

# **The Effect of the Effectiveness of Internal Control, Compensation Systems, Information Asymmetry and Accounting Rules, Management Morality on Trends of Accounting Diseases with Unethical Behavior as Intervening Variables (Empirical Study at Adventist Academy in Jakarta)**

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**ABSTRACT** :This study aims to examine the effect of the effectiveness of internal control, compensation systems, information asymmetry and compliance with accounting rules with unethical behavior towards fraudulent accounting trends. This study is to examine the extent to which the influence of the effectiveness of internal control and unethical behavior on accounting fraud tendencies. This research was conducted on the population of Adventist Schools in Jakarta with Random Sampling in 15 schools and 5 respondents from each sample.

The method used by the Structural Equation Model (SEM) approach uses Partial Least Square (PLS) software.

The results of the study show: there is a significant and positive influence; The effectiveness of internal control on unethical behavior, the effectiveness of internal control on Accounting Fraud Trends, Compensation System for Unethical Behavior, Compliance with Accounting Rules for Unethical Behavior, Management Morality against Behavior is not Ethical, Management Morality towards Accounting Fraud Trends, Unethical Behavior towards Accounting Fraud Trends, but Information Asymmetry on Accounting Fraud Trends, and Obedience of Accounting Rules to Accounting Fraud Trends has a positive but insignificant effect

From the results of these studies, the authors make all positive influences. However, there are two insignificant hypotheses, namely the influence of information asymmetry on accounting fraud and compliance with accounting rules for accounting fraud tendencies. And the relationship between variables is very good for improving internal control in preventing accounting fraud tendencies.

**Keywords:** Accounting Fraud, Internal Control, Compatibility Compensation, Information Asymmetry, Compliance with Accounting rules, and unethical behavior, intervening variables.

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## **I. INTRODUCTION**

Financial statements are the end of the accounting process designed to provide information to prospective investors, prospective creditors, users of reports for business decision making (Fajria, 2010). For management, financial statements can be used as material for consideration in setting plans for corporate activities for the future period. While for investors, financial statements are one of the most important information for making decisions. In addition, financial reports are also useful for management for carrying out daily operations. Information contained in financial statements provides the basis for management to make planning (Fajria, 2010). Thus, the information available in financial statements is very important for investors and management so it must be reliable.

Given the importance of financial statements of a company, the financial statements must be prepared as well as possible in accordance with accurate data in accordance with applicable accounting rules. According to PSAK No. 45 concerning the Presentation of Non-Profit Financial Statements PSAK 45 (revised 2011) on Financial Reporting for Non-Profit Entities has been approved by the Financial Accounting Standards Board on April 8, 2011.

The donors want to know how the funds they provide are managed well and used for the public interest not to be underestimated.

Lately, we often hear the contents of Non-Governmental Organizations (NGOs / Non-Government Organizations) used as a cover for a number of people to reap personal benefits. Maybe you have received an envelope or box on a public bus in the name of a particular orphanage, but after tracing the whereabouts of the institution is unclear, this is one example. As a concrete example revealed around September 2011, the case of

the Tresna Wedha Social Home in Pare-pare Sulawesi and became a headline in various media for more than three days. How sad the residents were treated to stale food by the orphanage manager. Not enough to get there, it was also reported that the improper place to live in even the editorial staff who said that it was more comfortable in prison than at the social institution which is actually a non-profit organization.

Several studies have been done before. Among them are research conducted by Mayangsari and Wilopo (2002) which examined the effect of internal control and unethical behavior on accounting fraud tendencies. The variables used are internal control, unethical behavior, and accounting fraud tendencies. The results of these studies indicate that internal control and unethical behavior influence the tendency of accounting fraud.

The difference between this research and previous research is the object of research and research analysis tools. This study chose the Jakarta Adventist School as the object of research and used PLS (Partial Least Square) analysis through SmartPLS software, while previous research used Amos 4.0 with the object of research in publicly listed companies and SOEs. The reason for choosing the object of research in the School is because the School Educational Institution has different characteristics compared to other companies. Schools have more attractive regulations compared to other industries, for example a school must have a specific strategy. To carry out its activities, the School (Educational Institution) must have high integrity so that the community has trust in order to establish working relationships.

With these considerations and the increasing number of accounting fraud cases involving educational institutions, it is important to conduct accounting fraud research to find out what factors influence educational institutions to commit accounting fraud.

