

AKHLAK CORE VALUES EFFECTS IN THE LEVERS OF CONTROL FRAMEWORK ON THE ACCOUNTING FRAUD TENDENCY

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Abstract

This research investigates the relationship between AKHLAK core values in the framework of levers of control and accounting fraud within PT Pelabuhan Indonesia (Persero) or Pelindo. The research design was conducted using primary data in the form of a 5-point Likert scale questionnaire, with purposive sampling technique. The data collected came from 69 respondents from a total of 80 samples. Data quality and classical assumption tests were conducted before the data were further analyzed using multiple linear regression analysis. The results showed that AKHLAK core values have a negative and significant effect on the tendency of accounting fraud. In addition, the levers of control framework proved to be able to moderate the negative effect of AKHLAK core values on the tendency of accounting fraud.

Keywords : accounting fraud tendency, AKHLAK core values, levers of control

INTRODUCTION

Accounting fraud poses a grave challenge, leading to a substantial erosion of corporate integrity and public confidence. Deceptive activities encompass a range of behaviors, such as the manipulation of financial records, the improper use of company assets, corrupt practices, and violations of accounting standards. This issue transcends organizational boundaries, affecting entities of all sizes, seemingly without bound. As highlighted by the Association of Certified Fraud Examiners (ACFE), the typical financial loss stemming from fraudulent activities in 2020 amounted to \$1.5 million (ACFE, 2020). Therefore, it is of utmost importance to exert diligent efforts in curtailing and deterring individuals from participating in accounting fraud.

History has recorded several high-profile events such as the WorldCom and Enron scandals that occurred in the 1990s and 2000s, which provide clear evidence of the damaging impact of accounting fraud in world-class companies. In Indonesia, similar phenomena can also be found in the cases of PT Hanson International Tbk in 2016 and PT Garuda Indonesia Tbk in 2018. Both companies violated accounting rules and standards by recognizing inappropriate income and reporting manipulative financial information (Sandria, 2021). These phenomena clearly contradict the principles of integrity and good ethics in financial reporting. Therefore, there is a need for serious attention from policymakers to protect investors from losses that can arise from such fraudulent practices.

A review of the corruption case of former President Director of PT Pelabuhan Indonesia II, R. J. Lino, is relevant in this context. The case adds a dimension of importance in understanding vulnerability to fraud and the need for effective internal controls in port companies. The implications of this case may provide greater insight into the urgency of effective internal controls to prevent fraud.

In recent years, there has been increasing concern about the role of core values in preventing accounting fraud. Core values are the beliefs and principles that guide the behavior of individuals in an organization. One of the core values that is often associated with the prevention of accounting fraud is AKHLAK. AKHLAK stands for Amanah, Kompeten, Harmonious, Loyal, Adaptive, and Collaborative (Ministry of State-Owned Enterprises of the Republic of Indonesia, 2020).

In the context of preventing accounting fraud, the application of AKHLAK core values can form a moral and ethical basis for individual behavior in the organization. Strong AKHLAK core values reflect integrity, honesty, and responsibility in carrying out accounting duties and responsibilities. These values can help individuals make ethical decisions, resist temptation, and avoid fraudulent practices.

In a recent investigation conducted by Chandrayatna and Sari (2019), it was revealed that the organizational culture exerts an adverse impact on the inclination of company personnel to engage in accounting fraud. Corroborating these results, a study by Knechel and Mintchik (2021) identified a detrimental connection between personal values and proclivities toward fraudulent activities. Furthermore, Fernandhytia and Muslichah's research in 2020 arrived at the conclusion that ethical values also exhibit an unfavorable influence on the likelihood of accounting fraud. These findings underscore the fact that the stronger the values underlying corporate culture formation, the reduced propensity of employees to partake in accounting fraud.

Apart from the AKHLAK core values, there exists a pertinent conceptual structure within internal control systems referred to as the levers of control (LOC). This model, originated by Simons in 1995, underscores the significance of unifying diverse control mechanisms within organizational management. LOC encompasses four primary interconnected components: belief systems, boundary systems, diagnostic control systems, and interactive control systems.

