



The Effect of Moral Reasoning on Intention to Fraud in the Procurement of Goods and Services under Obedience Pressure: An Experimental Study

Edy Sujana*, Nyoman Ayu Wulan Trisna Dewi

Universitas Pendidikan Ganesha, Jl. Udayana 11, Singaraja, Bali, Indonesia

*edy.s@undiksha.ac.id

CITATION:

Sujana, E. & Dewi, N. A. W. T. (2021). The Effect of Moral Reasoning on Intention to Fraud in the Procurement of Goods and Services under Obedience Pressure: An Experimental Study. *JIA (Jurnal Ilmiah Akuntansi)*, 6 (2), 413-434.

ARTICLE HISTORY:

Received:

August 26th, 2021

Revised:

November 15th, 2021

Accepted:

December 2nd, 2021

DOI: 10.23887/jia.v6i2.38944

Abstract

This study examines the influence of obedience pressure and individual moral reasoning on the attention to commit fraud in the context of the procurement of goods and services. This study uses a 2x2 factorial experimental design. The participants in this study were undergraduate accounting students who have passed courses in Professional Ethics, Public Sector Accounting, and Forensic Accounting who acted as implementers of the procurement of goods and services. Hypothesis testing in this study used ANOVA. The results of this study found the effect of obedience pressure and individual moral reasoning in committing fraud in the procurement of goods and services. Under conditions of obedience pressure, individuals with low moral reasoning will tend to commit fraud compared to individuals with high moral reasoning. Thus, individuals who have high moral reasoning tend to behave ethically, even though they are faced with pressure from superiors.

Keywords: moral reasoning, obedience pressure, fraud.

INTRODUCTION

Fraud activities are dangerous and harm the organization, moreover on to the public sector where its biggest funding comes from community taxes. The procurement process of goods and services on the public organization is the most fragile to fraud (Rustiarini et al., 2019). The

fraud opportunities in the procurement of goods and services are higher than in the private sector (Dewi et al., 2020; Rustiarini et al., 2019) explains that the procurement of goods and services corruption case is the most case handled by Corruption Eradication Commission (CEC) of Indonesia after bribery cases. Based

on the CEC data, a criminal case in the procurement of goods and services reached 236 cases from 2004 until 2020. The procurement of goods and services fraud is a complex problem in each of the goods and services procurement (Rustiarini et al., 2019). The fraud case in goods and services procurement generally happens along with the sources vote and contract administration stage (Rendon & Rendon, 2016). The procurement of goods and services of the government is carried out through a tender process that tends to accommodate certain parties thus creating harm to another tender (Purwadi, 2019). This condition is the form of unfair competition that violate the principles in procuring goods and services based on Presidential Decree No. 16 the Year 2018 and in a form of fraud activity in the procurement of goods and serviced.

The forms of accounting fraud in the procurement of goods ad services, such as (Nurharjanti, 2016): (1) discrepancy between the goods/services agreed in the contract with the needs of the agency and/or the community, (2) discrepancy between the technical specifications of goods/services that have been completed by the providers of goods/services with the technical specifications that have been

stipulated in the agreement/contract, (3) discrepancy between the volume (quantity) of goods/services that have been completed by the provider of goods and the amount that should be following the agreement/contract, (4) irregularities in the price of goods/services agreed in the contract/agreement, and (5) delay in the completion of work by partners from the schedule specified in the agreement/contract.

Several types of research previously had examined factors that influence accounting fraud in goods and services procurement fraud. Nurharjanti (2016) found that the quality of procurement of goods, services, system, and procedure procurement influences the goods and services procurement fraud. Setiawan & Helmayunita (2017) found that internal system control and financial pressure can influence an individual's tendency to commit accounting fraud in the context of government goods and services procurement.

Several previous found that social pressure especially compliance pressure has its influence in the making of accounting decisions, for instance in the context of audit judgment (Nasution & Ostermark, 2012), budgetary slack (Davis et al., 2006); (Hartmann & Maas, 2010); or earnings management (Mahmudi &

Supriyadi, 2019); (Rustiarini et al., 2019) found that pressures and chances are the antecedents variables on the accounting fraud activity which supports the theory of The Fraud Triangle, whereas, the pressure condition from the superior thus the subordinate tends to obey the superior's instruction. In line with the research result from Sitanala (2019) that the higher authority has more significant important roles in influencing the fraud activities in the context of the procurement of goods and services. Herianti (2021) in research experimented with the influence of compliance pressures against tendencies to commit accounting fraud in the context of government procurement. However, the previous experiment has not analyzed the influence of individual moral reasoning on the tendency to commit accounting fraud in the context of government procurement of goods and services under compliance pressure, as described in the limitations of the study of (Herianti, 2021).

Individual characteristics are important to analyze because the response towards the superior's pressure will be different on each character, thus the decision-making will be different as well (Tantri, 2018) Individuals with low moral reasoning

levels tend to commit accounting fraud (Setiawan & Helmayunita, 2017). Individuals with high moral reasonings tend to avoid committing accounting fraud alongside high moral reasoning, even though, there is no internal control inside the organization (Merawati & Mahaputra, 2017). This implies that an individual with low moral reasonings tends to prioritize an individual's importance and harm most people, meanwhile individuals with high moral reasonings do not commit unethical behaviors.

