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## Determining Factors Of Fraud In Government Institutions (Empirical Study on OPD in Malaka Regency)

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### ABSTRACT

*This study aimed to examine and analyze the effect of internal control, organizational culture, leadership style, compensation suitability, and un-ethic behavior on fraud at the Government Institution of Malaka Sub-district. The research population was all civil servants who worked at Malaka Local Government Organization. Furthermore, the data collection technique used a purposive sampling technique. In this study, there were 153 civil servants chosen as the sample. The study used questionnaires as its research instrument and primary data. Moreover, it was quantitative research. Meanwhile, the data analysis technique used multiple linear regression. According to the findings, this study concluded that internal control had a negative and significant effect on fraud. Similarly, leadership style had a significantly negative effect on fraud. However, un-ethic behavior had a positive and significant effect on fraud. On the contrary, both organizational culture and compensation suitability did not have a significant effect on fraud at the Government Institution of Malaka Sub-district.*

**Keywords:** *Internal Control, Organizational Culture, Leadership Style, Compensation Suitability, Fraud*

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## 1. INTRODUCTION

To support the pace of economic growth in Indonesia, each regional autonomy must develop in accordance with applicable regulations, which focus on optimal, effective and efficient bureaucratic reform. The creation of good governance in a nation is inseparable from the government's performance of accountability and transparency. Government performance that is accountable and transparent in the economic sector encourages investment improvement (Sandityas, 2017). Sandityas (2017), but in reality, the lack of an accountable and transparent government is caused by several factors, one of which is the practice of fraud in government agencies. There are many cases of fraud that touch various fields of life throughout Indonesia. Fraud cases in Indonesia are not new, because they have happened repeatedly from the past until now, both in the private and public sectors. Government agencies in Indonesia can not be separated from the practice of fraud, ranging from central government agencies even to local government agencies also practice the fraud Sandityas (2017).

According to ICW (Indonesia Corruption Watch) the prosecution of corruption cases by law enforcers declined during 2019 compared to previous years. This was conveyed by Tama S. Laguh as a researcher from ICW. Tama S. Langguh also said that in 2017 there were 576 corruption cases that were revealed. That number has decreased since 2018, because there were only 454 corruption cases. Then in 2019 that number fell to almost 50%, because in 2019 there were only 271 corruption cases. ICW noted that of the 271 corruption cases handled in 2019, there were 580 suspects with total state losses reaching Rp 8.04 trillion. The case was handled by the KPK, the Indonesian Attorney General's Office, and the National Police from January 1, 2019 to December 31, 2019. It was recorded that they handled 62 cases with a total of 155 suspects, the Indonesian Attorney General's Office handled 109 cases with 216 suspects, and the National Police handled 100 cases with 209 suspects. (Indonesia Corruption Watch, 2020).

Indonesia Corruption Watch details the total bribes throughout 2019 as many as 51 criminal acts with a value of Rp. 169.5 billion. The other modes of corruption are mark-up or budget inflation as many as 41 cases, budget misuse 39 cases, fictitious projects 22 cases, fictitious reports as many as 22 cases, illegal levies 11 cases, gratification 7 cases, extortion 7 cases, cutting 5 cases, and marks -down 1 case. (Tirto.id September 9, 2020).

According to Sulastri and Simanjuntak (2014), the high involvement of the government in fraud is due to the complex structure of government agencies, a complicated bureaucratic system, low integrity, and ineffective control and high pressure. This is very unfortunate because the government agency that was formed with the initial aim of prospering the life of the Indonesian nation and state instead uses it for personal interests where the fraudulent act is detrimental to the state and undermines government governance. In general, cases of fraud (cheating), in the government agency sector are related to corruption. Perpetrators who commit corruption are not only carried out by the upper class but also penetrated to the lower classes. Ordinary people often think that fraud is corruption (Sandityas, 2017). Even though corruption is one of the types of fraud, this is due to a lack of knowledge and socialization among the community.

In modern era, the mass media can be a bridge for the public to obtain information about government performance. This is because the mass media report a lot of it to the public. For the fraud community, fraud cases in Indonesia are not new anymore, it can be said that fraud is not a taboo thing in Indonesia. In Indonesia, fraud can be seen in cases of liquidation of banks, tax manipulation, and others (Wilopo, 2006). According to Sukanto (2007), fraud is fraud that is intentionally carried out so as to cause harm to other parties and provide benefits to the perpetrators or their groups.