A proficient internal control system undeniably has the potential to mitigate, if not entirely eliminate, the vulnerabilities to fraud within a company or organization. Earlier research has affirmed the substantial influence of internal control systems in deterring accounting fraud (Suratman, Zakiah, Anwar, and Farida, 2020; Umar and Dikko, 2018). Nevertheless, the impact of the internal control system on the proclivity for accounting fraud, as delineated in the LOC framework, necessitates more extensive exploration.

Therefore, in this study, an empirical analysis is conducted regarding the effect of AKHLAK core values within the LOC framework on the tendency of accounting fraud. Through literature review and empirical research, this study provides a better understanding of the role of AKHLAK core values and LOC in preventing accounting fraud.

Despite the extensive body of research in this domain, there remains a gap in comprehending the function of core values in averting accounting fraud and the incorporation of the levers of control (LOC) framework within the internal control system. Consequently, the problem statement for this investigation is structured as follows::

1. To what extent do AKHLAK core values impact the propensity for accounting fraud within the organization?
2. What role does the LOC framework play in shaping the influence of AKHLAK core values on the inclination toward accounting fraud?

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency theory is a theoretical framework that is relevant in the context of accounting fraud. This theory describes the relationship between agents (management) and principals (shareholders or company owners) and the potential conflicts of interest that may arise between them (Jensen and Meckling, 1976).

Agency theory departs from the assumption that agents and principals have goals that may not always be in line (Kopp, 2023). Agents tend to be motivated to optimize their own personal gains or interests, while principals have an interest in maximizing company value and shareholder returns. When the interests of the agent are not in line with the interests of the principal, there is the potential for conflict and the tendency to commit fraud.

Accounting Fraud

Accounting fraud stands as a grave issue with profound consequences for businesses, investors, and society at large. The ramifications of accounting fraud encompass financial losses, harm to a company's reputation, and the potential for legal repercussions. As elucidated by Ilter (2017), accounting fraud pertains to deliberate accounting inaccuracies aimed at deceiving readers or users of financial statements to gain personal advantages or benefit specific parties, often involving the utilization of inventive accounting techniques. According to the Association of Certified Fraud Examiners (ACFE), there exist three distinct categories of fraud: financial statement fraud, asset misappropriation, and corruption.

Fraud Hexagon Theory

Accounting fraud can be influenced by various factors, both internal and external. Fraud Hexagon Theory (Vousinas, 2019) is a theory that explains these factors. This theory consists of six elements necessary for fraud to occur, namely opportunity, pressure, justification, ability, arrogance, and conspiracy.

Opportunity is an element that can be controlled and is directly related to an organization's internal control system. If there are gaps or weaknesses in the internal control system, the opportunity to commit fraud will arise.

AKHLAK Core Values

As of June 1, 2020, the Minister of State-Owned Enterprises (SOEs) in the Republic of Indonesia introduced AKHLAK as the sole set of core values to be implemented across the entire SOE ecosystem, spanning from the Ministry of SOEs to state-owned companies, SOE

subsidiaries, and their affiliated entities. These values are intrinsically influenced by the Islamic concept of "akhlak," which can be directly translated as "good deeds" (Pratomo et al., 2021). The AKHLAK core values encompass the following definitions as outlined by the Ministry of State-Owned Enterprises in the Republic of Indonesia in 2020:

Table 1. AKHLAK Definition

Value	Definition
<i>Amanah</i>	Demonstrating unwavering commitment to maintaining entrusted responsibilities
<i>Kompeten</i>	Perpetually striving for growth and competence enhancement
<i>Harmonis</i>	Fostering a culture of mutual care and respect for diversity
<i>Loyal</i>	Devoted to prioritizing the welfare of the nation and state
<i>Adaptif</i>	Persevering in innovation to effectively manage or confront change
<i>Kolaboratif</i>	Cultivating collaborative partnerships to achieve synergy

These values are expected to improve the performance and reputation of SOEs as state business organizers with professionalism and integrity.