Based on the background of the study, the present research is a development from the research of Herianti (2021) which experimented on the influence of obedience pressure towards the willingness to commit accounting fraud by adding personal characteristics factors in form of moral reasoning which has not been analyzed in the previous research. The research is carried out using experimental research design to prove the tendency in doing accounting fraud between individuals who have low and high moral reasoning in a condition where there is obedience pressure and there is no obedience pressure. The presence and absence of moral pressure and the low and high level of moral reasoning are the factors examined as the cause of

accounting fraud in the context of public goods and services procurement. In conclusion, the present research aimed at testing the influence of moral reasoning towards the tendency of committing accounting fraud of obedience under pressure towards the obedience on the superior through experiment approach. The research was expected to contribute theoretically in predicting fraud tendency in procuring goods and services and the research is expected to describe the individual's moral reasoning level of importance which would be given its responsibility to do goods and services procurement (Mahmudi & Supriyadi, 2019).

LITERATUR REVIEW AND HYPOTHESIS FORMULATION

Obedience Pressure and the Procurement of Goods and Services Fraud

The obedience theory explains that individuals who face pressure conditions in committing certain actions by the party who has the authority can display behaviors that go against personal values and beliefs (Tantri, 2018). Obedience pressure is one form of social pressure generated by individuals who have authority in ruling over other individuals to commit certain actions.

Several previous pieces of research have proven that social pressure can influence ethical considerations in accounting decision-making. Amongst those, an auditor who faces social pressure tends to cause mistakes in its judgment making that can violate integrity auditor integrity, and professionalism (Nasution & Ostermark, 2012). In other words, social pressure can cause mistakes in the decision making which can create unethical behavior. In the budget slack context, Merawati & Mahaputra (2017) found that obedience pressure tends to push individuals to do budget slack compared to when accepting peer pressure. In the context of profit management, Mahmudi & Supriyadi (2019) explained that individuals' obedience under pressure conditions tends to do profit management. Based on the result from the previous research, the superior's pressure drives the individuals to behave based on the superior demand as forms of obedience needs on the superior's instruction. Based on the fraud theory (Sunarmo et al., 2020) pressure is one factor that causes someone to commit fraud, including fraud in goods and services procurement.

According to the explanation, in the condition of obedience pressure, individuals tended to commit fraud in

the procurement of goods and services compared to a condition with the absence of obedience. In conclusion, the first hypothesis is built as follows:

H₁: The tendency to commit fraud in the procurement of goods and services will be higher under conditions of compliance pressure than without compliance pressure

Moral Reasoning and the Procurement of Goods and Services Fraud

Moral reasoning is one of the characteristics of the individual that differentiates between individuals. Individual characteristics are important to analyze since the response towards a condition will be different based on each individual's character, thus the decision made would be different as well (Tantri, 2018). Moral reasoning is an ability of moral considerations based on individuals' cognitive reasonings which are based on an individuals' way to resolve social problems faced by them. Individuals characteristics with low moral reasonings tend to commit accounting fraud (Setiawan & Helmayunita, 2017); (Mulia et al., 2017), found that individuals morality has a negative influence significantly on the tendency of accounting fraud. Individuals with high moral

reasonings tend to not commit accounting fraud even though there is no internal control in the organizations (Merawati & Mahaputra, 2017). This implies that individuals with low moral reasonings tend to prioritize their importance and do harm to most parties, while the individuals with high moral reasonings tend to not commit unethical behaviors.

Based on the explanation, individuals with low moral reasoning tend to commit fraud in goods and services procurement. Thus, the hypotheses of the research are:

H₂: Individuals with low moral reasonings tend to do fraud in goods and services compared to the ones with high moral reasonings.

The Interaction Effect of Obedience Pressure and Moral Reasoning towards the Procurement of Goods and Services Fraud

Individuals with higher authority hold important roles in influencing the fraud of goods and services procurement, and the ethical code can eliminate it (Sitanela, 2019) An exact professional ethical code will increase moral values, which can minimize fraud actions (Fernandhytia & Muslichah, 2020). Each individual has different characters, thus when

facing a superior's pressure, individuals will face it differently and make different decisions as well (Tantri, 2018). Individuals with high moral reasonings tend to avoid accounting fraud even though there is no internal control system in the organization (Merawati & Mahaputra, 2017); (Puspasari & Suwardi, 2016).

There is significant influence between situational variables pressure such as superior's authority, variables of internal control, and variables of moral reasonings level towards the tendency of action fraud. Pramesti & Wulanditya (2021) explained that individuals who have high morality will have a small possibility of accounting fraud tendency. Based on the explanation, individuals who have high moral reasonings tend to act ethically and act honestly, even though faced by moral reasonings in the organization or unpressured obedience, meanwhile, individuals with low moral reasonings faced by obedience pressure, will benefit this condition to commit fraud in the procurement of goods and services. Thus, the third hypothesis of the research was:

H₃: When faced with obedience pressure conditions, individuals with low moral reasonings will tend to do fraud in the procurement of goods and

services compared to individuals with high moral reasonings individuals

METHOD

The present research used experimental design between-subject 2x2. Obedience pressure is manipulated within two levels, such as the presence of obedience and the absence of obedience, meanwhile, the moral reasonings level is divided into two, such as low and high. Table 1 depicts the experiment matrix in the present research.

