

EFFECT OF COMPENSATION, AND INTERNAL CONTROL PERCEIVED BEHAVIORAL CONTROL BEHAVIOR OF FRAUD

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Abstract:

The purpose of this study was to examine the effect of compensation suitability, the effectiveness of the internal control system, and perceived behavioral control on fraudulent behavior in the State Civil Apparatus (ASN) in Tangerang City Government. The Data of this study were obtained from the questionnaire answers (primary). The research findings show that the compensation suitability, effectiveness of internal control partially has a negative and significant effect on the behavior of the State Civil Service (ASN) fraud in Tangerang City Government and perceived behavioral control partially has a positive and significant effect on the behavior of State Civil Apparatus (ASN) fraud the environment of the City Government of Tangerang City. This research concludes that: (1) the more Appropriate the compensation,

Keywords: Fraud behavior, suitability compensation, internal control, perceived behavioral control



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INTRODUCTION

The chaotic problem of corruption in Indonesia in various public service sectors becomes an obstacle for the country in carrying out the obligations as stipulated in the Constitution of 1945 Constitution NRI-serve every citizen and resident to fulfill the rights and basic needs. Corruption adverse impact on public services better service public goods and public services as well as administrative services. Especially with the rampant corruption that befell the leader of the regional head. Recently 41 members of parliament out of a total of 45 suspects in the case of corruption by the Corruption Eradication Commission (KPK). Of course, this practically paralyzes the legislative function in Malang that harm local communities. The relation between corruption and public service, presented by David Hall (2012) that corruption undermines public services, and spends the state budget to hand with the corrupt political elite. Corruption Regional Government Research conducted by the research team from the University of Indonesia (2018), produced some initial findings against Corruption Local Governance Pattern in 2010-2018 and its relation to the barriers of public service provision in local communities. Early studies that we did was to identify patterns of corruption of local government through a legally binding court decision (inkracht) as well as in the process of legal action, with the following pattern: (1) a pattern of corruption related to the licensing-mining and oil and gas, forestry, governance space, and land; (2) The pattern of corruption related to the functions of the Regional Representatives Council (DPRD) -legislation, budgets and monitoring the implementation of policies; (3) The pattern of corruption related to the procurement of government goods and services; (4) The pattern of corruption related to the promotion, transfer and bribe positions; and (5) a pattern of corruption related to the village fund-is the latest pattern. Each pattern can be mapped in the category of sectors, modes, actors involved, losses to the state, region, and time and observe how corruption also hamper governments in providing public services to the community. (territory and time and observe how corruption also hampers governments in providing public services to the community. (territory and time and observe how corruption also hampers governments in providing public services to the community. (www.kpk.go.id)

Meanwhile, based on the data of Transparency International in 2015 issued on January 27, 2016, Indonesia's Corruption Perception Index ranks 88 out of 167, along with Albania, Algeria, Egypt, Peru, Morocco, and Suriname. The Corruption Perceptions Index is worse than other Southeast Asian countries like Malaysia, Thailand, and Singapore. As for the barometer of corruption in Indonesia, according to a survey conducted by Transparency International in 2013 obtained the result that 79% of respondents felt that the office of public/civil servants does a lot of acts of corruption (source: transparency.org). These data indicate that the level of corruption within government institutions is very high and can lead to state loss is not small figure is 79% this should need to be aware before the State greater losses. Not surprisingly, much research about how perceptions of Civil Servants (PNS) of the factors that can affect a civil servant commit fraud. Fraud stems from a squeeze pressure. Servants have urgent financial needs, which they can not tell it to others (Tuanakotta, 2010). According to Zimbelman et al. (2014) reported the majority of fraudulent behavior due to financial pressures. Financial pressures may arise due to the incompatibility of the compensation received by employees. The employee should be compensated following the education and dedication to the State Civil Apparatus (ASN) forward criteria other compensation. Governments that do not provide compensation to employees following the criteria for compensation, will lead to disappointment that drives employee behavior, fraud as a negative response. Definition of Fraud by Tuanakotta (2014) is a legal concept to the absorption of accounting science and is an important element in the world of forensic accounting. Fraud contains the element of intent, malice, deceit, concealment, and abuse of authority, and violation of the law. Zimbelman et al. (2014) describe the fraud as a general term and includes all sorts of ways that can be used with a certain shrewdness, which is chosen by the individual for the benefit of another party to perform misrepresentation.

