The term "*The Fraud Tree*" is used to classify many types of fraud, including corruption, financial reporting irregularities, and asset irregularities (Association of Certified

Fraud Examiners, 2018). The problem with fraud cases is that fraudsters believe that the actions they commit are not a cheating/mistake, but a right they should get.

Many acts of fraud occur due to weak internal control and lack of application of good corporate governance principles. The most detrimental fraud cases in Indonesia are corruption with 167 or 69.9%, followed by 50 respondents, or 20.9% who stated cases of asset irregularities, and the last 22 respondents, or 9.2% stated cases of financial statement *fraud* (ACFE Indonesia, 2020).

Honest and fair financial statements should be read by those who use financial statements. In this case, financial statements must comply with certain qualitative requirements, including relevant, honest, comparable, timely, verifiable, and understandable (Mahartini et al., 2021). Accounting fraud related to the presentation of financial statements is widely carried out both in Indonesia and outside involving many types of companies, both government and private. This fraud has been committed by General Electric Company where there are irregularities in the financial statements, namely the absence of transparency in presenting financial statements and also in disclosing financial statements, misleading investors about income and cash growth (finance.detik.com/2020), then to Apple Inc Korea which was suspected of manipulating financial reports to minimizing corporate income tax payments (news.ddtc.co.id/2022), and In the Consumer Sector Manufacturing Company, namely PT. Indofarma experienced very suspicious losses, so the Indonesian Financial Audit Agency (BPK) immediately stepped in to carry out a special examination of the financial reports for the years which were declared to have been lost because they reached IDR 51.18 billion (www.monitorindonesia.com/2022).

Many cases of accounting fraud are the reason for researchers to examine more deeply the factors that cause accounting fraud tendencies. In addition, there are differences in the results of previous research, which causes gaps in research. The first factor is Internal Control. Based on Research by Chandrayatna & Ratna Sari, (2019); Akhsani, (2018); and Ramadhany, (2017) stated that internal control has a positive effect on accounting fraud tendencies. However, Research conducted by Nita & Supadmi, (2019); Novikasari, (2017); and Udayani et al., (2017) stated that internal control negatively affects accounting fraud tendencies.

The second factor is the principle of good corporate governance. Based on research by Maulida et al., (2021); Rustandy et al., (2020); and Kurniawan & Izzaty, (2019) said that the

principles of good corporate governance have a positive effect on accounting fraud tendencies. Conversely, according to Herawaty & Hernando, (2021); Saputra, (2017); and Azmi et al., (2021) show that the principles of good corporate governance negatively affect accounting fraud tendencies.

The third factor is pressure. Based on Fitri & Nadirsyah, (2020); Suryandari et al., (2019); and Kusuma et al., (2019) stated that pressure has a positive effect on accounting fraud tendencies. These results are inversely proportional to the findings of research conducted by Sari & Suartana, (2020); Hormati & Pesudo, (2019); and Ambarwati & Handayani, (2019) stated that pressure negatively affects accounting fraud tendencies.

The fourth factor is opportunity. Based on Research by Suryandari et al., (2019); Kusuma et al., (2019); and Purwanto et al., (2017) stated that opportunity has a positive effect on accounting fraud tendencies. However, the results of research conducted by Fitri & Nadirsyah, (2020); Hormati & Pesudo, (2019); and Albar & Fitri, (2018) stated that opportunity negatively affects accounting fraud tendencies.

The fifth factor is rationalization. Based on research by Suryandari et al., (2019); Purwanto et al., (2017); and Ambarwati & Handayani, (2019) stated that rationalization has a positive effect on accounting fraud tendencies. Conversely, the results of research conducted by (Fitri & Nadirsyah, 2020); Hormati & Pesudo, (2019); and Kusuma et al., (2019) stated that rationalization negatively affects accounting fraud tendencies.

