

THE EFFECTS OF COMPENSATION APPROPRIATENESS, PUNISHMENT, AND RELIGIOSITY ON ACCOUNTING FRAUD TENDENCIES

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ABSTRACT

One of the basic principles that must be owned by government institutions to achieve good governance is accountability. Accountability is an important thing in the process of achieving the goals of an organization. The form of government accountability to the community is through financial reports that are reported periodically based on fund management activities. The process of managing funds and preparing financial reports is inseparable from the threat of fraud. Therefore, the main objective of this study is to identify the effect of compensation appropriateness, punishment, and religiosity on accounting fraud tendencies. The object of this study is government offices in East Borneo, Indonesia. The data was obtained from questionnaires distributed to 129 government officials from 48 offices in East Borneo and was analyzed descriptively in WarpPLS 5.0. This study finds that compensation appropriateness negatively affects accounting fraud tendencies, that punishment negatively affects accounting fraud tendencies, and that religiosity negatively affects accounting fraud tendencies. The results of this study can explain the application of the fraud triangle theory in detecting and preventing the increasing trend of accounting fraud in Indonesia. This research contributes to government offices in East Borneo so that they can improve compensation appropriateness, punishment, and religiosity in order to reduce accounting fraud tendencies. and can be a reference for the government to complete and fix effective regulations for reduce the accounting fraud tendencies in the government sector.

Keywords: Compensation Appropriateness, Punishment, Religiosity, Accounting Fraud Tendencies

INTRODUCTION

The Accounting Fraud Tendencies is deliberate actions, policies and methods, cunning, concealment, and disguise, namely in presenting financial reports and managing organizational assets that lead to the goal of achieving benefits for themselves and making others the party that disadvantaged (Thoyibatun, 2009). The Accounting Fraud Tendencies is influenced by the level of corruption in a country (Gaviria, 2002). Based on the Index Corruption Watch (ICW) in 2018, Indonesia is in 89th position out of 180 countries. The value obtained by Indonesia is 38 on a scale of 0-100, meaning that the lower the value, the more corrupt the country is, and vice versa. When compared to 2017, Indonesia ranks 96th with a score of 37. An increase of 1 point in the ICW does not make law enforcement maximal in eradicating corruption, even though in terms of its increasing position (ICW, 2018). ICW stated that although the number of cases and perpetrators decreased from 2017-2018, the state losses incurred were very large when compared to 2015-2016 (ICW, 2018).

Accounting Fraud Tendencies that occurs in the flow of government is usually in the form of the State Budget, which means that there are inaccuracies in spending sources of funds. This is supported by the ICW report which also states that the government sector is the second most corrupt sector (57 cases) after the village budget (96 cases). The mode used in relation to the procurement of goods and services is an increase in the budget and reporting which causes the state loss of 996 billion rupiah's (ICW, 2018). This can be caused during the budgeting of goods whose economic value is not necessarily depleted and does not necessarily match their needs, so that gaps in fraudulent practices emerge. In addition, the results of the mapping conducted by ICW stated that 34% of the perpetrators came from the State Civil Service or 375 of the 1087 actors followed by the private sector, 21% or as many as 235 actors. (ICW, 2018).

East Borneo is a province that has received Unqualified Opinion 5 times in a row until 2018 (BPK, 2018). In addition, East Borneo Province is included in the top 10 related to Public Bodies that have the best information disclosure in Indonesia (Information Commission of East Borneo Province, 2017). The Provincial Government of East Borneo also received third place in Indonesia in terms of accreditation of government performance and was ranked third in the Regional Government Administration Report from the Ministry of Home Affairs. However, there are several cases related to the accounting fraud tendencies in East Borneo, namely the corruption case of regional school operational assistance (Bosda) funds by the Principal and regional school operational assistance (treasurer of SMK 10 Samarinda City, amounting to 456 million rupiahs, which was the budget for the regional school operational assistance funds for the 2009-2010 period (Kaltim.tribunnews.com). In addition, there was also corruption in the Water Supply System project by PPTK of the Cipta Karya and City Planning Office of IDR 15 billion (Kaltim.prokal.co). The cases above indicate that there is still a tendency for accounting fraud tendencies in the Government sector by the Government Civil Servants in East Borneo Province. The inhibition of economic growth, especially in the East Borneo region, is caused by the low quality and quantity of infrastructure. East Borneo ranks fifth lowest of thirty-three provinces in Indonesia, based on the amount of GRDP (Gross Regional Domestic Product) per capita and the level of quality and quantity of existing infrastructure (Regional Development Analysis of East Borneo Province, 2015).

