


FACTORS AFFECTING THE UNETHICAL BEHAVIOR AND ITS IMPACT TO THE TENDENCY OF ACCOUNTING FRAUD

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 20 February 2023</p> <p>Accepted 08 May 2023</p>	<p>Purpose: There is very little empirical research on fraud in non-profit organization. Previous researchers have conducted, and the results are mixed and inconsistent. Only a few models link several variables that have been previously proven to be related to one another. The purpose of this study is to combine the relationships of several variables to examine whether individual morality, effectiveness of internal control and compensation suitability have a significant effect on unethical behavior and its impact also to accounting fraud tendencies in nonprofit organization context.</p>
<p>Keywords:</p> <p>Accounting Fraud; Compensation Suitability; Effectiveness of Internal Control; Individual Morality; Unethical Behavior.</p> <div data-bbox="169 999 480 1249">  </div>	<p>Theoretical framework: This research is based on several theories, namely the theory of moral development, the theory of attribution, the theory of hope and the theory of cheating. Some empirical research also provides varying results. The new model in this study links several variables that have been previously proven to be related to one another.</p> <p>Design/methodology/approach: The research design used is descriptive research using quantitative survey as a data collection method and a structural equation model (SEM) for the data analysis process. The population in this study were all permanent employees working in the office of the Seventh-day Adventist Church, especially in the conference/mission, namely those working as officers, heads of departments and employees working in the finance department. Using convenient sample method, the sample in this study amounted to 156 respondents taken proportionally represent each region of conference, or mission spread in East Indonesia.</p> <p>Findings: The result of this study found that effectiveness of internal control had a significant positive effect on unethical behavior, appropriateness of compensation had a significant negative effect on unethical behavior and unethical behavior had a significant positive effect on accounting fraud tendencies. For individual morality variables, the effectiveness of internal controls and appropriateness of compensation do not have a significant effect on unethical behavior, as well as the effectiveness of internal controls do not have a significant effect on the tendency of accounting fraud.</p> <p>Research, Practical & Social implications: This research contributes to a non-profit organization, in this case the religious organization of the Seventh-day Adventist Church, especially in the Eastern Indonesia region. The results of the study show that organizations need to pay attention to the appropriate compensation variable because it has a significant negative effect on the tendency of accounting fraud. Besides that, because the results of the study show that unethical behavior has a significant positive effect on the tendency of accounting fraud, it is necessary to minimize unethical behavior so that an increase in unethical behavior will increase the tendency of accounting fraud.</p>

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Originality/value: The new model in this study links several variables that have been previously proven to be related to one another.

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FATORES QUE AFETAM O COMPORTAMENTO ANTIÉTICO E SEU IMPACTO NA TENDÊNCIA DE FRAUDE CONTÁBIL

RESUMO

Objetivo: Há muito pouca pesquisa empírica sobre fraude em organizações sem fins lucrativos. Pesquisadores anteriores fizeram isso e os resultados são mistos e inconsistentes. Apenas alguns modelos relacionam diversas variáveis que já se mostraram relacionadas entre si. O objetivo deste estudo é combinar as relações de diversas variáveis para examinar se a moralidade individual, a eficácia do controle interno e a adequação da remuneração têm um efeito significativo no comportamento antiético e seu impacto também nas tendências de fraude contábil no contexto de organizações sem fins lucrativos.

Enquadramento Teórico: Esta investigação assenta em várias teorias, nomeadamente a teoria do desenvolvimento moral, a teoria da atribuição, a teoria da esperança e a teoria do delírio. Algumas pesquisas empíricas também fornecem resultados variáveis. O novo modelo neste estudo vincula diversas variáveis que anteriormente se mostraram relacionadas entre si.

Delineamento/metodologia/abordagem: O delineamento de pesquisa utilizado é uma investigação descritiva utilizando a pesquisa quantitativa como método de coleta de dados e um modelo de equação estrutural (SEM) para o processo de análise de dados. A população deste estudo foram todos os funcionários permanentes que trabalham no escritório da Igreja Adventista do Sétimo Dia, especialmente na associação/missão, ou seja, aqueles que trabalhavam como oficiais, chefes de departamentos e funcionários que trabalhavam no departamento de finanças. Usando um método de amostragem conveniente, a amostra neste estudo totalizou 156 entrevistados que representaram proporcionalmente cada região da conferência ou missão estendida no leste da Indonésia.

Resultados: O resultado deste estudo constatou que a eficácia do controle interno teve um efeito positivo significativo no comportamento antiético, a adequação da remuneração teve um efeito negativo significativo no comportamento antiético e o comportamento antiético teve um efeito positivo significativo nas tendências de fraude contábil. Para as variáveis de moralidade individual, a eficácia dos controles internos e a adequação da remuneração não têm efeito significativo sobre o comportamento antiético, nem a eficácia dos controles internos tem efeito significativo sobre a tendência à fraude contábil.

Implicações Sociais, Práticas e de Pesquisa: Esta pesquisa contribui para uma organização sem fins lucrativos, neste caso a organização religiosa da Igreja Adventista do Sétimo Dia, especialmente na região leste da Indonésia. Os resultados do estudo mostram que as organizações devem ficar atentas à variável de remuneração adequada, pois ela tem um efeito negativo significativo na tendência à fraude contábil. Além disso, como os resultados do estudo mostram que o comportamento antiético tem um efeito positivo significativo na tendência à fraude contábil, é necessário minimizar o comportamento antiético para que o aumento do comportamento antiético aumente a tendência à fraude.

Originalidade/Valor: O novo modelo neste estudo vincula várias variáveis que anteriormente se mostraram relacionadas entre si.

Palavras-chave: Fraude Contábil, Adequação da Remuneração, Efetividade do Controle Interno, Moralidade Individual, Comportamento Antiético.

FACTORES QUE AFECTAN LA CONDUCTA ANTIÉTICA Y SU IMPACTO EN LA TENDENCIA DEL FRAUDE CONTABLE

RESUMEN

Propósito: Hay muy poca investigación empírica sobre el fraude en organizaciones sin fines de lucro. Los investigadores anteriores han realizado, y los resultados son mixtos e inconsistentes. Solo unos pocos modelos vinculan varias variables que previamente se ha demostrado que están relacionadas entre sí. El propósito de este estudio es combinar las relaciones de varias variables para examinar si la moralidad individual, la efectividad del control interno y la idoneidad de la compensación tienen un efecto significativo en el comportamiento no ético y su impacto también en las tendencias de fraude contable en el contexto de organizaciones sin fines de lucro.