Based on this background, this study takes the title "THE EFFECT OF THE EFFECTIVENESS OF INTERNAL CONTROL, COMPENSATION SYSTEMS, ASIMETRY INFORMATION AND THE ACCURACY OF ACCOUNTING RULES WITH UNTHICAL BEHAVIOR AS INTERVENING VARIABLES"

## **II. LITERATURE REVIEW**

### **2.1. Trends in Accounting Fraud**

Definition of Accounting Fraud Trends, According to the Financial and Development Supervisory Agency (2008: 11), states that the tendency is interpreted as dishonesty, fraud is more determined in activities related to legal consequences, such as embezzlement, theft with deception, fraud, corruption of abuse of authority. In the as dishonesty, fraud is more determined in activities related to legal consequences, such as embezzlement, theft with deception, fraud, corruption of abuse of authority. In the Indonesian Dictionary (KBBI), tendencies can be interpreted biases (hearts); willingness; desires (likes). According to (Tuanakotta, 2007), cheating is an act that is against the law carried out to benefit both individuals and groups.

### **2.2 Unethical behavior**

Unethical behavior is something that is difficult to understand, whose answer depends on the complex interactions between the situation and the personal characteristics of the culprit (Buckley et al, 1998)

### **2.3. Effectiveness of internal control**

According to PP No.8 of 2006 in Adelin (2013), internal control is a process that is influenced by management created to provide adequate confidence in achieving effectiveness, efficiency, compliance with applicable laws and regulations and the reliability of financial statement presentation. Five internal control components that have been used since COSO 1992.

1. Environmental Control (Control Environment)
2. Risk Assessment
3. Control Activities (Control Activities)
4. Information and communication (information and communication)
5. Monitoring Activities
6. Compensation Compliance

According to Malayu Hasibuan (2009: 118), Compensation is all income in the form of money, goods directly or indirectly received by employees in return for services provided to companies. Whereas according to William B. Werther and Keith Davis in Hasibuan (2009: 119) compensation is what a worker according to William B. Werther and Keith Davis in Hasibuan (2009: 119) compensation is what a worker receives in return for the work he is given. Neither periodic wages or salaries are periodically designed and managed by personnel. Whereas according to Veitzal (2005) in NilamSanuari (2004: 6) compensation is something that is received by employees as a substitute for services provided to the company. From this description it can be concluded that compensation is a reward or remuneration from work carried out in the form of money, salary, wages, bonuses, or incentives to employees.

#### **2.4. Compliance with Accounting Rules**

According to the Big Indonesian Language Dictionary (KBBI), Obedience is compliance with the rules that apply, while the rule is something that has been determined to be carried out. Each agency usually has guidelines that are used by management in determining and carrying out various activities within the company, one of which is accounting rules regarding accounting activities. According to Rahmawati (2012: 9), accounting rules were made as a basis in preparing financial statements. In accounting standards there are rules that must be used in measuring and presenting financial statements that are guided by the rules issued by the Indonesian Institute of Accountants (IAI).

#### **2.5. Information Asymmetry**

According to Scott (2000), there are two kinds of information asymmetry that is:

1. Adverse selection, namely that managers and other insiders usually know more about the condition and prospects of the company than outside investors. And facts that might influence the decisions that will be made by the shareholders are not conveyed to the shareholders.
2. Moral hazard, namely that activities carried out by a manager are not entirely known by the shareholders or the giver

#### **2.6. Compliance with Accounting Rules**

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2. Moral hazard, namely that activities carried out by a manager are not entirely known by shareholders and lenders. So that managers can take action beyond the knowledge of shareholders who violate the contract and actually ethically or norms may not be feasible

#### **2.8 Management Morality**

According to Bertens (1993) in Dian (2013) Moral means a value and norm that is a handle for a person or group in regulating their behavior. Liyanarachi (2009) describes the results of several studies that show that the level of individual moral reasoning will influence their ethical behavior. When facing ethical dilemmas, there must be a difference between people with low levels of moral reasoning and people who have a high level of moral reasoning. And people who have a high level of moral reasoning will tend to behave and act according to the rules.

#### **2.9 Development of Hypotheses**

##### **1. Effect of the Effectiveness of Internal Control on Unethical Behavior**

If the effectiveness of internal control is high, unethical behavior will decrease. The internal control system is a process that is carried out to provide adequate assurance about the achievement of the reliability of financial statements, compliance with the law, and the effectiveness and efficiency of operations (Mulyadi and Puradiredja, 1998 in Fauwzi, 2011).

AICPA (1947) in Wilopo (2006) explains that internal control is very important, among others, to provide protection for entities against human weaknesses and to reduce the possibility of errors and actions that are not in accordance with the rules.

H1: The effectiveness of internal control influences unethical behavior

##### **2. Effect of the effectiveness of Internal control on accounting fraudulent tendencies**

The tendency of accounting fraud can occur if there is an opportunity to do so. Great opportunities make the tendency for accounting fraud to occur more frequently. Internal control system. Good internal control can reduce or even close the opportunity to carry out accounting fraud tendencies. Smith et al., (1997) stated that internal control effectively reduces the tendency of accounting fraud. This study argues that effective internal control influences the tendency of accounting fraud.

