P-ISSN 2828-8599
E-ISSN 2921-2111

Determining the Propensity for Accounting Fraud: The Role of Internal Control, Regulatory Compliance, and Unethical Behavior

Imanita Septian Rusdianti

Department of Entrepreneurship, Universitas Lumajang, Lumajang, Indonesia

Abstract

The tendency of accounting fraud is a serious risk that can harm an organization economically and reduce stakeholder trust. This phenomenon is not only related to weaknesses in the accounting system, but is also influenced by the behavioral aspects of individuals within the organization. This study aims to analyze the influence of internal control, compliance with accounting rules, and unethical behavior on the tendency of accounting fraud at PT Ciomas Adisatwa Tbk, East Java Region I, Malang. The study used a quantitative approach with primary data obtained through questionnaires to 68 respondents involved in accounting and administrative functions. Data analysis was performed using multiple linear regression after going through validity, reliability, and classical assumption tests. The results of the study indicate that internal control and compliance with accounting rules do not significantly influence the likelihood of accounting fraud. Conversely, unethical behavior has been shown to have a positive and significant effect on the likelihood of accounting fraud. This finding indicates that individual behavioral factors play a more dominant role than structural aspects in triggering fraud. This study implies that fraud prevention efforts need to be implemented through an integrated approach that includes strengthening control systems, procedural compliance, and internalizing ethical and integrity values to achieve sustainable and accountable corporate governance.

Article Info

Keywords:
Accounting Fraud Tendencies,
Accounting Rule Compliance,
Internal Control,
Sustainability,
Unethical Behavior.

JEL Classification:
G40, G28, G59

Corresponding Author:
Imanita Septian Rusdianti
(imanitaku@gmail.com)

Received: 02-11-2025
Revised: 10-12-2025
Accepted: 28-12-2025
Published: 04-01-2026

1. Introduction

The tendency of accounting fraud is a serious problem that can cause significant economic losses, reduce stakeholder trust, and threaten organizational sustainability (Rusdianti, 2018). Fraud is not merely understood as a technical error in the financial recording and reporting process, but rather as an act of deliberate deviation through the manipulation of financial statements, misuse of assets, or the omission and obscuration of material information that should be disclosed (Pradesa et al., 2023). In practice, accounting fraud often arises as a result of the interaction between weaknesses in organizational systems and the behavior of the individuals involved. Various cases of recurring fraud, both in the public and private sectors, including large companies and multinational corporations, demonstrate that accounting fraud is a latent risk that can arise in any entity regardless of business scale, organizational complexity, or the maturity of the accounting system used (Sopanah et al., 2025).

From a behavioral accounting perspective, accounting information cannot be separated from the human behavior that manages, utilizes, and interprets that information in the decision-making process. Accounting, as a financial information system, plays a strategic role in supporting managerial, investment, and operational decisions for both internal and external users of the organization (Rusdianti & Sopanah, 2023). Therefore, the quality and reliability of accounting information are largely determined by the integrity of individual behavior and the effectiveness of the systems that control it. One of the main instruments designed to ensure the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable laws and regulations is internal control. Internal control is a process designed and implemented by management and all organizational elements to provide reasonable assurance that organizational goals are achieved through the coordinated implementation of policies, procedures, and oversight mechanisms (Rusdianti et al., 2022). However, the effectiveness of internal control depends not only on system design and the completeness of procedures but also greatly influenced by the behavioral aspects of implementers, the competence of human resources, and the quality of ongoing monitoring. Weaknesses in internal control have the potential to create opportunities for individuals to commit irregularities (Lestari et al., 2025), which can ultimately increase the likelihood of accounting fraud.

In addition to internal control, adherence to accounting rules is a structural factor that plays a crucial role in preventing fraud. Adherence to accounting rules reflects an organization's level of compliance in preparing, recording, and presenting financial reports in accordance with applicable accounting standards, both national and international (Malta & Rusdianti, 2023). Accounting rules and principles serve as guidelines for measuring, recognizing, and presenting financial transactions so that financial reports are prepared consistently, transparently, and accountably. Failure to adhere to accounting rules can lead to accounting manipulation practices that mislead users of financial statements and open up opportunities for unethical behavior and abuse of authority (Zimbelman et al., 2017). Therefore, adherence to accounting rules is not only related to the technical aspects of reporting but also reflects an organization's commitment to accountability, transparency, and long-term sustainability.