The Fraud Triangle theory explains that someone commits cheating because of pressure, opportunity, and rationalization (Cressey, 1973). The pressure to commit fraud is dominated by financial needs or problems (Albrecht, 2010). This can happen because the compensation received is quite large, but due to a high lifestyle, the compensation received is not sufficient to meet their needs

(Egita and Maghfiroh, 2018). Appropriate compensation to the agent (manager) aims to prevent the agent's deviant actions. This is supported by research by Prasetya (2015), Junia (2016), Widyaswari, Yuniarta, and Sujana (2017), and Zulfikar (2017) which state that the compensation appropriateness negatively affects on accounting fraud tendencies. However, the research results of Wilopo (2006), Kusumastuti and Meiranto (2012), and Hamdani (2017) show that the compensation appropriateness has no effect on the accounting fraud tendencies/accounting fraud.

Daniel, Beasley, Manelaidis, and Palmrose (2002) explain that the opportunities that cause fraudsters to easily carry out their actions can be shown by weaknesses in internal control, indiscipline, weaknesses in accessing information, and inadequate audit mechanisms and apathy. Therefore, loose internal controls and weak supervision can trigger someone to commit fraud. One of the preventive steps that can be taken to minimize the chance of fraud is to implement a punishment system. Wibisono (2015), Permatasasi (2016), Istiqomah (2017), and Egita and Maghfiroh (2018) state that the better the punishment applied by companies or institutions, the accounting fraud tendencies will also decrease so that it will accelerate organizational goals.

Rationalization is an attitude of justification for certain parties to commit an act of fraud (Cressey, 1973). If the perpetrators think that the fraud they have committed is reasonable, they assume that they only took a little or borrowed existing assets and would not harm other people/organizations (Kurniawan (2013). Based on this, it can be said that someone who committed cheating does not use conscience and only uses their rationalization or logic. Therefore, to control their logic so as not to commit fraud, organizations need to carry out guidance and study in religious activities on a regular basis. A person with a high level of religiosity has a positive effect on performance (Rohayati, 2014). In addition, the results of research by Maryani and Ludigdo (2001) show that the factor that is considered dominant influencing accountants' ethical attitudes and behavior is religiosity (67.46%).

Religiosity encourages individuals to be wiser in facing job challenges. When organizations provide religious activities, it is hoped that it can help form employees who are more honest, full of responsibility, and prevent them from bad actions. The research results of Pamungkas (2014), Basri (2015), Safitri (2017), and Said (2018) prove that religiosity has a negative effect on fraud. However, the results of a survey by the Indonesian Survey Institute (LSI) concluded that a person's religious level only has a negative effect on anti-corruption attitudes, but does not have an impact on behavior. The more religious, the more anti-corruption attitude. The survey results prove that the accounting fraud tendencies can be found in those who are religious or not. The level of religiosity of most Indonesian citizens is only at the normative level, and has not had a significant impact on the attitudes or behavior of the accounting fraud tendencies (LSI, 2017). Individuals will commit fraud without considering the level of religiosity they have (Urumsah, Adhitya, and Adherta, 2016).