Levers of Control Framework

The levers of control (LOC) framework, developed by Robert Simons in 1995, serves as an internal control system designed to oversee and enhance organizational performance. This framework comprises four distinct types of control systems, which are as follows:

1. Belief systems encompass the values, norms, and cultural aspects embraced by the organization.
2. Boundary systems entail the formulation of regulations, policies, and procedures that govern the conduct of individuals within the organization.
3. Diagnostic control systems involve the utilization of information and performance metrics to supervise and assess organizational performance outcomes.
4. Interactive control systems revolve around the interactions and communications among management, accounting personnel, and other pertinent stakeholders, all working together to achieve shared objectives.

Previous studies have identified that internal control systems have a significant role in preventing accounting fraud (Suratman, Zakiah, Anwar, and Farida, 2020; Umar and Dikko, 2018). However, the effect of the internal control system, which is framed in LOC, on the tendency of accounting fraud still needs to be further investigated.

The Role of Core Values in the Prevention of Accounting Fraud

Core values are fundamental convictions and principles that direct the conduct of individuals and organizations. Multiple research endeavors indicate that companies possessing robust core values tend to exhibit a reduced inclination to partake in accounting fraud. Research conducted at the University of Notre Dame in 2016 established a correlation between robust core values and a diminished occurrence of financial statement fraud. Furthermore, the investigation by Chandrayatna and Sari (2019) demonstrated that organizational culture exerts a detrimental impact on the proclivity of company personnel to engage in accounting fraud. Additionally, Knechel and Mintchik (2021) arrived at a similar conclusion, highlighting a negative correlation between personal values and the tendency to commit fraudulent activities.

Hypothesis Development

Following an extensive literature review, the following hypotheses are formulated to assess the relationships between the variables:

- H₁: A significant adverse relationship exists between AKHLAK core values and the propensity for accounting fraud within the organization.
- H₂: The LOC framework magnifies the negative influence of AKHLAK core values on the inclination towards accounting fraud.

The first hypothesis is based on the belief that AKHLAK core values, which include *Amanah* (trustworthy), *Kompeten* (competent), *Harmonis* (harmonious), *Loyal* (loyal), *Adaptif* (adaptive), and *Kolaboratif* (collaborative), will provide a strong ethical foundation within the organization. Previous research, such as the University of Notre Dame study in 2016, shows that companies with strong core values tend to have a lower propensity to engage in financial statement fraud. AKHLAK is expected to play a key role in shaping an organizational culture that encourages integrity, honesty and responsibility. Therefore, this hypothesis implies that the stronger and more integrated the values of AKHLAK are in the organizational culture, the lower the tendency of individuals or groups to engage in accounting fraud.

The second hypothesis assumes that the Levers of Control (LOC) framework, which includes belief systems, boundary systems, diagnostic control systems, and interactive control systems, can strengthen the influence of AKHLAK core values on the tendency to commit accounting fraud. In this context, LOC is considered an internal control mechanism that can shape, direct, and monitor organizational behavior. If the core values of AKHLAK are effectively integrated in the LOC, then this internal control system can provide additional emphasis and supervision of unethical behavior or the tendency to commit fraud. Therefore, this hypothesis implies that the negative influence of AKHLAK on the tendency to commit fraud will be further strengthened by an effective LOC.

RESEARCH METHOD

Research Design

This study uses a quantitative approach by collecting primary data through a questionnaire based on a 5-point Likert scale. The research population consists of individuals working in the PT Pelabuhan Indonesia (Persero) Group or Pelindo, with samples selected using purposive sampling techniques, namely senior accounting staff or having a minimum of two years of experience in accounting. The research instrument in the form of a questionnaire was used as primary data in this study. The validity and reliability of the instrument were tested before use.

Data Analysis Method

The data collected through the questionnaire was analyzed using a statistical approach. Data analysis involved the use of descriptive statistical techniques to describe the characteristics of the sample and the variables under study. Data quality tests (validity and reliability) and classical assumptions (multicollinearity and homoscedasticity) were also used in this study. Furthermore, multiple linear regression analysis was conducted to examine the relationship between AKHLAK core values, LOC framework, and accounting fraud tendency.