The sixth factor is ability. Based on the research of Hormati & Pesudo, (2019); Kusuma et al., (2019); and Purwanto et al., (2017) stated that ability has a positive effect on accounting fraud tendencies. These findings are inversely proportional to the results of research conducted by Permatasari & Laila, (2021); Suryani, (2019); and Fazini & Suparno, (2018) stated that ability negatively affects accounting fraud tendencies.

Next is the seventh factor, namely individual morality. Based on Research by Sari et al., (2020); Utari et al., (2019); and Rahmah & Haryoso, (2018) show that individual morality has a positive effect on accounting fraud tendencies. However, the results of research conducted by Anggreni et al., (2020); Suarniti & Ratna Sari, (2020); and Eka Putra & Latrini, (2018) stated that individual morality negatively affects accounting fraud tendencies.

The difference between this research and previous research lies in determining the sample using a purposive sampling method, the reason used this method is because not all

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research subjects fit the research criteria, therefore there are certain considerations that researchers want when determining the sample. Whereas previous research used saturated samples and convenience sampling where in this sampling technique the average type of data obtained is limited, simple in nature, less varied and there are also no criteria required to be part of this sample. Then, the independent variables used are also different from previous research. In this research, the independent variables used are very different because they are rarely researched and are a novelty for researchers in conducting research, then added with individual morality variables as a moderation, whereas in previous research, the independent variables that are often used are, the information asymmetry variable, compliance with accounting rules, job satisfaction, and leadership style on the tendency of accounting fraud. Then, regarding the latest in this research, no one has discussed the topic of trends in accounting events in manufacturing companies in South Jakarta in the goods consumption sector using primary data sources and the application used, namely SmartPLS 4 software.

This researcher uses *diamond fraud theory*, *stewardship theory*, and *stakeholder theory* as a basis for research. In this case, it is related to the *diamond fraud theory* where in the individual morality variable one of the factors is the pressure that arises which can motivate someone to commit accounting fraud so that it has an impact on financial and non-financial results and the rationalization factor which is a justification for committing accounting fraud. Then, related to *stewardship theory* on internal control variables and principles of good corporate governance, namely where a manager does not only focus on personal interests but prioritizes the interests of achieving organizational goals and is responsible for ensuring monitoring in the implementation of these principles so that they run well. Related to stakeholder theory on internal control variables and principles of good corporate governance, that is, if a company implements internal control well, then this greatly influences interested parties in assessing a company because it can provide benefits to stakeholders and influence each other. because it can be seen from the social relationship between the two which takes the form of responsibility and accountability.

The object of research is on Consumer Goods Sector Manufacturing companies in the South Jakarta Area. The purpose of the study was to determine the effect of internal control, principles of good corporate governance, pressure, opportunity, rationalization, ability, and morality of individuals partially on accounting fraud tendencies. Furthermore, knowing

whether individual morality can moderate the influence of internal control and the principles of good corporate governance on accounting fraud tendencies.

2. LITERATURE REVIEW AND HYPOTHESIS

Fraud Diamond

The Fraud Diamond is an idea conceived by Wolfe and Hermanson (2004) to improve the idea of the fraud triangle proposed by Cressey (1953). If there are three factors in the fraud triangle, then there is one more important aspect that inspires someone to cheat in the fraud diamond. An additional element in the concept of fraud diamond is ability. According to Wolfe and Hermanson (2004), "cheating will not happen without the right people in carrying out every detail of cheating". Diamond fraud has the following elements: pressure, which is pressure that can motivate someone to commit accounting fraud so that it has an impact on financial and non-financial results (Vousinas, 2018), opportunity is something that refers to circumstances that allow a party to commit fraud (Pratiwi & Budiasih, 2020), rationalization is a justification for accounting fraud (Putri & Irwandi, 2017), and ability is the benefit that someone gets by taking the opportunity to cheat (Santini & Wati, 2021).

Stewardship Theory

According to Donaldson and Davis (1991), this theory describes that there is no situation, where managers are motivated by individual goals but rather focus on the main goal, namely the interests of the organization. In this case, a financial statement uses a stewardship approach, namely an approach based on the concept that management in a company is considered responsible to the owner to secure the wealth that has been entrusted to him. Stewardship theory can explain that the organs contained in the company will maximize their performance so that company goals can be achieved, thus these organs will automatically apply the principles of good corporate governance and internal control within the company (Susetyo, 2009).