Based on experiment 2 (obedience pressure) x 2 (moral reasonings), the participants are classified into 4 different groups. The division is explained below:

- a) Group 1: Accounting fraud in the condition of obedience pressure presence and low moral reasonings.
- b) Group 2: Accounting fraud in the condition of obedience pressure absence and low moral reasonings.
- c) Group 3: Accounting fraud in the condition of obedience pressure presence and high moral reasonings.
- d) Group 4: Accounting fraud in the condition of obedience pressure absence and high moral reasonings.

Table 1. Experiment Matrix

Obedience Pressure	Moral Reasonings	
	Low	High
Presence	Group 1	Group 3
Absence	Group 2	Group 4

The sample choice was carried out using a non-probability sampling method such as purposive sampling by using certain criteria. The criteria in this sample determination were university students of the Accounting Undergraduate Study Program who have passed Business Ethics and Profession, Public Sector Accounting, and Forensic Accounting. The reason why the subject was university student because the topic investigated was related to ethical issues, moral, and sensitive responsibilities when targeted directly to the subject who committed procurement of goods and services corruption, thus, university students were suitable as the choice of experimental subjects to gain the real response without psychological pressure (Sitanela, 2019). The use of sample was 120 participants by giving different treatment and manipulation group positioning was scrambled. The sample determination was based on the theory rule of thumb that the minimal number of samples in each research group must be 30 people.

Operational Definition and Measurement of Variables

Obedience Pressure Condition

The obedience pressure condition shows that there are pressures from certain kinds of the group to win certain tender of the participant. In the present research, the obedience pressure followed the study of Mahmudi & Supriyadi (2019) and Herianti (2021) that adjusted with the context of goods and services public procurement. Below is the description of two conditions whereas firstly with the presence of obedience and secondly with the absence of obedience.

- a) The condition where there is a presence of obedience pressure in the case material is “I (Head District) have decided that you (tender of the voting committee) must accept the old friends' offer in winning the tender of medical devices, thus I will keep maintaining your present position.”
- b) The condition where there is no obedience pressure explained in the case material such as “I

(Head District) give wholly to you (tender of the voting committee) to decide your activities related to the project of medical devices procurement because it is your responsibility".

Moral Reasoning

Moral reasoning is the ability of moral considerations based on individuals' cognitive reasonings which underlies individuals' ways of problem-solving faced by them. The variable reasonings measurement using the model developed by Rest (2000) in form of DIT (Defining Issue Test). Moral reasoning level is divided into two categories, low and high, and if the total score of the participant is 17, then can be said that the participant has a high moral reasonings level meanwhile, the participant is said to have a low level of moral reasoning.

Accounting Fraud

The dependent variable of the research tends to commit accounting fraud in the procurement of goods and services. The measurement of goods and services use project case materials of the health tools growth and the subject's response decision as to the tender team which agreed or rejected the old friends' business to

win the project which would be developed in the research of (Herianti, 2021). The fraud in the procurement of goods and services is the team procurement of goods and services accepted the offer from the old friend to win the tender project of the procurement of goods and services of the health tools and gained the joint share as written in the contract. The measurement uses the Likert Scale 7 points which showed that the value of 1 strongly disagreed and the value of 7 strongly agreed.

Experiment Task

The task in the experiment research is that each participant will be given a research instrument as the case explanation. Each of the participants will get one or two cases available. In each case, the participant will act as the man in the power of goods and services procurement of a province organization which is a process of implementing procurement of goods and services. Two scenario possibilities are gotten by the participants of the research in the present research. Each case will load information of corruption indication on the goods and services procurement in the province organization. The research used experiment tasks with certain cases adapted from the research scenarios

from (Dewi et al., 2020) and (Herianti, 2021) which were suited with the public sector organization public in the project of goods and services, as follows: L is a man in power of the goods and services procurement, namely the head of the agency who is appointed to lead the implementation of direct procurement of goods or services in Regional Apparatus Organization X. One of the work programs of agency L this year is the procurement of medical equipment infrastructure. Furthermore, a Committee for the Procurement of Goods and Services is formed whose task is to carry out the selection of Goods and Services Providers. During the tender, 5 companies were participating in tender. One of the owners of the company turned out to be an old friend of L's, namely S. S met L before the tender process started, then asked him to help win the tender from his company. If his company wins, then he will give 20% of the face value of the project. In conditions of compliance pressure, participants receive orders from superiors (regional heads) to win the tender for company S, while in conditions of no compliance pressure, regional heads submit all decisions to L and these decisions are his responsibility.

Next, participants were asked to indicate how likely they are to commit fraudulent acts in the procurement of goods and services using a seven-point Likert scale.

Manipulation Check

The available check manipulation questions were used to verify that participants understood the task and manipulation of the instrument. After the experimental scenario was completed by the participants, the participants were then asked to answer a series of questions about understanding the experimental task and the manipulation of the instruments used.

