Research Paper

The Influence of Individual Morality and Human Resource Competence on the Tendency of Fraud Accounting with Love of Money As Moderating Variable

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ABSTRACT: *Fraud accounting can be seen from various sectors, both in the private sector and in the government sector. The impact that caused by fraud accounting in the government sector is that the data and financial report information presented by the government does not reflect the truth and can mislead financial reports users in evaluating government performance. This study aims to analyze the influence of individual morality and human resource competence on the tendency of fraud accounting with love of money as a moderating variable. This research was conducted at the SKPD of North KolakaRegency with 104 respondents. Data analysis use approach quantitative descriptive with method survey with technique purposive samples. The results of the study indicate that individual morality and human resource competence have a significant effect on the tendency of fraud accounting. The result of other studies statesthat love of money moderates the relationship between individual morality and the tendency of fraud accounting. The result of this study also indicate that love of money cannot moderate the effect of human resource competence on the tendency of fraud accounting in North KolakaRegency.*

Keywords*: Individual Morality, Human Resource Competence, The Tendency of Fraud Accounting, Love of Money.*

I. INTRODUCTION

In this globalization era, fraud has attracted a lot of attention from the public, the issue of the rise of unethical behavior in the form of fraud in government organizations is currently receiving serious attention from various parties (Purcell, 2016). Public sector organizations are currently demanded for openness and public accountability in the development process. Public accountability or local government accountability is made in the form of *LaporanKeuanganPemerintah Daerah* (LKPD) or Regional Government Financial Reports which are prepared based on the financial reports of *SatuanKerjaPerangkat Daerah* (SKPD).

Fraud accounting can be seen from various sectors, both in the private sector and in the government sector. The impact caused by fraud accounting in the government sector is that the data and financial report information presented by the government does not reflect the truth and can mislead users of financial reports in evaluating government performance. In addition, fraud can also ruin government structures, hinder the running of government and development, and it is very difficult to eradicate. It also causes low levels of economic growth (Putra et al., 2016).

Associations of Certified Fraud Examinations (ACFE) (2014) classifies accounting fraud into three main categories which are fraudulent financial statements, misappropriation of assets and corruption. Cases of fraud accounting are more directed at acts of corruption, which are often carried out including manipulating records, eliminating documents, and mark ups that are detrimental to the country's finances or economy(Tika, 2018).

North Kolaka Regency is one of the districts in Southeast Sulawesi Province, North Kolaka Regency is a district that always gets good achievements in managing financial reports, it has won *wajartanpapengecualian*award (WTP) or unqualified opinion awards from the BadanPemeriksaKeuangan (BPK) or Indonesian Supreme Audit Agency, 8 times in a row since 2014 until now. Apart from these achievements, it cannot be denied that accounting fraud did not occur in it. For example, there are cases of fraudulent procurement of Internet network bandwidth within the Department of Population and Civil Registry which has caused losses to the state of 258,208,000. Then there was a case of fraud committed by Agus as

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treasurer of third party donations at the North Kolaka Transportation and Information Communications Office which caused losses to the state of 3 billion rupiahs.

This phenomenon indicates the existence of fraudulent practices in SKPD North Kolaka Regency. Various cases of fraud committed by the government are certainly inseparable from several factors that cause a person to tend to commit fraud, and therefore it is important to know the causes of someone committing fraud so that solutions can be found so that fraud can be prevented.

There are many factors that influence the occurrence of fraud, which in this study is determined on the issue of individual morality, human resource competence and love of money. Individual morality is one of the factors that influence a government official to tend to do fraudulent accounting. A person can be said having moral if his behavior reflects morality, which is, he can distinguish between what is good and what is bad. The higher the level of individual moral reasoning, the more likely they are not to commit accounting fraud(Wilopo, 2006).

Then human resources competence influences the actions of fraud tendencies, the theory that put forward by Priansa (2021) stated that competence is based on what employees do, and their observable behavior. If one is competent, then the effective performance may even be extraordinary. The competence of qualified human resources is needed in preparing local government financial reports which are supported by the underlying knowledge, skills, and attitudes related to certain roles and job responsibilities. So that the more competent the apparatus, the higher the prevention of fraud in financial management

Money is an important aspect of everyday life, and it is a benchmark for one's success (Rahayuningsih et.al, 2016). Charismawati (2011), someone's love for money (the love of money) is often interpreted negatively and then considered taboo by certain communities. Tang (1992) introduced the concept of "love of money". The theory seeks to measure a person's subjective feelings about money. Someone who has a love of money is more motivated to take any action to earn more money (Tang,2003).