Marco teórico: Esta investigación se basa en varias teorías, a saber, la teoría del desarrollo moral, la teoría de la atribución, la teoría de la esperanza y la teoría del engaño. Algunas investigaciones empíricas también proporcionan resultados variables. El nuevo modelo de este estudio vincula varias variables que previamente se ha demostrado que están relacionadas entre sí.

Diseño/metodología/enfoque: El diseño de investigación utilizado es una investigación descriptiva utilizando la encuesta cuantitativa como método de recolección de datos y un modelo de ecuaciones estructurales (SEM) para

el proceso de análisis de datos. La población de este estudio eran todos los empleados permanentes que trabajaban en la oficina de la Iglesia Adventista del Séptimo Día, especialmente en la asociación/misión, es decir, los que trabajaban como funcionarios, jefes de departamentos y empleados que trabajaban en el departamento de finanzas. Usando un método de muestra conveniente, la muestra en este estudio ascendió a 156 encuestados que representaron proporcionalmente cada región de la conferencia o misión extendida en el este de Indonesia.

Hallazgos: El resultado de este estudio encontró que la efectividad del control interno tuvo un efecto positivo significativo en el comportamiento poco ético, la adecuación de la compensación tuvo un efecto negativo significativo en el comportamiento poco ético y el comportamiento poco ético tuvo un efecto positivo significativo en las tendencias al fraude contable. Para las variables de moralidad individual, la efectividad de los controles internos y la adecuación de la compensación no tienen un efecto significativo sobre el comportamiento no ético, así como la efectividad de los controles internos no tienen un efecto significativo sobre la tendencia al fraude contable.

Implicaciones sociales, prácticas y de investigación: esta investigación contribuye a una organización sin fines de lucro, en este caso, la organización religiosa de la Iglesia Adventista del Séptimo Día, especialmente en la región del este de Indonesia. Los resultados del estudio muestran que las organizaciones deben prestar atención a la variable de compensación adecuada porque tiene un efecto negativo significativo en la tendencia al fraude contable. Además de eso, debido a que los resultados del estudio muestran que el comportamiento poco ético tiene un efecto positivo significativo en la tendencia al fraude contable, es necesario minimizar el comportamiento poco ético para que un aumento en el comportamiento poco ético aumente la tendencia al fraude contable.

Originalidad/valor: el nuevo modelo de este estudio vincula varias variables que previamente se ha demostrado que están relacionadas entre sí.

Palabras clave: Fraude Contable, Idoneidad de la Compensación, Eficacia del Control Interno, Moralidad Individual, Comportamiento Antiético.

INTRODUCTION

The issue of fraud is one of the problems that is the center of attention, especially in Indonesia. Every year Transparency International publishes the Corruption Perception Index (CPI), which is an index measuring the level of global corruption. The CPI index range is 0-100 where 0 is perceived as very corrupt and 100 is very clean from corruption. Data from Transparency International (2021) reveals that Indonesia's score for the level of corruption ranks 40th in 2019 and drops to 30th in 2020. This means that Indonesia is still the center of attention in terms of corruption cases.

In addition to the facts found to have occurred in the government sector, fraud also did not escape the private sector (KPK, 2022). It was further said that this fraudulent act would have an impact on increasing costs not only for entrepreneurs but also for consumers resulting in inefficiency in the use and allocation of resources. All types of organizations are vulnerable to cases of fraud. However, Khadra & Delen (2020) say that non-profit organizations are also the object of higher fraud because they depend more on decency, moral mission, and ethical values and messages. This is also supported by Schwartz (2019) that non-profit organizations are vulnerable to fraud and can potentially destroy the organization.

In non-profit organizations misuse of assets is estimated to exceed 95% of fraud cases (Greenlee et al, 2007 and Holtfreter, 2008). However, unfortunately there is very little empirical research on fraud in non-profit organizations (Khadra & Delen, 2020). Trautman & Ford (2019)

also said that cases of fraud in non-profit organizations often fail to be reported. This is compounded by the mistaken notion that in non-profit organizations no one steals or commits fraud because administrators are mandated to manage their charitable funds (Behn et al, 2010). It was further said that those who work in non-profit organizations are believed to be morally sound, so they are not vulnerable to potential fraud.

One example of a non-profit organization is a religious organization. For example, the administrators of a church organization are considered unlikely to commit theft because it is considered a noble task that is impossible for anyone to commit fraud. But the fact is that non-profit organizations are more vulnerable to cases of fraud because of the high level of trust so they do not feel the need for adequate internal controls, fewer or weak internal controls increase opportunities for fraud, and increase opportunities for fraud, thus increasing the risk of fraud (Behn et al, 2010).

Based on this fact, non-profit organizations, especially religious organizations, face adverse effects due to fraud, such as theft of assets, incidents of fraud, and this can damage the good name or reputation of the organization, causing a decrease in the level of compliance and donations (Behn et al, 2010; Adena, 2016; Kim, 2017). Without sufficient support, the organization may not be able to carry out its mission so that it will have an impact on many communities (Bradley, 2015). And in the end, it will have disastrous consequences for the organization (Schwartz, 2019).

According to Cressey (1950) there are three main reasons why people commit fraud, namely pressure, opportunity, and rationalization. For example, in the aspect of opportunity, when internal controls are found to be ineffective, this increases the opportunity to commit fraud. Like several studies conducted by Sholehah et al (2018), Ameilia & Rahmawati (2020), Pratiwi & Werastuti (2021), Rodiah et al (2019), Fernandhytia & Muslichah (2020), Dewi & Wirakusuma (2019), Mulia et al (2017), Pratiwi & Werastuti (2021) and Ariestina & Wahyuni (2021) they found that the effectiveness of internal controls has a significant negative effect on the tendency of accounting fraud. This means that the more effective the internal control, the less the tendency to commit accounting fraud. However, inconsistencies were found by several researchers who found that the ineffectiveness of internal controls did not have a significant effect on the tendency of accounting fraud (Anastasya & Sparta, 2014 and Mita & Indraswarawati, 2021).

In addition to the fraud concept, this research is based on Manusov & Spitzberg's arbitration theory (2008; Heider, 1985), moral development theory (Kohlberg, 1978) and expectation theory (Parijat & Bagga, 2014) which are interrelated to underlie the variables used

in this research. Empirical studies of previous studies have proven that there is a relationship between the research variables based on the theories that have been mentioned and found a research gap in the results of previous studies.

