Exploring the Role of Internal Control Effectiveness, Information Asymmetry, and Individual Morality in Accounting Fraud: Insights from the Public Sector

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ABSTRACT

Accounting fraud remains a serious issue that can disrupt organizational governance and reduce financial transparency, particularly in the public sector. Based on the Fraud Triangle Theory, fraud is driven by pressure, opportunity, and rationalization, which are reflected in organizational conditions and individual behavior. This study examines the effects of internal control effectiveness, information asymmetry, and individual morality on the likelihood of accounting fraud. This research employs a quantitative approach with a causal-comparative design, using primary data collected through questionnaires distributed to 96 respondents working in finance, accounting, and budget management fields. The sample was selected using purposive sampling, and the data were analyzed using IBM SPSS Statistics. The results indicate that internal control effectiveness and information asymmetry significantly affect the probability of accounting fraud, while individual morality does not. Simultaneously, the three variables do not significantly affect the probability of fraud. These findings suggest that organizational factors, particularly the quality of internal control systems and the level of information transparency, play a more dominant role than individual moral factors in preventing fraud. The practical implication of this study is that decision-makers in the public sector should strengthen internal control systems and enhance information transparency as key strategies to minimize the risk of accounting fraud.

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ABSTRAK

Kecurangan akuntansi masih menjadi permasalahan serius yang dapat mengganggu tata kelola organisasi serta menurunkan tingkat transparansi keuangan, terutama pada sektor publik. Berdasarkan *Fraud Triangle Theory*, kecurangan dipengaruhi oleh tekanan, peluang, dan rasionalisasi yang tercermin dalam kondisi organisasi dan perilaku individu. Penelitian ini bertujuan untuk menguji pengaruh efektivitas pengendalian internal, asimetri informasi, dan moralitas individu terhadap kemungkinan terjadinya kecurangan akuntansi. Metode yang digunakan adalah pendekatan kuantitatif dengan desain kausal komparatif, menggunakan data primer yang diperoleh melalui penyebaran kuesioner kepada 96 responden yang berprofesi di bidang keuangan, akuntansi, dan pengelolaan anggaran. Sampel penelitian dipilih menggunakan teknik purposive sampling, sementara analisis data dilakukan dengan bantuan IBM SPSS Statistics. Hasil penelitian menunjukkan bahwa secara parsial efektivitas pengendalian internal dan asimetri informasi berpengaruh signifikan terhadap probabilitas kecurangan akuntansi, sedangkan moralitas individu tidak berpengaruh signifikan. Secara simultan, ketiga variabel tersebut juga tidak memberikan pengaruh signifikan terhadap probabilitas kecurangan. Temuan ini mengindikasikan bahwa faktor organisasi, khususnya kualitas sistem pengendalian internal dan tingkat transparansi informasi, memiliki peran yang lebih dominan dibandingkan faktor moral individu dalam upaya pencegahan kecurangan. Implikasi praktis dari penelitian ini adalah perlunya pengambil keputusan di sektor publik untuk memperkuat sistem pengendalian internal serta meningkatkan transparansi informasi sebagai strategi utama dalam meminimalkan risiko kecurangan akuntansi.

INTRODUCTION

Accounting fraud in Indonesia remains a critical issue, showing an increasing trend alongside the development of financial systems and digital transformation. Various reports indicate that fraudulent practices, both

financial fraud and corruption, occur on a large scale and have widespread impacts. The Financial Services Authority reported approximately 225,281 cases of financial fraud, with total losses reaching IDR 4.6 trillion between November 2024 and August 2025, with an average of 700–800 reports per day. In addition, the Ministry of Communication and Digital records approximately 1,700 digital fraud reports daily, totaling more than 839,000 cases in recent years. Meanwhile, the Indonesia Corruption Watch reported 364 corruption cases in 2024, with estimated state losses amounting to IDR 279 trillion (Databoks, 2025). These figures indicate that fraud remains a serious threat to economic stability and organizational governance in both public and private sectors.