Based on the results of previous research, there were inconsistencies in the results of the study so that the researcher wanted to re-examine the effect of the compensation appropriateness, punishment and religiosity on accounting fraud tendencies to be carried out at Local Government' agencies in the East Borneo Provincial Government. Local Government' agencies was taken as an object based on the ICW report which stated that more than 32% of the perpetrators of fraud were State Civil Servants. The East Borneo Provincial Government was chosen because from the perspective of preparing the financial statements it does not appear to have problems, based on the Unqualified opinion. However, in the mass media reports, a number of cases were revealed.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

In the context of this study, researchers used Fraud Triangle Theory (Cressey, 1973) and Agency Theory (Jensen dan Meckling, 1976). The Fraud Triangle Theory explains the reasons someone commits fraud. According to Cressey (1973) there are three elements that can encourage someone to make mistakes, namely pressure, opportunity, and rationalization. Furthermore, Agency theory is used as the basis for developing the concept model in this study. This is seen as the basis for developing the concept model in this study to confirm individual factors that can influence the accounting fraud tendency. The accounting fraud tendency is one of the development problems in the context of the relationship between principal and agent. With conflicting interests and exceeding reasonable capacity, this is what drives agents to tend to commit fraud.

1. The Effect of Compensation Appropriateness on Accounting Fraud Tendencies.

The fraud triangle theory states that one of the motivations for someone to commit fraud is pressure (Cressey, 1973). The pressure a person feels will influence that person's actions. With the provision of compensation in accordance with what is done, the person will feel justice and have a tendency to take good actions. Compensation appropriateness is the suitability and satisfaction of a person with what the institution provides to them in return for the work that has been done (Dewi, Surya and Hasan, 2017). The response from the work given can be in the form of hourly wages or periodic wages designed and managed by the personnel department (Kadarisman, 2012).

The results of research by Delfi, Anugerah, and Al-Azhar (2014) state that the compensation appropriateness has a negative effect on the accounting fraud tendencies. This means that if the compensation provided by the organization to employees is appropriate, the accounting fraud tendencies will decrease. The results of this study support the results of several studies, such as the results of research by Junia (2016) and research by Widyaswari (2017) which found that compensation appropriateness negatively affects the accounting fraud tendencies. However, the research results by Wilopo (2006), Kusumastuti and Meiranto (2012), and Hamdani (2017) found that the compensation appropriateness cannot reduce the accounting fraud tendencies. An appropriate compensation system is expected to make individuals feel fulfilled so that individuals do not commit accounting fraud tendencies that have an impact on losses to other parties and the organization. Based on the description above, the researcher formulates the following hypothesis:

H1: *Compensation appropriateness negatively affects Accounting fraud tendencies*

2. The Effect of Punishment on Accounting Fraud Tendencies

The fraud triangle theory explains that opportunity (Opportunity) is an important element of why someone has a tendency to commit fraud (Cressey, 1973). Opportunities occur in two conditions, namely when a person has knowledge of the organization in which he works to take advantage of his position in the organization, and when someone has skills and abilities in an area so that they have a greater chance of taking advantage compared to those who do not have the skills and ability. Nugroho (2006) states that one of the actions that can be taken to prevent the accounting fraud tendencies is to carry out punishment. The more often employees get punishment for mistakes that have been committed, the less mistakes will be taken.

The research results by Wibisono (2015) found that there is a form of feedback in the form of punishment, it is hoped that employees can consider each of their actions, in this case in the form of acts of accounting fraud tendencies. The results of this study are also supported by the results of research by Permatasari (2016) and Istiqomah (2017), which state that punishment has a negative effect on the accounting fraud tendencies. The better an organization applies a fair punishment to its employees, the more likely it will be to prevent the accounting fraud tendencies to occur. Based on the description above, the researcher formulates the following hypothesis:

H2: *Punishment negatively affects Accounting fraud tendencies*

3. The Effect of Religiosity on Accounting Fraud Tendencies

Rationalization in the fraud triangle theory is defined as an act of self-righteousness for wrong actions (Cressey, 1973). Kurniawan (2013) argues that if the perpetrators of fraud think that the fraud they are committing is something normal, they are committing fraud and think that they only take a little or borrow company property and will not harm the company. A person's strong belief in religiosity will inhibit the tendency to commit cheating (Grasmick, Bursik, and Cochran, 1991). A high level of religiosity will prevent someone from doing things that cause sin, such as theft, corruption, manipulation, and various types of fraud (Ismail and Hamidah, 2019). Basri (2015) and Safitri (2017) found that religiosity has a negative effect on fraud. Pamungkas (2014) found that the religiosity variable had a negative effect on the accounting fraud tendencies. Based on the description above, the researcher formulates the following hypothesis:

H3: *Religiosity negatively affects Accounting fraud tendencies*

RESEARCH METHODS

The population in this study were Government Civil Servant in the Local Government Agencies in East Borneo province. This population was chosen because it was based on an ICW report which stated that more than 32% of the perpetrators of fraud were State Civil Servants. The East Borneo Provincial Government was chosen because from the perspective of preparing the financial statements it does not appear to have problems, based on the Unqualified opinion. However, in the mass media coverage, there were a number of cases disclosed relating to the accounting fraud tendencies. The sample in this study was taken by purposive sampling technique using the following criteria:

1. Structural officers/employees with structural position specifications for Echelon II, III, and IV who are directly involved in the financial process, budget preparation, and preparation of financial reports.
2. Officials/employees who are directly involved in the financial process, budget preparation and financial report preparation, consisting of (1) Local Government Agencies head, (2) Secretariat, (3) Finance sub-division, and (4) Program sub-division.
3. Officials/employees who have at least six months of work experience in the position that is currently in their lap. The reason is so that he can better understand the work process in their holding position.

Based on these criteria, it can be seen that the units of analysis in this study were 4 government civil servants that met the criteria in each Local Government Agencies in the East Borneo Provincial Government. Data from the Central Statistics Agency reports that there are 46 of Local Government Agencies in the East Borneo Provincial Government. (Central Statistics Agency, 2019). It can be concluded that the sample in this study was 184 government civil servants.

The data collection technique used was a survey by sending statements in the form of a questionnaire. Questionnaires were distributed using computer-delivered surveys via Google Form. The distributed questionnaire contains statements about the accounting fraud tendencies, the compensation appropriateness, punishment, and religiosity. Each answer point on the questionnaire was scored using a Likert scale of 1-5, namely (1) Strongly Disagree (STS), (2) Disagree (TS), (3) Neutral (N), (4) Agree (S), (5) Strongly Agree (SS). The constructs and indicators used can be seen in Table 1 as follows:

Table 1
Details of Latent Variable/Construct and Manifest Variable/Indicators

No	Construct	Indicators	Code	Reference
1	Compensation Appropriateness (CA)	1 Salaries and Wages	CA1	Ivancevich, Konopaske, dan Matteson (2006:226)
		2 Allowances	CA2	
		3 Bonus/Incentives	CA3	
		4 Interpersonal Appreciation	CA4	
		5 Promotion/Facilities	CA5	
		6 Completion of Tasks	CA6	
		7 Achievement	CA7	
		8 Autonomy	CA8	
		9 Personal Growth	CA9	
2	Punishment (P)	1 Efforts to Minimize Errors that Occur	P1	Siagian (2006)
		2 There is A Heavier Penalty if The Same Mistake Committed	P2	
		3 The punishment is given with an explanation	P3	
		4 Immediate penalties are given after irregularities	P4	
3	Religiosity (R)	1 Religious Practice	R1	Glock, and Stark (1965)
		2 Religious Belief	R2	
		3 Religious Knowledge	R3	
		4 Religious Feeling	R4	
		5 Religious Effect	R5	
4	Accounting Fraud Tendencies (AFT)	1 Misstated	AFT1	Thoyibatun (2009)
		2 Misapplication	AFT2	
		3 Embezzlement of Assets	AFT3	
		4 Misuse of Receipts	AFT4	

Source: Data processed (2019)