On the other hand, the tendency to engage in accounting fraud is also strongly influenced by individual behavioral factors, particularly unethical behavior. Unethical behavior is the actions of individuals or groups that deviate from the moral principles and ethical values prevailing in organizations and society. In the context of business and accounting, unethical behavior often occurs in decision-making that disregards honesty, integrity, and professional responsibility, particularly when individuals face pressure from personal interests or demands for specific performance. This behavior can become the basis for rationalizing fraudulent actions, where individuals justify deviations as normal or acceptable (Rusdianti et al., 2025). This condition aligns with the fraud triangle concept, which explains that accounting fraud is triggered by three main factors: pressure or incentives (pressure), opportunity due to weak internal controls (opportunity), and attitudes or rationalizations that justify unethical behavior (rationalization). Thus, the tendency to engage in accounting fraud is not merely a technical accounting issue but also a multidimensional phenomenon involving systems, regulations, and human behavior (Arens, 2014).

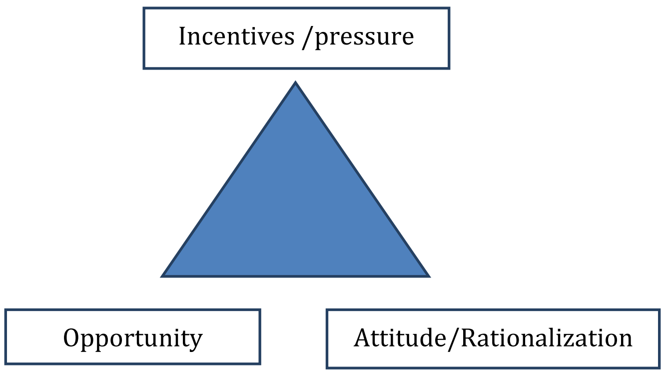

Figure 1. Fraud Triangle
Source: Arens (2014)

PT Ciomas Adisatwa Tbk as a national-scale company with operational activities spread across various regions, including East Java Region I Malang, faces a relatively high level of financial management complexity and control risk. Differences in the characteristics of work units, the breadth of operational areas, and the intensity of business activities require the implementation of effective internal controls, consistent compliance with accounting rules, and the enforcement of ethical values throughout the organization. In this context, a deep understanding of the role of internal controls, compliance with accounting rules, and unethical behavior is very important to minimize the risk of accounting fraud. Therefore, this study aims to analyze the influence of internal controls, compliance with accounting rules, and unethical behavior on the tendency of accounting fraud at PT Ciomas Adisatwa Tbk East Java Region I Malang, in order to provide empirical contributions to the development of behavioral accounting studies and more accountable and sustainable corporate governance practices.

Research Framework

Internal control is viewed as a crucial mechanism for preventing accounting fraud. Effective internal control aims to ensure the reliability of financial reporting and protect organizational assets from errors and fraud, whether intentional or unintentional (Tuanakotta, 2019). Various studies have shown that weak internal control opens the door to fraud, while strong internal control significantly reduces the likelihood of accounting fraud.

In addition to internal control, adherence to accounting rules also plays a crucial role in minimizing the likelihood of accounting fraud. Accounting rules are designed to provide guidelines for maintaining consistency, transparency, and reliability of financial information. Failure to comply with applicable accounting standards can increase the risk of financial statement manipulation and lead to accounting fraud (Hartmann et al., 2018). Therefore, the higher the level of adherence to accounting rules, the lower the potential for accounting fraud within an organization.

Unethical behavior is also a key determinant in explaining the likelihood of accounting fraud. Based on the fraud triangle concept, individual attitudes and rationalizations are key factors driving fraud (Arens, 2014). Unethical behavior, both at the management and employee levels, can justify manipulative and deviant actions, thereby increasing the likelihood of accounting fraud. Conversely, the implementation of strong ethical values within an organization is expected to suppress such deviant behavior.