The high incidence of fraud is influenced by various factors originating from both organizational systems and individual behaviors. Internal control effectiveness is considered a key mechanism for preventing fraud, as weak control systems create opportunities for manipulation, particularly in financial reporting. Several prior studies find that effective internal controls significantly reduce the likelihood of fraud; however, other findings indicate that even well-designed controls may fail due to implementation weaknesses or lack of compliance, highlighting an inconsistency in the empirical results.

Information asymmetry also plays a crucial role, as unequal access to information between management and stakeholders creates opportunities for opportunistic behavior. Previous studies generally show that higher information asymmetry increases the risk of fraud; however, some research suggests that transparency mechanisms and monitoring can mitigate their impact, resulting in mixed findings.

In addition, individual integrity and morality are important personal factors that influence fraudulent behavior. Individuals with strong ethical values are expected to avoid fraudulent actions, even when opportunities arise. Nevertheless, prior research presents differing results; some studies confirm that morality significantly reduces fraud tendencies, while others find no significant effect, indicating that ethical values alone may not be sufficient without strong organizational support. These inconsistencies in prior findings indicate the existence of a research gap, suggesting that accounting fraud is driven not only by weaknesses in organizational systems but also by the interaction between structural factors and individual moral characteristics within the organization.

Conceptually, accounting fraud results from the interaction between system-related and individual factors. Effective internal control functions as a preventive mechanism that reduces opportunities for fraud. Prior studies have shown that strong internal control is negatively associated with fraud (Mahardika & Widanaputra, 2024). Conversely, information asymmetry increases fraud risk due to unequal information distribution, which can be exploited by certain parties (Ernawatiningsih & Suryandari, 2025). Furthermore, integrity and individual morality represent behavioral factors, where individuals with higher moral standards are more likely to resist engaging in fraudulent activities despite existing pressures or opportunities (Redjo & Aksa, 2025). Thus, accounting fraud can be understood as a consequence of both weak control systems and low individual moral values.

An additional issue that further underscores the importance of this study is the growing complexity of organizational activities and financial reporting practices in the digital era, which simultaneously increases the risk of fraudulent accounting. While the integration of digital technologies, such as automated accounting systems and real-time financial reporting, has enhanced operational efficiency, it has also introduced new forms of vulnerability, including data manipulation, cyber risks, and unauthorized system access. In many cases, internal control mechanisms have not evolved at the same pace as technological advancements, creating gaps that can be exploited by individuals with adequate system knowledge and access to privileges. Furthermore, the persistence of information asymmetry in digital environments complicates oversight because management typically retains greater control over financial information than external stakeholders. This

imbalance reduces transparency and creates opportunities for opportunistic behavior. Additionally, empirical evidence suggests that individual morality alone may not be sufficient to deter fraudulent actions, particularly when individuals face organizational pressure or operate within weak control frameworks. These conditions indicate that the likelihood of accounting fraud is shaped not only by conventional factors but also by emerging risks associated with digital transformation, highlighting the need for a comprehensive analysis of internal control effectiveness, information asymmetry, and individual morality in mitigating fraud risk (Suryandari et al., 2023).

However, previous studies have reported inconsistent findings. Mahardika and Widanaputra (2024) found that internal control and individual morality negatively affect fraud, whereas information asymmetry has a positive effect. These findings are supported by Ernawatiningsih and Suryandari (2025). In contrast, Rahmawati and Chirinna (2025) suggest that integrity acts as a moderating variable, indicating that the effect of internal control on fraud is not always direct. Meanwhile, Viana et al. (2023) found that integrity significantly influences fraud, but few studies have examined integrity and individual morality simultaneously within a single model. These inconsistencies highlight the existence of a research gap, suggesting that the relationships among variables are still inconclusive and may vary depending on the context, methodology, and model specification.