H2: The effectiveness of internal control affects the tendency of accounting fraud

### **3. Effect of Compensation Compliance with Unethical Behavior**

In attribution theory, the actions of a leader and the person given authority are influenced by causal attributes (Green and Mitchell, in Waworuntu, 2003). Someone tends to do something to get compensation. If compensation is given

to management, management tends to act according to the company's wishes and avoids deviant actions to keep getting compensation.

This study argues that appropriate compensation will reduce the unethical behavior of company management.

H3: Compliance with compensation influences unethical behavior

### **4. Effect of Compensation Suitability on Accounting Fraud Trends**

In attribution theory, the actions of someone in an organization are influenced by causal attributes (Waworuntu, 2003). The fraudulent act of a person is caused by a desire to maximize personal gain. These actions are driven by individual dissatisfaction with the rewards they get from the work they do. The appropriate compensation system is expected to make individuals feel sufficient so that individuals do not take actions that harm the organization including doing accounting fraud. Any compensation is expected to the organization including doing accounting fraud. Any compensation is expected to reduce the desire to commit fraudulent actions.

H4: Compliance compensation affects the tendency of accounting fraud

### **5. Effects of Compliance with Accounting Rules for Unethical Behavior**

The stages of moral development are a measure of a person's high and low morals based on the development of moral reasoning as expressed by Kohlberg (1969). Moral development theory holds that moral reasoning, which is the basis of unethical behavior, has six developments that Management is a collection of individuals who also have moral stages. In the conventional stage, moral considerations are based on understanding social rules, laws, justice, and obligations. Management at this stage began to shape the morality of its management by adhering to the regulations in this study, accounting rules before finally forming a high moral maturity of management in the post-conventional stage. By complying with accounting regulations, management is expected not to conduct unethical actions that are not in accordance with accounting rules.

Roberts et al., (2002: 23) argue that the way the profession is organized, through among others the code of ethics, and adherence to accounting rules, will influence and control the behavior of the company's management. Thus the more companies obey accounting rules, the lower the unethical behavior of company management.

H5: Adherence to accounting rules influences unethical behavior

Can be identified. Of the six stages are divided into three levels: pre-conventional. Conventional, post-conventional.

### **6. Effect of Compliance with Accounting Rules Against Accounting Fraud Trends**

In Kohlberg's theory of moral development (1969), high management morality was also supported by compliance with applicable rules. In the theory at the post conventional stage, management is oriented towards the applicable regulations, so that compliance with accounting rules can form high and moral management can reduce the tendency of accounting fraud committed by management.

The factors that encourage companies to provide financial statement information are market power and regulatory power (Foster, 1986: 24-45). This regulation requires companies to submit financial statements prepared according to accounting rules or standards to those in need. Wolk and Tearney (1997: 93-95) explained that failure to compile financial statements due to disobedience to accounting rules, would cause corporate fraud that cannot be detected by auditors.

H6: Compliance with accounting rules affects the tendency of accounting fraud

### **7. Effects of Information Asymmetry on Unethical Behavior**

In agency theory explains the problems that occur between principals and agents. One of them is information asymmetry. Information asymmetry is information imbalance owned by principals and agents, when principals do not have sufficient information about the performance of agents on the contrary, agents have

more information about their capacity, work environment and company as a whole (Widyaningdyah, 2001 in Ningsaptiti, 2010). This information asymmetry makes management take advantage of information inconsistencies for their benefits and at the same time harm parties outside the company, such as refracting information related to investors (Scott, 2003: 7-8 in Wilopo, 2006).

Similarly, with regard to agency theory, Healy P.M (2000) and Lambert (2001) state that the existence of information asymmetry will cause dysfunctional behavior problems for agents (company management). The results of Dunk's (1993) and M. van Dyck (2000) research show the relationship between information asymmetry and unethical behavior, both those carried out by subordinates and outside parties (external auditors).

H7: Information asymmetry has an effect on unethical behavior

## **8. Effect of Information Asymmetry on Accounting Fraud Trends**

Agency theory (Jensen and Meckling, 1976) is often used to explain accounting fraud. Agency theory intends to solve two problems that occur in the agency relationship. One of them is a problem that arises when the wishes or goals of the principal and the agent conflict, and also when the principal feels it is difficult to trace what is actually done by the agent. If agents and principals try to maximize their respective utilities, and have different interests and motivations, the agent (management) does not always act according to the principal's wishes (shareholders). The unequal desire, motivation and utility between management and shareholders raises the possibility of management acting to the detriment of shareholders.