RESULTS AND DISCUSSIONS

This study used data from 69 respondents out of a total of 80 samples. The data collection period was conducted from May 1, 2023, to June 16, 2023. The data collected included gender, age, length of service, current position, latest level of education, and questionnaire items measuring the research variables with a 5-point Likert Scale.

The sample size of 69 respondents, representing an 86.25% participation rate, is considered sufficient for the objectives of this study. The use of purposive sampling to select senior accounting staff with a minimum of two years of experience ensures that the respondents possess valuable insights into the nuances of accounting practices within the organization. This focused approach enables an in-depth exploration of the subject matter, contributing to the internal validity of the study. Given the practical constraints and the specific criteria for participant selection, the sample size is deemed appropriate to draw meaningful conclusions and insights into the targeted population's perspectives.

Respondent Characteristics

The gender of the respondents consisted of 39 men and 30 women (Table 2). In categorizing the age of respondents, 48 people were in the age range of 31 to 40 years, nine people were in the age range of 41 to 50 years, and 12 people were under 31 years old (Table 3).

Table 2. Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	39	56.5	56.5	56.5
	Female	30	43.5	43.5	100.0
	Total	69	100.0	100.0	

Table 3. Age Range of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	31 to 40 years old	48	69.6	69.6	69.6
	41 to 50 years old	9	13.0	13.0	82.6
	Under 31 years old	12	17.4	17.4	100.0
	Total	69	100.0	100.0	

For length of service, there was variation in the length of time respondents had worked. A total of 33 people has worked for more than ten years, 33 people have worked for six to ten years, and three people have worked for two to three years (Table 4).

Table 4. Respondents' Length of Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2 to 3 years	3	4.3	4.3	4.3
	6 to 10 years	33	47.8	47.8	52.2
	More than 10 years	33	47.8	47.8	100.0
	Total	69	100.0	100.0	

In terms of current job titles, respondents comprised six assistant managers, six managers, 39 staff, 12 senior staff and six supervisors (Table 5). This reflects the diversity in roles and responsibilities within the organization.

Table 5. Respondents' Current Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assistant Manager	6	8.7	8.7	8.7
	Manager	6	8.7	8.7	17.4
	Staff	39	56.5	56.5	73.9
	Senior Staff	12	17.4	17.4	91.3
	Supervisor	6	8.7	8.7	100.0
	Total	69	100.0	100.0	

The last level of education of the respondents also varied. There were 15 respondents with a diploma, 50 with a bachelor's degree, one with a doctoral degree, and three with a high school degree (Table 6).

Table 6. Respondents' Last Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	15	21.7	21.7	21.7
	Bachelor	50	72.5	72.5	94.2
	Doctor	1	1.4	1.4	95.7
	HS	3	4.3	4.3	100.0
	Total	69	100.0	100.0	

This information provides an overview of the demographic characteristics of the respondents who were the subject of the study. These characteristics are important for understanding the diversity of respondents and gaining a better understanding of how the research variables may relate to individual characteristics.

Descriptive Statistics

Each variable in this study is measured using questionnaire statements that use a Likert scale of 1 (strongly disagree) to 5 (strongly agree). AKHLAK core values have 12 statement items, accounting fraud tendencies have 18 statement items, and levers of control (LOC) have 15 statement items. The descriptive statistical results of the three variables are shown in **Error! Reference source not found.**

Table 7. Descriptive Statistics of AKHLAK Core Values (CVA), Accounting Fraud Tendency (KKA), and Levers of Control (LOC)

	N	Minimum	Maximum	Mean	Std. Deviation
CVA	69	41.00	60.00	53.3333	3.97665
KKA	69	25.00	42.00	29.6377	2.26203
LOC	69	43.00	75.00	62.6935	7.92415

From the table above, several things can be explained: N is the number of participants who responded to the measure, the minimum and maximum values explain the range of responses, the mean value explains the common responses, and the std. deviation explains the variability of the responses.

Overall, the statistics of AKHLAK core values and accounting fraud tendencies each explain that respondents respond quite consistently and cluster around the mean and the std. deviation value is low, so the size of the two variables can be said to be good.