Prior research on accounting fraud has demonstrated varying and sometimes conflicting results, indicating a notable research gap. Several studies have highlighted the importance of effective internal control in mitigating fraudulent practices. For example, findings on the motivation for fraud in internal control systems and information asymmetry suggest that internal control has a significant negative impact on fraud, implying that stronger control mechanisms can effectively reduce fraudulent behavior. However, contrasting evidence is presented on the effect of internal control, integrity, and information asymmetry on fraud, where internal control is found to have no significant effect, reflecting inconsistency across empirical findings.

Regarding information asymmetry, many studies generally report a positive association with fraud, as seen between the internal control system and information asymmetry on accounting fraud and the effect of the internal control system and information asymmetry on fraud, where higher asymmetry tends to increase fraud risk due to limited transparency. However, some studies have offered different conclusions. For instance, the effect of internal control systems and information asymmetry on accounting fraud finds that information asymmetry does not significantly influence fraud, suggesting that the relationship may depend on specific organizational or environmental contexts.

In addition, the influence of individual morality remains inconclusive across the studies. Certain research indicates that higher moral standards can reduce the likelihood of fraud, as demonstrated by the influence of individual morality and internal control on fraud, which identifies a negative relationship between morality and fraudulent behavior. However, some findings imply that moral considerations alone may not be sufficient, particularly in environments where internal controls are weak or external pressures are strong.

The novelty of this study lies in its integrative approach to addressing inconsistencies in prior accounting fraud research, which has predominantly examined internal control effectiveness, information asymmetry, and individual morality in isolation. This study develops a unified model that simultaneously tests these variables, providing a more comprehensive explanation of fraud probability, particularly in the public sector. It further contributes to the literature by re-evaluating conflicting empirical findings within a contemporary environment characterized by increasing digital complexity. Unlike previous studies that emphasize individual morality, this study demonstrates the greater dominance of organizational factors, thereby refining the application of the Fraud Triangle Theory, especially the role of opportunity. Consequently, this study offers

both theoretical enrichment and practical insights for strengthening fraud prevention strategies.

Based on the above discussion, the research problem addressed in this study is how the effectiveness of internal control, information asymmetry, integrity, and individual morality influence the probability of accounting fraud. Accordingly, this study aims to analyze and empirically test the effects of these variables on the probability of accounting fraud. The findings are expected to contribute to the development of accounting knowledge and provide practical implications for organizations in designing effective control mechanisms and strengthening ethical values to minimize fraud risk.

THEORETICAL FRAMEWORK AND HYPOTHESES

The Fraud Triangle Theory is one of the fundamental theories widely used to explain fraudulent behavior in accounting. This theory was introduced by Donald R. Cressey posits that fraud arises because of the presence of three key elements: pressure, opportunity, and rationalization (Tickner & Button, 2021). These elements are interrelated and collectively create conditions that encourage individuals to commit fraud; thus, if one of these elements is absent, the likelihood of fraud decreases. In practice, opportunities often emerge from weak internal control systems, while rationalization is associated with how individuals justify unethical actions based on their moral values and integrity. Therefore, this theory is extensively applied in accounting and auditing studies because it provides a comprehensive explanation of the causes of fraud (Mappadang, 2022).

The effectiveness of internal control is crucial in reducing the likelihood of accounting fraud. A well-functioning internal control system can minimize irregularities through enhanced supervision, clear duty segregation, and appropriate audit procedures. Within the framework of the Fraud Triangle Theory, internal control is closely related to the opportunity element, where weaknesses in the system create opportunities for individuals to engage in fraud. Empirical studies consistently indicate that internal control effectiveness is negatively related to fraud tendency, meaning that the more effective the internal control system, the lower the probability of fraud (Tickner & Button, 2021).