Love of money behavior can affect a person's ethical behavior, someone who has financial limitations will tend to commit fraud. As stated by Harry (2017) that individual morality greatly influences a person to make mistakes at work. A person's love for money is one of the factors that influence a person's ability to earn money in an improper way. Human resource competence influences the love of money, as stated by Sutrisno (2020) that competence is an ability that is based on skills and knowledge supported by work attitudes and their application in carrying out tasks and work in the workplace which refers to established work requirements.

II.   LITERATURE REVIEW
2.1.   Fraud Triangle Theory
The Fraud Triangle or cheating triangle is a theory that describes the factors that cause the occurance of fraud. This theory was first put forward by Cressey (1953), this theory states that fraud generally occurs due to three elements such as pressure, opportunity, and rationalization. The three elements of fraud coexist at different levels within the organization and affect each individual differently (Karyono, 2013).
2.2.   Atribution Theory
Attribution theory is a theory that explains how the process triggers and motives about a person's attitude. Attribution theory was first stated by Fritz Heider, a German psychologist in 1958 and then developed by Edward Jones and Keith Davis 1965, Harold Kelley 1967 and Bernard Weiner 1974. Heider explains in Juliana (2019) that attribution theory is a theory that explains a person's behavior that is trying to understand a person's behavior. This theory studies how a person's process of carrying out an event, the reasons or causes why someone does this.
2.3.   Individual Morality
According to Duska (1982) in Kurniadewi (2020) morality is a form of embodiment of attitude or a form of embodiment of attitudes and behavior shown by individuals based on the norms and legal values that apply in accordance with the environmental conditions of each individual. Meanwhile, according to Tarigan (2016) morality can be interpreted as a quality that shows a person's good or bad attitude in behaving
Based on research developed by Okura (2013) in Noprianto et.al (2020) a person's morality can be measured through several indicators, which are: (1) Financial reports are presented accurately; (2) Not accepting bribes in any form; (3) Loyalty to work; (4) Standard preparation of financial statements; (5) Pay attention to external and internal factors.
2.4.   Human Resource Competence
Human resource development that base on competence is carried out in order to provide results in accordance with the goals and objectives of the organization with predetermined performance standards. Competence itself can be understood as a combination of skills, personal attributes, and knowledge which is reflected through performance behavior (job behavior) that can be observed, measured and evaluated (Bukit *et al.,* 2017).

Sutrisno (2020) explains that the indicators used to measure competence, as follows: 1) knowledge, is awareness in the cognitive field; 2) understanding, is cognitive and affective depth possessed by individuals; 3) ability (skill), is something that is owned by an individual to carry out the task or work assigned to him; 4) attitude, which is feelings (happy-disliked, like-disliked) or reaction to a stimulus that comes from outside; 5) interest, is a person's tendency to commit an act.

2.5. *Love of Money*

YusradanUtami (2018) explain that love of money is a person who considers money as a very important thing, they will do all kinds of ways to get money, including shortcuts such as cheating. In order to measure the love of money, it can be use the Money Ethics scale (MES) that developed by Tang (1992). This scale measures human attitudes towards money. The indicators are: 1) Good; 2) Evil; 3) Achievement; 4) Respect; 5) Budget; 6) Freedom Power.

2.6. **The Tendency of***FraudAccounting*

Fraud according to the Association of Certified Fraud Examiners (ACFE, 2016), is an act that is against the law and is carried out intentionally for the purpose of manipulating or giving false reports to other parties that is carried out by people inside or outside the organization in order to benefit themselves or a group which can directly or indirectly harm other parties.

The indicators that are used to measure fraud tendencies according to Wilopo (2006) are as follows: 1) the tendency to manipulate, falsify, or change accounting records or supporting documents; 2) tendency to misrepresent or omit significant events, transactions or information from the financial statements; 3) the tendency to intentionally misapply accounting principles; 4) the tendency to misrepresent financial statements due to theft (misuse/embezzlement) of assets that make entities pay for goods/services that are not received; 5) tendency to misrepresent financial statements.

III. HYPOTHESIS

This study is based on the following hypothesis
H1: Individual morality has a negative and significant effect on the tendency of fraud accounting.
H2 :Human resource competence has a negative effect on the tendency of fraud accounting..
H3 :Love of Money moderates individual morality towards fraud accounting tendencies.
H4 :Human resource competence has a positive and significant effect on the tendency of fraud through the love of money.