As previous research concerning the behavior of fraud, among others, Taufik (2019) which concluded that the compensation Nonconformities do not have a significant effect on the behavior of fraud, Ineffectiveness of internal control has a significant positive effect on the behavior of fraud and Perceived behavioral control has a positive influence significant against fraud behavior. Zia'ulhaq (2017) His research led to the conclusion that: (1) getting appropriate compensation for the less fraud in government agencies, (2) the more effective system of internal controls, the smaller the occurrence of fraud in government agencies, (3) the better the ethical culture, the smaller the organization of fraud in government agencies. Chandra and Ikhsan (2015) and Shintadevi (2015) concluded that the compensation is corresponding a negative effect on fraud behavior. Dwi Asih (2015) describes the fraudulent research results as follows dua result contrary to previous studies, namely: a) does not affect the performance incentive fraud, because the incentive is not based on performance, not its level, the majority of fraud is committed by those who have tenure under 5 years the majority of respondents came from the level. b) does not affect the internal control system of fraud, because the implementation of internal controls did not confirm the number of PP 60, 2008 as a good guideline, and most frauds carried out for their opportunities. Organizational culture, only one line with previous research that affects the fraud, because of success in the socialization of punishment, staff training, transparency, and accountability. Hidayat and Nugroho (2010). Internal controls are ineffective is one of the causes of fraud as contained in LHP BPK-RI. The KMPG Fraud Survey results also found that fraud occurred because of the ineffectiveness of internal controls. (Ahriani et al. 2014; Butler et al. 2014; Daughter 2014). Based on the research, it can be concluded that an effective internal control negatively affects the behavior of fraud. While other research conducted by Ahriati et al. (2015), Adi et al. (2016), and Mustika et al. (2016) concluded that the effectiveness of the internal controls does not affect the level of fraud behavior.

Research on perceived behavioral control on the behavior of fraud committed by Blanthorne (2000), Bobek and Hatfield (2003), Cummings et al. (2009), as well as Hidayat and Nugroho (2010). Research conducted by Cummings et al. (2009), and Hidayat and Nugroho (2010) concluded that the low perceived behavioral control influences the incidence of fraud

behavior. These results differ from research carried out by Blanthorne (2000) and Bobek and Halfield (2003), which states that perceived behavioral control does not influence fraud behavior. Factors intention (intention) is also a determinant of behavior in theory planned behavior. Integration fraud triangle theory and the Theory of Planned Behavior to enter factors Theory of Planned Behavior to the fraud triangle theory that deficiencies in the fraud triangle theory can be overcome. It shows that the fraud triangle theory and the Theory of Planned Behavior can be used together to analyze the factors that influence fraud behavior. The existence of fraud cases such as bribery, manipulation, corruption, graft, and others involving the State Civil Apparatus (ASN) makes the accountability of public sector financial reporting is questionable, so interesting to research the factors triggering their fraudulent behavior.

METHODS

This study uses associative causal research with the hypothesis that aims to test about the influence of one or more variables against that is both cause and effect, between a variable (an independent/ X_n) with other variables (Dependent Variable / Y_n). Variables used in this research are the dependent variable (dependent variable), behavior fraud, and independent variables (independent variables), the Compensation, Internal Control, and Perceived Behavioral Control. Thus, this research requires a hypothesis testing with statistical tests. The data analysis technique used is; 1. Validity and reliability, 2. Test descriptive statistics to provide a picture or description of a data seen from the average (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness; 3. The test starts from the classical assumption of normality test, multicollinearity, and heteroscedasticity; all these assumptions have to pass the test so that the regression equation can be trusted; 4. fitness model test consisting of the coefficient of determination and simultaneous test F; and 5. Hypothesis test that the t-test, which basically shows how far the influence of the independent explanatory variables is individually or in explaining the variation of the dependent variable (Ghozali, 2013).

RESULT AND DISCUSSION

Based on regression testing that has been done, the following explanation of the hypothesis of the study:

Table1. T-Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)					
KOMP PD.INT PBC	4,214	4.319		2.997	.001
	-.325	,368	-.573	-2411	,000
	-.425	,471	-.531	-2.174	,002
	,032	,047	,035	2.459	.000

Dependent Variable: PLK.FRD

Regression equations based on the results of hypothesis testing by t-test is as follows:

$$\text{Behavior Against Fraud} = 4,214 - 0.325\text{Compensation} - 0.425\text{InternalControl} + 0.032\text{PerceiveBehaviourControl} + e$$

- a. From the regression equation above, it appears that the regression coefficient of Competence, and Internal Control are negative, which means that if the level of competence and Internal Control increases (High), then the behavior of fraud will decrease (low). On the other hand, for *Perceived Behavioral Control* is positive, which means indicates that a good perceived behavioral

control can minimize the behavior of fraud occurring.

- b. A constant value of 4.214 means that when competence, Internal Control, and Behavior Control perceive nothing, then the decision of 4.21%.

Compensation Effect Behavior Against Fraud

Variable compensation has t calculate equal to -2.411 and significance value of 0.000 at a significance level of 0.05. It can be concluded that $0.000 < 0.05$, then hypothesis (H1), which reads "Compensation positive influence on behavior fraud", Was rejected. It is in line Zia'ulhaq (2017) His research led to the conclusion that: (1) getting appropriate compensation for the less fraud in government agencies, (2) the more effective system of internal controls, the smaller the occurrence of fraud in government agencies, (3) the better the ethical culture of the organization, the smaller the occurrence of fraud in government agencies. Chandra and Ikhsan (2015) and Shintadevi (2015) concluded that the compensation corresponds to a negative effect on the behavior of fraud. In the fraud triangle theory, Vona (2008: 7-8), mentioned pressures are events that occur in the organization or in the individual's life, in which personal needs become more important than personal ethics or the needs and goals of the organization result research This indicates that the compensation is not a factor triggers the behavior fraud State Civil Apparatus (ASN) in the local government of the city of Tangerang, The incompatibility of the compensation awarded to employees of the agency did not make the cause of increased fraud behavior at the institution. It is presumably because the amount of compensation received State Civil Apparatus (ASN) in the local government of the city of Tangerang evenly followed the respective positions so that the compensation system did not trigger jealousy in the neighborhood LG Kota Tangerang.