The first check manipulation question relates to compliance pressure. The participants answered a series of questions about the pressure they felt, whether the case posed an ethical dilemma in decision-making and what role they played in the case. Participants are said to understand if the answer is correct

Data Analysis Technique

In analyzing the data, this study used the Analysis of Variance (ANOVA) technique. ANOVA is an analytical tool to observe various phenomena of causality, especially in research using experimental methods (Gudono, 2015). Assumptions in

technical analysis using ANOVA include: having one dependent variable with a metric scale (ratio) and the independent variable being categorically limited (treatment level: high and low).

In the ANOVA what is observed is the average difference at various levels of the independent variable category by considering the variance in each of these categories (Gudono, 2015). ANOVA testing criteria to determine whether the hypothesis is accepted or rejected by using f-count and p-value. If $f\text{-count} > f\text{-table}$ then it is declared significant and the hypothesis is accepted, then using p-value, if $p\text{-value} < 0.05$ then it is declared significant and the hypothesis is accepted.

RESULTS AND DISCUSSION

Manipulation Check

Manipulation checks were carried out by testing participants to

determine whether they were true or false with two questions. The first check manipulation question relates to the role of the participants in the experimental scenario, the second question relates to obedience pressure. The participants answered a series of questions about the level of pressure they felt. The results of the manipulation check analysis showed that out of 120 participants, only 103 participants (85.83%) passed the manipulation check so that 17 people (14.17%).

Validity Test

This study used two types of validity tests. The first validity test was the face validity technique. The face validity technique was a subjective assessment, which showed whether the instrument could physically measure what it was supposed to measure so that this validity referred to the shape and

Table 1. Manipulation Check Result

Participant	Case Types				
	1	2	3	4	
Class of 2020 of Students of Accounting Study Program	30	29	30	31	120
Filling Does not pass manipulation check	4	8	1	4	17
Amount of participant data obtained	26	21	29	27	103
Processed data	26	21	29	27	103

Sumber: Processed Data, 2021

appearance of the instrument. The researcher used the face validity technique because the case instrument used by the researcher only adopts and modifies the previous instrument that had been tested for validity. The second validity test used a content validity test. The content validity test on the moral reasoning variable was carried out by correlating the score of each statement item with the total score of the variable. The following (Table 2) were the results of the validity test of the moral reasoning variable.

Based on Table 2, then the results of the validity test for the moral reasoning variable as many as 6 statements are declared valid. The validity test uses an alpha significance of 0.05 with a 2-sided test and the amount of data (n) = 101. The significance test is carried out by comparing the calculated r-value with r tables for calculating the degree of freedom (df) = n-2, with n as the

number of participants. In this study, the ethical idealism orientation variable has the number of participants (n) = 103, so the magnitude of df can be calculated: 103-2 = 101, it can be seen that the r table is 0.1937.

Reliability Test

A questionnaire can be said to be reliable or reliable if the participant's answers to the statements are consistent from time to time. The researcher will test the reliability of the idealism ethical orientation variable by looking at the value of Cronbach's alpha. Based on the test results that the value of Cronbach's alpha of the Individual Morality variable instrument is 0.608 out of 6 questions so it can be concluded that all of the items are reliable. The level of reliability of an instrument is measured by calculating the value of Cronbach's alpha. Cronbach's alpha value can be said to be reliable if the

Table 2. Validity Test Correlations

		item1	item2	item3	item4	item5	item6	total
Total	Pearson Correlation	.599**	.515**	.581**	.475**	.703**	.607**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	103	103	103	103	103	103	103

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Processed Secondary Data (2021)

Cronbach's alpha value is greater than 0.6.

Normality Test

To test the hypothesis used Analysis of Variance (ANOVA). Before doing the ANOVA test, the assumption of normality was first tested. The normality test aimed to test whether the primary data to be processed is normally distributed or not from the residuals. Researchers conducted a normality test using the one-sample Kolmogorov-Smirnov normality test technique, namely by using a 2-sided test and a significance level of 0.05. The results of the normality test used the Kolmogorov-Smirnov Test show the Monte Carlo value. Sig 0.206 (above 0.05), then with these results, it can be said that the data was normally distributed so that it fulfills one of the ANOVA assumptions.

Homogeneity Test

To test the hypothesis using Analysis of Variance (ANOVA). Before performing the ANOVA test, the homogeneity assumption was first tested. Homogeneity test as a prerequisite test before testing the hypothesis using ANOVA (Analysis of Variance). Researchers tested homogeneity using Levene's test of homogeneity of variance with a significance value greater than or

equal to 0.05. The homogeneity test was used so that the participants who were the research subjects had the same variance to fulfill the ANOVA assumption. The following are the results of the homogeneity test using Levene's test. As can be seen from Table 3 above, the significance value of the Levene test is the Levene Static value = 0.270 and Sig. = 0.847. This shows that each group of participants met the same variance ($0.072 > 0.05$). Therefore, it can be concluded that the data have met the requirements for the ANOVA test.