Fraud is an act of fraud that includes various irregular and illegal acts, namely, intentional fraud. One of the cases of fraud is the misuse of assets. Like the corruption case committed by the former Minister of Social Affairs, Juliari P. Batubara. Juliari Batubara was sentenced to 12 years in prison, in which Juliari was proven to have accepted bribes worth 32.4 billion in connection with the appointment of partners to provide Covid-19 social assistance at the Ministry of Social Affairs. In addition, Juliari Batubara was also sentenced to pay compensation of 14.5 billion subsidiary 2 years in prison and revocation of political rights for 4 years. (cnnindonesia.com, August 31, 2021).

In the practice of fraud, each perpetrator has his own motivation. Abdullahi and Mansor (2015), the practice of fraud is influenced by the Fraud Diamond where there are four main factors, namely, the opportunity (opportunity) circumstances can open opportunities to create fraud. (Pressure) is a condition where individual needs lead to fraud. Rationalization (rationalization) in committing fraud there is always a reason to justify. Rationalization is carried out consciously by actors prioritizing their interests. The last is the ability (capability) where an individual has the power, namely the position and intelligence to commit fraud. This failure is influenced by several things, namely, internal control, organizational culture, leadership style, compensation suitability, and unethical behavior.

## **2. LITERATURE REVIEW**

### **a. Fraud Diamond Theory**

Fraud diamond theory is seen as a refinement of the fraud triangle theory which was formulated by Cressey in 1953. Wolfe and Hermanson (2004), stated that fraud consists of three driving factors, namely the opportunity where the perpetrator has the opportunity to commit fraud. Pressure is a situation where the perpetrator has an urgent need, resulting in the perpetrator committing fraud to fulfill his needs. Rationalization is a situation where the perpetrators involved in fraud rationalize their actions with the code of ethics they have created. To improve prevention of fraud, it is necessary to consider the fourth element, namely capability (individual ability). Capability is a personal trait and the ability to play a role in committing fraud.

### **b. Cheating (Fraud)**

According to Wilopo (2006), fraud often involves pressure or encouragement and opportunities or opportunities that exist in committing fraud. Fraud is the cause of errors in the organization's financial reporting, or an act intentionally to take advantage of company assets unreasonably and consciously change financial statements for personal gain (Saputra, 2016).

Wilopo (2006), there are several indicators of accounting fraud measurement, namely: (1) Tendency to manipulate, change or falsify accounting records or documents; (2) The tendency to misrepresent such as omitting events, transactions, information from financial statements; (3) Tendency to intentionally wrong in setting accounting principles; (4) The tendency to misstatement due to misappropriation or embezzlement of assets that causes the entity to pay for goods or services that are not received; (5) The tendency to make misstatements due to improper treatment of assets and accompanied by false records or documents.

### **c. Internal control**

According to Hery (2013), internal control is a set of policies or procedures to protect company assets from all forms of abuse, ensure the availability of accurate accounting information, ensure all company provisions are accurate, ensure all legal regulations or laws and management policies have been complied with. and run properly. In Indonesia, the development of internal control, especially in government entities, was marked by the issuance of Government Regulation No. 60 of 2008, concerning the government's internal control system. The internal control system is an integral process in the actions taken repeatedly by management and employees to achieve organizational goals. COSO (2013), internal control is a process that is influenced by the

board of directors, management and employees designed to provide a convincing guarantee to achieve organizational goals through; efficiency and effectiveness, reliable presentation of financial statements, compliance with laws. Internal control is very effective and has a great influence in fraud prevention efforts, checking every employee's work will be monitored automatically with the Sandityas internal control (2017). According to Mustika (2016), the effectiveness of an internal control will cover every opportunity that will lead to accounting fraud.

**d. Organizational culture**

Organizational culture is a shared value order that makes internal integration and internal adaptation encourage the realization of government performance in the fields of regulation, service, and empowerment of the community (Sembiring, 2012). According to Panggabean (2016), organizational culture is the values, norms, beliefs, and attitudes that are formed for how each member of the organization does something or acts. Values are what are believed or guidelines that are used as a reflection to behave, Norms are unwritten rules and are used to regulate the behavior of members. This can be interpreted that values and norms are very influential in every organizational activity that may occur without being realized by every member of the organization (Panggabean, 2016). Kurniasari (2017), the existing system of provisions in an organization will affect the behavior of its members, a strong organizational culture will easily affect its members and vice versa a weak organizational culture will be difficult to influence its members. If the culture or ethics is strong, it will be a driving factor for ethical behavior that will be applied by all its members. So it can be concluded that the higher the employee's perception of the culture of an organization will be the determining factor that can reduce the pace or the occurrence of accounting fraud or fraud.