Based on the theoretical foundation and previous research findings, this research framework positions internal control, compliance with accounting rules, and unethical behavior as independent variables that influence the likelihood of accounting fraud as the dependent variable. The relationship between these variables is causal, with internal control and compliance with accounting rules expected to negatively influence the likelihood of accounting fraud, while unethical behavior is expected to positively influence it. This framework then serves as the basis for formulating hypotheses and empirical testing in the research.

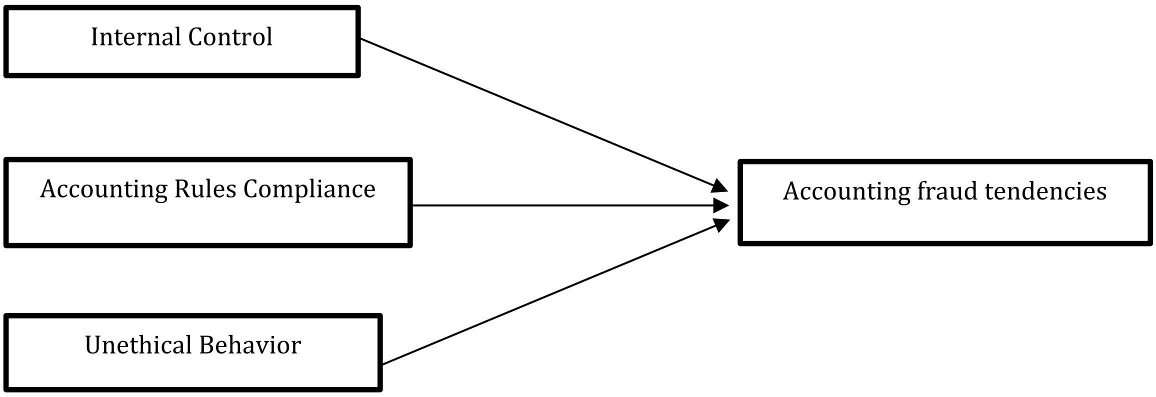

Figure 1. Framework of Thought

2. Methods

This study uses a quantitative approach to examine the influence of internal control, compliance with accounting rules, and unethical behavior on the likelihood of accounting fraud. The study was conducted at PT. Ciomas Adisatwa, Tbk, Region Jatim 1 Malang, with primary data sources obtained directly from respondents through questionnaires. The study population included all employees involved in accounting and administrative functions, with simple random sampling as the sampling technique.

Data collection was conducted through a structured questionnaire measured using a five-point Likert scale (Sugiyono, 2017). Internal control variables were measured based on the components of the control environment, risk assessment, control activities, information and communication, and monitoring. Compliance with accounting rules was measured through indicators of compliance with standards and principles for financial reporting presentation, while unethical behavior was measured through indicators of abuse of authority, resources, and power. The tendency for accounting fraud was measured based on the tendency for manipulation, misrepresentation, and misappropriation of assets.

Data analysis was performed using multiple linear regression with the aid of statistical software. Prior to hypothesis testing, instrument validity and reliability were tested, as well as classical assumptions, including normality, multicollinearity, and heteroscedasticity. Hypothesis testing was conducted partially using t-tests to determine the effect of each independent variable on the likelihood of accounting fraud.

3. Results and Discussion

3.1. Results

This research was conducted at PT. Ciomas Adisatwa, Tbk, Region Jatim 1 Malang, a national poultry farming company operating under a nucleus-plasma partnership model and spanning five business units: Lumajang, Jember, Malang, Singosari, and Blitar. This company not only plays a key role in supporting regional economic activity but also possesses complex operational and administrative systems, making it relevant as a research object related to internal control, compliance with accounting regulations, and unethical behavior. This complexity demands high accuracy in financial and operational reporting, potentially creating a risk of accounting fraud if not supported by an adequate control system.

Data collection was conducted through direct distribution of questionnaires to employees involved in recording, inputting, and monitoring financial and operational data. Of the 80 questionnaires distributed, 68 were deemed suitable for analysis, with a return rate of 85 percent. Respondents came from various strategic functions, including unit heads, finance and accounting, cashiers, technical service, production administration, field extension workers, sales, sales administration, sales support, and logistics. The involvement of respondents from various lines provides a comprehensive picture of the implementation of internal control and accounting practices at the business unit level.