H8: Information asymmetry has a positive effect on accounting fraud tendencies

## **9. Effect of Management Morality on Unethical Behavior**

In the theory of moral development Kohlberg (1969) states that moral develops through three stages, namely the pre-conventional In the theory of moral development Kohlberg (1969) states that moral develops through three stages, namely the pre-conventional stages, the conventional stages, and the conventional stages. Management morality at the conventional post stage shows high moral maturity of management. In moral maturity this is the basis and consideration of management in designing responses and attitudes towards ethical issues. Morality is something that affects the behavior of an individual. Because morality is one of the important factors that influence a person's actions and behavior. Bad morality will make individuals tend to behave unethically.

In a company or agency represented by its management, management morality is an important thing that influences the actions taken by the company. So that in a company or agency, management morality has an influence on the unethical behavior of the company.

H9: Management morality influences unethical behavior

## **10. Effect of Management Morality on Accounting Fraud Trends**

The moral development theory Kohlberg (1969) states that moral develops through three stages, namely the stages of conventional, conventional stages, and post conventional stages. Management morality at the post conventional stage shows high moral maturity of management. In moral maturity this is the basis and consideration of management in designing responses and attitudes towards ethical issues.

Morality is an important factor in the emergence of fraud. The tendency of accounting fraud is also influenced by the morality of the people involved. In a company or management morality agency is very influential on the tendency of accounting fraud that may arise in the company accounting fraud that may arise in the company

As has been hypothesized above, that management morality influences its ethical behavior. The results of the Wilopo (2006) study show that increasing management morality can reduce the tendency for accounting fraud. This study also argues that management morality influences the tendency of accounting fraud. That is, the higher the stage of management morality (post-conventional stage), the more management pays attention to broader and more universal interests than the interests of the company alone, especially their personal interests. Therefore, the higher the morality of management, the more management tries to avoid the tendency of accounting fraud.

H10: Management morality influences the tendency of accounting fraud

## **11. Effect of Unethical Behavior on Accounting Fraud Trends**

In the theory of moral development Kohlberg (1969) states that moral develops through three stages, namely the pre-conventional stages, the conventional stages, and the conventional stages. At the post conventional stage is the end of the stages of moral development that form the ethical principles possessed by management. The principle shows the attitude of management in the management of the company to determine good or bad decisions for the company.

H11: Unethical behavior affects accounting trends

## 2.10 Theoretical Framework

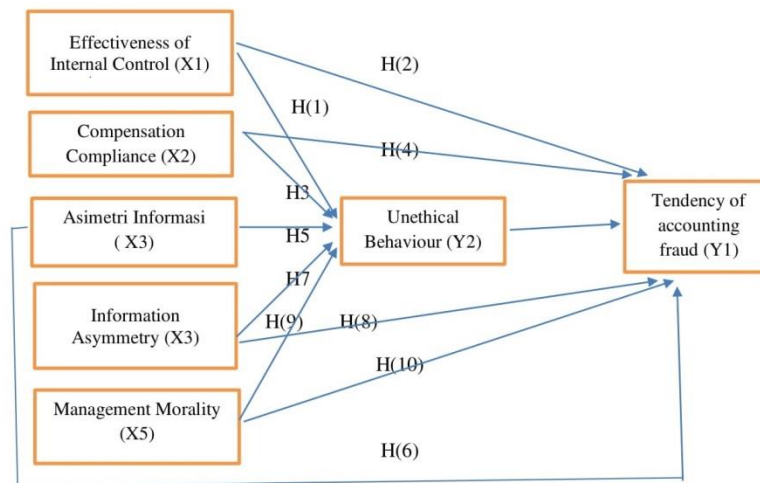


Figure 1 Theoretical Framework

## III. RESEARCH METHODS

### 3.1 Population and Samples

The population of this study are all "Adventist College" Schools in the city of Jakarta. Almost every region in Indonesia has an Adventist school. So that Adventist Colleges in the city of Jakarta are expected to represent all Schools in Indonesia. Samples from this study were Adventist Schools in Jakarta that were taken on probability sampling (random sampling) with the respondents being principals, accounting heads, and financial staff, Head of Administration in the Jakarta Adventist School with a number of samples. 15 schools each school consists of 5 respondents.