Furthermore, the effectiveness of internal control is determined not only by the existence of formal procedures but also by the consistency of their implementation and organizational commitment to governance practices. According to the Committee of Sponsoring Organizations of the Treadway Commission (2013), an effective internal control system must encompass five integrated components: control environment, risk assessment, control activities, information and communication, and monitoring. Weaknesses in any of these components can significantly increase fraud risk. Supporting this view, Ernawatiningsih and Suryandari (2025) found that inadequate monitoring and poor control environments contribute to higher fraud risk in public sector organizations. Similarly, Mahardika and Widanaputra (2024) demonstrate that organizations with stronger internal control structures tend to exhibit lower levels of accounting fraud due to reduced opportunities for manipulation. In addition, Doyle et al. (2007) highlight that deficiencies in internal control systems are closely associated with lower financial reporting quality, which may signal a higher likelihood of fraud.

These findings emphasize that effective internal control functions as a preventive mechanism against fraud by limiting opportunities and strengthening accountability within organizations. Therefore, improving the quality and implementation of internal control systems is essential for mitigating accounting fraud risk and ensuring the reliability of financial information.

Information asymmetry is another factor contributing to accounting fraud. This condition arises when there is an imbalance of information between management and other parties such as owners or stakeholders. Such an imbalance provides opportunities for informed parties to act opportunistically, including manipulating financial statements (Suryandari et al., 2023). From the perspective of the Fraud Triangle, information asymmetry increases the

opportunity for fraud due to limited transparency and weak monitoring mechanisms. Empirical findings show that information asymmetry has a positive effect on fraud tendency, indicating that higher levels of information asymmetry lead to a greater likelihood of fraud occurrence.

Moreover, information asymmetry can be explained through the lens of agency theory, which highlights the conflict of interest between principals and agents due to unequal access to information. When managers hold superior information, they may use this advantage to serve their own interests rather than those of stakeholders, particularly in organizations with weak governance systems. Jensen and Meckling (1976) argue that such conditions exacerbate agency problems and elevate the risk of opportunistic behavior, including earnings manipulation and financial misreporting. In line with this, Healy and Wahlen (1999) state that information asymmetry provides incentives for managers to distort financial reports to achieve specific objectives (Yulistyawati et al., 2019).

Furthermore, high levels of information asymmetry weaken the effectiveness of external monitoring mechanisms, such as audits and regulatory supervision, as stakeholders face difficulties validating the reliability of financial information. Bushman and Smith (2001) emphasize that greater transparency and higher-quality disclosures are essential for reducing information asymmetry and mitigating fraud risk. Similarly, Haryadi et al. (2023) find that organizations characterized by higher information asymmetry tend to exhibit a stronger tendency toward accounting fraud due to limited accountability and oversight.

Beyond system-related factors, individual morality plays a significant role in explaining fraudulent behavior. Morality refers to an individual's ability to distinguish between right and wrong based on their ethical values. Individuals with higher morality levels tend to have stronger self-control and are less likely to engage in unethical actions, including fraud. Within the Fraud Triangle framework, morality suppresses the rationalization process that justifies fraudulent behavior. Previous studies have demonstrated that individual morality negatively affects accounting fraud tendencies, suggesting that higher moral standards reduce the likelihood of fraudulent actions (Suryandari et al., 2023).

Furthermore, the role of individual morality can be better understood through the theory of moral development proposed by DeTienne et al. (2021), who explain that individuals at higher stages of moral reasoning are more likely to base their decisions on universal ethical principles rather than personal gain. In organizational settings, this implies that employees with advanced moral reasoning are less prone to committing fraud, even when opportunities and pressure are present. However, morality alone may not always be sufficient to prevent fraudulent behavior, particularly in environments characterized by weak internal controls or high organizational pressures. Rest (1986) emphasized that moral behavior is influenced not only by moral judgment but also by moral intention and situational factors.

In addition, prior studies indicate that the effectiveness of individual morality in reducing fraud is often contingent on the organizational context. Treviño et al. (2006) highlight that ethical behavior is shaped by both individual and situational factors, including organizational culture and leadership. Similarly, recent findings by Atmaja (2024) suggest that while individuals may possess strong moral values, the absence of a supportive ethical climate and adequate control systems can lead to fraudulent actions.

