

The Tendency to Commit Fraud from the Aspect of Individual Factors

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ABSTRACT

This study aims to examine individual factors that influence a person's tendency to commit fraud. Love of money, Machiavellian nature, and Muslim view of Allah are used as individual factors in this study. The sample in this study was the 2018 and 2019 UNP students who had taken auditing and business ethics courses. The sample in this study was 118 people. Data were collected by distributing online questionnaires. Data analysis used multiple regression with F test and t test with SPSS. The results showed that the variable love of money significantly affected the tendency to commit fraud. Machiavellian nature has no significant effect on the tendency to commit fraud, and Moslem's view of Allah has no significant effect on the tendency to commit fraud. This research only focuses on individual aspects. So that further research can be done by examining other aspects that can affect the tendency to commit fraud.

Keywords: *love of money, Machiavellian, Moslem's view of Allah, fraud.*

1. INTRODUCTION

The many financial scandals that occur in work prove that ethical issues are still a crucial problem. [1] that ethics is the main discussion in topics related to accounting and auditing. The position of an accountant in the eyes of the public as a user of professional services depends on the accountant's ethical attitudes and actions.

The accounting profession emphasizes the necessity of ethical conduct development from the start of one's career, even before entering the field. Cultivating good ethical values can minimize behavioral deviations in the accounting profession. Accounting educators are to blame for the failure of ethical instruction, which is ingrained in accounting students' personalities [2], [3]. Therefore, accounting students need to understand the fraudulent practices faced by accountants in making ethical decisions and how to behave in dealing with these events. Accounting students will become professionals in the future, thus ethics education can help accountants become more professional in the long term [4].

Fraud in accounting is closely related to ethics, where fraud is an illegal act. Individual motives for cheating are based on the fraud triangle theory model. The model illustrates three main factors for committing fraud: rationalization, pressure, and opportunity Cressey (1953) in [5]. Pressure is one of the internal factors within the

individual itself, where the individual only harbors the problems he faces without informing others.

Previous research was conducted by [6] to understand and determine the extent of the influence of the love of money and religiosity on the tendency of fraud accounting for the management of village funds by conducting a study in the upper sub-districts in Central Katingan. The researcher's motivation to research the tendency of fraud accounting is that many studies related to fraud accounting in Indonesia only focus on fraud in companies, government agencies, and village fund management. Therefore, the researchers tried to conduct research related to accounting fraud by making accounting students as samples in the study. Previous research was conducted by [6] to understand and determine the extent of the influence of the love of money and religiosity on the tendency of fraud accounting for the management of village funds by conducting a study in the upper sub-districts in Central Katingan. The researcher's motivation to research the tendency of fraud accounting is that many studies related to fraud accounting in Indonesia only focus on fraud in companies, government agencies, and village fund management. Therefore, the researchers tried to conduct research related to accounting fraud by making accounting students as samples in the study. Students who are sampled are final semester students who are approaching graduation. In addition, the researcher also

re-examined the variables from previous studies that referred to research [4] which tested the effect of love of money which found that accounting students in America's ethical perceptions were influenced by their desire of money. Researchers conducted a study to determine whether the love of money influences the ethical perception of accounting students in Indonesia, which is also influenced by other factors, namely Machiavellian nature and Moslem's view of Allah. In addition, the researcher also re-examined the variables from previous studies that referred to research [4] which tested the effect of love of money which found that accounting students in America's ethical perceptions were influenced by their desire of money. Finally, researchers conducted a study to determine whether there is also an influence of the love of money on the ethical perception of accounting students in Indonesia, which is also influenced by other factors, namely Machiavellian nature and Moslem's view of Allah.

2. HYPOTHESIS DEVELOPMENT

The relationship of love of money to the tendency of accounting fraud is based on the fraud triangle theory, which explains that every individual who receives financial pressure is a common thing that encourages someone to commit fraud (cheating). Financial pressure can be in the form of greed, living under the will of others, a lot of debt, losses economy, and urgent needs. Someone who has a strong need for money may regard it as a need and will attempt to meet it in a variety of ways, even if the method utilized is unethical. Research [7] states that financial pressure can affect an individual's tendency to commit fraud. [8] stated that love of money is closely related to dishonesty.

