THE EFFECT OF INTERNAL CONTROL, FITNESS OF COMPENSATION AND COMPLIANCE WITH ACCOUNTING RULES TOWARD ACCOUNTING FAILURE

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Abstract

This study aims to find empirical evidence regarding the effect of internal control, suitability of compensation and compliance with accounting rules on the tendency of accounting fraud in several companies in Jakarta. This study uses a sample of companies in several participating companies in Jakarta including managers, supervisors, employees and staff. The total sample of this study who answered 100 respondents. Hypothesis testing in this study uses multiple regression analysis techniques with a statistical approach that is operated through the SPSS program. The results of this study indicate that internal control, suitability of compensation and compliance with accounting rules have a negative and significant effect on the tendency of accounting fraud.

Keywords: Internal Control, Compensation Suitability, Compliance with Accounting Rules and Accounting Fraud

1.1 Background

The development of accounting science, apart from providing benefits, is also a source of problems. One of the problems that occurs is the existence of fraud (fraud). Fraud has been rife in the world lately, where it has become the center of attention of various media at home and abroad. In the public sector, the tendency of accounting fraud is in the form of leakage of the State Revenue and Expenditure Budget (APBN), while in the private sector the tendency for accounting fraud to occur is in the same form, namely inaccuracy in spending sources of funds. Accounting fraud will cause the information presented in the financial statements not to reflect actual or actual conditions.

APBN is the annual financial plan of the Indonesian state government approved by the House of Representatives. The APBN contains a systematic and detailed list containing plans for state revenues and expenditures for one fiscal year (1 January - 31 December). The APBN is an instrument for regulating state expenditure and revenue in the framework of financing the implementation of government and development activities, achieving economic growth, increasing national income, achieving economic stability, and determining development directions and priorities in general. In order for the State Budget to function optimally, the budgeting system and recording of revenues and expenditures must be carried out carefully and systematically.

Accounting fraud has developed in various countries including in Indonesia, accounting fraud has developed widely, causing enormous losses in almost all sectors. Cases of accounting fraud in Indonesia occur repeatedly. According to Wilopo (2006) in Shintadevi (2015: 115), generally accounting fraud is related to corruption. In corruption, the usual actions are manipulation, recording, deletion of documents, and mark-ups that harm the country's finances or economy. The tendency of accounting fraud can be said to be a tendency to corruption in the definition and terminology due to the involvement of several elements consisting of misleading facts, violation of rules or abuse of trust, and critical fact omission.

A recent phenomenon, namely the results of a survey by Transparency International, noted that the Corruption Perceptions Index (CPI) in 2019 increased compared to 2018. The GPA score for Indonesia in 2019 was 40, while the previous year it was 38. score 40, Indonesia ranks 85th out of 180 countries in the world in the corruption perception index. Transparency international calculates the CPI or CPI on a scale of 0-100, i.e. 0 means the most corruption, while 100 means the cleanest. (Detik.com 2020).

Attribution Theory (Green and Mitchel, 1979) in Gifandi (2011), explains that the actions taken by a person are caused by causal attributes. So the actions of a leader or person who is given authority or power are influenced by the attribute of the cause. The act of fraud can be influenced by the existence of an internal control system and monitoring by superiors. The Fraud Triangle theory described by Arens,

Elder & Baslesy (2015: 398), states that corruption is also caused by 3 conditions, namely: pressure / incentives (received pressure), opportunity (received opportunity), attitude and rationalization (rationalization).

According to PP. 8 of 2006 internal control is a process that is influenced by management that was created to provide adequate confidence in the achievement of effectiveness, efficiency, compliance with applicable laws and regulations, and reliability of the presentation of financial statements.

According to Arens, Elder & Basley (2015: 345), internal control includes five elements, namely the control environment, risk assessment, information and communication control activities, and supervision. These elements help the company to achieve its goals.

The internal control system consists of policies and procedures designed to provide management with reasonable assurance that the company has achieved its goals and objectives. These policies and procedures are often called controls, and an agency, both government and private, still experiences accounting fraud due to very weak internal controls. So that it is very easy for individuals who want to seek profit for themselves by committing accounting fraud.