Stakeholder Theory

According to Gray and Lutfi (2013), stakeholder theory is parties interested in the company who can influence or can be influenced by company activities. In this case, the company is not an entity that only operates for its own interests but must provide benefits for stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysis, and other parties). Stakeholders and organizations influence each other, this can be

seen from the social relations between the two in the form of responsibility and accountability. Therefore the organization has accountability to stakeholders. The basic premise of stakeholder theory is that the stronger the corporate relationship, the better the corporate business. Conversely, the worse the corporate relationship, the more difficult it will be. Strong relationships with stakeholders are based on trust, respect, and cooperation. According to Waryanti (2009), stakeholders based on their characteristics are divided into two, namely primary stakeholders and secondary stakeholders. Primary stakeholders are groups of investors, employees, consumers, and suppliers, while those included in secondary stakeholders are government and community.

Hypothesis Formulation

Internal Control Against Accounting Fraud Tendencies

In this research, the indicators of the internal control variable are policy and human resources, risk identification, separation of duties, relevant information systems, and continuous evaluation. Weak internal controls, both internal factors (individuals) and external factors (organizations) can all have an impact on accounting fraud tendencies. In this case, related to the factors of *stewardship* theory where a manager does not only focus on personal interests but prioritizes the interests of achieving organizational goals, one of which is implementing good and effective internal control, so that the results are in accordance with what is expected by the owner and related to *stakeholder* theory where if the company implements internal control well, then this greatly affects interested parties in assessing a company because it can provide benefits for stakeholders.

Strong internal control can minimize the occurrence of fraud, while weak internal control increases the risk of accounting fraud. Based on research by Chandrayatna & Ratna Sari, (2019); Akhsani, (2018); Ramadhany, (2017); and Indriastuti et al., (2017) the results of the study show that this internal control has a positive influence on accounting fraud tendencies.

H₁: Internal Control Positively Affects Accounting Fraud Tendencies

Principles of Good Corporate Governance against Accounting Fraud Tendencies

In this research, the indicators of the principles of good corporate governance variable are ease of accessing information and maintaining company confidentiality, performance measurement based on appropriate competency, precautionary principle, carrying out tasks according to responsibility, and equal compensation. Fraud should not occur if a company

applies the principles of good corporate governance. It can be determined that good corporate governance is said to be not good if in the company there is still fraud committed by them either directly or indirectly. In this case, related to the factors of *stewardship* theory, a manager is responsible for being able to ensure monitoring in the application of good corporate governance principles runs well in order to maximize performance to achieve organizational goals.

Then, related to the theory of *stakeholders* influencing each other, this can be seen from the social relations between the two in the form of responsibility and accountability. Therefore the organization must have accountability to its *stakeholders*. According to Maulida et al., (2021); Rustandy et al., (2020); Kurniawan & Izzaty, (2019); and Badewin, (2018) stated that the principle of *good corporate governance* has a positive effect on accounting fraud tendencies.

H2: Principles of Good Corporate Governance Positively Affect Accounting Fraud Tendencies

Pressure Against Accounting Fraud Tendencies

In this research, the indicators of the pressure variable are financial pressure, bad habits, lifestyle demands, work pressure, and other pressures. Pressure is a scenario limited by one's inability to persuade someone to cheat. Various strategies can be used in this situation, including underheating to get the desired results. In this case, Pressure comes from someone being internally motivated to act because of circumstances that make him feel heavy, depressed, or tough. Financial stress or other types of stress are possible. In the implementation of *fraud diamond theory*, accounting fraud is driven by financial stress because it can be used to relieve it by stealing money, assets, or other valuables. The urge to cheat is getting stronger as pressure increases (Edi & Victoria, 2018). Based on Hasuti & Wiratno, (2020); Fitri & Nadirsyah, (2020); Suryandari et al., (2019); Kusuma et al., (2019); and Purwanto et al., (2017) stated that pressure has a positive effect on accounting fraud tendencies.