Hypothesis Test

The data analysis technique to test the hypothesis in this experimental research used two-way ANOVA. The significance criteria can be seen if the $P_{\text{-value}}$ is less than or the same as 0,05 or if the $F_{\text{-count}}$ is bigger than F_{tabel} . Thus, the hypothesis submitted can be accepted and supported. Meanwhile, if the $P_{\text{-value}}$ significances $> 0,05$ or if $F_{\text{-count}}$ is less than F_{tabel} , thus the hypothesis is rejected or unsupported.

Table 4 showed that in group 1, 26 research subjects chose to accept an old friend's offer to win the tender for the procurement of medical equipment goods/services and obtained profit-sharing following the

Table 3. Homogeneity Test

		Levene's Test of Equality of Error Variances^b			
		Levene Statistic	df1	df2	Sig.
Accounting_Fraud	Based on Mean	.270	3	99	.847
	Based on Median	.371	3	99	.774
	Based on Median and with adjusted df	.371	3	88.174	.774
	Based on trimmed mean	.305	3	99	.822

Source: Processed Secondary Data (2021)

agreement with an average value of 4.96. In group 1, there was the highest mean value when compared to other groups, so that group 1 with conditions of low obedience pressure and moral reasoning was a condition where the research subjects mostly chose to accept an old friend's offer to win the tender for the procurement of goods/services projects. Medical devices and obtained profit-sharing following the agreement.

Meanwhile, in group 3, 21 research subjects chose to accept an old friend's offer to win the tender for the procurement of medical equipment goods/services and obtain profit-sharing following the agreement with an average value of 3.71. Group 3 had a condition of compliance pressure and has high moral reasoning, but the research subjects still chose to accept the old friend's offer to win the project tender for the procurement of medical equipment

goods/services and obtained profit-sharing following the agreement. This showed that with high moral reasoning and compliance pressure, the research subjects still intended to accept an old friend's offer to win the tender for the procurement of medical equipment goods/services and obtain profit-sharing following the agreement.

In Group 2, 29 research subjects chose to accept an old friend's offer to win the tender for the procurement of medical equipment goods/services and obtain profit-sharing following the agreement with an average value of 4.45. Group 2 was in a condition where there was no obedience pressure and has low moral reasoning, but the research subjects still intended to accept an old friend's offer to win the project tender for the procurement of medical equipment goods/services and obtain profit-sharing following the agreement. This showed that with low moral reasoning

but no obedience pressure, the research subjects still intended to accept an old friend's offer to win the project tender for the procurement of medical equipment goods/services and obtain profit-sharing following the agreement.

Group 4 with 27 research subjects who did not intend to accept an old friend's offer to win the project tender for the procurement of medical equipment goods/services and obtain profit-sharing following the agreement with an average value of 1.85, this value was the lowest when compared to other groups, so that the group 4 with the condition that there was no obedience pressure and has high moral reasoning was a condition where the research subject did not intend to accept an old friend's offer to

win the tender for the procurement of medical equipment goods/services.

Hypothesis 1

The first hypothesis stated that under conditions of compliance pressure, individuals were more likely to commit fraud in the procurement of goods and services than in conditions where there was no compliance pressure.

From Table 5, it could be seen that there was an effect of compliance pressure on the intention to commit fraud in the procurement of goods and services, with a value of $F = 18,876$ and a p-value of 0.000 (less than 0.05). The difference in individual intentions to commit fraudulent procurement of goods and services could be seen from the

Table 4. Descriptive Statistics
Descriptive Statistics

Dependent Variable: Accounting_Fraud

Obedience_Pressure	Moral_Reasoning	Mean	Std. Deviation	N
presence	low	4.9615	1.45549	26
	high	3.7143	1.30931	21
	Total	4.4043	1.51312	47
absence	low	4.4483	1.42894	29
	high	1.8519	1.29210	27
	Total	3.1964	1.88216	56
Total	low	4.6909	1.45134	55
	high	2.6667	1.58897	48
	Total	3.7476	1.81885	103

Source: Processed Secondary Data (2021)

average value (mean) in Table 4. The total average value of the interest in fraudulent procurement of goods and services under conditions of compliance pressure was 4.40 (group 1 and group 3) greater than the total average value of the interest in fraudulent procurement of goods and services in the absence of compliance pressure, namely 3.19 (group 2 and group 4). Thus, it could be concluded that the first hypothesis could be accepted.

Hypothesis 2

The second hypothesis stated that individuals with low moral reasoning were more likely to commit accounting fraud than individuals with high moral reasoning. From Table 4, it could be seen that the total average value (mean) of interest in committing fraud in the procurement of goods and services in groups of individuals with low moral reasoning is 4.69 (group 1 and group 2) which was higher than the average value of the group with reasoning high morale was 2.67 (group 3 and group 4).

Statistically, Table 5 also showed that the p-value for the financial reward variable was significant, with an F value = 49.410 and a p-value of 0.000 (less than 0.05). Thus, it could be concluded that the second hypothesis could be accepted.