**e. Leadership Style**

Leadership is the ability to influence a group towards achieving organizational goals, leadership is also a person who is carried out in certain situations, and is directed through communication towards achieving organizational goals (Megawati, 2018). According to Rivai (2011), there are three kinds of leadership styles that can affect the success of an organization; (1) Authoritarian leadership style, this leadership style is often called directive or dictatorial. In this leadership style, using a power approach method where the leader gives instructions to subordinates, and explains what employees must do to reach decisions so that the organization will benefit the most. (2) Democratic leadership style, in this leadership style, there is a development structure that uses a cooperative decision-making approach between superiors and subordinates. Democratic leadership makes subordinates have high morale, can work together, prioritize work quality and can direct themselves. (3) Free leadership style, where this leadership style tends to give power to subordinates, the organizational structure is loose and the leader is passive. While the role of the leader is to provide supporting material and will help when asked for help from subordinates.

**f. Compensation Suitability**

Compensation consists of direct compensation and indirect compensation. Direct compensation consists of payment of salaries, wages, bonuses and commissions. Meanwhile, indirect compensation consists of all payments that include holidays, various insurances, child care services, and religious care (Nainggolan, 2020). According to Saputra (2016), compensation is everything that is considered as a reward or in the form of compensation, compensation can also be in the form of money or non-money received directly or indirectly by employees as a form of reward for what the employee has done to the company. Appropriate compensation can encourage employees to improve their performance, while inappropriate compensation will encourage individuals to commit fraud. This is because dissatisfaction with the compensation provided is inadequate, this is one of the factors supporting the occurrence of fraud (Pratama, 2020). So it can be concluded that the higher the compensation received by the employee will be able to reduce the level or rate of fraud.

**g. Unethical Behavior**

Ethics are beliefs related to right and wrong actions, good and bad actions, which affect other things (Griffin and Ebert). Ethical behavior according to Sari (2016), ethical is a principle or behavior that is carried out in general usually about things such as morals, dignity, or something that is right. According to Sandityas (2017), an individual's personal values and morals determine whether a certain behavior is considered ethical behavior or unethical behavior. Rahma (2018), there are several indicators of deviant or unethical behavior in the organization, namely: Rahma (2018), there are several indicators of deviant or unethical behavior in the organization, namely: (1) Abuse position; (2) abuse of power (abuse power); (4) Misuse of organizational resources (Abuse resources); (5) Behavior that does nothing (No action). Unethical behavior will affect accounting fraud, unethical behavior is not morally acceptable because it causes harm to other people and the environment (Rahma, 2018). In order to anticipate the occurrence of unethical behavior, the company or agency should instill ethical attitudes and behavior both inside and outside the company environment.

**3. RESEARCH METHOD**

In this study, the researcher uses a quantitative approach using the causative method, which is research that is useful for analyzing causal relationships between variables (Sugiyono, 2017). The population in this

study, namely, all civil servants (PNS) who work at the District Government Service in Malaka Regency, amounting to 424 employees. The sampling technique used is purposive sampling technique, with a total sample of 153 research power obtained by distributing questionnaires.

**4. RESULTS AND ANALYSIS**

**a. Normality test**

Table 1 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residual		
N		153
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	3,29506369
Most Extreme Differences	Absolute	,037
	Positive	,037
	Negative	-,032
Test Statistic		,037
Asymp. Sig. (2-tailed)		,200

a. Test distribution is Normal.

Source: Data Processing Results, 2022

Based on table 1, the results of the Kolmogorov-Smirnov (K-S) test have a value of 0.37 with an Asymp value. Sig. of 0.200. Where is the Asymp value. Sig of 0.200 > 0.05, then the data used in this study was declared normal.

**b. Multicollinearity Test**

Table 2 Multicollinearity Test Results

Model	Coefficients <sup>a</sup>		
	Collinearity Statistics		
	Tolerance	VIF	
1	(Constant)		
	PI	,672	1,489
	BO	,759	1,317
	GK	,519	1,928
	KK	,705	1,418
	PTE	,967	1,035

a. Dependent Variable: K

Source: Data Processing Results, 2022

Based on table 2, it can be seen that the VIF value of each independent variable (internal control, organizational culture, leadership style, compensation suitability, and unethical behavior), used in this study < 10, while the tolerance value for each variable is > 0.10. . So it can be stated that all the independent variables used in this study have met the requirements or conditions in the multicollinearity test, so it is said to be free from multicollinearity.