Based on the characteristics of the respondents, the majority of respondents were male at 84 percent, with the education level dominated by bachelor's degree (S1) graduates at 47 percent, followed by diploma (D3) graduates and secondary education. Viewed from the length of service, most respondents have worked for less than 10 years at 50 percent, while the other 40 percent have worked for more than 10 years. This composition shows that respondents have sufficient work experience in understanding the company's operational and accounting procedures, so that the information obtained reflects the factual conditions related to internal control, compliance with accounting rules, and the tendency of accounting fraud in the environment of PT. Ciomas Adisatwa, Tbk Region Jatim 1 Malang.

Data Analysis Results

Data analysis using SPSS indicates that the research instrument generally meets the criteria for statistical feasibility. Validity tests indicated that all items in the variables of regulatory compliance, unethical behavior, and accounting fraud tendencies were valid. However, two items in the internal control variable were invalid and were not used in further analysis.

Table 1. Instrument Test

No	Indicator	r count	r table	significance	Description
1	Internal Control				
	Item 1	0,562	0,300	0,000	Valid
	Item 2	0,454	0,300	0,000	Valid
	Item 3	0,178	0,300	0,146	Invalid
	Item 4	0,510	0,300	0,000	Valid
	Item 5	0,390	0,300	0,001	Valid
	Item 6	0,538	0,300	0,000	Valid
	Item 7	0,302	0,300	0,012	Valid
	Item 8	0,645	0,300	0,000	Valid
	Item 9	0,434	0,300	0,000	Valid
	Item 10	0,397	0,300	0,001	Valid
	Item 11	0,197	0,300	0,108	Invalid
	Item 12	0,533	0,300	0,000	Valid
	Item 13	0,363	0,300	0,002	Valid
	Item 14	0,372	0,300	0,002	Valid
	Item 15	0,418	0,300	0,000	Valid
	Item 16	0,595	0,300	0,000	Valid
	Item 17	0,564	0,300	0,000	Valid
	Item 18	0,429	0,300	0,000	Valid
	Item 19	0,441	0,300	0,000	Valid
	Item 20	0,441	0,300	0,000	Valid
	Item 21	0,569	0,300	0,000	Valid
	Item 22	0,463	0,300	0,000	Valid
	Item 23	0,377	0,300	0,002	Valid
	Item 24	0,387	0,300	0,001	Valid
	Item 25	0,501	0,300	0,000	Valid
	Item 26	0,380	0,300	0,001	Valid
	Item 27	0,310	0,300	0,010	Valid
2	Rule Compliance				
	Item 1	0,534	0,300	0,000	Valid
	Item 2	0,488	0,300	0,000	Valid
	Item 3	0,597	0,300	0,000	Valid
	Item 4	0,377	0,300	0,002	Valid
	Item 5	0,379	0,300	0,001	Valid
	Item 6	0,503	0,300	0,000	Valid
	Item 7	0,571	0,300	0,000	Valid
	Item 8	0,551	0,300	0,000	Valid
	Item 9	0,404	0,300	0,001	Valid
	Item 10	0,547	0,300	0,000	Valid
	Item 11	0,428	0,300	0,000	Valid
	Item 12	0,606	0,300	0,000	Valid
	Item 13	0,422	0,300	0,000	Valid
3	Unethical Behavior				
	Item 1	0,662	0,300	0,000	Valid
	Item 2	0,685	0,300	0,000	Valid
	Item 3	0,772	0,300	0,000	Valid
	Item 4	0,555	0,300	0,000	Valid
	Item 5	0,583	0,300	0,000	Valid
	Item 6	0,344	0,300	0,004	Valid
	Item 7	0,491	0,300	0,000	Valid
	Item 8	0,664	0,300	0,000	Valid
	Item 9	0,424	0,300	0,000	Valid
	Item 10	0,678	0,300	0,000	Valid
4	Accounting fraud tendencies				
	Item 1	0,428	0,300	0,000	Valid
	Item 2	0,490	0,300	0,000	Valid
	Item 3	0,776	0,300	0,000	Valid
	Item 4	0,637	0,300	0,000	Valid
	Item 5	0,795	0,300	0,000	Valid