H3: Pressure Positively Affect Accounting Fraud Tendencies

Opportunities Against Accounting Fraud Tendencies

In this research, the indicators of the opportunities variable are tenure, discipline, effective monitoring, strict rules, and internal control. In some circumstances, a person may see an opportunity to cheat. The likelihood of engaging in cheating will increase as more

opportunities are achieved. The existence of opportunities, especially rewards, and opportunities that come from outside sources, is what allows someone to cheat. In the implementation *fraud diamond theory*, factor opportunity refers to opportunities that are either intentional or unintentional, as they present themselves in circumstances that compel a person to engage in various fraudulent acts. Opportunity is a state in which a person has confidence in his skills and that allows him to cheat and benefit from it. Perpetrators can hide their actions by cheating because they have the information and opportunity to do so. Based on Ambarwati & Handayani, (2019); Suryandari et al., (2019); Kusuma et al., (2019); and Purwanto et al., (2017) stated that opportunity has a positive effect on accounting fraud tendencies.

H₄: Opportunity to Positively Affects Accounting Fraud Tendencies

Rationalization Against Accounting Fraud Tendencies

In this research, the indicators of the rationalization variable are management's attitude towards ethical values is low, Misappropriation is commonplace, the results of misappropriation are used for good purposes, they deserve more compensation because the results obtained are not appropriate, and no party is hurt. The idea that cheating has been committed and justified by its reasonableness is known as rationalization. They believe that being involved in cheating is their right. The likelihood of accounting fraud increases with rationality. The attitude and character of a person who rationalizes unethical behavior in the eyes of the wider community are often associated with rationalization. Perpetrators rationalize their activities believing that it is ethically correct and normal for them to act that way. People often find explanations for unusual events.

In the implementation *fraud diamond theory*, a person's need to rationalize fraudulent behavior is a convincing justification. If many people cheat in their social context, it can encourage more people to cheat. In this case, fraudulent activity is more likely to be realized at a higher level of rationalization. Based on Research by Suryandari et al., (2019); Purwanto et al., (2017); Ambarwati & Handayani, (2019); and Wahyuni & Budiwitjaksono, (2017) stated that rationalization has a positive effect on accounting fraud tendencies.

H₅: Rationalization Positively Affects Accounting Fraud Tendencies

Ability Against Accounting Fraud Tendencies

In this research, the indicators of the ability variable are position, intelligence and creativity, self-confidence, influence over others, and lies. Ability is their capacity to

transcend internal control, create secret plans, and manage social situations to sell them to others for profit because the perpetrator makes good use of everything. In the implementation *fraud diamond theory*, factor ability in this context refers to a person's ability to take advantage of a situation to commit fraud, the more experience a person has, the easier it will be for them to make certain cheating commitment tactics.

Ability is an internal factor that affects a person's ability to manage their actions. Individuals show such actions more strongly, the greater the perceived behavioral control they have (Hidayat & Triyono, 2022). It can be concluded that a person will be more motivated to cheat if his talent is stronger. Based on Al-Farizi, (2020); Hormati & Pesudo, (2019); Kusuma et al., (2019); and Purwanto et al., (2017) stated that rationalization has a positive effect on accounting fraud tendencies.

H₆: Ability to Positively Affects Accounting Fraud Tendencies

Individual Morality Against Accounting Fraud Tendencies

In this research, the indicators of the individual morality variable are moral reasoning is based on law, moral reasoning is based on rewards, realizing obligations, behaving ethically, and developing ethical norms. An individual's propensity to engage in accounting fraud will depend on their moral character, meaning that the more moral a person is, the more they care about everyone's interests rather than just the interests of his or her organization or the individual. In this case, related to the factors of *diamond* fraud theory, namely pressure where pressure that can motivate someone to commit accounting fraud so that it has an impact on financial and non-financial results (Vousinas, 2018) and rationalization factors which are justification for accounting fraud (Pratiwi & Budiasih, 2020). Based on research by Sari et al., (2020); Utari et al., (2019); and Rahmah & Haryoso, (2018) stated that individual morality has a positive effect on accounting fraud tendencies.