The data analysis includes the outer model test (consisting of convergent validity test, discriminant validity test, and reliability test) and inner model test. The validity test consists of convergent validity and discriminant validity. Convergent validity occurs if it is obtained from two different instruments measuring constructs that have a high appearance. According to Hair et al., (2013) quoted by Sholihin and Ratmono (2013: 65-67), there are two criteria to assess whether the outer model meets the convergent validity requirements for reflective constructs, namely loading factor >0.70 and p-value (<0.05). Meanwhile, the validity is measured using the value of the square root Average Variance Extracted (AVE), which is greater available between constructs, and the loading indicator for the measured construct is greater in loading into other constructs (Sholihin and Ratmono, 2013: 16). Reliability test shows the accuracy, consistency, and accuracy of a measuring instrument in making measurements (Hartono, 2018: 146). In PLS, there are two requirements for the reliability test, namely the value of Cronbach's alpha and composite reliability must be ≥ 0.7 (Sholihin and Ratmono, 2013: 16).

Furthermore, according to Abdillah and Hartono (2015: 57) the inner model test is a structural model to predict the causality relationship between latent or construct variables. The structural model in PLS is evaluated with 2 tests, namely measuring the level of Goodness of Fit of a model seen from the R-squared (R2) value used to measure how much influence certain independent latent variables have on the dependent latent variable. Finally, the estimated path coefficient test was carried out to find out the level of significance in hypothesis testing (<0.05) (Hartono, 2018: 204).

RESULTS AND DISCUSSION

The research data was collected from 1 July to 25 July 2020. The questionnaire was in soft file form, distributed via the Google Form link to 184 Government Civil Servants in each Local Government Agencies of the East Borneo Provincial Government. The details of the number of questionnaires distributed, the uncompleted questionnaires, and the processed questionnaires presented in Table 2 as follows.

Table 2 Questionnaires Distribution and Rate of Questionnaires Returned

No.	Item	Total Questionnaires	Percentage
1.	Number of questionnaires distributed	184	100%
2.	Uncompleted questionnaires	55	29,9%
3.	Processed questionnaire	129	70,1%

Source : Data processed (2020)

Outer Model Test

1. Validity Test

a. Convergen Validity

Convergent validity was used to measure the validity of the statement-variable relationship items (constructs). Based on Hair et al., (2013) Measurements cited by Sholihin and Ratmono (2013: 65-67) where all loading factor values must be > 0.70. The loading factors results are presented in Table 3 as follows.

Table 3 Loading Factor Results

	Loading Factor	Standard Error	p-value	Decision
X ₁₁ ← CA	0,725	0,074	<0,001	Valid
X ₁₂ ← CA	0,774	0,074	<0,001	Valid
X ₁₃ ← CA	0,727	0,074	<0,001	Valid
X ₁₄ ← CA	0,677	0,075	<0,001	Not Valid
X ₁₅ ← CA	0,696	0,075	<0,001	Not Valid
X ₁₆ ← CA	0,361	0,081	<0,001	Not Valid
X ₁₇ ← CA	0,447	0,080	<0,001	Not Valid
X ₁₈ ← CA	0,606	0,077	<0,001	Not Valid
X ₁₉ ← CA	0,368	0,081	<0,001	Not Valid
X ₂₁ ← P	0,340	0,082	<0,001	Not Valid
X ₂₂ ← P	0,803	0,073	<0,001	Valid
X ₂₃ ← P	0,789	0,073	<0,001	Valid
X ₂₄ ← P	0,717	0,075	<0,001	Valid
X ₃₁ ← R	0,771	0,074	<0,001	Valid
X ₃₂ ← R	0,839	0,072	<0,001	Valid
X ₃₃ ← R	0,619	0,076	<0,001	Not Valid
X ₃₄ ← R	0,801	0,073	<0,001	Valid
X ₃₅ ← R	0,780	0,074	<0,001	Valid
Y ₁ ← AFT	0,757	0,074	<0,001	Valid
Y ₂ ← AFT	0,737	0,074	<0,001	Valid
Y ₃ ← AFT	0,764	0,074	<0,001	Valid
Y ₄ ← AFT	0,802	0,073	<0,001	Valid

Source: Data processed (2020)

Based on Table 4, it is known that the loading factor results of all indicator constructs is more than 0.7, except X₁₄, X₁₅, X₁₆, X₁₇, X₁₈, X₁₉, X₂₁, and X₃₃. Referring to the basic consideration of loading factor results and statistical values that do not meet the requirements, in the next stage a re-estimation of the model is carried out by removing the invalid indicators and the results obtained are presented in Table 4 as follows.