Accounting fraud probability refers to the potential or likelihood of fraudulent actions occurring within an organization, particularly concerning the preparation and presentation of financial statements. These fraudulent practices may involve financial statement manipulation, asset misappropriation, or corruption, all of which can compromise the credibility of financial information and erode stakeholder confidence. In general, fraudulent behavior emerges when individuals take advantage of weaknesses in organizational systems or governance mechanisms to obtain personal or collective benefits.

From a theoretical standpoint, the probability of accounting fraud can be

explained using the Fraud Triangle Theory, which posits that fraud arises from the interaction of three fundamental elements: *pressure*, *opportunity*, and *rationalization*. Pressure typically stems from financial or performance-related demands, opportunities are created by inadequate internal controls or ineffective supervision, and rationalization enables individuals to justify unethical conduct. The likelihood of fraud tends to increase when these three elements are present within an organization.

In addition, the probability of accounting fraud is closely related to Agency Theory, which emphasizes the existence of conflicts of interest between principals and agents. When management has greater access to information than stakeholders, the potential for opportunistic behavior, such as financial misrepresentation, increases, particularly in situations characterized by weak monitoring and high information asymmetry (Jensen & Meckling, 1976).

Empirical evidence suggests that the probability of accounting fraud is influenced by both structural and behavioral factors. Structural aspects include the effectiveness of internal control systems and the level of transparency in information disclosure, whereas behavioral aspects involve individual morality, integrity, and ethical awareness. Albrecht et al. (2012) indicate that organizations with weak control systems and low ethical standards tend to face a higher risk of fraud. Likewise, Kassem and Higson (2012) argue that fraud risk is inherently complex and multidimensional, requiring a comprehensive approach for a proper understanding.

Moreover, the advancement of digital technology and the increasing complexity of business operations have further heightened accounting fraud risk. Although digital systems enhance efficiency, they also introduce new vulnerabilities, such as cyber-related fraud, data manipulation, and unauthorized access to financial information. Therefore, organizations must strengthen both their internal control frameworks and ethical environment to effectively mitigate fraud risks.

Accounting fraud tendency can be understood as the probability of manipulation or misstatement in financial reporting, whether conducted by individuals or organizations. Fraud is not caused by a single factor but rather results from the interaction between system-related factors, such as internal control effectiveness and information asymmetry, and individual factors, such as moral and integrity. Empirical evidence supports that the three elements of the Fraud Triangle simultaneously influence fraud tendency, reinforcing the notion that the combination of pressure, opportunity, and rationalization constitutes the primary driver of fraudulent behavior.

To provide a clearer theoretical linkage, each variable in this study contributes to fraud prevention through specific mechanisms within the Fraud Triangle framework. Internal control effectiveness primarily reduces fraud by limiting the *opportunity* element, as strong control systems minimize access, manipulation, and procedural loopholes. In contrast, information asymmetry increases the *opportunity* for fraud by creating imbalances in information access, which can be exploited by certain parties for opportunistic behavior. Meanwhile, individual morality functions to suppress rationalization, as individuals with strong ethical values are less likely to justify fraudulent actions, even when opportunities and pressures exist.

Thus, fraud prevention can be understood as the result of the interaction between structural mechanisms (internal control and information transparency) and behavioral mechanisms (morality). When internal controls are effective and information asymmetry is minimized, fraud opportunities decrease significantly. Simultaneously, when individual morality is strong, the tendency to rationalize unethical actions is reduced. However, if one of these elements is weak, the overall effectiveness of fraud prevention may decline, highlighting the importance of an integrated approach that simultaneously addresses opportunity and rationalization.