**c. Heteroscedasticity Test**

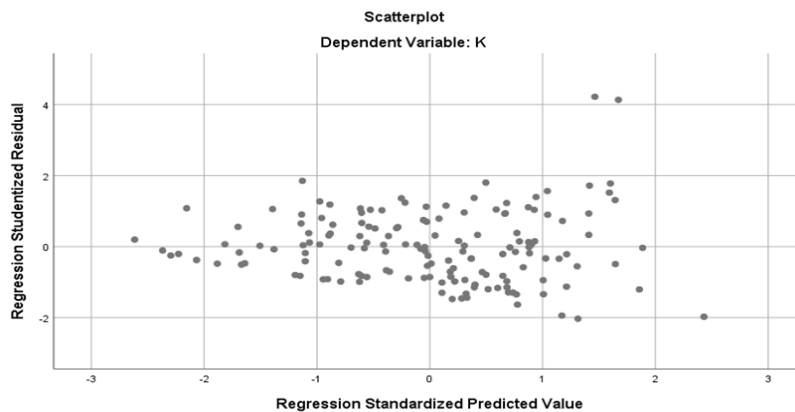


Figure 1 Graph of Heteroscedasticity Test

Source: Data Processing Results, 2022

Based on Figure 1, the results of the heteroscedasticity test show the points spread randomly and do not form a certain pattern. So it can be concluded that there are no symptoms of heteroscedasticity in the variables used in the study. So that all variables can be said to be feasible to use.

**d. Coefficient of Determination Test Results (R2)**

Table 3. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,487 <sup>a</sup>	,237	,211	,06987

a. Predictors: (Constant), PTE, PI, KK, BO, GK

b. Dependent Variable: K

Source: Data Processing Results, 2022

Based on table 3, it can be seen that the R square value of 0.237 or 23.7% is the amount of the independent variable's contribution to the dependent variable and 76.3% is explained by other variables outside the research model. while the R value is 0.487 or 48.7%, where the correlation of the independent variables (internal control, organizational culture, leadership style, compensation suitability, and unethical behavior), has a sufficient relationship to explain the dependent variable (cheating or fraud).

**e. F Test Results**

Table 4 F Test Results

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148,551	5	29,710	12,303	,000 <sup>b</sup>
	Residual	354,978	147	2,415		
	Total	503,529	152			

a. Dependent Variable: K

b. Predictors: (Constant), PTE, BO, PI, KK, GK

Source: Data Processing Results, 2022

Based on table 4, it can be seen that the F value is 12,303 with a Sig level. 0.00 or < 0.05. It can be concluded that the independent variables (internal control, organizational culture, leadership style, compensation suitability, and unethical behavior) affect the dependent variable (cheating or fraud).

**f. Multiple Linear Regression Analysis**

Table 5 Multiple Linear Regression Analysis

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,061	,214		4,947	,000
	PI	-,282	,045	-,454	-6,215	,000
	BO	-,029	,042	-,058	-,705	,482
	GK	-,137	,063	-,213	-2,154	,033
	KK	-,008	,056	-,012	-,143	,886
	PTE	,129	,055	,201	2,335	,021

a. Dependent Variable: K

Source: Data Processing Results, 2022

Based on table 5, then the multiple linear regression equation using Sig. 5% is,

$$K = 1,061 - 0,282 PI - 0,029 BO - 0,137 GK - 0,008 KK + 0,219 PTE + e$$

It can be concluded,

1. The coefficient value of the internal control variable is - 0.282. The negative sign explains that the PI has a unidirectional (negative) relationship with the fraud variable (K).
2. The coefficient value of the organizational culture variable is - 0.029. The value of the organizational culture coefficient is negative, this means that there is no unidirectional relationship between the organizational culture variable (BO) and the fraud variable (K).
3. The coefficient value of the leadership style variable is - 0.137. The value of the leadership style coefficient is negative, this means that there is no unidirectional relationship between the leadership style variable (GK) and the fraud variable (K).

4. The coefficient value of the compensation suitability variable is -0.008. The value of the compensation suitability coefficient is negative, this means that there is no unidirectional relationship between the compensation suitability variable (KK) and the fraud variable (K).

5. The coefficient value of the unethical behavior variable is 0.219. The value of the unethical behavior coefficient is positive, which explains the unidirectional relationship between the unethical behavior variable (PTE) and the fraud variable (K).