A person's attitude towards money can impact their work, reward system, motivation from within at work, task performance, job satisfaction and morale, and the organization's effectiveness. [9] states that people who place a high value on money are dissatisfied with their pay. They also mention that love of money is closely related to the concept of greed and the root of evil. People who value everything with money will tend to have excessive greed because of their love of money. This means that who has a strong need for money will place his most significant interest in money and has a lower ethical perception that views fraud as ethical behavior and conversely someone with a low love of money tends to view fraud as unethical behavior. Based on the explanation above, the first hypothesis proposed is:

H1: Love of money is positively related to the tendency to commit fraud

The relationship between machiavellian nature and accounting fraud tendencies is based on the fraud triangle theory by Cressey in 1953. Machiavellian nature tends to

rationalize or justify lies for personal gain [10]. Machiavellian nature manipulates others to get more rewards, while others get fewer rewards without manipulation [11]. [12] show that, when confronted with moral dilemmas, those with high Machiavellian tendencies prefer to disregard ethical norms. They will utilize a variety of methods to reach their objectives, including unethical ones, which will encourage them to participate in unethical activity and, as a result, result in bad performance. This indicates that the higher the tendency of an individual's Machiavellian nature, the more likely the individual is to take unethical actions. This attitude will lead to accounting fraud because it ignores the importance of integrity and honesty in achieving certain goals. Based on the explanation above, the second hypothesis proposed is:

H2: Machiavellian nature has a positive effect on the tendency of fraud

One's obedience to God is an ontological basis that can influence attitudes and behavior in work and business situations in organizations [13]. Individuals' various interpretations of spiritual beliefs in divinity, as well as how religiosity might impact ethical behavior in organizations, can be directly proxied by a religious individual's vision of God. Individual religiosity is measured in terms of belief, which reflects the ideological parts of religion. Belief is a key indication of individual religiosity [14]. Understanding how an individual views God can give us a meaningful picture of a person's religious beliefs and influence ethical behavior.

Muslims' view of God is a person's view of God that can influence attitudes and behavior in work and business in an organization [14]. Muslim people understand spiritual beliefs differently by explaining distinctions in God, leading them to practice religion in their own way, which has an impact on their ethical outcomes in the workplace. A Muslim who believes that Allah is an all-knowing creator and truly fears Allah will carry out His commands and stay away from His prohibitions. This can affect the judgment and decision-making of a Muslim in an organization. Based on the explanation above, the third hypothesis is formulated as follows:

H3: Muslims view of God has a negative effect on the tendency to fraud

3. RESEARCH METHODS

This sort of study employs a quantitative approach to associative causation research. Primary data is the sort of data used in this investigation. The data taken in this study used a questionnaire which was then distributed to the Accounting students of Padang State University. The

sample criteria used were undergraduate Accounting students who were active when the questionnaire was distributed and students who had taken and passed courses in business ethics and accounting and auditing professions. The total number of samples that can be processed is 118 samples.

The independent variables in this study are the love of money, Machiavellian nature, and Muslim's view of God. While the dependent variable used in this study is the Intention to Fraud.

The money ethics scale (MES) is used to measure the variable love of money, which measures human attitudes towards money [15]. The variable Mach IV scale measures the tendency level for machiavellian behavior with a Likert scale developed by Christie & Geis (1970) in [16]. The higher the score, the higher the score respondent's machiavellian behavior. The measurement of Muslims' view of God uses the Muslim's view of Allah (SMVA) scale [14]. Respondents will be given 20 questions about the Muslim's view of Allah scale. As for the fraud variable, the instrument used to measure accounting fraud consists of a case scenario by Turner (2014) which was adapted from [1]. The hypothesis in this study was tested using the SPSS application with Moderated Regression Analysis (MRA).

4. RESULT AND DISCUSSION

4.1 Descriptive Statistics

The total number of questionnaires distributed in this study was 143, with 118 of them able to be processed. A total of 25 questionnaires could not be used because they did not meet the criteria.

In the love of money variable (X1), The mean value is 69.05, with a standard deviation of 11.43, while the maximum and minimum values are 98 and 49, respectively. The Machiavellian variable (X2) is known to have a mean value of 67.78 with a standard deviation. 12.82, the maximum value is 97, and the minimum value is 40. The mean value of the Muslim's view of God (X3) variable is 40.82, with a standard deviation of 3.19, a maximum value of 47, and a minimum value of 33. Meanwhile, for the fraud variable, the mean value is 3.09, with a standard deviation of 1.33, the minimum value is 1, and the maximum value is 5.

4.2 Classic Assumption Test

The normality test utilizing Kolmogrov Smirnov with a value of > 0.05, which is 0.082, was discovered from the SPSS data processing results. Meanwhile, the multicollinearity test revealed that the independent variables had no association with one another. It shows

that the study's independent variables were not affected by multicollinearity. With a VIF rating of less than 10 and a tolerance of more than 1. The glejser test was used to test for heteroscedasticity, and the findings revealed that there was no heteroscedasticity with a significance value > 0.05.