From the results of previous research, it was also found that if the individual's moral level is already in the post-conventional stage, it will reduce the tendency to engage in unethical behavior (Kohlberg, 1978). However, it is different from the results of Olivia et al's research (2022) which found that individual morality did not have a significant effect on unethical behavior. This unethical behavior was also found to be influenced by the appropriate level of compensation where if employees feel that there is appropriate compensation then this will reduce unethical behavior (Nurlaeliyah & Anisykurlilah, 2017). However, contrary to research conducted by Olivia et al (2022). In addition to unethical behavior, these three aspects, namely individual morality, the effectiveness of internal controls and the suitability of compensation, have also been proven through previous studies to have an impact on the tendency of accounting fraud. Among them research conducted by Eliza (2015) and Rodiah et al (2019) they found that individual morality had a significant negative effect towards the tendency of accounting fraud, although inconsistencies were found in research conducted by Anastasya & Sparta (2014) and Putri et al (2019). For the aspect of suitability of compensation, it was found to have a significant negative effect on the tendency of accounting fraud (Ameilia & Rahmawati, 2020), Delfi & Rita, 2014 and Zainal, 2003) although Nurlaeliyah & Anisykurlilah (2017) found the opposite. And the aspect of unethical behavior is found to have a significant influence on the tendency of accounting fraud where the more someone behaves unethically, the higher the possibility that that person will commit accounting fraud, including (Dewi et al, 2021; Fernando & Sitorus, 2020; and Nurlaeliyah & Anisykurlilah, 2017).

Due to the lack of research related to fraud in non-profit organizations, this research focuses on non-profit organizations, namely the Seventh-day Adventist Church (GMAHK) organization. Seventh-day Adventist Church is one of the sects of the Protestant Christian Church which has a membership of more than 21 million people worldwide and has entered 202 countries out of a total of 230 countries recognized by the United Nations, making it one of the most widely spread church organizations in the world. This is in line with the mission of the Seventh-day Adventist Church, which is to spread the eternal gospel, guide people to accept Jesus and join the Church and nurture them in preparation for the second coming of Jesus (SDA, 2021). To be able to develop widely in this world in achieving the church's mission, one of the biggest supports is the quality of individual administrators who work honestly and cleanly and are far from cheating. That is why in view of the fact that religious organizations are one of the

organizations that are vulnerable to accounting fraud and found the facts described earlier that there is very little empirical research on fraud in non-profit organizations, the researchers wanted to conduct this research on Seventh-day Adventist organizations, more specifically at the Seventh-day Adventist organization level, conference, or mission area in Eastern Indonesia. This is very important because if things are found that will harm the church organization, then this will have a bad impact on the organization, especially not being able to achieve the vision and mission set by the church organization.

Based on this explanation, the purpose of this study was to find out whether the previously mentioned factors such as individual morality, the effectiveness of internal controls, and the suitability of compensation have an effect on unethical behavior and the impact also on the tendency of accounting fraud in Regional Conference, or Mission employees of the Seventh Day Adventist Church of Eastern Indonesia region.

LITERATURE REVIEW

This research is based on several theories, namely the theory of moral development, the theory of attribution, the theory of hope and the theory of cheating. In addition, some empirical research results also provide varying results explained below.

Theoretical Study

The theory of moral development explains that humans experience stages of moral development. This theory was introduced by Kohlberg (1978) who stated that morals develop through three stages, namely pre-conventional stages, conventional stages, and post-conventional stages. In the lowest stage, the individual will take an action because he is afraid of existing laws/regulations. In addition, individuals at this moral level will also view their personal interests as the main thing in carrying out an action. In the second stage (conventional), the individual will base his actions on the approval of his friends and family and also on the norms that exist in society. At the highest stage (post conventional), individuals base their actions by considering the interests of others and based on universal laws. This is also supported by Zhang & Zhao (2017) which states that when humans are in the post-conventional stage, humans begin to build their morality by following every existing provision including the applicable rules. This theory underlies the use of individual morality variables used in this study.

Attribution theory explains the reasons why someone behaves. This behavior will create an impression that will affect the behavior of others (Manusov & Spitzberg, 2008). Heider

(1985) states that a person's behavior is determined by factors that come from within and outside of him. This theory underlies the unethical behavior variable used in this study. In connection with this research, unethical behavior, and the tendency to commit fraud are caused by several factors that will be examined, including individual morality, the effectiveness of internal controls, religiosity, and suitability of compensation.

This expectation motivational theory was introduced by Victor Vroom (Parijat & Bagga, 2014). This theory states that employees have personal goals that they want to achieve and for this reason they work in organizations. These personal goals are met by organizational rewards or work results. Therefore, the relationship between organizational rewards or work results and personal goals is important, namely the extent to which organizational rewards meet employee personal goals and how attractive these rewards are to employees. In essence, this expectation theory emphasizes rewards or pay-offs. If it is related to cases of fraud committed by employees, it is often found that employees rationalize or justify the fraud committed. For example, committing fraud because you think the compensation given by the company should be at the stage of expectation and not in accordance with reality. So that the employee thinks that the fraud he is making is not a fraud, but the employee is only taking what should be his part. This rationalization process is precisely described by Cressey (1950) that one of the reasons why people commit fraud is because they carry out justification (rationalization) of something. This theory is the basis for using the compensation suitability variable in this study.

The internal control effectiveness variable is based on the fraud theory, namely the fraud triangle theory developed by (Cressey, 1950). In this theory, it is explained that there are three things that cause a person to commit fraud, namely pressure, rationalization, and opportunity. The variable of internal control effectiveness is related to the opportunity aspect where people will tend to behave unethically or commit fraudulent tendencies when an organization's internal control system is weak so that internal control effectiveness is needed.

Factors Influencing Unethical Behavior

In addition to the theoretical basis already mentioned, the following studies are also used as a reference in this study as an empirical study of the variables used. Based on the theory of moral development (Kohlberg, 1978), if someone is already in the post-conventional stage, that person will be aware of the norms that apply so that he will follow the existing rules and will reduce himself from carrying out unethical behavior. However, in contrast to research conducted by (Olivia et al, 2022) she found that individual morality had no effect on unethical behavior.

The effectiveness of internal control has a significant negative effect on unethical behavior. This means that the better the effectiveness of internal control, the less unethical behavior will be reduced (Thoyibatun, 2012). However, it is different from the research found by Olivia et al (2022) that the effectiveness of internal controls does not affect unethical behavior.