The phenomenon that occurs at this time is the Financial Services Authority (OJK) through a written statement received by Kompas.com (2018) explaining that the OJK officially imposes administrative sanctions in the form of cancellation of registration to the Marlina Public Accountants (AP), Merliyana Syamsul and the Public Accounting Firm (KAP) Satrio, Bing, Eny and Partners related to OJK's examination of PT Sunprima Nusantara Financing (SNP Finance). For information, the SNP Finance Annual Financial Report has previously been audited by AP from KAP Satrio, Bing, Eny and Rekan and received an Unqualified opinion. However, based on the results of OJK's examination, it is indicated that SNP Finance has presented Financial Statements that are significantly inconsistent with the actual financial conditions, which may cause losses to many parties. Based on the results of the examination by the Financial Professional Development Center (P2PK), the two APs were considered to have committed serious violations and had been sanctioned by the Minister of Finance. By considering these matters, the OJK

considers that AP Marlinna and AP Merliyana Syamsul have committed serious violations that violate POJK Number 13 / POJK.03 / 2017 concerning the Use of Public Accountant Services and Public Accountant Firms, among other things, considering that they have provided an unsavory opinion. reflects the actual condition of the company.

The rise of accounting fraud in Indonesia has led to another factor, namely the suitability of compensation. Compensation is one of the factors that influence the tendency of accounting fraud. Compensation according to Riniwati (2016: 181) is all income in the form of money, direct or indirect goods received by employees as compensation for services provided by the company. Usually employees will commit fraud due to dissatisfaction or disappointment with the results or compensation they receive for what has been done. One of the fatal consequences of inadequate compensation is accounting fraud.

Compensation Suitability is a factor that affects the occurrence of Accounting Fraud. Fraud occurs because the incompatibility of the compensation received by employees with what is done, which causes employees to commit acts of fraud. This phenomenon is corroborated by research conducted by Jobplanet (2016), which reveals that the average salary of lecturers in Indonesia is IDR 3,326,700.00 per month. Low salaries result in lecturers being forced to work elsewhere or by using their authority to make a profit. Example; trading value (Kompas.com, 2016).

According to Suwanto and Priansa (2013: 220) compensation needs to be differentiated from salary and wage, because the concept of compensation is not the same as the concept of salary or wage. Salaries and wages are one of the concrete forms of compensation. To be clearer, compensation is not only in the form of salary or wages, but other things. Meanwhile, according to Edwin in Suwanto and Priansa (2013: 220) compensation is the provision of fair and fair compensation for employees because they have contributed to the achievement of the organization.

Apart from the factors described above, the suitability of compensation also greatly influences the occurrence of accounting fraud. Compensation is in the form of money, not money (in kind), which is given to employees in a company or organization. Compensation is something that affects employee attitudes. Usually

employees will commit fraud because of dissatisfaction or disappointment with the compensation they receive for what has been done and cause losses to the company.

Another factor that causes widespread accounting fraud in Indonesia is the obedience of accounting rules. Accounting rules provide guidelines for management in carrying out accounting activities properly and in a large way so as to produce effective financial reports and are able to produce reliable information to interested parties. According to Rahmawati (2012) rules are actions or actions that must be carried out. Accounting rules are made in such a way as the basis for preparing financial statements. In accounting standards, there are rules that must be used in the measurement and presentation of financial statements guided by the rules issued by the Indonesian Institute of Accountants (IAI).

In addition to the factors previously described, compliance with accounting rules is also a factor that affects the tendency of accounting fraud. An agency or institution will commit acts of fraud because they are not guided by applicable accounting rules. Compliance with accounting rules provides management guidelines in carrying out accounting activities properly and correctly so as to produce quality financial reports for interested parties.

Judging from the several cases that occurred, there were two frauds, namely external and internal. According to Amin Widjaja (2013) and Shintadevi (2015: 114) external fraud is fraud committed by outsiders against a company / entity, such as fraud committed by customers against businesses, taxpayers against the government, while internal fraud is illegal action by employees. , managers and executives of the company where they work. This fraud will cause great harm to the organization or institution itself.

Based on the background described above, the authors hereby conduct a study entitled **"The Effect of Internal Control, Compensation Compensation and Compliance with Accounting Rules Against Accounting Fraud".**

II   LITERATURE REVIEW

2.2   Theoretical Basis

2.2.1   Internal Control

2.2.1.1 Understanding Of Internal Control

The internal control system is expected to be able to reduce any deviant actions by employees who are responsible for carrying out the accounting process and compiling financial reports. If internal control has been well designed and effective, then internal control can protect against fraud, including when employees intend to commit accounting fraud.