Effect of Internal Control Behavior Against Fraud

Internal control variables have t calculate equal to -2.174 and significance value of 0.002 at a significance level of 0.05. It can be concluded that $0.002 < 0.05$, then hypothesis (H2), which reads "Internal Control positive influence on the behavior of fraud", was rejected. It is in line Zia'ulhaq (2017) His research led to the conclusion that: (1) getting appropriate compensation for the the smaller the occurrence of fraud in government agencies, (2) the more effective system of internal controls, the smaller the occurrence of fraud in government agencies, (3) the better the ethical culture of the organization, the smaller the occurrence of fraud in government agencies. Chandra and Ikhsan (2015) and Shintadevi (2015) concluded that the compensation corresponds to a negative effect on the behavior of fraud. In the fraud triangle theory, Mulyadi (2008: 180) states that the system of internal control is a process that is run by a board of directors, management, and other personnel, designed to provide reasonable assurance about the achievement of the three categories of interest that the reliability of financial reporting, compliance with laws and regulations, effectiveness and efficiency of operations. This study indicates that the behavior of fraud that occurred in the State Civil Apparatus (ASN) in Tangerang City local government environment can be minimized with effective internal controls, as increasingly ineffective internal controls within an agency will improve the behavior of fraud at the institution.

Influence Perceived Behavioral Control Behavior Against Fraud

Variable perceive behavior control has t count equal to 2,455 and the significant value of 0.000 at a significance level of 0.05. Therefore, it can be concluded that $0.000 < 0.05$, then hypothesis (H3), which reads "Behavior Control perceive positive influence on the behavior of fraud", received. It is in line with Taufik (2019) which concluded that the compensation Nonconformities do not have a significant impact on fraud behavior, lack of effectiveness of internal control has a significant positive effect on the behavior of fraud, and Perceived behavioral control has a significant positive effect on the behavior of fraud. On the other hand, Hidayat and Nugroho

(2010) concluded that the low perceived behavioral control influences the incidence of fraud behavior; perceived behavioral control is an individual's perception of its control concerning a particular behavior (Ajzen, 2005). This factor, according to Ajzen, refers to the individual's perception of easy or difficult it gave rise to a particular behavior and is assumed to be a reflection of past experience and anticipated barriers. Therefore, the results of this study indicate that the behavior of fraud that occurred in the Administrative State Civil (ASN) in the local government of Tangerang city can be minimized by perceived behavioral control was good, because the employee ASN feel a lot of contributing factors to commit fraud and a little obstacle to commit fraud then an employee ASN will have the easy perception to commit fraud so that the behavior of fraud is likely to increase.

CONCLUSION

Based on the results obtained through hypothesis testing and the discussion that has been described in previous chapters, it can be concluded that: 1.) There is a negative and significant impact on the Conduct Compensation Fraud on State Civil Apparatus (ASN) in the local government of the city of Tangerang. The results of these hypotheses can provide a picture that the compensation is not a factor that triggers the behavior fraud State Civil Apparatus (ASN) in the local government of the city of Tangerang. The incompatibility of the compensation awarded to agency employees did not make the cause of increased fraud behavior at the institution. It is presumably because the amount of compensation received State Civil Apparatus (ASN) in the local government of the city of Tangerang evenly followed the respective positions so that the compensation system did not trigger jealousy in the neighborhood of Tangerang. 2.) There is a negative and significant impact on the behavior of internal controls Fraud on State Civil Apparatus (ASN) in the local government of the city of Tangerang. This result indicates that the behavior of fraud that occurred on State Civil Apparatus (ASN) in the local government of the city of Tangerang can be minimized with effective internal controls, as increasingly ineffective internal controls within an agency will improve the behavior of fraud at the institution. Furthermore, it shows that, in general, the internal control environment State Civil Apparatus (ASN) in the local government of Tangerang has a strong influence in determining employees' actions. 3.) There is a positive and significant effect of Behavior perceived behavior control against Fraud on State Civil Apparatus (ASN) in the local government of the city of Tangerang. This matter shows that generally perceived behavioral control on State Civil Apparatus (ASN) in the local government of the city of Tangerang strong influence in influencing employee behavior.

Based on the results of the analysis, discussion, and conclusions that have been described previously, the author gives suggestions that can be used as input or consideration for the parties concerned as follows: 1.) ASN employee compensation suitability for the performance will reduce the possibility of fraud in the local government of the city of Tangerang. Compensation in the form of awards or charter could be motivation for employees ASN. 2.) The internal control system must continue to be developed following the state agencies that can still protect against the possibility of fraud. 3.) Subsequent researchers can add or replace a variable in order to obtain the more varied research results.

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