As for LOC, the statistics show that the responses are more diverse and there is more variability in the results. The mean value (62.69) is quite high, which indicates that most respondents are satisfied with the results. However, the standard deviation (7.92) is also high, which means that the responses are more spread out and there is more variability in the responses. So, overall, it appears that the respondents had mixed experiences, with some very satisfied with the results and others less so.

Validity and Reliability Test

The validity test is used to evaluate the extent to which the measurement instrument can measure the intended concept precisely (Ghozali, 2018). The results of the validity test on the AKHLAK core values variable (Table 8) show that all statement items are declared valid, with a significance of less than 0.05. This confirms that the statement items can reflect the concept of AKHLAK core values well. This confirms that the statement items can reflect the concept of core values AKHLAK well. Similarly, on the LOC variable and the tendency of accounting fraud, all statement items are also declared valid, with a good ability to measure the intended concept.

Furthermore, the reliability test was conducted to evaluate the consistency of the measurement instrument in providing consistent results when repeated at different times or by different researchers. In the AKHLAK core values variable (**Error! Reference source not found.**), Cronbach's Alpha value of 0.850 was obtained, exceeding the accepted reliability threshold value (0.7). This indicates that the statement items on the variable have high consistency and are reliable. Similarly, in the accounting fraud tendency and LOC variables, the Cronbach's Alpha values of 0.947 and 0.939, respectively, exceeded the accepted reliability threshold. This confirms that the statement items on both variables have high consistency and can be trusted as a measuring tool.

Table 8. Validity Test of CVA, LOC, and KKA

No	Variabel	Item	Sig.	Keterangan
1	CVA	P1	.000	Valid
2		P2	.001	Valid
3		P3	.000	Valid
4		P4	.000	Valid
5		P5	.000	Valid
6		P6	.000	Valid
7		P7	.000	Valid
8		P8	.000	Valid
9		P9	.000	Valid
10		P10	.000	Valid
11		P11	.000	Valid
12		P12	.000	Valid
13	LOC	P13	.000	Valid
14		P14	.000	Valid
15		P15	.000	Valid
16		P16	.000	Valid
17		P17	.000	Valid
18		P18	.000	Valid
19		P19	.000	Valid
20		P20	.000	Valid
21		P21	.000	Valid
22		P22	.000	Valid
23		P23	.000	Valid
24		P24	.000	Valid
25		P25	.000	Valid
26		P26	.000	Valid
27		P27	.000	Valid
28	KKA	P28	.000	Valid

29	P29	.000	Valid
30	P30	.000	Valid
31	P31	.000	Valid
32	P32	.000	Valid
33	P33	.000	Valid
34	P34	.000	Valid
35	P35	.000	Valid
36	P36	.000	Valid
37	P37	.000	Valid
38	P38	.000	Valid
39	P39	.000	Valid
40	P40	.000	Valid
41	P41	.000	Valid
42	P42	.000	Valid
43	P43	.000	Valid
44	P44	.000	Valid
45	P45	.000	Valid

Table 9. Reliability Test of CVA, KKA, and LOC

Variabel	Cronbach's Alpha	N of Items
CVA	.850	12
KKA	.947	18
LOC	.939	15

Test for Multicollinearity and Heteroscedasticity

The multicollinearity test is used to identify the existence of a strong relationship between the independent variables in the regression model. This relationship can affect the interpretation and reliability of the regression results (Ghozali, 2018). On the other hand, the heteroscedasticity test is used to evaluate whether the residual variance in the regression model is not constant. If there is heteroscedasticity, then the classical assumptions in regression are not met and the interpretation of the regression results will be inaccurate (Ghozali, 2018).

The multicollinearity test results in this study (Table 10) show that the AKHLAK core values and levers of control variables have the same tolerance and VIF values, namely 0.995 and 1.005. Tolerance more than 0.10 and VIF less than 10 indicate that there is no indication of multicollinearity. Therefore, it can be concluded that there is no strong relationship between the independent variables in the regression model.