The internal control system consists of policies and procedures designed to provide management with reasonable assurance that the company has achieved its goals and objectives. These policies and procedures are often called controls, and collectively form the entity's internal control (Arens, Eder, & Beasley, 2015: 340)

2.2.2   Kompensastion Fitnes

According to Riniwati (2016: 181) compensation is the total amount of compensation received by employees in lieu of the services they have provided. According to the Manpower Act No. 13 of 2003, work compensation is the work ability of each individual which includes aspects of knowledge, skills, and work attitudes in accordance with established standards.

2.2.3   Kompliance With Accounting Rules

In an organization or company, there are rules that form the basis of management behavior designed to prevent irregular activities that can harm the company. One of the rules in a company or organization is accounting rules.

Rules are actions or actions that must be carried out. Accounting rules are made in such a way as the basis for preparing financial statements. There are two needs that have an interest in the results of financial reports, namely the user (external party) and the leader as the asset manager and financial report presenter. From external parties, users of financial statements consist of: investors, employees, lenders, suppliers, creditors, customers, government, and the public. In

order to produce quality information, the presentation of financial statements must be in accordance with the procedures and principles and work rules in accordance with accounting principles. Accounting principles are a number of rules that guide actions in implementing accounting in a company (Dewi, 2017: 1448).

2.2.4 Accounting Fraud

In the accounting and auditing literature, fraud is interpreted as a fraudulent practice and fraud is often interpreted as irregulars or irregularities and deviations (Priantara, 2013: 3).

Quoting the theory put forward by Jack Bologne or often called the G-O-N-E theory, there are four factors that encourage someone to commit fraud, namely greed, need, opportunity, and exposure. Green and Need are factors that relate to individual perpetrators of fraud or are known as individual factors. Meanwhile, the Opportunity and Exposure factors are factors that relate to organizations as victims of fraud or are referred to as generic factors (Agoes, 2017: 231).

2.3 Influence Between Research Variables

H_1 : Internal control has a negative effect on accounting fraud.

H_2 : Compensastion suitability has a negative effect on accounting fraud.

H_3 : The rigor of accounting rules has a negative effect on accounting fraud.

2.4 Research Conceptual Framework

Sugiyono (2016: 60), the conceptual framework of research is a conceptual model of how theory relates to various factors that have been identified as important problems. A good research conceptual framework will explain the theoretical linkages between the variables to be studied.

From the description above, it can be seen that the conceptual framework of the research is as follows:
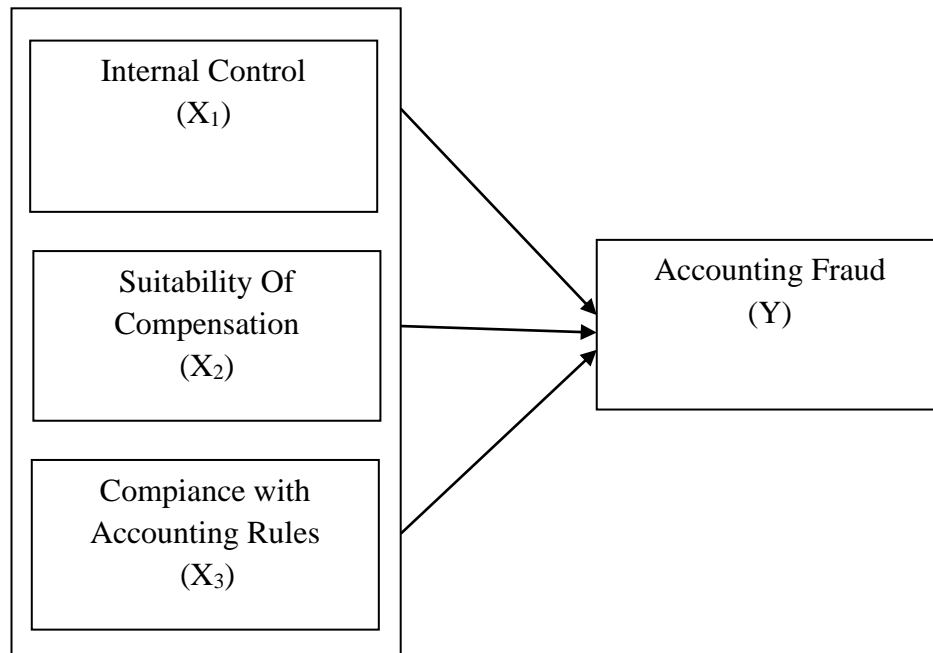
Picture 2.1 *Research Conceptual Framwork*

Picture 2.1 shows the relationship between the independent variable (Inte Control, Compensation Compensation and Compliance with Accounting Rules) with the dependent variable Accounting Fraud .