Research regarding the appropriateness of compensation and its relation to unethical behavior was conducted by Nurlaeliyah & Anisykurlilah (2017) who found that appropriateness of compensation had a significant negative effect on unethical behavior. This means that the better the suitability of the compensation received by employees, the less employees will engage in unethical behavior. However, the results of this study contradict research conducted by Olivia et al (2022) which found that appropriateness of compensation has no significant effect on unethical behavior.

Factors Influencing the Tendency of Accounting Fraud

Several studies have found that individual morality has a significant negative effect on accounting fraud tendencies (Eliza, 2015; Puspasari & Eko, 2016; Mulia et al, 2017; Sholehah et al, 2018; Kurniawan & Azmi, 2019; Dewi & Wirakusuma, 2019; Ameilia & Rahmawati, 2020; Fernandhytia & Muslichah, 2020; and Anggara & Supratsto, 2020). However, a number of studies such as those conducted by Rodiah et al, 2019; Dewi et al, 2021; Pratiwi & Werastuti, 2021; and Mita & Indraswarawati (2021) found that individual morality has no effect on accounting fraud tendencies. Another study conducted by Anastasya & Sparta (2014) and Putri et al (2019) found another contradictory thing, namely individual morality has a significant positive effect on the tendency of accounting fraud.

The more effective internal control this will reduce the tendency of accounting fraud. This is evidenced by several studies which found that the effectiveness of internal control has a significant negative effect on the tendency of accounting fraud as practiced by (Sholehah et al, 2018; Ameilia & Rahmawati, 2020; Pratiwi & Werastuti, 2021; Rodiah et al, 2019; Fernandhytia & Muslichah, 2020; Dewi & Wirakusuma, 2019; Mulia et al, 2017; Pratiwi & Werastuti, 2021; and Ariestina & Wahyuni, 2021. Several other researchers found different things, such as research conducted by Anastasya & Sparta (2014) and Mita & Indraswarawati (2021), they found the effectiveness of internal controls had no significant effect on accounting fraud tendencies Putri et al (2019); Olivia et al (2022); Simbolon & Hendri (2020); Nuraini et al (2018); Fernando & Sitorus (2020); and Nurlaeliyah & Anisykurlilah (2017) actually found that the effectiveness of internal controls has a positive effect on accounting fraud. The

incentives given to employees will reduce the tendency to commit accounting fraud. This is proven by research conducted by Ameilia & Rahmawati (2020); Delphi & Rita (2014); Zainal (2003); Thoyibatun (2012); Mustikasari (2013); and Olivia et al (2022). However, there are studies that have found conflicting results. Where the suitability of compensation has no significant effect on the tendency of accounting fraud (Nurlaeliyah & Anisykurlilah, 2017). Other research such as conducted by Dung & Thanh (2023) stated that although the level of corruption the private sector in Vietnam is still quite severe, the regulation to prevent corruption have a positive effect on economy which reduces the tendency to commit corruption.

Those who tend to behave unethically will have a higher level of tendency to commit accounting fraud. As evidenced by the results found by several researchers including (Dewi et al, 2021; Fernando & Sitorus, 2020; and Nurlaeliyah & Anisykurlilah, 2017). The tendency to commit fraud will also have an impact on how the company will report its financials statement. And the financial statement prepared will have an impact on management decision making (Al-Refiay et al, 2022).

Based on the theoretical basis and empirical studies that have been described previously, the following hypotheses were developed:

H1a: Individual morality has a significant negative effect on unethical behavior.

H1b: The effectiveness of internal control has a significant negative effect on unethical behavior.

H1c: Compensation suitability has a significant negative effect on unethical behavior.

H2a: Individual morality has a significant negative effect on the tendency of accounting fraud.

H2b: The effectiveness of internal control has a significant negative effect on the tendency of accounting fraud.

H2c: Compensation suitability has a significant negative effect on trends accounting fraud.

H3: Unethical behavior has a significant positive effect on tendency accounting fraud.

MATERIAL AND METHODOLOGY

This section present the research design, population and sample, data and instrumentation, and data analysis process.

Research Design

This study aims to prove whether the variables of individual morality, the effectiveness of internal controls, and the suitability of compensation have a significant effect on unethical behavior and their impact on the tendency of accounting fraud. The research design used is descriptive research where this research seeks to observe problems in a systematic and accurate manner regarding the facts and properties of certain objects (Hair et al, 2018). This study uses a quantitative survey as a data collection method and a structural equation model (SEM) for the data analysis process. Process data is processed using statistical applications SPSS version 25 and SMART PLS version 3.2.

Population and Sample

The population in this study were all permanent employees working in the office of the Seventh-day Adventist Church, especially in the conference/mission region, namely those working as officers, heads of departments and employees working in the finance department. To determine the number of research samples, the authors refer to Haryono & Wardoyo (2000) which states the requirements for the number of samples that must be met if using Structural Equation Model (SEM) analysis, the number of samples ranges from 150-400 or at least 5 times the number of indicators or parameters.

The population in this study can be seen in Table 1 below:

Table 1. Total Research Population		
No.	Conference/Mission Area	Number of Employees
1	Minahasa Conference	43
2	Manado & North Maluku Conference	43
3	North Minahasa and Bitung Mission	27
4	Bolaang Mongondow & Gorontalo Mission	21
5	North Nusa Mission	18
6	Central Sulawesi Mission	17
7	Luwuk Tanah Toraja Mission	12
8	Southwest and Southeast Sulawesi Mission	17
9	Maluku Mission	18
9	West Papua Mission	13
10	Papua Mission	28
Total		257

Source: Secretariat of the Seventh-Day Adventist Church office in East Indonesia Union Conference (2022).

The sampling technique used in this research is convenient sampling. Convenient sampling is the process of collecting information from members of the population who agree to provide this information (Sekaran & Bougie, 2016). Thus, anyone who agrees to provide the necessary information with the researchers, either by meeting directly or indirectly, is recruited as a sample in this study. If the sample requirements in this study are a number of question items in the questionnaire (parameters) multiplied by 5 then if in the study, there are 30 question

items multiplied by 5 then the result is 150 respondents who must fill out the questionnaire. The sample in this study amounted to 156 respondents taken proportionally so that they could represent each region of conference, or mission spread in East Indonesia.