Item 6	0,792	0,300	0,000	Valid
Item 7	0,694	0,300	0,000	Valid
Item 8	0,463	0,300	0,000	Valid
Item 9	0,789	0,300	0,000	Valid
Item 10	0,538	0,300	0,000	Valid
Item 11	0,612	0,300	0,000	Valid
Item 12	0,711	0,300	0,000	Valid
Item 13	0,631	0,300	0,000	Valid
Item 14	0,527	0,300	0,000	Valid
Item 15	0,448	0,300	0,000	Valid

Source: Data Processed (2025)

The reliability test yielded a Cronbach's Alpha value above 0.6 for all variables, thus declaring the instrument reliable. Classical assumption testing indicated that the data were normally distributed, with no multicollinearity, and no autocorrelation. Regression and t-test results indicated that internal control and regulatory compliance had no significant effect on the likelihood of accounting fraud, while unethical behavior had a positive and significant effect on the likelihood of accounting fraud. These findings indicate that individual behavioral factors play a more dominant role than structural aspects in influencing the likelihood of accounting fraud.

Table 2. t test

Model	t count	Sig.	Description
Internal Control	0.643	0.522	Not Significant
Rule Compliance	1.704	0.093	Not Significant
Unethical Behavior	2.891	0.005	Significant

Source: Data Processed (2025)

3.2. Discussion

The results of this study indicate that internal control has no effect on the likelihood of accounting fraud. This finding indicates that the existence of an internal control system may not be able to suppress fraudulent behavior when faced with structural organizational limitations. The operational conditions of PT. Ciomas Adisatwa, Tbk, Region Jatim 1 Malang, which encompasses five business units in different geographic areas, have the potential to cause variations in the implementation and oversight of internal control procedures. This aligns with Hery's (2014) view that the broader the size and scope of an organization, the greater the risk of weak internal control effectiveness. This is also supported by Pratama's (2022) findings, which state that internal control does not always have a significant effect on the likelihood of accounting fraud.

Furthermore, adherence to accounting rules was also not proven to influence the likelihood of accounting fraud. This finding suggests that formal adherence to accounting procedures does not necessarily reflect behavior that is completely free from potential fraud. In the context of PT. Ciomas Adisatwa, Tbk, the use of a locked-system accounting system that requires real-time data input limits the scope for data manipulation, so that adherence to rules becomes a mandatory operational standard and is no longer a differentiating variable in employee behavior. These results support Pratama's (2022) research, which states that adherence to accounting rules does not directly influence the likelihood of fraud if it has become part of an automated and binding system.

In contrast to the two previous variables, unethical behavior was found to have a positive and significant effect on the tendency toward accounting fraud. This finding confirms that individual behavioral aspects are a key factor in the occurrence of fraud, regardless of the strength or weakness of existing systems and regulations. The results of this study support Arens' (2014) theory regarding rationalization as one of the main elements of the fraud triangle, in which individuals with low ethical attitudes and values tend to justify fraudulent actions. Therefore, the higher the level of unethical behavior among employees, the greater the tendency for accounting fraud to occur, as further reinforced by the findings of Permatasari et al. (2018).

4. Conclusion

This study aims to analyze the influence of internal control, compliance with accounting rules, and unethical behavior on the tendency of accounting fraud at PT. Ciomas Adisatwa, Tbk, East Java Region I, Malang. The results of the study indicate that internal control and compliance with accounting rules do not have a significant effect on the tendency of accounting fraud. This finding indicates that the existence of formal systems and rules is not necessarily effective in suppressing the potential for fraud when faced with the complexity of organizational structures, the breadth of operational areas, and systems that have become automated and binding so that they are no longer a factor in differentiating individual behavior.

Conversely, unethical behavior has been shown to have a positive and significant effect on the likelihood of accounting fraud. This finding confirms that individual behavioral factors play a more dominant role than structural aspects in encouraging fraud. Therefore, efforts to prevent accounting fraud should not only rely on strengthening internal control systems and compliance with accounting regulations, but also require instilling ethical values, integrity, and an honesty-oriented organizational culture. This research implies that fraud risk management requires an integrated technical and behavioral approach to create sustainable and accountable corporate governance.

References

Arens, A. A. (2014). Auditing & Jasa Assurance Pendekatan Terintegrasi Edisi Kelimabelas. *Erlangga*.