III. RESEARCH METHOD

3.1 Research Strategy

The strategy used for this research is a causal relationship. Causal relationship is a relationship that is cause and effect (Sugiyono, 2016: 37). So here there are independent variables (variables that affect) and dependent (influenced). Independent variables are variables that affect or cause the change or the emergence of the dependent variable (related). While the dependent variable is the variable that is affected or that is the result, because of the independent variable (Sugiyono, 2016: 39).

3.2 Characteristics Of Research Respondents

Characteristics of respondents in the researcher are divided into four characters, namely: based on age, gender, position, and length of service. Respondents who work in pharmaceutical companies, service companies, retail

companies, in all positions. The number of respondents is 100 population to complete the research results from the respondents' answers to the questionnaire by making deeper observations. Descriptions of the characteristics of the research respondents' research are described below:

a. Respondent Criteria Based On Age

The criteria for respondents based on age are divided into two categories, namely ages 20-30 years and > 30 years.

b. Respondent Criteria Based On Gender

Respondent criteria based on gender researchers use to distinguish male and female respondents.

c. Respondent Criteria Based On Position Of Office

The characteristics of the respondents based on their position are divided into four categories, namely: Manager, Employee, Supervisor and Staff.

d. Respondent Criteria Based On years Of Service

The characteristics of respondents based on tenure fall into two categories: 1-5 years and > 5 years. The assumption of the researcher is that if the employee has worked for more than 5 years, he will know well about the management of the company. Meanwhile, employees whose work period is less than 5 years are sufficient to know the management of the company.

3.3   Data dan Data Collection Methods

The type of data used is primary data. Primary data is data that directly provides data to data collectors (Sugiyono, 2016: 225). In other words, in the preparation of this study, researchers need data and information from employees who work in the accounting department. The information data is collected and compiled and analyzed to get a clear picture.

IV.   RESULT AND DISSCUSION

4.3.   Descriptive Statistical Analysis Test Result

The variables used in this study include internal control, suitability of compensation and the appropriateness of accounting rules in detecting accounting fraud which will be tested statistically descriptive.

Picture 4.6. Statistics Descriptive

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Internal Control	75	12.00	19.00	15.1200	.99946
Suitability Of Compensation	75	14.00	23.00	18.1467	1.17051
Compliance with accounting Rules	75	12.00	19.00	15.1067	.95257
Acccounting Fraud	75	7.00	14.00	8.7600	1.38369
Valid N (listwise)	75				

Source: Data processed from research results (2020)

On The Table 4.6. shows a statistical description of the variables in this study.

1. The internal control variable has a minimum value of 12, while the maximum value is 19. The mean value is 15.12 with a standard deviation of 0.99946. The average value of internal control is greater than the standard deviation, indicating that there is no high gap in the internal control variable data.

2. The compensation suitability variable has a minimum value of 14, while the maximum value is 23. The mean value is 18.1467 with a standard deviation of 1.17051. The average value of the suitability of the compensation is greater than the value of the standard deviation indicating that there is no high gap in the data for the compensation suitability variable.

3. The accounting rule obedience variable has a minimum value of 12, while the maximum value is 19. The mean value is 15,1067 with a standard deviation of 0.95257. The average value of accounting rule obedience is greater than the standard deviation value, indicating that there is no high gap in the variable data of accounting rule compliance.

4. The accounting fraud variable has a minimum value of 7, while the maximum value is 14. The average value (mean) is 8.76 with a standard deviation of 1.38369. The average value of accounting fraud is greater than the standard deviation value indicating that there is no high gap in the accounting fraud variable data.

4.4 Data Quality Test Results

The validity test is used to test the extent to which the items in each question or statement on the questionnaire are valid or not. A questionnaire is said to be valid if the statement or statement on the questionnaire is able to reveal what is measured by the questionnaire (Ghozali, 2016: 52). The validity test is useful to find out whether there are questions on the questionnaire that should be discarded or replaced because they are considered irrelevant to the research being carried out.