Table 4 Re-Estimate Loading Factor Results

	Loading Factor	Standard Error	p-value	Decision
X ₁₁ ← CA	0,829	0,073	<0,001	Valid
X ₁₂ ← CA	0,918	0,071	<0,001	Valid
X ₁₃ ← CA	0,763	0,074	<0,001	Valid
X ₂₂ ← P	0,817	0,073	<0,001	Valid
X ₂₃ ← P	0,800	0,073	<0,001	Valid
X ₂₄ ← P	0,756	0,074	<0,001	Valid
X ₃₁ ← R	0,793	0,073	<0,001	Valid
X ₃₂ ← R	0,852	0,072	<0,001	Valid
X ₃₄ ← R	0,824	0,073	<0,001	Valid
X ₃₅ ← R	0,779	0,074	<0,001	Valid
Y ₁ ← AFT	0,757	0,074	<0,001	Valid
Y ₂ ← AFT	0,737	0,074	<0,001	Valid
Y ₃ ← AFT	0,764	0,074	<0,001	Valid
Y ₄ ← AFT	0,802	0,073	<0,001	Valid

Source : Data processed (2020)

Table 5 shows that for the model after re-estimating the loading factor of Compensation Appropriateness, Punishment, and Religiosity to Accounting Fraud Tendencies has met the requirements with a loading factor value > 0.70.

b. Discriminant Validity

The discriminant validity test was carried out to prove that the sizes in different constructs were not highly correlated (Sholihin and Ratmono, 2013: 16). The results of the cross-loading calculation can be seen in Table 5 as follows.

Table 5 Cross Loading Results

Indicators	CA	P	R	AFT
X11	0.829	-0.151	0.045	-0.132
X12	0.918	-0.023	-0.003	0.082
X13	0.763	0.192	-0.045	0.045
X22	-0.101	0.817	0.054	0.103
X23	0.099	0.800	0.018	0.123
X24	-0.004	0.756	-0.077	-0.242
X31	0.124	0.129	0.793	0.113
X32	-0.071	-0.193	0.852	-0.094
X34	-0.044	0.041	0.824	-0.016
X35	0.002	0.037	0.779	-0.005
Y1	0.100	0.069	-0.034	0.757
Y2	-0.022	-0.057	0.053	0.737
Y3	-0.095	-0.046	-0.252	0.764
Y4	0.016	0.031	0.224	0.802

Source : Data processed (2020)

Based on the cross-loading results, all indicators consisting of latent variable (construct) in this study have met the discriminant validity standard because the loading factor is the highest for the variables it forms, not for other variables. Thus, all indicators in each variable have met the requirements for discriminant validity.

2. Reliability Test

The construct reliability was tested by calculating Cronbach's Alpha and composite reliability. The value of both must be >0.70 as a condition of reliability (Sholihin and Ratmono, 2013:16). The results of Cronbach's Alpha and Composite Reliability calculations can be seen in Table 6 as follows.

Table 6 Cronbach's Alpha and Composite Reliability Results

Construct	Cronbach's Alpha	Composite Reliability
CA	0.877	0.786
P	0.834	0.701
R	0.886	0.828
AFT	0.850	0.764

Source: Data processed (2020)

The value of composite reliability and cronbach's alpha \geq 0.70. Thus, each construct in this study has good reliability.