Hypothesis 3

The third hypothesis stated that when under conditions of compliance pressure, individuals with low moral reasoning would tend to commit accounting fraud than individuals with high moral reasoning. To see the effect of this interaction, it was first seen whether there was an interaction effect between compliance pressure and moral reasoning on the intention to commit accounting fraud. The results of statistical calculations in Table 5 show that there was an interaction effect between compliance pressure and moral reasoning on the intention to commit fraud in the procurement of government goods/services. This could be seen from the p-value of 0.015 (smaller than 0.05).

The average value for committing fraud in the procurement of government goods/services in the presence of low compliance pressure and moral reasoning (group 1) was 4.96, the highest among other groups, so it can be concluded that the third hypothesis is accepted, namely under conditions of pressure compliance and low moral reasoning, individuals will have a high intention to commit fraud in the procurement of government goods/services

Table 5. Tests of Between-Subjects Effects

Dependent Variable: Accounting_Fraud

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	149.610 ^a	3	49.870	26.285	.000
Intercept	1423.088	1	1423.088	750.082	.000
Tekanan_Kepatuhan	35.812	1	35.812	18.876	.000
Penalaran_Moral	93.742	1	93.742	49.410	.000
Tekanan_Kepatuhan * Penalaran_Moral	11.550	1	11.550	6.088	.015
Error	187.827	99	1.897		
Total	1784.000	103			
Corrected Total	337.437	102			

a. R Squared = .443 (Adjusted R Squared = .427)
Source: Processed Secondary Data (2021)

Discussion

The results of testing the first hypothesis are found that there is an influence of obedience pressure on individual intentions to commit accounting fraud, especially in the procurement of goods and services. The average value of intention to commit fraud in the presence of compliance pressure is 4.40 higher than the average in the absence of compliance pressure. The results of this study indicate that under conditions of compliance pressure, individuals tend to increase their intention to commit accounting fraud, namely, individuals are willing to accept an old friend's offer to win a medical device procurement project tender and obtain profit-sharing following the approval as a form of

compliance with superior orders. This indicates that individuals under the pressure of compliance will adjust and act following the orders of superiors even though this is contrary to their values. This statement is in line with the Fraud Triangel theory which explains that pressure and opportunity are antecedent variables for accounting fraud behavior, which in conditions of pressure from superiors, subordinates tend to obey orders from superiors (Rustiarini et al., 2019). The results of the study also support the theory of obedience, namely individuals who have the authority to provide social influence to order someone to act following their directions. The pressure given is in the form of coercion from superiors to take any action that deviates from professional standards, which in this

case is coercion to accept an offer to win a project tender for the procurement of medical equipment goods/services according to directions from superiors. This obedience pressure is a source that can influence individual behavior to act following orders because of the existence of legitimacy power or the existence of individual. Under the pressure of compliance, individuals will be more confident to make deviations because they think that it is not their fault, but the responsibility of the superior who puts pressure on them (Tantri, 2018). Thus, individuals who are under pressure from superiors to take deviant actions such as committing fraud in the procurement of goods and services will be willing to obey orders from their superiors because they feel that these actions are the responsibility of their superiors. This is in line with Tantri's research (2018) which explains that the greater the pressure for compliance from superiors, the smaller the sense of responsibility of the individual who receives the pressure. Compliance pressure has an important role in the tendency of accounting fraud.

The results of testing the second hypothesis are found that there is an influence on the level of individual moral reasoning on the tendency of

accounting fraud in the procurement of government goods/services. The average value of intention to commit accounting fraud with low moral reasoning is 4.69 higher than the average individual who has high moral reasoning. Moral reasoning is the ability of moral considerations based on individual cognitive reasoning that underlies the way the individual solves the social problems he faces (Indriani et al., 2016). The results of this study indicate that individuals who have low moral reasoning tend to commit accounting fraud than individuals who have high moral reasoning. Individuals who have low morality will view their interests as the main thing in committing an act of fraud, otherwise, individuals who have high morality will be more obedient to the rules and have a sense of responsibility in the organization. (Merawati & Mahaputra, 2017) show that their level of moral reasoning will affect their ethical behavior. People with low levels of moral reasoning behave differently from people with high levels of moral reasoning when faced with ethical dilemmas. The higher the level of a person's moral reasoning, the more likely the individual is to do the right thing (Darwis & Meilana, 2018). The results of this study are in line with the research of Setiawan &

Helmayunita (2017) and Mulia, et al. (2017) which explains that the characteristics of individuals with low levels of moral reasoning tend to commit accounting fraud. This result also strengthens the research of Fernandhytia & Muslichah (2020) which finds that individual morality has a significant negative influence on the tendency of accounting fraud, namely the higher the level of moral reasoning, the lower the tendency for accounting fraud. This statement supports the research of Merawati & Mahaputra (2017) which explains that individuals with a high level of moral reasoning tend not to commit accounting fraud.

The interaction effect test is used to find conditions that trigger the intention to commit accounting fraud, namely by interacting the independent variable pressure of compliance with the independent variable of moral reasoning. (Fernandhytia & Muslichah, 2020) states that interaction is the cooperation of two or more independent variables in influencing one dependent variable. Interaction means that the work or influence of an independent variable on a dependent variable depends on the level or level of other independent variables. In other words, interaction occurs when an independent variable

has different effects on a dependent variable at various levels from another independent variable. The condition of the presence or absence of compliance pressure will make individuals with a certain moral level tend to commit accounting fraud. Changes in the level of the condition of the compliance pressure element (there and the absence of the compliance pressure element) will result in the impact of changes on individuals with a certain moral level (high or low) to commit accounting fraud.