4.5 Classical Assumption Test Results

1. Normality Test Results

The normality test is used in this study to test whether the regression model on confounding or residual variables has a normal distribution (Ghozali, 2016: 154). It is known that the t test assumes that the residual value follows a normal distribution. If this assumption is violated then the statistical test becomes invalid for a small sample size.

Data normality testing was carried out with the one-sample Kolmogorov-Smirnov test. The test criteria at the significant level of 0.05 is if the probability of significance is > 0.05, then the data is normally distributed. The results of the normality test are as follows:

Table 4.12.

Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		75
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.96408703
Most Extreme Differences	Absolute	.210
	Positive	.210
	Negative	-.144
Test Statistic		.210
Asymp. Sig. (2-tailed)		.200[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Data processed from research results (2020)

From the Kolmogrov-Smirnov statistical test above, it shows that the variable residuals are normally distributed. This can be seen from the probability of significance which is 0.200 so that the probability of significance is greater than $\alpha = 0.05$, this means that the variable data is normally distributed.

2. Multicolinearity Test

The multicollinearity test is intended to detect symptoms of correlation between one independent variable and another. A good regression model should not have correlation between independent variables. The multicollinearity test results can be seen from *the tolerance and variance inflation factor (VIF)*. These two measures indicate which independent variable is explained by the other independent variables. *Tolerance measures* the selected variables that are not explained by other independent variables. A regression model that is free of multicoliarity is one that has a VIF <10 and a *tolerance* value > 0.10.

Below are the results of data processing that can explain whether there are symptoms of multicollinearity between the independent variables.

Tabel 4.13.

Multicolinearity Test Results

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Internal Control	.365	2.736
	Suitability Of Compensation	.392	2.548
	Compliance with accounting Rules	.621	1.609

a. Dependent Variable: Accounting Fraud

Source: Data processed from research results (2020)

The results of the calculation of the *tolerance* value show that there are no independent variables that have a *tolerance* value less than 0.10, which means that there is no correlation between the independent variables. The results of the Variance Inflation Factor (VIF) calculation also show that there is no single independent variable that has a VIF value of more than 10 (Ghozali, 2016: 103). So

it can be concluded that there is no multicollinearity between the independent variables in this regression model.

3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether the value in the regression model is inequality of residual *variance* from one observation to another. To test for heteroscedasticity, researchers used the Glejser test. The heteroscedasticity test criterion is if the sig. > 0.05, the data is not free from heteroscedasticity. The results of the normality test are as follows:

Table 4.14.

Heteroscedasticity Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.971	1.036		.937	.352
	Internal Control	.047	.095	.096	.493	.623
	Suitability Of Compensation	.037	.079	.089	.475	.636
	Compliance with accounting Rules	-.102	.077	-.197	-1.325	.189

a. Dependent Variable: Abs_Resid

Source: Data processed from research results (2020)

In table 4.14. above, the sig. the internal control variable is 0.623, the suitability of compensation is 0.636 and the accounting rule obedience variable is 0.189. These results indicate that the sig. Value is greater than 0.05, it can be concluded that there is no heteroscedasticity of the data in this study.

4. Autocorrelation Test

The autocorrelation test is used to determine whether there is a relationship between the residuals of one observation and the residuals of other observations. In this autocorrelation test, researchers used the *Durbin-Watson* test (DW test). To identify the presence of autocorrelation is done by looking at the *Durbin Watson* value (DW stat) and comparing it in the *Durbin-Watson* table. The following are the results of processing the *Watson Durbin* test data:

Table 4.15.

Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.717[a]	.515	.494	.98424	1.804

a. Predictors: (Constant), Compliance with accounting Rules, Suitability Of Compensation, Internal Control

b. Dependent Variable: Accounting Fraud

Source: Data processed from research results (2020)

In table 4.15. above, the *Durbin-Watson* statistic (DW stat) is 1,804. Furthermore, the DW stat value is compared with the DW table which consists of two values, namely the lower limit (dL) and the upper limit (dU). With k = 3 because the number of independent variables used is 3 and n = 75, it is found in the *Durbin Watson* table (α = 5%) the dL limit is 1.5432 and dU is 1.7092. Then it can be stated that the results of statistical tests *Durbin-Watson* is in the dU $\leq$ d $\leq$ 4-dU or 1.7092 $\leq$ 1,804 $\leq$ 2,2908 so it can be concluded that there is no autocorrelation.

4.6. Results Of Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the effect of the variables between the independent variables on the dependent variable. The results of the multiple linear regression test are as follows:

Table 4.16.