Hery. (2014). *Controllership knowledge and Management Approach*. Grasindo.

Malta, Y. A., & Rusdianti, I. S. (2023). Analysis of SAKTI Implementation on the Quality of Management of Fixed Assets in the Religious High Court of Jayapura. Innovation Business Management and Accounting Journal, Vol. 2(2), 55-62. https://doi.org/10.56070/ibmaj.v2i2.42

Pradesa, H. A., Agustina, I., Sulistyan, R. B., & Rusdianti, I. S. (2023). Studi Empiris Tentang Kompetensi Auditor Dalam Melakukan Fungsi Audit Internal Pada Bank Pembiayaan Rakyat Syariah. *Jurnal Riset Akuntansi & Perpajakan (JRAP)*, *10*(1), 81-91. https://doi.org/10.35838/jrap.2023.010.01.08

Rusdianti, I. S., Afriansyah, B., Prayogo, I., Mohklas., Adnyana, I. D. G. A. J., Indriyani., Adhi, D. K., Armeliza, D., Bintari, W. C., Luhgiatno., Asyik, N. F., Verawaty., Hermelinda, T., Asmara, R. Y., Caniago, I., Rizka, N. R., Rahmawaty, S., & Abdurohim. (2025). *Akuntansi Keperilakukan: Pendekatan Teori dan Inovasi Era Digital*. Eureka Media Aksara.

Rusdianti, I. S. (2018). *Pengaruh Pengendalian Internal, Ketaatan Aturan Akuntansi dan Perilaku Tidak Etis Terhadap Kecenderungan Kecurangan Akuntansi pada PT. Ciomas Adisatwa, Tbk Region Jatim 1 Malang*.

Rusdianti, I. S., Irmadariyani, R., & Kustono, A. S. (2022). E-Finance: Mitigation of Fraud Tendency in Indonesia. *IJEBD International Journal Of Entrepreneurship And Business Development*, *5*(3), 581-589. https://doi.org/10.29138/ijebd.v5i3.1857

Rusdianti, I. S., & Sopanah, A. (2023). *Mengenal Akuntansi Publik dan Perkembangannya*. Scopindo Media Pustaka.

Sopanah, A., Rusdianti, I. S., & Sulistyan, R. B. (2025). Early Detection of Fraud with an Accounting System. *JABE : Journal of Accounting and Business Education*, *9*(3), 72-84. http://dx.doi.org/10.17977/jabe.v9i3.53952

Sugiyono. (2017). *Metode Penelitian Kuantitatif Kualitatif Dan R & D*. Alfabeta.

Tuanakotta, T. M. (2019). *Audit Internal Berbasis Risiko*. Salemba Empat.

Zimbelman, M. F., Albrecht, C. C., Albrecht, W. S., & Albrecht, C. O. (2017). *Akuntansi Forensik Edisi 4*. Salemba Empat.

Windah Lestari, Sulaeman, & Idang Nurodin. (2025). Analisis Sistem Pengendalian Internal dan Audit Internal dalam Upaya Pencegahan Fraud (Kecurangan). *Jurnal Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah*, *10*(4). https://doi.org/10.30651/jms.v10i4.27479

Hartmann, B., Marton, J., & Söderström, R. (2018). The Improbability of Fraud in Accounting for Derivatives: A Case Study on the Boundaries of Financial Reporting Compliance. *European Accounting Review*, *27*(5), 845–873. https://doi.org/10.1080/09638180.2018.1494022

Pratama, B. (2022). Impresi Pengendalian Internal, Persepsi Kesesuaian Kompensasi, Dan Ketaatan Pada Aturan Akuntansi Terhadap Kecenderungan Kecurangan Akuntansi. *Jurnal Economina*, *1*(1), 35–48. https://doi.org/10.55681/economina.v1i1.16

Permatasari, D. E., Kurrohman, T., & Kartika, K. (2018). Analisis Faktor-Faktor yang Mempengaruhi Terjadinya Kecenderungan Kecurangan (Fraud) di Sektor Pemerintah (Studi pada Pegawai Keuangan Pemerintah Kabupaten Banyuwangi). *Jurnal Keuangan Dan Perbankan*, *14*(1), 37–44. https://doi.org/10.35384/jkp.v14i1.71