### 3.2 Analysis Method

The variables contained in this study were measured using the Likert scale model which measures attitudes by agreeing or disagreeing with the questions raised with a score of 5 (SS = strongly agree) 4 (S = agree) 3 (N = Neutral) 2 (TS = Disagree) 1 (STS = Strongly Disagree). Testing of the hypotheses in this study was carried out in the following stages;

- 1) Test Descriptive Statistics, Test Validity,
- 2) Reliability Test,
- 3) Designing the Inner Model,
- 4) Designing the Outer Model,
- 5) Construction of
- 6) Convert the path diagram to the equation
- 7) Estimates: Path coefficient, Loading, and Weight,
- 8) Goodnes of Fit,
- 9) Hypothesis Testing,
- 10) Test Sobel and Bootstrapping

### 3.3 Operational definition of variables and measurements.

#### 1. Dependent Variables (Y)

#### Tendency of Accounting Fraud

In this study the tendency of accounting fraud to be the dependent variable. IAI (2001) describes accounting fraud as a misstatement arising from fraud in financial reporting and misstatements arising from improper treatment of assets (often referred to as misuse or embezzlement) relating to the theft of an entity's assets resulting in financial statements not being presented in accordance with the principle accounting that is generally (often referred to as misuse or embezzlement) relating to the theft of an entity's assets resulting in financial statements not being presented in accordance with the principle accounting that is generally accepted in Indonesia. The instrument used to measure accounting fraud tendencies consisted of five question items developed by Wilopo (2006) from SPAP, section 316 IAI, 2001. Likert scale 1 - 5 was used to measure responses from respondents. The higher the value shown shows the more fraudulent.

## **2. Variable Intervening (Z)**

### **Unethical Behavior**

Unethical behavior in this study functions as an intervening variable. Namely, variables that bridge between the dependent and independent variables. According to Tuckman in Sugiyono (2007) intervening variables are variables that theoretically affect the relationship between independent variables and dependent variables into indirect relationships and cannot be observed and measured. This variable is the interrupting variable / between the independent variable and the dependent variable, so the independent variable does not directly affect the change or emergence of the dependent variable.

Unethical behavior is measured by instruments developed by Robinson (1995), and Tang et al. (2003) and measured by four items of questions. Likert scale 1 - 5 is used to measure responses from respondents. The higher the value shown, the more unethical behavior.

## **3. Independent Variable (X)**

### **3.1 Effectiveness of Internal Control (X 1)**

The internal control system is a process that is carried out to provide adequate assurance about the achievement of the reliability of financial statements, compliance with the law, and the effectiveness and efficiency of operations (Mulyadi and Puradiredja, 1998 in assurance about the achievement of the reliability of financial statements, compliance with the law, and the effectiveness and efficiency of operations (Mulyadi and Puradiredja, 1998 in Fauwzi, 2011). The instrument used to measure the effectiveness of internal control consists of five question items developed by Wilopo (2006) from IAI (2001) regarding internal control. The response of respondents was measured by a 1 - 5 Likert scale, the higher the value indicated, the more internal control was ineffective.

### **3.2 Compensation System (X 2)**

According to Mangkuprawira (2004), in Shopiadewi (2006), in Fauwzi (2011), compensation systems are financial reward systems (payment wages) designed to be able to attract attention, maintain, and encourage employees to work productively. Compensation suitability is measured by an instrument developed by Wilopo (2006) from Gibson, (1997: 182 - 185) regarding reward and consists of six item questions. The response from respondents was measured by a 1 - 5 Likert scale, the higher the value indicated, the more appropriate compensation was obtained.

### **3.3 Information Asymmetry (X 3)**

The instrument used to measure information asymmetry consisted of six questions from the instrument developed from Dunk (1993). Likert scale 1 - 5 is used to measure responses from respondents. The higher the value intended, the more it shows no information asymmetry.

### **3.4 Obedience to Accounting Rules (X 4)**

Compliance with accounting rules is measured by eight question items. This instrument was developed by researchers from IAI (1998) regarding the code of ethics of accountants. Likert scale 1 - 5 is used to measure responses from respondents. The higher the value, the more it shows compliance with accounting rules.

### **3.5 Management Morality (X 5)**

Management morale is not coincident with profit or value maximization because of the cost of addressing the externality or corporate redistribution (Baron, 2006 in Fauwzi, 2011). In other words, management morality is management's action to do the right thing and not related to profit or value. Measurement of management morality comes from a moral measurement model developed by Kohlberg (1969) and Rest (1979) in

Defining Issues Test instrument form. This instrument is in the form of an ethical dilemma. Management morality is measured through 6 (six) items that measure the level of management morality through

a case of accounting ethics dilemma. The measurement results of this accounting ethics dilemma are a reflection of the organizational morality of management. In this study management morality variables are observed variables. The value shown in the questionnaire shows the higher the low value of moral management.