Results Of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.216	2.056		12.753	.000
	Internal Control	-.437	.189	-.316	-2.308	.024
	Suitability Of Compensation	-.330	.156	-.280	-2.118	.038
	Compliance with accounting Rules	-.321	.152	-.221	-2.108	.039

a. Dependent Variable: Accounting Fraud

Source: Data processed from research results (2020)

The results of multiple linear regression analysis in table 4.16, it can be obtained a regression line equation as follows:

KA = 26.216 - 0.437PI - 0.330KK-0.321KAA

Based on the above equation, it can be interpreted as follows:

1. K A constant of 26,216 states that if the internal control variables, suitability of compensation and compliance with accounting rules are constant, then the variable accounting fraud is 26,216.
2. Internal control regression coefficient (PI) is -0.437, which means that every change of 1 unit of internal control, then accounting fraud will decrease by 0.437 units. In this case other factors are considered constant.
3. Compensation suitability regression coefficient (KK) of -0.330 means that every change of 1 unit of compensation suitability will decrease accounting fraud by 0.330 units. In this case other factors are considered constant.
4. The accounting rule obedience regression coefficient (KAA) is -0.321, which means that every 1 unit change in the compliance of accounting rules, accounting fraud will decrease by 0.321 units. In this case other factors are considered constant.

4.7　Hypothesis Test Results

1. Partial Test Resullt (t Statistical Test)

This test is conducted to determine the effect of each independent variable partially on the dependent variable. The criteria in the partial test (t test) can be seen based on hypothesis testing by comparing t^{Count} with t^{table}, namely:

1. If $t^{count} > t^{table}$ atau $t^{count} < -t^{table}$ with sig < 0,05, then Ho is rejected and Ha is accepted, meaning that the independent variable has an influence on the dependent variable.

2. If $t^{count} > t^{table}$ atau $t^{count} < -t^{table}$ with sig < 0,05, then Ho is rejected and Ha is accepted, meaning that the independent variable has no influence on the dependent variable.

Based on the results of the hypothesis test, it shows that the value of t^{table} with level

real = 5 % ; df $\quad = n - k - 1$

$\qquad\qquad =75 - 3 - 1$

$\qquad\qquad = 71$

Then the t-table $\quad = \pm 1.99394$

The table below is the results of the analysis regarding the partial test (t test) which was carried out, the following data were obtained:

Table 4.17.

Partial Test Result (Test t)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.216	2.056		12.753	.000
	Internal Control	-.437	.189	-.316	-2.308	.024
	Suitability Of Compensation	-.330	.156	-.280	-2.118	.038
	Compliance with accounting Rules	-.321	.152	-.221	-2.108	.039

a. Dependent Variable: Accounting Fraud

Source: Data processed from research results (2020)

Partial testing of internal control, suitability of compensation and compliance with accounting rules for accounting fraud is carried out in accordance with the hypothesis test planning stated in the previous chapter.

1. Value is obtained for the internal control variable $t_{count} < -t_{table}$ (-2.308 < -1.99394) with significant 0.024< 0.05 so that Ho_1 rejected and Ha_1 accepted which means variable X_1 that is, internal control has a negative and significant effect on accounting fraud.

2. In the compensation sutability variable, the value is obtained $t_{count} < -t_{table}$ (-2.118 < -1.99394) with significant 0.038< 0.05 so that Ho_2 rejected and Ha_2 accepted which means variable X_2 namely the suitability of compensation has a negative and significant effect on accounting fraud.

3. In the variable obedience to accounting rules, the value is obtained $t_{count} < -t_{table}$ (-2.108<-1.99394) with significant 0.039< 0.05 so that Ho_3 rejected and Ha_3 accepted which means variable X_3 namely compliance with accounting rules has a negative and significant effect on accounting fraud.

2. Result of Determination Coefficient Test (R^2 Statistical Test)

Determination Coeffient (R^2) aims to determine how much the ability of the independent variable to explain the dependent variable. The value of R^2 has an interval between 0 to 1 ($0 < R^2 < 1$). If the value of R^2 is large (close to 1), it means that the independent variable can provide almost all the information needed to predict the dependent variable. Meanwhile, if the value of R^2 is small, it means that the independent variable's ability to explain the independent variable is very limited (Ghozali, 2016: 95).

Following are the results of the test results of the coefficient of determination carried out in the study.

Table 4.18.