The results of the Two-Way ANOVA test in Table 5 show that compliance pressure affects the tendency to commit accounting fraud. Moral reasoning also affects the tendency to commit accounting fraud. Likewise, the result of the interaction between compliance pressure and moral reasoning affects the tendency to commit accounting fraud (significance 0.015). The test results indicate that in conditions of compliance pressure and low moral reasoning, individuals will have a high tendency to commit accounting fraud. The average value of intention to commit fraud in the presence of compliance pressure and low morale reasoning (Group 1) is 4.96 higher than the average no compliance pressure and has high moral reasoning which is 1.85 (group 4).

This study found that or there is an interaction between the pressure of compliance with the level of individual morality. This means that someone with a high individual morality level tends not to commit accounting fraud when there is compliance pressure, while someone with a low individual morality level tends to commit accounting fraud in a condition where there is compliance pressure. Changes in the level of compliance pressure conditions (yes and no) will have an impact on individuals with a certain moral level (low or high) to commit accounting fraud. Someone with a low level of moral reasoning (Group 2) is more likely to commit accounting fraud than someone with a high level of moral reasoning (Group 3) when there is compliance pressure. This means that in conditions of compliance pressure, individuals with low levels of morality will tend to commit accounting fraud, while individuals with high levels of morality tend not to commit accounting fraud. This result is in line with Kohlberg's theory of moral reasoning (1971) which states that people with a low level of moral reasoning (pre-conventional level) take advantage of conditions of compliance pressure to fulfill their personal needs, such as committing accounting fraud. This result is in line with the theory of the

fraud triangle which explains that people who commit fraud are due to pressure from someone who has power or authority. Therefore, when receiving pressure, individuals who have a low level of moral reasoning are willing to obey orders from superiors to take deviant actions, because these actions also provide benefits for their interests. Meanwhile, individuals with a high level of moral reasoning will give a different response, namely not committing fraud even though they are faced with conditions where there is pressure.

The comparison of the mean of group 1 and group 3 shows that there is a significant difference between group 1 and group 3. Individuals who have low moral reasoning (group 1) have a greater chance of committing accounting fraud than individuals who have high moral reasoning. (Group 3) in a condition where there is compliance pressure to commit fraud. In a situation where there is compliance pressure to commit fraud in the organization, individuals with low moral reasoning tend to commit fraud because people who have low moral reasoning tend to make decisions that provide benefits for their interests, so they will be more likely to behave unethically than People with high moral reasoning will be able to rationalize and control their

behavior by thinking about the impact of their actions.

The comparison of the mean of group 1 and group 2 also shows that there is a significant difference between group 1 and group 2. This means that individuals with low moral reasoning in conditions of compliance pressure to commit fraud (Group 1) have a greater opportunity to commit fraud. accounting fraud than individuals who have low moral reasoning in the absence of compliance pressure to commit fraud (Group 2). This study shows that individuals who are under compliance pressure and have low moral reasoning have a high tendency to commit accounting fraud.

The relationship between compliance pressure on accounting fraud is getting lower in individuals with high moral reasoning in conditions without compliance pressure to commit accounting fraud. Individuals who have high moral reasoning can reduce accounting fraud behavior. The results of this study strengthen the research of Puspasari & Dewi (2015) which explains that individuals in this case APIP with high moral levels will not commit fraud in auditing even though there is situational pressure. Based on the results of this study, the pressure of compliance depends on

the morality of the individual. Individuals with low morality have a high tendency to commit fraud when under conditions of obedience pressure

CONCLUSION, IMPLICATION, AND LIMITATION

The purpose of this study was to examine the effect of moral reasoning on fraud in the context of the procurement of goods and services under pressure to comply with superior orders. From a theoretical point of view, the results of this study enrich empirical evidence related to the tendency of accounting fraud which is influenced by pressure factors and individual morality. This study contributes to predicting the tendency of fraudulent procurement of goods and services by including personal variables such as individual characteristics, especially the level of moral reasoning. The different characteristics of each individual will affect how the individual responds to the conditions that occur and how the individual makes decisions about these conditions. With high moral reasoning, individuals tend to behave ethically even though they are under pressure, compared to individuals who have low moral reasoning and are faced with conditions of pressure.