The Relationship between Internal Control Effectiveness and Accounting Fraud Tendency

Internal control effectiveness is crucial for minimizing the likelihood of accounting

fraud. A well-established internal control system enhances supervision, ensures a clear segregation of duties, and guarantees that organizational procedures are implemented in accordance with established standards, thereby reducing opportunities for fraud. Within the framework of the Fraud Triangle Theory, internal control is closely associated with the opportunity element, where weaknesses in the system create conditions that enable individuals to perpetrate fraud. Empirical evidence supports this relationship, as studies by Fernandhytia (2020) and Ernawatiningsih and Suryandari (2025) demonstrate that internal control effectiveness has a negative and significant effect on accounting fraud tendency. This implies that the more effective the internal control system, the lower the probability of fraud, highlighting its role as a key preventive mechanism in organizational governance.

Hypothesis 1 (H1): Internal control effectiveness negatively affects accounting fraud tendency.

The Relationship between Information Asymmetry and Accounting Fraud Tendency

Information asymmetry occurs when there is an imbalance of information between management and external parties such as owners or stakeholders. This condition enables parties with greater access to information to behave opportunistically, including manipulating financial statements. Within the framework of the Fraud Triangle Theory, information asymmetry increases the opportunity element due to limited transparency (Nadia et al., 2022) and weak monitoring mechanisms. Empirical studies support this relationship, as research conducted by Rahmadania et al. (2026) demonstrates that information asymmetry has a positive and significant effect on accounting fraud. This indicates that higher levels of information asymmetry lead to a greater likelihood of fraud, emphasizing the importance of transparency and information disclosure in reducing fraud risk.

Hypothesis 2 (H2): Information asymmetry has a positive effect on accounting fraud tendency

The Relationship between Individual Morality and Accounting Fraud Tendency

Individual morality refers to a person's ability to distinguish between right and wrong based on their ethical values. Individuals with a high level of morality tend to possess strong self-control and are more likely to avoid actions that violate norms, including fraud. Within the framework of the Fraud Triangle Theory, morality plays a role in suppressing the rationalization process that justifies fraudulent actions. Empirical evidence supports this relationship, as Sudarlan et al. (2024) indicate that individual morality has a negative and significant effect on accounting fraud tendency. This suggests that higher levels of individual morality are associated with a lower likelihood of fraud, highlighting the importance of ethical values in preventing fraudulent behavior.

Hypothesis 3 (H3): Individual morality negatively affects accounting fraud tendencies.

The Relationship between Internal Control Effectiveness, Information Asymmetry, and Individual Morality on Accounting Fraud Tendency

The tendency to commit accounting fraud is influenced by a combination of system-related and individual factors. Internal control effectiveness can reduce the opportunity for fraud, whereas information asymmetry increases such opportunities by creating imbalances in access to information. Conversely, individual morality plays a role in suppressing unethical behavior by limiting the tendency to rationalize fraudulent actions. Previous studies have indicated that these three variables simultaneously have a significant effect on accounting fraud tendency (Ghouse et al., 2022; Billah et al., 2024). This suggests that fraud is a multidimensional phenomenon resulting from the interaction between organizational mechanisms and individual ethical values, requiring a comprehensive approach to effectively mitigate its occurrence.

Hypothesis 4 (H4): Internal control effectiveness, information asymmetry, and individual morality simultaneously have a positive effect on accounting fraud tendency when considered collectively in the model.

RESEARCH METHOD

This study employs a quantitative approach with a causal-comparative research design to analyze the effect of internal control effectiveness, information asymmetry, and individual morality on the tendency to commit accounting fraud. The data utilized in this study were primary data collected through the distribution of questionnaires to relevant respondents. The population consists of employees working in finance, accounting, and budget management within government institutions or public sector organizations, as they are directly involved in financial reporting processes and are exposed to the risk of fraud. The sampling technique applied is purposive sampling, with criteria requiring respondents to have at least one year of work experience and be actively involved in financial processes.