IV. RESEARCH METHODOLOGY

The research design in this study is a quantitative approach by distributing questionnaires. This research was conducted at the office of SatuanKerjaPerangkat Daerah (SKPD) or Regional Work Unit of North Kolaka Regency from July to September 2022. The population of this study was SatuanKerjaPerangkat Daerah (SKPD) or Regional Work Unit of North Kolaka Regency as many as 28 SKPDs, each of which consists of a general treasurer, revenue and expenditure treasurer, PPK-SKPD, Head of Finance and Assistant Spending Treasurer. The total population of this study is 140 employees. While the sample in this study are 104 respondents. The sampling technique used in this study is non-probability sampling. The data used in this research is subject data, which is the type of research data in the form of opinions, attitudes, experiences or characteristics of a person or group of people who are research subjects or respondents. The data collection technique used a survey technique, that is distributing questionnaires directly to respondents in the regional work unit office (SKPD) North Kolaka Regency. The research instrument is in the form of a questionnaire, with a total of 4 variables consisting of 2 independent variables, 1 dependent variable and 1 moderating variable. Questionnaire data were analyzed using Statistical Package for the Social Sciences (SPSS) program.

V. RESULT

4.1. Validity Test

Based on the validity test data for all items, it can be identified that the r count is greater than the r table. All items that have been tested have a calculated r value above the r table value of 0.3783. Therefore it can be concluded that all statements on the instrument are valid.

Table 1. Validity Test

Variable	Item	r-count	r-table	Annotation
Individual Morality (X1)	X1.1	0,802	0,3783	Valid
	X1.2	0,473	0,3783	Valid
	X1.3	0,810	0,3783	Valid
	X1.4	0,543	0,3783	Valid

	X1.5	0,705	0,3783	Valid
Human Resource Competence (X2)	X2.1	0,519	0,3783	Valid
	X2.2	0,756	0,3783	Valid
	X2.3	0,603	0,3783	Valid
	X2.4	0,725	0,3783	Valid
	X2.5	0,617	0,3783	Valid
	X2.6	0,567	0,3783	Valid
	X2.7	0,542	0,3783	Valid
	X2.8	0,756	0,3783	Valid
	X2.9	0,719	0,3783	Valid
Love of Money (Z)	Z.1	0,642	0,3783	Valid
	Z.2	0,883	0,3783	Valid
	Z.3	0,894	0,3783	Valid
	Z.4	0,670	0,3783	Valid
	Z.5	0,584	0,3783	Valid
	Z.6	0,724	0,3783	Valid
	Z.7	0,538	0,3783	Valid
	Z.8	0,531	0,3783	Valid
	Z.9	0,569	0,3783	Valid
	Z.10	0,636	0,3783	Valid
	Z.11	0,883	0,3783	Valid
	Z.12	0,720	0,3783	Valid
The Tencency ofFraud Accounting(Y)	Y.1	0,863	0,3783	Valid
	Y.2	0,672	0,3783	Valid
	Y.3	0,600	0,3783	Valid
	Y.4	0,635	0,3783	Valid
	Y.5	0,772	0,3783	Valid
	Y.6	0,563	0,3783	Valid
	Y.7	0,677	0,3783	Valid
	Y.8	0,562	0,3783	Valid
	Y.9	0,559	0,3783	Valid
	Y.10	0,852	0,3783	Valid

4.2. Reliability Test

Variable 'sCronbach alpha valueis greater than the standard value of the alpha coefficient which is 0.60. It means that the instrument used in this study is reliable.

Table 2. Reliability Test

Variables	Cronbach Alpha	Alpha Coefficient Standard	Annotation
Indivisual Morality (X1)	0,804	0,60	Reliable
Human Resource Competence (X2)	0,777	0,60	Reliable
Love of Money (Z)	0,780	0,60	Reliable
The Tendency of*fraud accounting* (Y)	0,783	0,60	Reliable

4.3. Classic Assumption Test
a. Normality Test

This normality test is used to find out whether in the regression model the independent variables and the dependent variable both have a normal distribution or are close to normal. Based on the probability plot graph, it can be seen that the dots spread around the diagonal line, and the distribution approaches and follows the direction of the diagonal line, it can be concluded that the data is normally distributed.
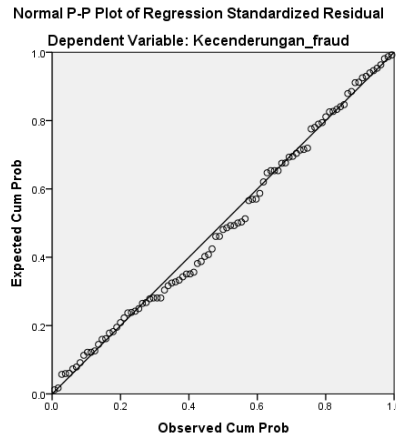
Figure1. Normal *probability P-plot*

b. Multicolinierity Test

The results of the multicollinearity test showed that all the independent variables that are studied had a VIF value of less than 10, which are 1.292, 1.275 and 1.018. These results are supported by tolerance values which indicate tolerance values > 0.10, that are 0.774, 0.785, 0.983. So that it can be said that all independent variables are free from multicollinearity problems