H₇: Individual Morality Positively Affects Accounting Fraud Tendencies

Individual Morality as Moderation of the Relationship between Internal Control and Accounting Fraud Tendencies

In this research, the indicators of the accounting fraud tendencies variable are manipulation/falsification, Omission of events, wrong application of accounting principles, misuse/embezzlement, and presentation of financial reports that are not appropriate. By maximizing effective internal controls, all fraud can be stopped. If internal control is supported by morality with a positive attitude and personal culture, it will function

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effectively (Hadi et al., 2021). This is in accordance with the fraud diamond theory. Employees mental health and morale can be supported, nurtured, and kept high, and we must ensure that they are always honest, disciplined, loyal, ethical, and committed to working to create effective internal control mechanisms. According to Bhima Azis Usman, (2015) is considered an ineffective internal control mechanism in a government, one of which is if an official abuses his authority (does not have strong morals) then fraud will occur. According to Atmadja & Saputra, (2017) individual morality successfully moderates the influence of internal control on fraud prevention. This is because to prevent fraud in an agency, good morals owned by someone will also be adequate in implementing effective and efficient internal control.

H₈: Individual Morality as a Moderation Internal Control Affects Accounting Fraud Tendencies

Individual Morality as a Moderation of the Relationship between Principles of Good Corporate Governance and Accounting Fraud Tendencies

A company must continuously and thoroughly practice solid business management due to the high level of fraud that is taking place. Transparency and implementation of accounting functions will be better and can reduce fraud if the effectiveness of corporate governance standards can be improved (Paramitha & Adiputra, 2020). According to Fernandhytia & Muslichah (2020) one of the factors in the level of morality of individual employees in a company is related to accounting fraud. It is possible to distinguish between internal and external perpetrator factors (business and individual) in accounting fraud. Refers to fraud diamond theory, morality, and individual behavior are characteristics related to personal (internal) variables. The successful implementation of good corporate governance standards will result in high-quality financial statements that are free from fraud. This can be seen from the fact that the moral character of individuals and the strength of the GCG of an institution are directly correlated with its influence on fraud prevention (Rifai & Mardijuwono, 2020).

H₉: Individual Morality as a Moderation of Good Corporate Governance Principles Affects Accounting Fraud Tendencies.

3. RESEARCH METHOD

Based on information obtained from www.idnfinancials.com, there are 31 manufacturing companies in the consumer goods sector in the South Jakarta Region. The reason for choosing this object is that manufacturing is one of the sectors that experiences significant annual growth and is an industry with immense competition. Based on data, the growth rate of the manufacturing industry in Indonesia increased from -2,93 in 2020 to 3,39 in 2021 and increased again to 4,89 in 2020 (Badan Pusat Statistik, 2023).

In this research, internal control indicators quoted from Gustina (2018) are (1) policies and human resources; (2) risk identification; (3) separation of duties; (4) relevant information systems; and (5) ongoing evaluation. The principles of good corporate governance use indicators, namely: (1) ease of accessing information and maintaining company confidentiality; (2) performance measurement based on appropriate competencies; (3) precautionary principle; (4) carrying out tasks according to responsibility; and (5) equality of compensation (L. Utami, 2018). Indicators of borrowing pressure in Rahma & Suryani's (2019) research are (1) bad habits; (2) demands for lifestyle fulfillment; (3) work pressure; and (4) other pressures.

Opportunity indicators include: (1) utilizing tenure; (2) discipline; (3) effective monitoring; (4) strict rules; and (5) internal control (Ambarwati & Handayani, 2019). Rationalization quotes research by Siddiq & Hadinata (2016) using indicators, namely: (1) management's attitude towards ethical values is low; (2) fraud is commonplace; (3) the proceeds of misappropriation are used for good purposes; (4) deserves more compensation because the results obtained are not appropriate; and (5) no party is harmed. For ability indicators, refer to the research of Endahsari et al. (2020) includes (1) position; (2) intelligence and creativity; (3) self-confidence; (4) influencing other people; and (5) lies.