Meanwhile, from a practical point of view, this research is expected to provide an overview of the importance of identifying the level of individual moral reasoning who will be given responsibility for procuring goods and services. Thus, it is very necessary to increase the moral responsibility of employees through ethics education and the accounting profession as well as to properly interpret the professional code of ethics. This study has several limitations, namely: (1) this study only uses one personal variable, further research can use other individual characteristic variables, such as ethical positions (idealism and relativism), Machiavellianism, and others (2) Future research is expected to develop and refine experimental scenarios with more complex cases of fraud in the procurement of goods and services

REFERENCES

- Davis, S., DeZoort, F. T., & Kopp, L. S. (2006). The Effect of Obedience Pressure and Perceived Responsibility on Management Accountants' Creation of Budgetary Slack. *Behavioral Research In Accounting*, 18, 19–35.
- Dewi, N. A. W. T., Sujana, E., & Wiguna, I. G. N. H. (2020). The Effect Of Identity Protection And Financial Reward On Whistleblowing Intention In Public Sector Organization: Experimental Study. In *5th International Conference On Tourism, Economics, Accounting, Management And Social Science (Teams 2020)* Atlantis Press., 37–49.
- Fernandhytia, F., & Muslichah, M. (2020). The Effect Of Internal Control, Individual Morality And Ethical Value On Accounting Fraud Tendency. *Media Ekonomi Dan Manajemen*, 35(1), 112–127.
- Gudono. (2015). *Analisis Data Multivariat. Edisi 4*. BPFPE.
- Hartmann, F. G. H., & Maas, V. S. (2010). Why Business Unit Controllers Create Budget Slack: Involvement in Management, Social Pressure, and Machiavellianism. *Behavioral Research In Accounting*, 22(2), 27–49.
- Herianti, E. (2021). Pengaruh Locus Of Control Terhadap Tindakan Kecurangan Dalam Pengadaan Barang Dan Jasa Di Bawah Tekanan Ketaatan. *Jurnal Akuntansi Dan Governance*, 1(2), 67–78.
- Indriani, I., Suroso, A., & Maghfiroh, S. (2016). Penerapan Konsep Fraud Diamond Theory Dalam Mendeteksi Perilaku Fraud. In *Simposium Nasional Akuntansi Xix*.
- Mahmudi, M., & Supriyadi, S. (2019). The Effects Of Religiosity On Earnings Management Under Obedience Pressure. *Journal Of Economics, Business & Accountancy Ventura*, 22(1), 73–83.
- Merawati, L. K., & Mahaputra, I. N. K. A. (2017). Moralitas, Pengendalian Internal Dan Gender Dalam Kecenderungan Terjadinya Fraud. *Jurnal*

- Akuntansi*, 21(1), 35–46.
- Mulia, M. H. K., Febrianto, R., & Kartika, R. (2017). *Pengaruh Moralitas Individu Dan Pengendalian Internal Terhadap Kecurangan: Sebuah Studi Eksperimental*. Muhammadiyah University Yogyakarta.
- Nasution, D., & Ostermark, R. (2012). The Impact Of Social Pressures, Locus Of Control, And Professional Commitment On Auditors' Judgment Indonesian Evidence. *Asian Review Of Accounting*, 2(20), 163–178.
- Nurharjanti, N. N. (2016). *Peranan Panitia Pengadaan Barang/Jasa Dalam Mengurangi Fraud Di Perguruan Tinggi (Studi Kualitatif)*.
- Pramesti, A. R., & Wulanditya, P. (2021). Studi Eksperimen: Moralitas Individu, Kesesuaian Kompensasi, dan Kecenderungan Kecurangan Akuntansi. *Jurnal Akuntansi AKUNESA*, 9(3).
- Purwadi, A. (2019). Praktik Persekongkolan Tender Pengadaan Barang Dan Jasa Pemerintah. *Jurnal Hukum Magnum Opus*, 2(2), 99–113.
- Puspasari, N., & Suwardi, E. (2016). The Effect Of Individual Morality And Internal Control On The Propensity To Commit Fraud: Evidence From Local Governments. *Journal Of Indonesian Economy And Business: Jieb*, 31(2), 208.
- Rendon, J. M., & Rendon, R. G. (2016). Procurement Fraud In The Us Department Of Defense. *Managerial Auditing Journal*.
- Rustiarini, N. ., Sutrisno, S., Nurkholis, N., & Andayani, W. (2019). Fraud Triangle In Public Procurement: Evidence From Indonesia. *Journal Of Financial Crime*, 26 (4), 951–968. <https://doi.org/Org/10.1108/Jfc-11-2018-0121>
- Setiawan, M. A., & Helmayunita, N. (2017). Pengaruh Pengendalian Internal, Tekanan Finansial, Dan Moralitas Individu Terhadap Kecenderungan Kecurangan Akuntansi: Studi Eksperimen Pada Konteks Pemerintahan Daerah. *Economac. Jurnal Ilmiah Ilmu Ekonomi*, 1(1), 52–67.
- Sitanala, T. F. (2019). Superior Authority And Fraudulent In Procurement Of Goods/Services: The Role Of Code Of Ethics. *Jurnal Tata Kelola Dan Akuntabilitas Keuangan Negara*.
- Sunarmo, A., Lestari, P., & Wilistia, A. (2020). Evaluasi Atasan Terhadap Variabel Yang Mempengaruhi Kecenderungan Kecurangan Bawahan Dalam Pengadaan Barang/Jasa. *Jurnal Ekonomi, Bisnis, Dan Akuntansi*, 22(2), 158–170.
- Tantri, S. . (2018). Pengaruh Mediasi dari Perceived Responsibility terhadap Hubungan antara Obedience Pressure dan Budgetary Slack. *Jurnal Gama Societa*, 2(1), 54–65.