Data and Instrumentation

The primary data used in this study were obtained from filling out the questionnaire. The questionnaire is a data collection instrument in the form of a set of questions given to respondents to answer (Sekaran & Bougie, 2016). Researchers asked respondents to fill out a questionnaire in the form of a Microsoft form link. The use of the form is very effective because it considers the distribution of respondents in Indonesian territory, which are far apart between various islands. The questionnaire in this study consisted of 30 statement items which were indicators of the variables in this study. Indicators of individual morality variables consist of 5 questions (Kohlberg, 1978), internal control effectiveness variables consist of 5 questions (Mulyadi, 2002), compensation suitability variables consist of 6 questions (Wilopo, 2006), unethical behavior variables consist of 5 questions (Robbins & Judge, 2008) and accounting fraud tendency variables consist of 9 questions (IAI, 2001).

The data collection procedure begins with the development or preparation of a questionnaire instrument that has been used in the survey. In the early stages, a comprehensive literature review was carried out to look for indicators of each variable that had been tested for validity and reliability. After the statements or indicators of each variable are selected from related literature, the statements are then presented in the form of a Likert scale.

The use of the Microsoft form allows respondents not to miss any questions because they have been set to not be able to submit when there is one question that is missed to be filled in. After being exported in spreadsheet form, it is then managed in SPSS and Smart PLS.

Data Analysis Process

The data analysis process begins with evaluating the completeness and suitability of the data through the statistical descriptive menu in SPSS. This process aims to find out whether the data has been inputted correctly, the number of samples according to the questionnaire and whether it has been input according to the scale. Descriptive statistics also aim to find out the profile of respondents by extracting demographic data such as gender, work area, level of education and years of service. The next data analysis process is structural equation modeling (SEM). SEM is a system of linear equations that combines several constructs. This method has been widely used in social research to test theoretical models. The advantage of SEM compared

to traditional multivariate techniques lies in its ability to estimate the relationship between several constructs (latent variables) in measurement models and examine the relationships between variables in structural models. Furthermore, SEM is suitable for testing complex relationships between several constructs simultaneously (Hair et al, 2018). SEM's ability to handle complex models has been useful in explaining the theoretical relationship between the variables in this study, namely individual morality, internal control effectiveness, appropriate compensation, unethical behavior, and accounting fraud tendencies.

Data analysis based on the SEM procedure was made in several stages. First, the convergent validity test is to look at the loading factor value of each indicator for each variable. Loading factor is a number that shows the relationship between the score of a question item that measures that variable. Convergent validity for a variable in the study is fulfilled if the factor loading value of all indicators is above 0.7 (Hair et al, 2018).

Second, the construct discriminant validity test. Discriminant validity testing in this study was carried out by looking at the criteria, namely the Fornell-Larcker Criterion, cross loading, and Heterotrait Monotrait Ratio. The Fornell-Larcker Criterion validity test was carried out by comparing the square root value of the AVE (Average Variance Extracted) of each variable with the correlation between the variables in the model. Variable discriminant validity is satisfied when the square root of the AVE is greater than the correlation between the different variables. The second discriminant validity test is by looking at the cross loading of each indicator. The cross-loading value shows the magnitude of the correlation between each variable and indicators of other variables. A measurement model has good discriminant validity if the correlation between the variable and the indicator is higher than the correlation between the variable and the indicator of the other variables. This study also used the recommended alternative method to assess discriminant validity, namely using the Heterotrait-Monotrait Ratio. Based on this criterion, discriminant validity is fulfilled if the ratio value for all variables is less than 0.9.

Third, the construct/variable reliability test in this study was carried out by analyzing the Cronbachs alpha, composite reliability and AVE values. A variable is declared reliable if it has a Cronbachs alpha value of more than 0.7, composite reliability above 0.70, AVE above 0.50. Fourth, after all the indicators of validity and reliability have been met, structural model testing is carried out. Structural model testing or hypothesis testing by looking at the significance of the path coefficients using the PLS Bootstrapping feature in the SmarPLS statistical software. Testing the structural model includes two stages: (1) Testing the hypothesis which is based on the significance value of the path coefficient. (2) Goodness-of-fit model to

determine the suitability or fit of a model by comparing the theoretical model and the empirical model.

RESULTS AND DISCUSSION

The following are the results and discussion of this research:

Respondents Demographic

In table 2 below is the demographic data of 156 respondents. As many as 66% percent are men and the remaining 34% are women. The level of education is dominated by undergraduate and postgraduate levels with a percentage of 46% and 45%, respectively, followed by high school with a percentage of 10%. The longest working period was in the 21–30-year category with 33%, followed by 1-10 years of service with 31% and so on.

Table 2 Respondent Demographics Data			
Variable	Level	N	%
Gender	Man	103	66%
	Woman	53	34%
Region	region 1	17	11%
	region 2	11	7%
	region 3	13	8%
	region 4	16	10%
	region 5	21	13%
	region 6	21	13%
	region 7	14	9%
	region 8	17	11%
	region 9	10	6%
	region 10	16	10%
Education	SMA	15	10%
	S1	71	46%
	S2	70	45%
Years of service	1-10 years	49	31%
	11-20 years	36	23%
	21-30 years	51	33%
	31-41 years	20	13%

Source: Prepare by the Authors (2023)