Table 10. Multicollinearity Test

Model		t	Sig.	Collinearity Statistics	
				Tolerance	VIF
1	(Constant)	4.078	.000		
	CVA	-3.105	.003	.995	1.005
	LOC	.540	.591	.995	1.005

In the scatterplot heteroscedasticity test, as shown in Figure 1, the points on the graph are randomly scattered above and below zero on the Y axis, indicating no pattern or symptoms of heteroscedasticity (Ghozali, 2018).

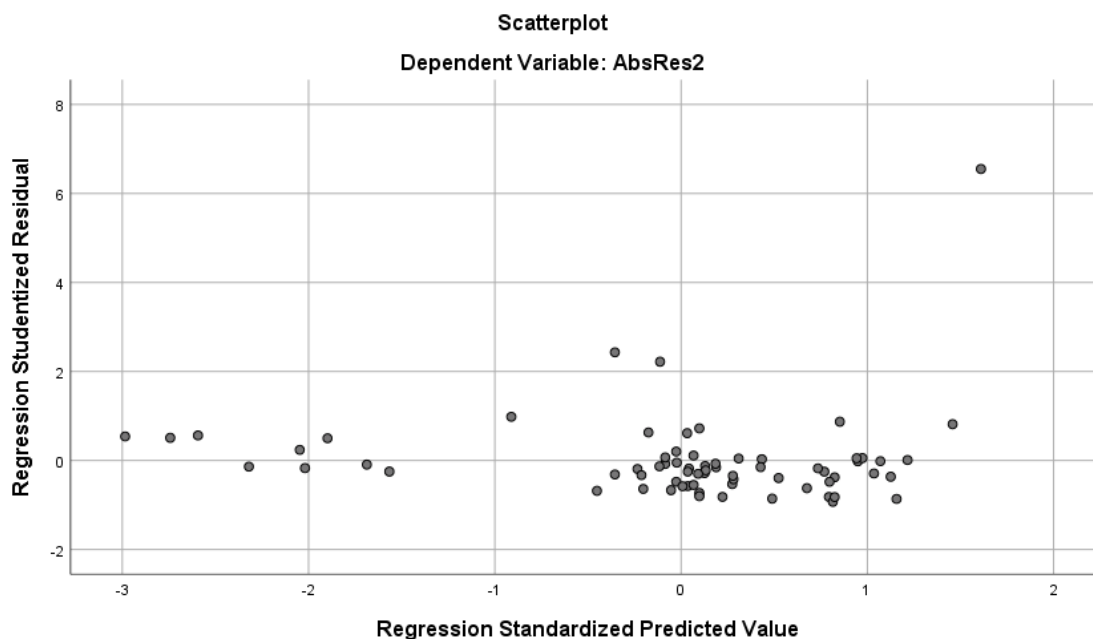


Figure 1. Heteroscedasticity Test (Scatterplot)

The t and F Tests

The t test is used to evaluate the partial effect of the independent variable on the dependent variable with a significance degree of 0.05. If the significance value is smaller than the degree of confidence, the alternative hypothesis (H_a) is accepted, indicating a partial effect of the independent variable on the dependent variable (Ghozali, 2018).

The F test is used to test the simultaneous influence of all independent variables on the dependent variable with an error tolerance of 5% ($\alpha = 0.05$). The decision is taken as follows (Ghozali, 2018): (1) if the significance > 0.05 , H_0 is accepted, and (2) if the significance < 0.05 , H_0 is rejected. The accepted H_0 indicates that the multiple regression model is not significant and there is no significant simultaneous effect of the independent variables on the dependent variable.

The outcomes of the t-test, as displayed in Table 11, reveal that the AKHLAK core values variable holds a significance value of 0.003, indicating a notable adverse impact on the inclination towards accounting fraud. In essence, higher AKHLAK core values correlate with a diminished tendency for accounting fraud.

Table 11. The t Test

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	75.348	18.477		4.078	.000
	CVA	-.955	.308	-.358	-3.105	.003

a. Dependent Variable: KKA

Moreover, Table 12 demonstrates that the AKHLAK core values variable carries a significance level of 0.003, denoting a substantial impact on the propensity for accounting fraud within the regression model. Consequently, AKHLAK core values play a pivotal role in elucidating the variation in accounting fraud tendency in the context of this research.