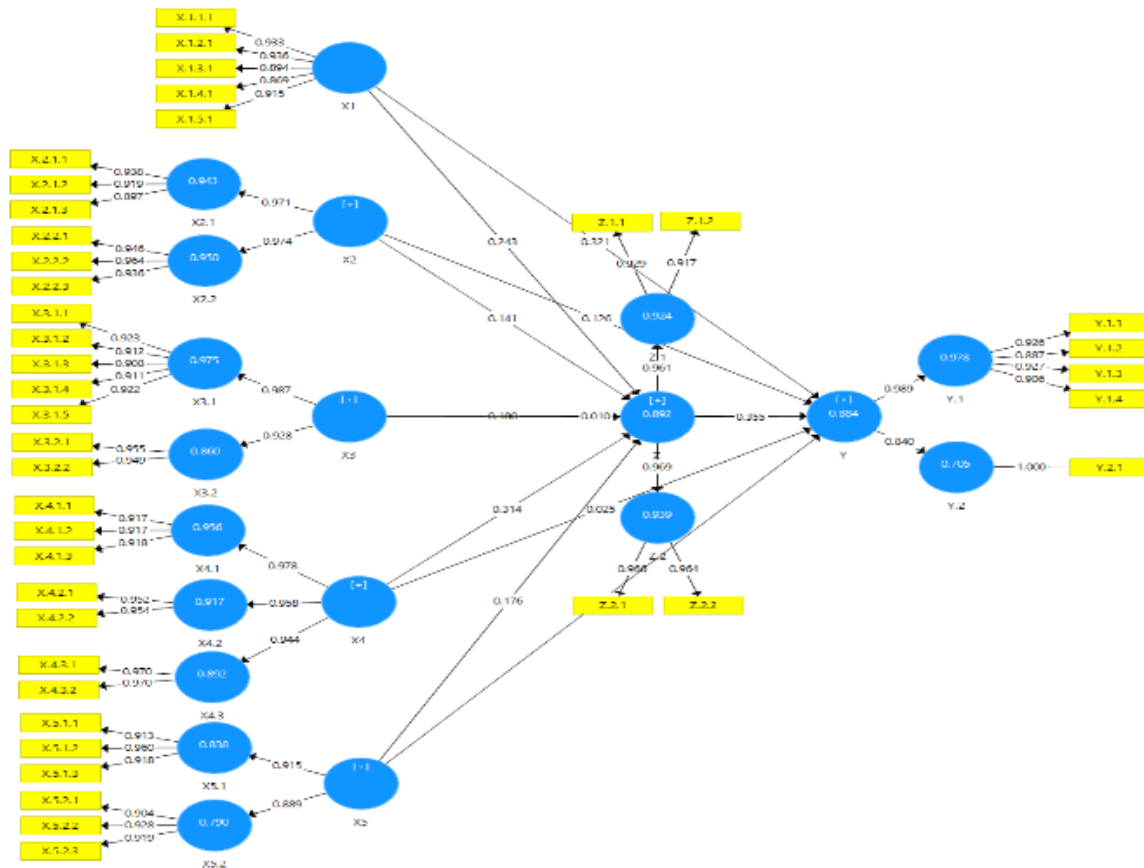
#### IV. RESULTS AND DISCUSSION

In this study, researchers distributed 75 questionnaires. But in that number there are questioners who are not returned by the respondents there are as many as 0 questionnaires, so that the return is 75 questionnaires. Of the 75 questionnaires that were returned, there were 71 questionnaires that could be used because there were 4 aborted questionnaires. Thus the rate of return (response rate) is 100%.

##### Descriptive Statistics Results

Analysis of description of research variables is a description of the variables obtained based on respondents' answers to the questions that were asked on the questionnaire on the indicators studied.

##### 1. PLS Outer Loading Results



Convergent Validity Test Results Table

Variable	Indicator	Loading factor	Cut off	Description
X1	X1.1.1	0.933	0.500	Valid
	X1.2.1	0.936	0.500	Valid
	X1.3.1	0.894	0.500	Valid
	X1.4.1	0.869	0.500	Valid
	X1.5.1	0.915	0.500	Valid
X2.1	X2.1.1	0.938	0.500	Valid
	X2.1.2	0.919	0.500	Valid
	X2.1.3	0.897	0.500	Valid
X2.2	X2.2/1	0.946	0.500	Valid
	X2.2.2	0.964	0.500	Valid