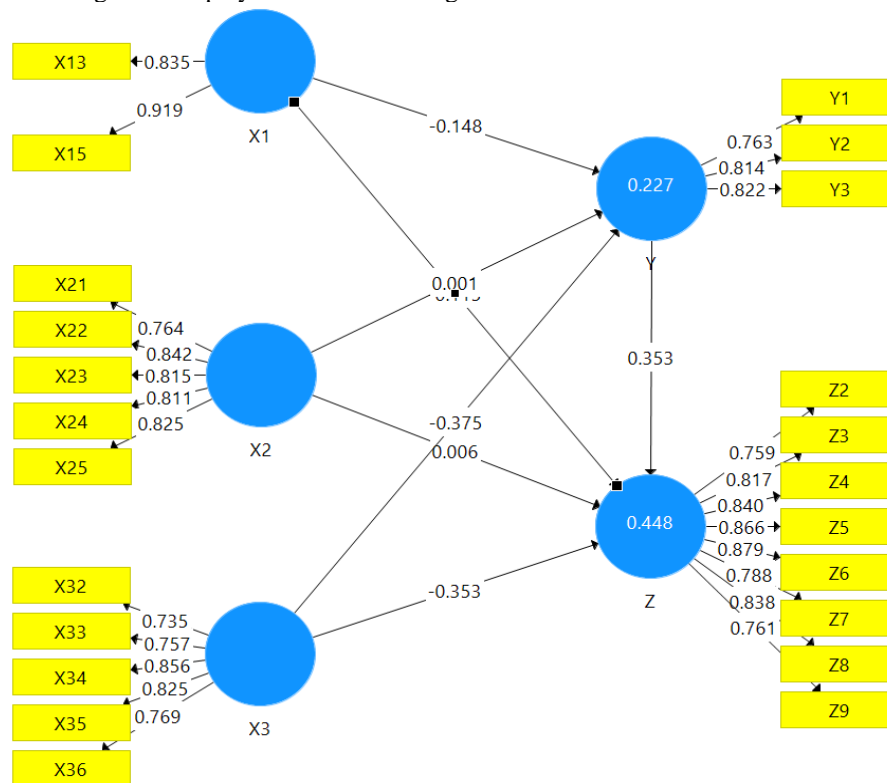
Measurement Model

The purpose of measuring the measurement model is to test the validity and reliability of each variable including individual morality, internal control effectiveness, appropriateness of compensation, unethical behavior, and accounting fraud tendencies. The measurement model of this study was analyzed using the Partial Least Square (PLS) method with the help of the SmartPLS 3.2 statistical software.

Based on the results of the first stage of measurement model testing of the 30 indicators used in this study, there are several indicators that have a loading factor value below 0.7

including indicators X11 of 0.606, X12 of 0.536, X14 of 0.397, X31 of 0.599, Y4 of 0.658, Y5 is 0.606, and Z1 is 0.667. For most of the indicators other than those already mentioned, they have a loading factor value above 0.7. Indicators that have a loading factor value below 0.7 are eliminated, while all indicators that have a loading factor value above 0.7 are considered to have met a high standard of validity and are retained for further analysis. After the indicators that did not meet the requirements were eliminated, the second stage of the measurement model test was carried out, the results of which are shown in Figure 1 and Table 3.

Figure 1 Display of the Second Stage Measurement Model Test Results



Source: (Output from Smart PLS software, 2023)

The results of the second stage of measurement model testing after the indicators X11, X12, X14, X31, Y4, Y5 and Z1 were eliminated showed that the loading factor values for all indicators were above 0.7. Thus, convergent validity for all variables in the study has been fulfilled.

Table 3 Value of the Second Stage Loading Factor Measurement Model

Variable	Indicator	Factor Loading
Individual Morality (X1)	X13	0.835
	X15	0.919
Internal Control Effectiveness(X2)	X21	0,764
	X22	0.842
	X23	0.815
	X24	0.811
	X25	0.825
	X32	0.735
Compensation Suitability (X3)	X33	0.757
	X34	0.856
	X35	0.825
	X36	0.769
	Y1	0.763
Unethical Behavior (Y)	Y2	0.814
	Y3	0.822
	Z2	0.759
Accounting Fraud Tendencies (Z)	Z3	0.817
	Z4	0.84
	Z5	0.866
	Z6	0.879
	Z7	0.788
	Z8	0.838
	Z9	0.761

Source: Output from SmartPLS 3.2 softwares (2023)

Discriminant validity testing in this study was carried out by looking at the criteria, namely the Fornell-Larcker Criterion, cross loading, and Heterotrait-Monotrait Ratio. The Fornell-Larcker Criterion validity test was carried out by comparing the square root value of the AVE (Average Larcker Criterion) for each variable with the correlation between the variables in the model. Variable discriminant validity is satisfied when the square root of the AVE is greater than the correlation between the different variables. The validity test based on the Fornell-Larcker Criterion in this study is shown in table 4 below. The values listed in the table are the correlations between variables and the square root of the AVE on the diagonal of the table.

Tabel 4. Fornell-Larcker Criterion

Variable	X1	X2	X3	Y	Z
Individual Morality (X1)	0.878				
Internal Control Effectiveness (X2)	0.618	0.812			
Compensation Suitability (X3)	0.579	0.636	0.790		
Unethical Behavior (Y)	-0.365	-0.329	-0.460	0.800	
Fraudulent Tendencies (Z)	-0.444	-0.405	-0.578	0.555	0.819

Source: Output from SmartPLS 3.2 softwares (2023)

Based on the results shown in table 4, the square root of AVE is greater than the correlation between variables. Thus, it can be stated that the variables and indicators used in this study have good discriminatory validity according to the Fornell-Larcker Criterion. The

second discriminant validity test is by looking at the cross loading of each indicator. The cross-loading value shows the magnitude of the correlation between each variable and indicators of other variables. A measurement model has good discriminant validity if the correlation between the variable and the indicator is higher than the correlation between the variable and the indicator of the other variables. The results of the cross-loading test are in table 5.

Table 5. Cross Loading Test Results

Indicator	X1	X2	X3	Y	Z
X13	0.835	0.462	0.427	-0.278	-0.305
X15	0.919	0.607	0.572	-0.354	-0.455
X21	0.486	0.764	0.572	-0.276	-0.32
X22	0.562	0.842	0.498	-0.222	-0.274
X23	0.476	0.815	0.47	-0.289	-0.332
X24	0.469	0.811	0.511	-0.267	-0.364
X25	0.526	0.825	0.525	-0.273	-0.342
X32	0.411	0.391	0.735	-0.242	-0.392
X33	0.405	0.398	0.757	-0.388	-0.481
X34	0.475	0.507	0.856	-0.418	-0.508
X35	0.502	0.612	0.825	-0.451	-0.46
X36	0.497	0.599	0.769	-0.27	-0.424
Y1	-0.308	-0.277	-0.374	0.763	0.404
Y2	-0.299	-0.241	-0.342	0.814	0.469
Y3	-0.271	-0.274	-0.39	0.822	0.458
Z2	-0.45	-0.306	-0.498	0.494	0.759
Z3	-0.375	-0.4	-0.457	0.418	0.817
Z4	-0.373	-0.378	-0.477	0.414	0.84
Z5	-0.375	-0.366	-0.521	0.499	0.866
Z6	-0.377	-0.33	-0.544	0.501	0.879
Z7	-0.31	-0.308	-0.446	0.436	0.788
Z8	-0.355	-0.311	-0.429	0.469	0.838
Z9	-0.271	-0.248	-0.386	0.384	0.761

Source: Output from SmartPLS 3.2 softwares (2023)

From the results of the cross-loading test as shown in table 4 previously, it indicates that there is good discriminant validity because the correlation between the indicators on the parent variable is higher than the correlation value between these variables and other variable indicators. Testing the reliability of the variables in this study was carried out by analyzing the Cronbach's alpha, composite reliability, and AVE values. A variable is declared reliable if it has a Cronbach's alpha value of more than 0.7, composite reliability above 0.7, AVE above 0.5. The test results for the three indicators are shown in table 6.