**g. Hypothesis test**

Table 6 t test results  
**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,061	,214		4,947	,000
	PI	-,282	,045	-,454	-6,215	,000
	BO	-,029	,042	-,058	-,705	,482
	GK	-,137	,063	-,213	-2,154	,033
	KK	-,008	,056	-,012	-,143	,886
	PTE	,129	,055	,201	2,335	,021

a. Dependent Variable: K

**DISCUSSION**

**a. The Effect of Internal Control on Fraud**

Based on statistical test results, that internal control has a negative and significant effect on fraud. This can be seen in the table which shows that the significance level is 0.00. It can be concluded that the first hypothesis, which states that internal control has a negative effect on fraud, is accepted.

In accordance with PP No. 60 of 2008, where the leaders of government agencies are required to create and maintain a conducive and positive environment in implementing the internal control system. A conducive work environment makes employees motivated to give their best for the agency because they feel part of the agency, thus closing all opportunities to commit fraud. Fraud in an agency can be identified through internal control. Internal control was created to increase the effectiveness and efficiency in the management of the agency to achieve its objectives. Internal control in accordance with the initial planning will make it easier to control fraud that will occur. Then the better the implementation of internal control applied in the agency will prevent fraud.

The results of this study are in line with research conducted by Zulkarnain (2013), Pramudita (2013), Panggabean (2016), Sari (2016), Kurniasari (2017), Rahma (2018), Megawati (2018), internal control has a negative effect against cheating. So it can be concluded that the more effective the implementation of internal control in government agencies will cover the possibility of fraud.

**b. The Influence of Organizational Culture on Fraud**

Based on the results of statistical testing, organizational culture has no effect on fraud. This can be proven by the value of Sig. on the t test of 0.482. It can be concluded that the second hypothesis, which states that organizational culture has a negative effect on fraud, is rejected.

The results of this study are in line with research conducted by Najahningrum (2013), the culture of an organization has no effect on acts of fraud in a government agency. The organizational culture of each agency is different, because it has values or rules that are made based on the circumstances that have occurred. Organizational culture is able to create behavior in accordance with the norms that have been applied (Softian, 2010). There is no relationship between organizational culture and fraud due to the application of rules and norms within the agency.

These results are in accordance with research conducted by Najahningrum (2013), an act of fraud is caused by two factors, namely internal factors and external factors. External factors are influenced by the work environment while internal factors are caused by the character of the person. So even though the organization has an unethical culture, it will not influence employees to commit fraud because these employees have good character and adhere to the rules or code of ethics that have been applied. Vice versa if the organization has an ethical culture, it is possible for fraud to occur if the employees have bad morality. Thus, organizational culture cannot suppress the tendency of fraud in government agencies. Softian (2010), In certain cases, perpetrators commit fraud because they feel tempted after seeing their friends cheat and are not given sanctions. Organizational culture should provide a sense of comfort at work, where this will affect increased productivity to achieve organizational goals (Fitri & Nadirsyah, 2020).

**c. The Effect of Leadership Style on Fraud**

The results of testing the leadership style hypothesis have a negative effect on fraud. This can be proven where the value of Sig. on the t test of 0.033. The better a person is in leading an organization or agency, the better the performance given by his subordinates and a factor in preventing fraud in the agency. It can be concluded that the third hypothesis, which states that leadership style has a negative effect on fraud, is accepted.

The success of a leader in running an agency cannot be separated from good relations between superiors and subordinates, where the leader will provide a clear division of tasks so that subordinates can easily understand what they have to do (Zulkarnain, 2013). A good leader is a leader who accepts suggestions and criticism from his subordinates, this means that the leader provides space for his employees to be directly involved in providing ideas and in making decisions and conducting joint evaluations. These actions can foster a sense of ownership and responsibility in every member of the agency that can minimize the emergence of fraudulent actions (Nainggolan, 2020).

This research is in line with research conducted by Pramudita (2013), agency leaders who have good relations with their members and master the division of structures and run the agency in accordance with the direction and goals of the organization, so as to suppress the growth of fraud that will be carried out by its members. A good leader must create a good image so that it can be respected and used as a reflection by employees in their behavior. Nainggolan (2020), A leadership style that is in accordance with the rules will make a positive contribution to improving the quality of employee performance which will have an effect on reducing the chances of fraud. So it can be concluded that the better a leader in leading an agency can improve the performance of his subordinates which can prevent the emergence of fraud.