	X2.2.3	0.936	0.500	Valid
X3.1	X3.1.1	0.923	0.500	Valid
	X3.1.2	0.912	0.500	Valid
	X3.1.3	0.908	0.500	Valid
	X3.1.4	0.911	0.500	Valid
	X3.1.5	0.922	0.500	Valid
X3.2	X3.2.1	0.955	0.500	Valid
	X3.2.2	0.949	0.500	Valid
X4.1	X4.1.1	0.917	0.500	Valid
	X4.1.2	0.917	0.500	Valid
	X4.1.3	0.918	0.500	Valid
X4.2	X4.2.1	0.952	0.500	Valid
	X4.2.2	0.954	0.500	Valid
X4.3	X4.3.1	0.970	0.500	Valid
	X4.3.2	0.970	0.500	Valid
X5.1	X5.1.1	0.913	0.500	Valid
	X5.1.2	0.960	0.500	Valid
	X5.1.3	0.918	0.500	Valid
X5.2	X5.2.1	0.904	0.500	Valid
	X5.2.2	0.928	0.500	Valid
	X5.2.3	0.919	0.500	Valid
Y.1	Y1.1	0.926	0.500	Valid
	Y1.2	0.887	0.500	Valid
	Y1.3	0.927	0.500	Valid
	Y1.4	0.906	0.500	Valid
Y2	Y2.1	1.000	0.500	Valid
Z1	Z1.1	0.929	0.500	Valid
	Z1.2	0.917	0.500	Valid
Z2	Z2.1	0.966	0.500	Valid
	Z2.2	0.964	0.500	Valid

Based on the table above, it can be seen that all indicators produce a loading factor value of greater than 0.5. Thus it can be said that all these indicators are able to measure the variables.

Evaluating the validity of construction by calculating convergent validity, convergence validity is known through the value of loading factors. An instrument is said to fulfill testing for convergent validity if it has a loading factor above 0.5. The results of testing convergent validity are presented in the following table:

Based on the table next, it can be seen, that all indicators produce values of loading factors worth greater than, 0.5. Thus it can be said that all indicators are able to measure the variables.

Convergent validity can also be known through Average Variance Extracted (AVE). An instrument is said to fulfill testing for convergent validity if it has an Average Variance Extracted (AVE) above 0.5. The results of testing convergent validity are presented in the following table:

**Table 4.10 Kostruk Validity Test Results Using AVE**

Variable	Average Variance Extract (AVE)	Cut off	Description
X1	0.828	0.500	Valid
X2.1	0.843	0.500	Valid
X2.2	0.900	0.500	Valid
X3.1	0.837	0.500	Valid
X3.2	0.906	0.500	Valid
X4.1	0.842	0.500	Valid
X.4.2	0.908	0.500	Valid
X4.3	0.941	0.500	Valid
X5.1	0.866	0.500	Valid
X5.2	0.841	0.500	Valid
Y.1	0.831	0.500	Valid
Y.2	1.000	0.500	Valid
Z.1	0.852	0.500	Valid
Z.2	0.931	0.500	Valid

The test criteria states that if the composite reliability is greater than 0.7 and cronbach alpha is greater than 0.6, the construct is declared reliable.

The results of the composite reliability calculation and cronbach alpha can be seen through the summary presented in the following table:

**Table 4.11 Construction Reliability Test Results**

Indicator	Cronbach's Alpha	Composite Reliability
X1	0.948	0.960
X2.1	0.907	0.942
X2.2	0.945	0.964
X3.1	0.951	0.963
X3.2	0.896	0.950
X4.1	0.906	0.941
X4.2	0.899	0.952
X4.3	0.937	0.970
X5.1	0.922	0.951
X5.2	0.905	0.941
Y.1	0.932	0.952
Y.2	1.000	1.000
Z.1	0.827	0.920
Z.2	0.926	0.964

Based on the table above, it can be seen that the value of chronbach alpha conflict role is smaller than 0.6 but produces a value of composite reliability greater than 0.7. Thus, based on the calculation of the chronbach alpha value and the reliability chronbach value all indicators are stated to be reliable in measuring the variables

### 4.3. Inner Model Evaluation.

Evaluation of the structural model or inner model is a stage to evaluate the goodness of fit which includes the coefficient of determination and predictive relevance and testing of the hypothesis. Each will be explained as follows:

#### 4.3.1 Coefficient of Determination (R2)

The coefficient of determination (R2) is used to determine the ability of endogenous variables to explain the diversity of

KAA=>KKA	0.025	0.176	0.860
MM=>PTE	0.176	3.070	0.0035
MM=>KKA	0.193	2.117	0.035
PTE=>KKA	0.355	2.937	0.003

Table 4.14 Hypothesis Testing Results indirectly

Influence	Original sample	T Statistics	P Values
KPE =>PTE=>KKA	0.086	2.012	0.045
SK=>PTE=>KKA	0.050	1.564	0.118
AI=>PTE=>KKA	0.064	1.714	0.087
KAA=>PTE=>KKA	0.111	2.300	0.022
MM=>PTE=>KKA	0.062	2.050	0.041

In the test results listed in the table above, it can be seen that the T statistics value of indirect influence greater than 1.96 and the value and p-value <0.05 are the influence of the effectiveness of internal control (X1) on Accounting Fraud Trends (Y) through Unethical Behavior (Z), the effect of Obedience to Accounting Rules (X4) on the Tendency of Accounting Fraud (Y) through Unethical Behavior (Z), and the influence of Management Morality (X5) on Accounting Fraud Trends (Y). Thus it can be concluded that Unethical Behavior (Z) is able to mediate the influence of the effectiveness of internal control (X1), Obedience to Accounting Rules (X4), and Management Morality (X5) to Accounting Fraud Trends (Y).