Inner Model Test

After testing the validity and reliability, an inner model evaluation will be carried out. The parameters used to evaluate the inner model are the goodness of fit model and the path coefficient. The goodness of fit model is used to determine the ability of exogenous variables to explain the diversity of endogenous variables, or to determine the magnitude of the contribution of exogenous variables to endogenous variables. The goodness of fit model in PLS analysis is carried out using the Q-Square predictive relevance (Q^2). The following are the results of the goodness of fit model in Table 7.

Table 7 Goodness of Fit Model Results

Construct (Endogenous variable)	R^2
Accounting Fraud Tendencies (AFT)	0.617

Source : Data processed (2020)

R -Square (R^2) is 0,617 or 61,7% which indicates that the accounting fraud tendencies can be explained by the constructs of Compensation Appropriateness, Punishment, and Religiosity of 61.7%, or in other words the contribution of Compensation Appropriateness, Punishment, and Religiosity on the accounting fraud tendencies is 61.7%, while the remaining 38.3% is the contribution of other constructs are not discussed in this study.

The path coefficient value shows the level of significance in testing the hypothesis. The test criteria states that if the p-value \leq level of significance (α) = 5% or it is stated that there is an influence of exogenous variables on endogenous variables, the path coefficient results are presented in Table 8 as follows.

Table 8 Path Coefficient Results

Effect	Path Coefficients	p-value	Decision
CA \rightarrow AFT	-0.223	0,004	H1 accepted
P \rightarrow AFT	-0.335	<0,001	H2 accepted
R \rightarrow AFT	-5.501	<0,001	H3 accepted

Source : Data processed (2020)

H1 in this study states that compensation appropriateness negatively affects the accounting fraud tendencies, so H1 is accepted. The provision of compensation appropriateness to employees aims to prevent deviant actions. The results of this study support the research results by Prasetya (2015), Junia (2016), Widyaswari (2017), and Zulfikar (2017) which state that the compensation appropriateness negatively affects the accounting fraud tendencies.

H2 in this study states that Punishment negatively affects the accounting fraud tendencies, so that H2 is accepted. The punishment system in the organization is proven to reduce the accounting fraud tendencies. Wibisono (2015), Permatasasi (2016), Istiqomah (2017), and Egita and Maghfiroh (2018) stated that the better the punishment applied by companies or institutions, the accounting fraud tendencies will also decrease. This means that the better an organization applies fair punishment to their employees, the more it accelerates organizational goals.

H3 in this study states that Religiosity negatively affects the accounting fraud tendencies, so that H3 accepted. Someone with a high level of religiosity can have a positive effect on their performance in the organization (Rohayati, 2014). In addition, the results of research by Maryani and Ludigdo (2001) show that the factor that is considered dominant to influence accountants' ethical attitudes and behavior is religiosity (67.46%). The results of this study support the research results by Pamungkas (2014), Basri (2015), Safitri (2017), and Said (2018) proving that the religiosity has a negative effect on the accounting fraud tendencies.

CONCLUSION

The results of this study have proven that the accounting fraud tendencies can be minimized by the compensation appropriateness obtained by employees, the existence of a punishment system implemented by the organization so that employees are afraid to carry out deviant activities, and the high religiosity that each employee has. In addition, the results of this study can explain the application of the fraud triangle theory in detecting and preventing the increasing trend of accounting fraud tendencies in East Borneo Province, Indonesia. As for agency theory, the results of this study can explain the problems between principals and agents related to the accounting fraud tendencies.

The limitations of this study are the complicated bureaucratic system in the Provincial Government of East Borneo, so that at the time of completion of the research there were still research letters that had not been disposed of and there were also questionnaires that had not been filled in. This is due to the busyness of Government civil servants as respondents so that they do not have enough time to fill out the questionnaire. In addition, with the covid-19 pandemic, most institutions in the East Borneo Provincial Government limited face-to-face or direct meetings so as not to maximize the distribution of questionnaires. From the above limitations, the instruction for further research is to conduct research well in advance so that the questionnaire filling is in accordance with expectations.

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