4.3 Test Model

The Sig value of 0.023 shows that the independent factors have a considerable influence on the dependent variable based on the results of processed data. Therefore, the fixed model is used for statistical t-test, which partially tests the independent variable on the dependent variable. Meanwhile, the Adjusted R Square value shows a value of 0.055. This shows that the involvement of the variables love of money, machiavellian, and Muslim view of God affects fraud by 5.5%. While the rest is influenced by other variables not examined in this study.

4.4 Hypothesis Testing

Table 1.
Hypothesis Testing

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Err	Beta			
(Constant)	2.973	1.791			1.660	.100
LoM	.032	.013	.271		2.386	.019
MACH	-.004	.012	-.039		-.348	.728
MVoA	-.044	.038	-.105		-1.154	.251

a. Dependent Variable: FA

The first hypothesis predicts that love of money is positively related to the tendency to commit fraud. Based on the results of the processed data contained in the table above, it is known that the significance value is 0.019, with a B value of 0.032. As a result, it may be argued that a strong need for money has a beneficial impact on fraud. So that the first hypothesis can be accepted.

The second hypothesis predicts that the machiavellian trait is positively related to the tendency to commit fraud. However, based on the results, the significance value is 0.728, with a B value of -0.004. As a result, it may be inferred that the Machiavellian nature has no bearing on the likelihood of deception. So the second hypothesis is rejected.

The third hypothesis predicts that the Muslim view of God is negatively related to the tendency to commit fraud. Based on the results of the processed data contained in the table above, it is known that the significance value is 0.251, with a B value of -0.044. So it can be concluded that the Muslim view of God does not affect the tendency of fraud. So that the first hypothesis can be accepted.

4.5 Discussion

The first hypothesis in this study is that love of money has a negative effect on the tendency of accounting fraud. The first hypothesis was determined to be acceptable based on the results of the moderated regression analysis in this study. The relationship between a person's love of money and their proclivity for accounting fraud is explained by the fraud triangle theory, which states that anyone who is under financial stress is more likely to commit fraud (cheating). Someone who has a strong need for money may regard it as a need and will attempt to meet it in a variety of ways, even if the method utilized is unethical. [17] stated that love of money is closely related to dishonesty. A person's attitude towards money can impact their work, reward system, motivation from within at work, task performance, job satisfaction, and morale, as well as the effectiveness of the organization. [9] states that people with a high love of money orientation have low satisfaction with salary. People who value everything with money will tend to have excessive greed because of their love of money. It means that a person with a high love of money will place his greatest interest in money, and has a lower ethical perception that views fraud as ethical behavior and conversely someone with a low love of money tends to view fraud as unethical behavior.

The second hypothesis assumes that Machiavellian traits have a positive effect on the tendency to commit fraud. Based on the processed data, this hypothesis is rejected. The results of this study contradict research [12], which shows that individuals with high Machiavellian tendencies generally tend to ignore ethical norms when faced with moral problems. Furthermore, machiavellian nature manipulates others to get more rewards, while others get fewer rewards without manipulation [11]. The ineffectiveness of Machiavellian nature on the tendency of fraud can be caused by attribution errors, namely fundamental errors where a person tends to indicate internal factors as the cause of behavior, which occurs due to lack of information and experience gained so that they misunderstand individual behavior where external factors tend to underlie decisions in making an action.

The third hypothesis of this study is that Muslims' view of God negatively affects the tendency of fraud. Based on the processed data, this hypothesis cannot be accepted. [14] states that Muslims' view of God is a person's view of God that can influence attitudes and behavior in work and business in an organization. [18] states that a Muslim's belief in religion can be grouped into two dimensions, namely intrinsic and extrinsic. Intrinsic beliefs are more representative of the core values of Islam, while extrinsic beliefs are based on one's perception of one's belief in ritual, prayer, and worship.

[18] and [19] suggest that extrinsic beliefs may not influence professional judgment.

5. CONCLUSION

Based on the results of data analysis, it can be concluded that: (1) love of money has a positive effect on the tendency to commit fraud. (2) Machiavellian nature does not affect the tendency to commit fraud. Finally, (3) Muslim's view of God does not influence the tendency to commit fraud.

This study has several limitations namely, the first is the low adjusted square value. This indicates that a variety of other factors influence the likelihood of committing fraud. In addition, this research also only focuses on a few individual factors. So this opens up opportunities for further research to examine the influence of other factors.

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