## V. CONCLUSION

Based on the results, this study successfully proved the existence of:

1. Effect of internal control effectiveness (X1) on unethical behavior (Z), that the value of T statistics is the effect of the effectiveness of internal control (X1) on unethical behavior (Z) of 2.728 with a p-value of

- 0.007. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect on the effectiveness of internal control (X1) on unethical behavior (Z).
2. Effect of internal control effectiveness (X1) on Accounting Fraud Trends (Y), that the value of T statistics the effect of internal control effectiveness (X1) on Accounting Fraud Trends (Y) of 3.181 with a p-value of 0.002. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect of the effectiveness of internal control (X1) on trends Accounting Fraud (Y).
  3. The Effect of Compensation System (X2) on Unethical Behavior (Z), that the value of T statistics is the influence of the Compensation System (X2) on Unethical Behavior (Z) of 2.226 with a p-value of 0.026. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect of the Compensation System (X2) on unethical behavior (Z).
  4. Effect of Compensation System (X2) on Accounting Fraud Trends (Y), that the value of T statistics the influence of the Compensation System (X2) on the Tendency of Accounting Fraud (Y) of 2,374 with a p-value of 0.018. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect of Compensation System (X2) on Accounting Fraud Trends (Y).
  5. Effect of Information Asymmetry (X3) on Unethical Behavior (Z), that the value of T statistics is the effect of Information Asymmetry (X3) on Unethical Behavior (Z) of 2.114 with a p-value of 0.035. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect of Information Asymmetry (X3) on Unethical Behavior (Z).
  6. The Effect of Information Asymmetry (X3) on Accounting Fraud Trends (Y), that the value of T statistics the effect of Information Asymmetry (X3) on the Tendency of Accounting Fraud (Y) of 0.092 with a p-value of 0.927. The test results show that the value of T statistics < 1.96 and p-value > 0.05. This means there is no significant effect of Information Asymmetry (X3) on Accounting Fraud Trends (Y).
  7. Effects of Obedience to Accounting Rules (X4) on Unethical Behavior (Z), that the value of T statistics is the effect of Obedience to Accounting Rules (X4) on Unethical Behavior (Z) of 3.652 with a p-value of 0.000. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant influence Obedience to Accounting Rules (X4) on Unethical Behavior (Z)
  8. Effect of Obedience to Accounting Rules (X4) on Accounting Fraud Trends (Y), that the value of T statistics is the effect of Obedience to Accounting Rules (X4) on the Tendency of Accounting Fraud (Y) of 0.176 with a p-value of 0.860. The test results show that the value of T statistics < 1.96 and p-value > 0.05. This means that there is no significant influence on the Obedience of Accounting Rules (X4) to the Accounting Fraud Tendency (Y).
  9. The Influence of Management Morality (X5) on Unethical Behavior (Z), that the value of T statistics influences Management Morality (X5) on Unethical Behavior (Z) of 3.070 with a p-value of 0.002. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means there is a significant effect of Management Morality (X5) on unethical behavior (Z).
  10. Effect of Management Morality (X5) on Fraud Trends Accounting (Y), that the value of T statistics is the influence of Management Morality (X5) on the tendency of Accounting Fraud (Y) of 2.117 with a p-value of 0.035. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect of Management Morality (X5) on Accounting Fraud Trends (Y).
  11. Effect of Unethical Behavior (Z) on Accounting Fraud Trends (Y), that the value of T statistics is the effect of Non-Ethical Behavior (Z) on the Tendency of Accounting Fraud (Y) of 2.937 with a p-value of 0.003. The test results show that the value of T statistics > 1.96 and p-value < 0.05. This means that there is a significant effect of unethical behavior (Z) on accounting fraud tendency (Y).

## **12. Limitations of Research**

This research has been carried out maximally by researchers, but researchers realize that there are still many limitations, namely:

- a. Samples from this study were less than 100 samples. For the following research, it is expected that researchers take a larger number of samples.
- b. The limitations of research using primary data, namely the answers given by respondents do not necessarily indicate the real situation.

## **VI. SUGGESTION**

Based on the results of the discussion and conclusions above, the researcher can provide the following suggestions:

School Leaders (Principals, Head of Finance and Accounting) in order to increase the effectiveness of internal control and pay attention to the compensation system and compliance with accounting rules to maintain accounting fraud tendencies.

And pay attention to the needs of employees and staff in their welfare.

Share further research so as to provide a large population of research for better research

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