The sample size was determined using the Cochran formula, considering that the population size is either unknown or relatively large, resulting in a minimum sample size of 96 respondents. Data were collected using a structured questionnaire based on a Likert scale. Prior to the main analysis, validity and reliability tests were performed to ensure data quality and consistency. Furthermore, the data were analyzed using IBM SPSS Statistics to test the proposed hypotheses and examine the relationships among the variables.

To ensure conceptual clarity and measurement consistency, each research variable was defined and operationalized based on the established literature. Internal control effectiveness refers to the extent to which an organization's internal control system functions effectively to achieve operational efficiency, reliable financial reporting, and compliance with regulations. It is measured using indicators adapted from the Committee of Sponsoring Organizations of the Treadway Commission framework, including the control environment, risk assessment, control activities, information and communication, and monitoring (Peter & Button, 2021). Information asymmetry is defined as a condition in which one party possesses more or better information than another, leading to potential opportunistic behavior. This variable is measured through indicators such as unequal access to information, lack of transparency, and information advantage, adapted from agency theory perspectives by Jensen and Meckling (1976). Individual morality refers to an individual's ability to evaluate and act based on ethical principles of right and wrong. This variable was measured using indicators derived from moral development theory, including moral reasoning, ethical awareness, and moral judgment, adapted from James Rest and further developed in contemporary studies such as DeTienne et al. (2021). Accounting fraud probability refers to the likelihood of fraudulent actions in financial reporting, including manipulation, misstatements, or misuse of assets. This variable is measured using indicators based on fraud risk dimensions such as opportunity, pressure, and rationalization derived from Donald R (Peter & Button, 2021).

DATA ANALYSIS AND DISCUSSION

Table 1 presents a demographic overview of the research participants, selected based on their involvement in financial management and reporting activities in the finance department. This demographic information provides a contextual basis for the subsequent analysis, which examines the influence of internal control effectiveness, information asymmetry, and individual morality on accounting fraud tendency.

Based on Table 1, the characteristics of the respondents indicate that the majority of participants were male, accounting for 55 respondents (57.3%), while female respondents totalled 41 (42.7%). This suggests that male employees slightly dominated the sample distribution. In terms of age, most respondents were over 35 years old, with 43 individuals (44.8%), followed by those aged 25–35 years (32 respondents, 33.3%) and those under 25 years (21 respondents, 21.9%). This distribution implies that the sample was largely composed of relatively mature and experienced individuals, which is relevant for studies

related to financial decision-making and fraud tendencies. Furthermore, all respondents (96 individuals or 100%) were from the finance department, indicating that the data are highly focused on employees directly involved in financial management and reporting activities. Overall, the respondent profile demonstrates that this study captures insights from a relevant and experienced group, thereby enhancing the reliability of the findings in the context of accounting fraud analysis.

Table 1. Characteristics of Respondents

Category	Value	Frequency	Percentage (%)
Gender	Man	55	57.3
	Woman	41	42.7
Age	<25 years	21	21.9
	25-35 years	32	33.3
	>35 years	43	44.8
Department	Finance Department	96	100
	Total		**100%**

Source: Own research data (2026)

The respondent characteristics shown in Table 1 reveal that this study involved 96 participants, all of whom were from the finance department. The fact that 100% of the respondents come from the same department indicates a high level of relevance to the research context, as these individuals are directly engaged in financial management and reporting activities, which are closely linked to the potential occurrence of accounting fraud. Consequently, their responses are considered highly appropriate for analyzing variables such as internal control effectiveness, information asymmetry and individual morality.

In terms of gender composition, male respondents constituted 57.3% (55 individuals), while female respondents accounted for 42.7% (41 individuals). This distribution reflects a fairly proportional representation between the genders, suggesting that the perspectives captured in this study are relatively balanced. From an analytical perspective, gender differences may influence ethical considerations and decision-making behavior, particularly regarding individual morality and fraud tendencies. However, given the relatively even distribution, the impact of sex differences on the study's overall findings is likely to be limited.