Table3. Multicolinierty Test Results

Variable	Collenearity Statistics		Annotation
	Tolerance	VIF	
Individual Morality	.774	1.292	Multicolinierity Free
Human Resource Competence	.785	1.275	Multicolinierity Free
Love of Money	.983	1.018	Multicolinierity Free

c. Heteroscedasticity test

Based on the table of the Glejser test results, X1 = sig 0.955 > 0.05, there is no heteroscedasticity and X2 = sig 0.784 > 0.05, then there is also no heteroscedasticity.

Table 4.Glejser Test Result

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.904	3.262		.890	.376
Individual_Morality	-.008	.138	-.007	-.057	.955
Human_Resource_ Competence	.024	.088	.033	.275	.784

a. Dependent Variable: abs_Res

4.4. Hypothesis Test

There are also two tests for testing the hypothesis, which are the direct effect test and the indirect effect test.

Table5. Direct Effect Test

Hypothesis	Relation	Expectation	B	Std Error	t-Count	P-Value	Annota-tion
H1	Individual Morality→ The Tendency of Fraud Accounting	(-)	-0.814	0.245	-3.325	0.001	H1is accepted
H2	Human Resource Competence→ The Tendency of Fraud Accounting	(-)	-0.193	0.155	-1.243	0.022	H2is accepted

The influence of individual morality (X1) on the tendency of fraud (Y) is obtained by a probability value = 0.001. Because the probability value is less than 5% (0.001<0.050), it is partially significant. It shows that Hypothesis 1 is accepted, which means that individual morality has a negative and significant effect on the tendency of fraud accounting.

The influence of human resource competence (X2) on the tendency of fraud (Y), obtained a probability value = 0.022 less than 5% (0.050,) so that it has a significant partial effect. It shows that Hypothesis 2 is accepted, which means that human resource competence has a negative effect on the tendency of fraud accounting.

Table 6.Indirrect Effect Test

Hypothesis	Relation	Expectation	*B*	*Std Error*	t-Count	P- *Value*	Annota-tion
H3	Individual Morality *Love of Money→ The Tendency of Fraud Accounting	(+)	0.042	0.046	0.927	0.36	H3is Accepted
H4	Human Resource Competence*Love of Money→ The Tendency of Fraud Accounting	(+)	0.036	0.037	0.954	0.343	H4is Rejected

The variable love of money in moderating the effect of individual morality on the tendency of fraud, a probability value of 0.036 is less than 5% (0.036 <0.050), so partially the variable love of money moderates the effect of individual morality on the tendency of fraud. It indicates that Hypothesis 3 is accepted, which means that Love of Money moderates individual morality towards fraud accounting tendencies.

The love of money variable in moderating the effect of human resource competence on the tendency of fraud, a probability value of 0.343 is greater than 5% (0.343>0.050), so partially the love of money variable does not moderate the effect of human resource competence on the tendency of fraud. It shows that Hypothesis 4 is rejected, which means that human resource competence has a positive and insignificant effect on the tendency of fraud through the love of money.

VI.   CONCLUSIONS AND RECOMMENDATIONS

This study indicated that individual morality and human resource competence influence the tendency of accounting fraud. It shows that the more moral or the higher the level of individual moral reasoning, the lower the tendency for fraud accounting and the more competent the human resource, the lower the tendency for fraud accounting in preparing regional financial reports in SKPD of North Kolaka Regency. The results of this study also show that the love of money moderates the relationship between individual morality and the tendency of fraud accounting. SKPD who have a high level of moral reasoning will tend to commit fraud accounting tendencies if they have an excessive love of money attitude. The next results show that the love of money cannot moderate the influence of human resource competence on the tendency of fraud accounting in North Kolaka Regency. It indicates that there is no influence between the attitude of love of money and individual morality on the tendency of fraud accounting.

It is recommended that the next researcher, who conduct the similar research, conduct a research on a wider scope, for example using several regional work units (SKPD) as research sites.

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