Furthermore, for individual morality the indicators used refer to the research of Marsini et al. (2019) in the form of (1) moral reasoning based on law; (2) moral reasoning based on rewards; (3) being aware of obligations; (4) behave ethically; and (5) development of ethical norms. Finally, the tendency for accounting fraud using indicators from Dewi & Wirakusuma's (2019) research includes: (1) manipulation, forgery; (2) omission of events; (3) incorrectly applying accounting principles; (4) misuse or embezzlement; and (5) improper presentation of financial reports.

In this case, research subjects with an unknown number certainty, researchers use the assumption that each manufacturing company has 7 research subjects consisting of 3 (three) Financial Staff, 2 (two) Supervisors, 1 (one) Assistant Manager, and 1 (one) Manager. So the population of this study amounted to 217 respondents obtained from (31) companies multiplied by (7) research subjects.

The sampling technique in this study uses *nonprobability sampling with purposive sampling techniques*, with sample determination based on certain criteria including: a) Manufacturing Companies in the South Jakarta Area Consumer Goods Sector registered in www.idnfinancials.com that is easy to access and can be contacted; b) The respondents' restrictions are only financial staff, supervisors, assistant managers, and managers; c) Experience working as financial staff, supervisor, assistant manager, and manager in manufacturing companies for at least 2 years. This research uses a type of regression model the PLS - *Structural Equation Modeling* (SEM) method.

4. RESULTS AND DISCUSSIONS

Out of the 31 companies contacted, only 5 agreed to participate in the study. The researchers distributed 35 questionnaires to these 5 companies. This refers to Arikunto (2016) which states that 15% of the population is sufficient as a sample, which is 32.5 respondents (15% x 217 respondents) and this is representative and meets the criteria of purposive sampling.

Table 1. Results T Statistics and *P Values*

	T Statistik (O/STDEV)	P Values
Internal Control -> Accounting Fraud Tendencies	2,292	0,022
Principles of Good Corporate Governance -> Accounting Fraud Tendencies	2,225	0,026
Pressure -> Accounting Fraud Tendencies	2,049	0,040
Opportunities -> Accounting Fraud Tendencies	1,985	0,047
Rationalization -> Accounting Fraud Tendencies	0,497	0,619
Ability -> Accounting Fraud Tendencies	2,421	0,015
Individual Morality -> Accounting Fraud Tendencies	0,364	0,716
Moderation Effect 1 (PI*MI) -> Accounting Fraud Tendencies	0,543	0,587
Moderation Effect 2 (PG*MI) -> Accounting Fraud Tendencies	0,371	0,711

Source: Processed Data, 2023

The characteristics of respondents based on position were: 48.5% financial staff, 22.9% supervisors, 14.3% assistant managers, and 14,3% managers. Of this number, most work period was between 1 – 5 years, 48.5%, 6 – 10 years, 31.5%, and the remaining 20% less than 1 year.

Internal Control Against Accounting Fraud Tendencies

This study states that internal control has a significant positive effect on the tendency of accounting fraud. It is, based on a P value of 0.022 less than a significance level of 5% (0.05), and has a statistical T of 2.292 greater than 1.96. So it can be concluded that Ho was rejected and Ha was accepted which means that partial internal control has a significant positive effect on accounting fraud tendencies.

In relation to *stewardship theory and stakeholder theory*, if a company implements good internal control with the ability of a manager to make maximum use of the situation and the interested parties involved, this can trigger an increase in accounting fraud tendencies because whether or not internal control is effective does not guarantee a decrease in the tendency of accounting fraud in the company (Ramadhany, 2017). The results of this study are also in line with research conducted by Chandrayatna & Ratna Sari, (2019); Akhsani, (2018); and Indriastuti et al., (2017).