Table 12. F Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	956.794	1	956.794	9.549	.003 ^b
	Residual	6713.409	67	100.200		
	Total	7670.203	68			

a. Dependent Variable: KKA

b. Predictors: (Constant), CVA

Hence, the outcomes of both the t-test and F-test offer compelling confirmation that AKHLAK core values exert a noteworthy adverse impact on accounting fraud tendencies. This discovery substantiates the research hypothesis that underscores the crucial role of AKHLAK core values in mitigating the inclination toward accounting fraud.

Simultaneously, the F-test was conducted to examine the moderating role of LOC, and the results are depicted in Figure 2.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.370	.137	.097	10.09327	.137	3.430	3	65	.022
2	.359	.129	.102	10.06335	.129	4.870	2	66	.011
3	.353	.125	.112	10.01000	.125	9.549	1	67	.003

a. Predictors: (Constant), CVA

b. Predictors: (Constant), LOC, CVA

c. Predictors: (Constant), CVA*LOC, CVA, LOC

Figure 2. F Test of Moderating LOC

Regression is conducted in stages, progressing from model 1 to 3. In model 3, the regression is carried out with the dependent variable of proclivity for accounting fraud and the independent variables of AKHLAK core values, LOC, and new variables derived from the multiplication of AKHLAK core values and LOC. The F test results reveal a Sig F Change value of 0.003. This value signifies a substantial alteration in the

dependent variable, which can be elucidated by the inclusion of the independent variables encompassing AKHLAK core values, LOC, and the variable resulting from their combination. Consequently, these three independent variables collectively assume a crucial role in expounding variations in the inclination toward fraudulent accounting practices.

In summary, the outcomes of the F test, registering a value of 0.003 (which is less than 0.01, as per Ghazali, 2018), underscore the substantial role of the moderating variable LOC in shaping the connection between the AKHLAK core values variable and the proclivity for accounting fraud. The introduction of the LOC variable enhances the comprehensibility of the variations in the tendency for accounting fraud. This indicates that LOC has the capacity to moderate the association between AKHLAK core values and the inclination for accounting fraud, highlighting its profound influence within the context of this study.

Discussions

The synthesis of the empirical findings and the existing literature sheds light on the intricate dynamics surrounding accounting fraud within organizational contexts, emphasizing the interplay of core values, internal control systems, and individual characteristics.

Before delving into the statistical analyses, it's essential to recognize the diversity among the respondents. The demographic characteristics, including gender, age, length of service, current position, and education level, underscore the heterogeneity of the sample. This diversity is pivotal in comprehending the nuanced ways in which individuals within organizations perceive and respond to ethical considerations and internal controls.

The statistical analysis, as reflected in the descriptive statistics, indicates a notable level of consistency in respondents' perceptions of AKHLAK core values and accounting fraud tendencies. The clustering of responses around the mean suggests a shared understanding among respondents. However, the higher variability in the responses related to the Levers of Control (LOC) implies diverse experiences and perceptions within the organizational context.

The validity and reliability tests affirm the robustness of the measurement instruments. The AKHLAK core values, accounting fraud tendencies, and LOC variables exhibit both construct validity and internal consistency. The consistently low standard deviations in AKHLAK and fraud tendencies suggest a collective understanding, while the higher variability in LOC responses underscores differing experiences with internal control systems.

The results validate the chosen variables, allowing for meaningful interpretations of their impact on accounting fraud tendencies within the organizational setting.

The absence of multicollinearity in the regression model assures the independence of the AKHLAK core values and LOC variables, reinforcing the reliability of the analysis. Additionally, the heteroscedasticity test indicates a lack of systematic variance in the residuals, supporting the accuracy of our regression results.

The hypotheses align with the empirical evidence, establishing a significant negative relationship between AKHLAK core values and the propensity for accounting fraud (H1). This finding corroborates with existing literature emphasizing the role of organizational values in mitigating fraudulent behaviors (Chandrayatna and Sari, 2019; Knechel and Mintchik, 2021).