Table 6. Variable Reliability Test

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Individual Morality (X1)	0.710	0.870	0.771
Internal Control Effectiveness (X2)	0.871	0.906	0.659
Compensation Suitability (X3)	0.849	0.892	0.624
Unethical Behavior (Y)	0.718	0.842	0.640
Accounting Fraud Tendencies (Z)	0.930	0.942	0.671

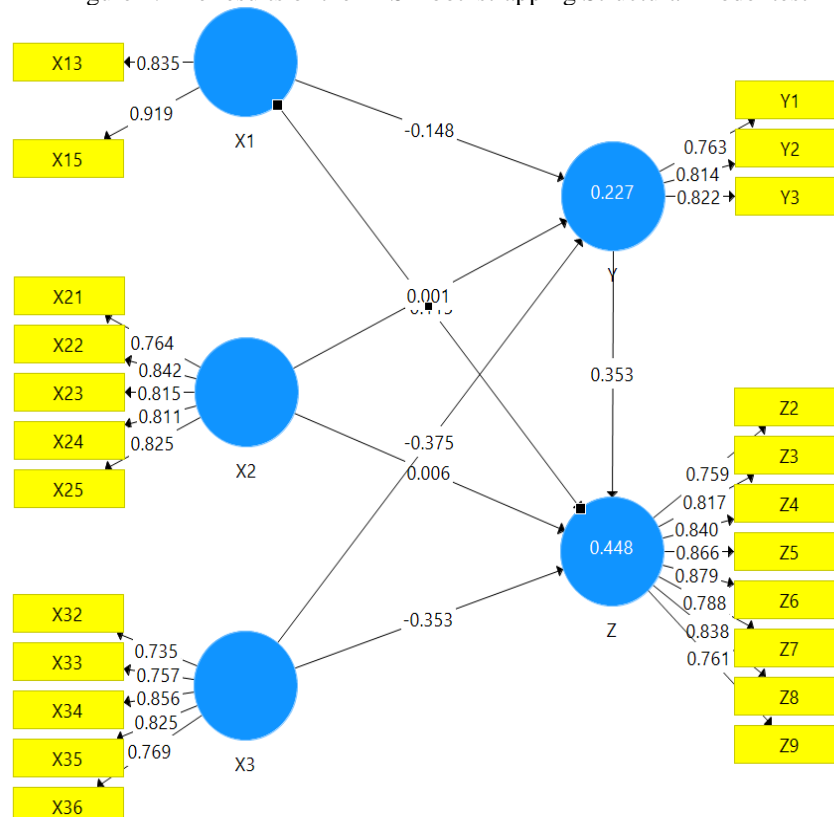
Source: Output from SmartPLS 3.2 softwares (2023)

Based on table 5, for each indicator it shows a value above the recommended minimum limit. The test results for all variables show Cronbach's alpha values above 0.70, composite reliability above 0.70 and AVE above 0.5. Thus, it can be concluded that all variables in this study have good reliability.

Structural Model (Inner Model)

The next stage is testing the structural model. This stage aims to test each hypothesis in the study. Structural model testing or hypothesis testing by looking at the significance of the path coefficients using the PLS Bootstrapping feature on the SmartPLS statistical software. The results of the structural model testing are shown in Figure 2 and Table 7.

Figure 2. The results of the PLS Boothstrapping Structural Model test



Source: Output from SmartPLS 3.2 softwares (2023)

Table 7. Structural Model Testing Results

Path Relation	P Values	Relationship direction/Description
Individual Morality (X1) --> Unethical Behavior (Y)	0.112	Negative/Not Significant
Internal Control Effectiveness (X2) --> Unethical Behavior (Y)	0.112	Positive/Not Significant
Compensation Suitability (X3) --> Unethical Behavior (Y)	0.993	Negative/Not Significant
Individual Morality (X1) --> Accounting Fraud Tendency (Z)	0.946	Negative/Not Significant
Internal Control Effectiveness (X2) --> Accounting Fraud Tendency(Z)	0.000***	Positive/Significant
Compensation Suitability (X3) --> Accounting Fraud Tendency	0.000***	Negative/Significant
Unethical Behavior (Y) --> Accounting Fraud Tendency (Z)	0.000***	Positive/Significant

Source: Output from SmartPLS 3.2 softwares (2023)

The results shown in figure 2 and Table 7 do not support the hypotheses H1a, H1b, H1c and H2a respectively with p values of 0.112, 0.112, 0.993 and 0.946 which are greater than the reference value of 0.05. So, it can be concluded that individual morality, the effectiveness of internal controls, and the suitability of compensation have no significant effect on unethical behavior. These results support previous research conducted by several researchers including research conducted by Olivia et al (2022) which found that individual morality did not have a significant effect on unethical behavior. It is further said that the effectiveness of internal control also has no significant effect on unethical behavior. Other studies have also found that the variable suitability of compensation has no significant effect on unethical behavior. This is different from the theory of moral development developed by Kohlberg (1978) which states that if a person is already at the post-conventional stage, that person will be aware of the norms that apply so that he will follow the existing rules and will reduce himself from committing unethical behavior. Regarding research results that do not support the H2a hypothesis, these results support research that has been conducted by Rodiah et al, (2019), Dewi et al, (2021), Pratiwi & Werastuti (2021) and Mita & Indraswarawati (2021). They found that individual morality had no significant effect on unethical behavior. Although this research is also different from the results of research conducted by (Eliza, 2015); (Puspasari & Eko, 2016); (Mulia et al, 2017); (Sholehah et al, 2018); (Kurniawan & Azmi, 2019); (Dewi & Wirakusuma, 2019); (Ameilia & Rahmawati, 2020); (Fernandhytia & Muslichah, 2020); and (Anggara & Supratsto, 2020). These researchers found that individual morality has a significant effect on accounting fraud tendencies. Responding to the results of this study, as stated by Trautman & Ford (2019), cases of fraud in non-profit organizations often fail to be reported. So even though the level of internal control is improved it has no significant effect on decreasing unethical behavior or that of accounting fraud tendencies. This is compounded by the mistaken notion that in non-profit organizations no one steals or commits fraud because administrators are mandated to manage their charitable funds (Behn et al, 2010). It was further said that those who work in non-profit organizations are believed to be morally sound, so they are not

vulnerable to potential fraud. Church organization officials are considered impossible to commit theft because it is considered a noble duty that is impossible for anyone to commit fraud.