Principles of Good Corporate Governance Against Accounting Fraud Tendencies

This study states that the principle of good corporate governance has a significant positive effect on accounting fraud tendencies. It is, based on a P value of 0.026 less than a significance level of 5% (0.05), and has a statistical T of 2.225 greater than 1.96. So it can be concluded that Ho was rejected and Ha was accepted, which means that the principle of good corporate governance partially has a significant positive effect on accounting fraud tendencies.

Based on *stewardship theory and stakeholder theory*, if the company applies the principles of good corporate governance well, this will increase the confidence of a manager and trust in stakeholders in the business for decision making and also in improving the company's economic performance, but in this case, it will provide more open opportunities for situations where someone with the ability can easily to commit accounting fraud (Kurniawan & Izzaty, 2019). The results of this study are also in line with research conducted by Yulian Maulida & Indah Bayunitri, (2021); Rustandy et al., (2020); and Badewin, (2018).

Pressure Against Accounting Fraud Tendencies

This study states that pressure has a significant positive effect on accounting fraud tendencies. It is, based on a P value of 0.040 less than a significance level of 5% (0.05) and has a Statistical T of 2.049 greater than 1.96. So it can be concluded that H_0 was rejected and H_a was accepted which means that partial pressure has a significant positive effect on accounting fraud tendencies. In relation to *the diamond fraud* theory, if a person is experiencing a stressful situation and severe conditions, one can use various tactics to achieve the desired results, albeit in a bad way. The more pressure a person experiences, the higher the urge to cheat (Hasuti & Wiratno, 2020). The results of this study are also in line with research conducted by Fitri & Nadirsyah, (2020); Suryandari et al., (2019); Kusuma et al., (2019); and Purwanto et al., (2017).

Opportunities Against Accounting Fraud Tendencies

This research states that opportunity has a significant positive effect on accounting fraud tendencies. It is, based on a P value of 0.047 less than a significance level of 5% (0.05) and has a Statistical T of 1.985 greater than 1.96. So it can be concluded that H_0 was rejected and H_a was accepted which means that opportunity partially has a significant positive effect on accounting fraud tendencies.

Based on the *diamond fraud* theory, opportunity in this case is a state where a person feels confident in his talents and circumstances that make it possible to cheat and benefit from the opportunity. The likelihood of engaging in fraud will increase as more opportunities are achieved (Suryandari et al., 2019). The results of this study are also in line with research conducted by Ambarwati & Handayani, (2019).

Rationalization Against Accounting Fraud Tendencies

This study states that rationalization does not have a significant effect on accounting fraud tendencies. It is, based on a P value of 0.619 greater than a significance level of 5% (0.05), and has a statistical T of 0.497 less than 1.96. So it can be concluded that H_a was rejected and H_0 was accepted, which means that partial rationalization does not have a significant effect on accounting fraud tendencies. Based on the *diamond fraud* theory, in this case, a high rationalization attitude does not necessarily lead to accounting fraud activities, because someone who has committed fraud may not be able to justify the actions he has taken (Suryandari et al., 2019). The results of this study are not in line with research conducted by Ambarwati & Handayani, (2019); Purwanto et al., (2017); and Wahyuni &

Budiwitjaksono, (2017) who show that rationalization has a positive and significant influence on accounting fraud tendencies.

Ability Against Accounting Fraud Tendencies

This study states that ability has a significant positive effect on accounting fraud tendencies. It is, based on a P value of 0.015 less than a significance level of 5% (0.05) and has a Statistical T of 2.421 greater than 1.96. So it can be concluded that H_0 was rejected and H_a was accepted which means that ability partially has a significant positive effect on accounting fraud tendencies. Based on the *diamond* fraud theory, a person who can control social situations has the capacity and experience, and will easily make plans to commit accounting fraud. In this case, the more experience a person has, the higher the person has the capacity to cheat (Al-Farizi, 2020). The results of this study are also in line with research conducted by Purwanto et al., (2017).