Moreover, the moderating role of LOC, as evidenced by the F-test results, reinforces the intricate relationship between core values and accounting fraud tendencies (H2). The Levers of Control framework, with its belief systems, boundary systems, diagnostic control systems, and interactive control systems, emerges as a crucial factor influencing the association between values and behavior. This resonates with prior studies emphasizing the role of internal control systems in preventing accounting fraud (Suratman et al., 2020; Umar and Dikko, 2018).

The findings suggest that the effectiveness of AKHLAK core values in curbing accounting fraud is accentuated when complemented by a robust internal control system. This resonates with Fraud Hexagon Theory (Vousinas, 2019), emphasizing the importance of opportunity (internal control) in the occurrence of fraud.

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

Conclusions

Based on the results of the research and analysis conducted, it can be concluded that within the framework of this study, there exists a substantial negative association between the AKHLAK core values variable and the proclivity for fraudulent accounting practices, and levers of control (LOC) have the capacity to moderate the interplay between these two variables. The following are the key findings that can be drawn:

- 1) The outcomes of the t-test (Table 11) demonstrate that the AKHLAK core values variable holds a significance value of 0.003. This signifies an adverse impact of AKHLAK core values on the propensity for accounting fraud, given that the significance value is less than the specified threshold of significance (0.05). In simpler terms, higher AKHLAK core values correspond to a reduced inclination for fraudulent accounting practices.
- 2) Additionally, as illustrated in Table 12, the F-test results for the AKHLAK core values variable yield a significance value of 0.003. The significance value, falling below the predetermined threshold (0.05), confirms that AKHLAK core values exert a substantial influence on the inclination for accounting fraud within this regression model. Consequently, the AKHLAK core values variable significantly

contributes to explaining variations in the proclivity for accounting fraud within the context of this study.

- 3) The F-test results obtained from three models (Figure 2) indicate that the Sig F Change value in the final model stands at 0.003. This implies that LOC possesses the capability to moderate the connection between AKHLAK core values and tendencies for fraudulent accounting practices.

Limitations

While this study provides valuable insights into the determinants of proclivity for accounting fraud, it's essential to acknowledge certain constraints. Specifically, this research was exclusively conducted within a single group of companies, PT Pelabuhan Indonesia (Persero). Consequently, the findings may not be universally applicable or representative of the traits inherent to all state-owned enterprises (SOEs) in Indonesia. Hence, it is advisable for future research to broaden its scope and encompass a more extensive array of SOEs throughout the country.

Considering these limitations, they are hoped that further research can make a broader contribution and represent the entire BUMN in Indonesia, as well as provide a deeper understanding of the factors that influence the tendency of accounting fraud in a broader context.

Suggestions

In light of the findings from this study, several recommendations can be put forward:

- 1) Companies operating in the same sector should place a significant emphasis on AKHLAK core values to mitigate the proclivity for deceptive financial practices. It is imperative to foster a corporate culture that upholds principles of honesty, ethical conduct, and accountability, while promoting transparent business operations.
- 2) The implementation of an efficient internal control system, situated within the levers of control (LOC) framework, can effectively manage the tendencies toward accounting fraud. Company leadership must ensure the proper execution and utilization of control mechanisms, including pertinent policies and procedures, diligent oversight, and effective communication with employees.
- 3) In response to the growing complexity of the business landscape, management should attentively consider the role of moderating variables, such as LOC, which influence the relationship between core values and employee behavior. There is a need to continually update and bolster the existing internal control system in alignment with the organization's evolving requirements.
- 4) This study also underscores the necessity for further research to comprehend additional factors that may influence the propensity for accounting fraud. Subsequent research efforts can expand the range of variables examined, encompass a more extensive sample, and engage with diverse industries or business sectors to glean a more comprehensive understanding.

The aforementioned conclusions and recommendations are anticipated to offer a valuable contribution to comprehending the determinants of fraudulent accounting tendencies. Additionally, they provide guidance for both professionals and researchers with a vested interest in this domain.

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