Table 7 also shows that the p-value for the variable internal control effectiveness with accounting fraud tendencies is 0.000 which is smaller than the accrual value of 0.000 so that it can be said that internal control effectiveness has a significant effect on accounting fraud tendencies. However, the direction of the positive relationship indicates that if there is an increase in the effectiveness of internal control, there will also be an increase in the tendency of accounting fraud. This is in accordance with the results of research conducted by (Putri et al, 2019), (Simbolon & Hendri, 2020), (Nuraini et al, 2018), (Fernando & Sitorus, 2020), and (Nurlaeliyah & Anisykurlilah, 2017) that the effectiveness of internal control has a significant positive effect on the tendency of accounting fraud. These results indicate that the effectiveness of internal control becomes a challenge for employees to tend to commit accounting fraud if there is no deterrent effect procedure for perpetrators of fraud. In religious organizations, there are very rarely or even never cases where perpetrators of fraud, for example corruptors, are reported in legal channels, plus as Trautman & Ford (2019) said that cases of fraud in non-profit organizations often fail to be reported.

The results in table 7 also support the H2c hypothesis where the p value for the relationship between suitability of compensation and accounting fraud tendencies is 0.000 which is smaller than the reference value of 0.05 accompanied by a negative relationship direction. This means that there is an increase in the suitability of compensation, there will be a significant decrease in the tendency of accounting fraud. These results support research that was previously conducted by (Ameilia & Rahmawati, 2020); (Delfi & Rita, 2014); (Zainal, 2003); (Thoyibatun, 2012); (Mustikasari, 2013); and (Olivia et al, 2022). These results are consistent with the expectation theory where the personal goal of someone working in an organization is how an attractive reward for employees (Parijat & Bagga, 2014). It is related to the results of this study that employees who receive appropriate compensation tend not to commit accounting fraud because they have received compensation according to their work.

Table 7 also shows that the p-value in the H3 hypothesis test shows a value of 0.000 with a positive relationship between the unethical behavior variable and the tendency of accounting fraud. This means that the higher the unethical behavior, the tendency for accounting fraud will increase significantly. The results of this study also support previous research that has been studied by several researchers including (Dewi et al, 2021); (Fernando & Sitorus, 2020); and (Nurlaeliyah & Anisykurlilah, 2017). These results are related to the

theory of the fraud triangle (Cressey, 1950) especially in the rationalization section where when the reason someone commits accounting fraud is an unethical act where the perpetrator of the fraud considers it is not a crime or in other words, he rationalizes things that are unethical.

Furthermore, in table 8 below, the results of the goodness of fit model test will be displayed. The main purpose of this goodness of fit model test is to measure the accuracy of the data distribution of the sample in estimating the actual value statistically (Ghozali & Latan, 2014). From the following criteria, at least 2 items have been met, it is said that the structural model has a high degree of suitability with the data entered in the research sample. The SRMR value must be less than 0.08, d_ULS must be greater than 2.00, d_G must be greater than 0.90, chi-square must be less than 5 and NFI must be less than 0.9 (Hair et al, 2018).

Table 8 Goodness of Fit Model Test		
	Saturated Model	Estimated Model
SRMR	0.065	0.065
d_ULS	1.148	1.148
d_G	0.596	0.596
Chi-Square	508.266	508266
NFI	0.780	0.780

Source: Output from SmartPLS 3.2 softwares (2023)

Table 8 shows that the SRMR value of 0.065 is less than 0.08 and the NFI value is 0.780 less than 0.9 indicating that the structural model has a high degree of suitability with the input data in the research sample.

CONCLUSION

This study aims to analyze whether individual morality factors, internal control effectiveness have a significant effect on unethical behavior and accounting fraud tendencies. Besides that, it is also seen whether unethical behavior has a significant effect on the tendency of accounting fraud. The results of the study found that the effectiveness of internal control had a significant positive effect on unethical behavior, appropriateness of compensation had a significant negative effect on unethical behavior and unethical behavior had a significant effect on accounting fraud tendencies. For individual morality variables, the effectiveness of internal controls and appropriateness of compensation do not have a significant effect on unethical behavior, as well as the effectiveness of internal controls do not have a significant effect on the tendency of accounting fraud.

This research contributes to a non-profit organization, in this case the religious organization of the Seventh-day Adventist Church, especially in the Eastern Indonesia

region. The results of the study show that organizations need to pay attention to the appropriate compensation variable because it has a significant negative effect on the tendency of accounting fraud. Besides that, because the results of the study show that unethical behavior has a significant positive effect on the tendency of accounting fraud, it is necessary to minimize unethical behavior so that an increase in unethical behavior will increase the tendency of accounting fraud. In addition, it is necessary to pay attention to why the effectiveness of internal control has a significant positive effect on the tendency of accounting fraud. Other aspects can be reviewed such as the mechanism of the deterring effect procedure related to this or other variables that can complement it. This research also contributes to additional literature, especially related to unethical behavior and the tendency of accounting fraud in non-profit organizations, in this case religious organizations.

Apart from the important contribution of this study, there are a number of limitations that could be corrected in future studies. In the data collection process, the information provided by the respondents via the questionnaire was not confirmed to the researcher if there were statement items that were not understood. This is because filling in the questionnaire was done using the Microsoft form link for the reason that it is more efficient considering that the respondents are spread across 10 conference/Mission regions for the Eastern Indonesia region which are far apart on each different island. Another limitation is that each response has a different interpretation regarding the meaning in each statement of the questionnaire and the factor of honesty in filling out the questionnaire.

In this study, due to time and budget constraints, the maximum number of respondents who could be reached was 156 respondents from a total of 257 populations. Further research can increase the number of respondents. Further research can be applied to religious organizations or other non-profit organizations to see the consistency of results. There are other theories with various variables that can be used in future research. For example, for variables related to the deterrent effect system, do they have a relationship with unethical behavior and accounting fraud tendencies. These empirical results can also be used as material for consideration and reference for further research in building hypotheses about the relationship between the same variables as this research.

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