**d. Effect of Compensation Suitability Against Fraud**

Based on statistical test results, that the suitability of compensation has no effect on fraud (fraud). It can be seen in the table which shows that the significance level is 0.886. It can be concluded that the fourth hypothesis, which states that compensation suitability has a negative effect on fraud, is rejected.

The results of this study are in line with research conducted by Giarini (2015) which states that the suitability of compensation given to employees in an agency does not affect the occurrence of fraud. Meanwhile, according to Firdaus (2018), the suitability of compensation has no effect on fraud at the Klaten Regency Office, because the person or character who works for does not really expect large compensation because it has been determined by the government. As long as the compensation received is deemed sufficient to meet the needs, then it is not a problem. Where the most important thing is to provide maximum performance, so that the compensation received will be in accordance with the performance.

While the results of this study, the suitability of compensation has no effect on fraud in Malaka Regency, because currently the provision of compensation or ASN salaries has been based on PERMENDAGRI No. 27 of 2021 and also the strict inspection carried out by the Malaka Regency government. ASN also understands that the compensation received in the form of honorarium or salary as well as promotion is not an option that can be determined by the ASN itself, because the compensation received has been determined according to the class and position.

Putri (2013) the suitability of compensation has no effect on fraud, where the provision of compensation is not necessarily able to reduce the level of fraud in an agency. The high and low level of compensation provided by an agency to its employees does not guarantee that this will affect the decrease in the level of fraud in government agencies. This is directly proportional to the case of corruption in the procurement of shallots that occurred in Malaka Regency. Where the person who committed the corruption case has a high position in the Malaka Regency Government Agency. In accordance with the previous explanation that the amount of compensation received by ASN depends on the class and position, which can prove that the amount of compensation received by ASN does not guarantee that the ASN will not commit fraud. This proves that fraud can occur and be carried out by all positions, from leaders to subordinates, if the employee has bad morals and character.

**e. The Effect of Unethical Behavior on Fraud**

The results of testing the hypothesis of unethical behavior have a positive effect on fraud. This can be proven where the value of Sig. on the t test of 0.021. The number of needs that must be met, causes a person to commit fraud to obtain something that will be used to fulfill his needs. It can be concluded that the fifth hypothesis, which states that unethical behavior has a negative effect on fraud, is accepted.

Morality affects every behavior of individuals, bad morality will make individuals tend to do unethical behavior. Unethical behavior should not be accepted because it will result in harm to others. Unethical behavior in an organization or government agency will result in high fraud that occurs (Sari, 2016). If in an agency there is often fraud committed by its leaders, then every employee will commit fraud and rationalize their actions because cheating is a natural thing in the agency. This will encourage high cases of fraud in government agencies, because those who should control and supervise the continuity of these agencies actually take actions

that violate norms. On the other hand, if an agency has an ethical culture that serves as a benchmark for its members to behave and consider fraud to be something that can harm others and violate the law, there will be minimal fraudulent actions that will occur (Sandityas, 2017).

Research in accordance with research conducted by Zulkarnain (2013), unethical behavior has a significant and positive influence on fraud, meaning that the higher the unethical behavior that occurs, the higher the level of fraud that will occur in the agency. This research is also supported by research conducted by Wilopo (2006), an agency that has low ethical standards will have a high risk of fraud as well.

## 5. CONCLUSION

Based on the results of the tests and discussions that have been presented in the previous chapter, the following conclusions are obtained:

1. Internal control has a negative effect on fraud, so it can be concluded that the more effective the application of internal control in government agencies will be to detect and minimize fraud.
2. Organizational culture has no effect on fraud, so it can be concluded that internal factors and external factors are factors that a person can commit fraud or vice versa. External factors are influenced by the work environment while internal factors are caused by the character of the person.
3. Leadership style has a negative effect on fraud, so it can be concluded that the better a leader in leading and maintaining relationships with subordinates will minimize fraud.
4. The suitability of compensation has no effect on fraud, thus the fourth hypothesis is rejected. The high and low level of compensation provided by an agency to its employees does not guarantee that this will affect the decrease in the level of fraud in government agencies. This could be one of the triggers due to the high needs that must be met, causing the employee concerned to feel that the level of compensation provided is not sufficient to meet his needs and ends up committing fraud.
5. Unethical behavior has a positive effect on fraud, so it can be concluded that the higher the unethical behavior that occurs will increase fraud, the high level of fraud that occurs is due to the many needs that must be met so that employees commit fraud to meet their needs.

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