Individual Morality Against Accounting Fraud Tendencies

This study states that individual morality does not have a significant effect on accounting fraud tendencies. It is, based on a P value of 0.716 greater than a significance level of 5% (0.05), and has a statistical T of 0.364 less than 1.96. So it can be concluded that H_a was rejected and H_0 was accepted which means that individual morality partially has no significant effect on accounting fraud tendencies.

Based on the diamond fraud theory, the higher the morality of individuals owned by a person may not necessarily be able to reduce the tendency of accounting fraud that occurs. In this case, people with high morals should be able to avoid unethical behavior and linkages in accounting fraud, but in fact, it is different because more and more people pay attention to the interests of their own organizations rather than prioritizing broader and universal interests themselves (Utari et al., 2019). The results of this study are also in line with research conducted by Rahmah & Haryoso, (2018).

Internal Control Against Accounting Fraud Tendencies with Individual Morality as Moderation

This study states that individual morality is unable to moderate the influence of internal control on accounting fraud tendencies. It is, based on a P value of 0.587 greater than a significance level of 5% (0.05), and has a Statistical T of 0.543 less than 1.96. So it is said that individual morality is a moderation predictor that only acts as a predictor variable (independent) that has a direct influence on the relationship model formed. Thus, it is

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concluded that H_a is rejected and H_o is accepted which means individual morality is incapable of moderating the influence of Internal Control on accounting fraud tendencies.

The results of this study are not in line with research conducted by Yani & Rusli M, (2016) which states that individual morality can moderate (strengthen) the influence of internal control on accounting fraud tendencies. However, the results of this study are in line with the research of Taufik & Nasir, (2020) and Nurhayati, (2022).

Principles of Good Corporate Governance Against Accounting Fraud Tendencies with Individual Morality as Moderation

This research states that individual morality is unable to moderate the principles of good corporate governance against accounting fraud tendencies. It is, based on a P value of 0.711 greater than a significance level of 5% (0.05), and has a statistical T of 0.371 less than 1.96. So it is said that individual morality is a moderation predictor that only acts as a predictor variable (independent) that has a direct influence on the relationship model formed. Thus, it is concluded that H_a is rejected and H_o is accepted which means that individual morality is unable to moderate the influence of good corporate governance principles on accounting fraud tendencies. The results of this study are in line with research conducted by Isniawati et al., (2022).

5. CONCLUSIONS

The conclusions of this study are: (1) internal control has a significant positive effect on accounting fraud tendencies; (2) the principle of good corporate governance has a significant positive effect on accounting fraud tendencies; (3) pressure has a significant positive effect on accounting fraud tendencies; (4) opportunity to have a significant positive effect on accounting fraud tendencies; (5) rationalization has no significant effect on accounting fraud tendencies; (6) Ability to have a significant positive effect on accounting fraud tendencies; (7) individual morality has no significant effect on accounting fraud tendencies; (8) individual morality cannot moderate the influence of internal control on accounting fraud tendencies; and (9) individual morality cannot moderate the influence of good corporate governance principles on accounting fraud tendencies.

6. IMPLICATIONS, LIMITATIONS AND SUGGESTIONS

This research illustrates that companies that implement good internal controls will keep away from risks and dangers to businesses that can harm the company. In addition, the application of good corporate governance principles can influence all staff members and management of the company to ensure that choices are made in the best interests of its organization, including the interests of its shareholders. Furthermore, if a company employee is able to have the ability to recognize opportunities, be able to deal with pressure, and also rationally, then fraud can be recognized and prevented from the beginning. If someone has good individual morality, it will minimize the occurrence of accounting fraud.

This research has limitations, especially in the choice of research objects does not cover all manufacturing companies in the South Jakarta area. This is due to the limited communication of researchers to enter their companies, so many companies have not been able to receive questionnaires from researchers. Based on the above limitations, further research should expand the object of research, and have an impact on population numbers and sample draw. In addition, researchers can then use other variables that can affect the tendency of accounting fraud.

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