Determination Coefficient Test Result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717a	.515	.494	.98424

a. Predictors: (Constant), Obedience to accounting rules, Suitabilty of Compensation, Internal Control

Source: Data processed from research results (2020)

Based on Table 4.18, it can be seen that the *R-Squared* value of 0.515 means that together the internal control variables, suitability of compensation and compliance with accounting rules have contributed to accounting fraud by 51.5%, while the remaining 48.5% is influenced by other variables not researched or not included in this research model.

4.8 Discussion of Research Results

4.8.1. The Effect of Internal Control on Accounting Fraud

The results of the study concluded that internal control has a negative and significant effect on accounting fraud. This shows that internal control is the basic processing for companies that can protect company assets from misuse, ensure that the business information presented is accurate and ensure that laws and regulations have been followed. So that internal control can prevent companies from committing accounting fraud.

The results of this study are in line with the research of Shintadevi (2015), Indriastuti, Agusdin, & Aminah (2016), and Dewi (2017) showing that there is a negative influence between the Effectiveness of Internal Control and Accounting Fraud.

4.8.2. The Effect of Compensation Suitability on Accounting Fraud

The results of the study concluded that the suitability of compensation has a negative and significant effect on accounting fraud. This shows that appropriate compensation is a very important part of employee performance and company success. The act of cheating occurs because of the individual nature who wants to maximize profits and also because of the high personal needs and feels that the rewards obtained for work are not in accordance with what has been done. Therefore, with the suitability of individual compensation needs can be met so that fraudulent acts can be avoided. Appropriate compensation suitability will motivate employees / employees not to commit fraud, because by providing appropriate compensation will lead to satisfaction of employees / employees whose impact can minimize the occurrence of accounting fraud.

The results of this study are in line with the research of Shintadevi (2015), Indriastuti, Agusdin, & Aminah (2016), Alou, Iiat, & Gamaliel (2017) and Dewi (2017) showing that there is a negative influence between Compensation Suitability and Accounting Fraud.

4.8.3. The Effect of Compliance with Accounting Rules on Accounting Fraud

The results of the study concluded that the obedience of accounting rules has a negative and significant effect on accounting fraud. This shows that as employees who manage company funds, these employees should be able to provide public accountability through their financial reports. The accountability process must be carried out in a transparent manner, because it is related to the public interest. This is because failure to prepare financial statements due to non-compliance with accounting rules will result in corporate fraud that cannot be detected by auditors. So that in an agency, if the obedience to the rules is not effective, it will open up opportunities for employees to commit violations of regulations which could lead to deviant behavior, one of which is by committing accounting fraud. Thus, adherence to accounting rules will prevent companies from committing accounting fraud.

The results of this study are in line with the research of Shintadevi (2015), Indriastuti, Agusdin, & Aminah (2016), and Dewi (2017) showing that there is a negative influence between Adherence to Accounting Rules and Accounting Fraud.

V.   CONCLUSIONS AND SUGGESTIONS
5.1   Conclusions

Based on the description of the research results in the previous chapter, it can be concluded as follows:

1. Internal control has a negative and significant effect on accounting fraud, which means that internal control is able to prevent company employees from committing accounting fraud.

2. The suitability of compensation has a negative and significant effect on accounting fraud, which means that the suitability of compensation is able to prevent company employees from committing accounting fraud.

3. Adherence to accounting rules has a negative and significant effect on accounting fraud, which means that compliance with accounting rules can prevent company employees from committing accounting fraud.

5.2   Suggestions

The suggestions recommended based on the above conclusions are as follows:

1. For the company

    The company should optimize internal control within the company, the suitability of compensation and seriously follow the accounting rules in force in Indonesia so that the resulting financial statements are free from accounting fraud.

2. For further researchers

    Research can be developed by adding other variables that are thought to influence accounting fraud and by increasing the number of samples by conducting research on companies in other sectors to enrich the research results.

5.3   Research Limitations and Further Research Development

This study has limitations that can be corrected in the next company in order to get even better results. The following are the limitations of the research experienced by researchers:

1. Researchers have difficulty distributing and collecting questionnaires because not all of them are willing to participate in filling out the questionnaire due to limited access and strict company regulations during the Covid pandemic.

2. Researchers use data collection where the results of respondents' answers are distributed directly or indirectly, so further research can be complemented by conducting deeper observations.

3. This study only has three variables that influence accounting fraud so that it does not explore the factors that may influence it.

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