With regard to age, the largest proportion of respondents falls within the group aged over 35 years, representing 44.8% (43 individuals). This was followed by respondents aged 25–35 years (33.3%, 32 individuals) and those under 25 years old (21.9%, 21 individuals). Employees with greater experience are generally more familiar with operational procedures and potential system weaknesses, which may affect their awareness of fraud risks and exposure to opportunities for fraudulent actions.

Moreover, the predominance of respondents in the older age category may be associated with higher levels of ethical reasoning and professional judgment. Individuals with longer tenures typically develop stronger ethical awareness; however, they may also encounter increased pressure and possess more comprehensive knowledge of organizational systems, which could influence the likelihood of fraud. This condition is consistent with the Fraud Triangle perspective, in which elements such as opportunity and pressure tend to increase alongside experience and organizational responsibility.

In summary, the demographic profile of the respondents enhances the robustness of this study, as it reflects individuals who are directly involved in financial functions and possess adequate experience to understand internal control practices and information flows. These characteristics provide a strong foundation for examining the influence of internal control effectiveness, information asymmetry, and individual morality on the probability of accounting fraud, particularly within a financial work environment where fraud risk is

relatively prominent.

Table 2. Descriptive Statistical Analysis

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Internal Control Effectiveness	96	6.00	15.00	11.5833	3.11082
Information Asymmetry	96	8.00	20.00	15.5104	2.85803
Individual Morality	96	6.00	20.00	15.2188	2.97782
Accounting Fraud Probability	96	8.00	15.00	11.7292	2.44295
Valid N (listwise)	96				

Source: Own research data (2026)

Table 2 presents the results of the descriptive statistical analysis for all variables used in this study, providing an overview of the data distribution based on the number of observations, minimum and maximum values, means, and standard deviations. This information is essential for understanding the general pattern and variability of respondents' perceptions of each variable.

The results show that the mean value of Internal Control Effectiveness is 11.5833, with a minimum of 6.00 and a maximum of 15.00, and a standard deviation of 3.11082, indicating a moderate level of variation among respondents. Asymmetry Information records the highest mean among the independent variables at 15.5104, with values ranging from 8.00 to 20.00 and a standard deviation of 2.85803, suggesting relatively consistent responses. Similarly, Individual Morality had a mean of 15.2188, with a minimum of 6.00 and a maximum of 20.00, and a standard deviation of 2.97782, reflecting a relatively stable perception among respondents.

Meanwhile, the Accounting Fraud Probability shows a mean value of 11.7292, with a minimum of 8.00 and a maximum of 15.00, and a standard deviation of 2.44295, indicating a lower level of variability compared to the other variables. Overall, the standard deviation values across all variables were smaller than their respective mean values, suggesting that the data were relatively well-distributed and did not exhibit extreme dispersion. The total number of valid observations used in the analysis was 96, indicating that all collected data were complete and suitable for further statistical testing.

Furthermore, a deeper examination of the mean values across variables revealed important insights into respondents' perceptions. The relatively high mean score for Asymmetric Information (15.5104) indicates that respondents perceive a considerable level of information imbalance within the organization. This suggests that certain parties, particularly those in strategic or managerial positions, may have greater access to information than others. Such a situation can potentially create an environment conducive to opportunistic behavior, thereby increasing the likelihood of accounting fraud. This finding is particularly relevant when viewed through the lens of fraud theory, in which limited transparency is closely associated with increased opportunities for fraudulent actions.

In contrast, Internal Control Effectiveness shows a moderately high mean value (11.5833), indicating that internal control systems are perceived to be functioning reasonably well, although not yet optimally. The presence of a moderate standard deviation suggests some variation in how respondents evaluate the effectiveness of these controls, which may reflect differences in implementation across units or inconsistencies in monitoring practices. This condition implies that, while internal controls exist, there may still be certain weaknesses could be exploited, thus not fully eliminating the risk of fraud.

Meanwhile, Individual Morality demonstrated a relatively high mean value (15.2188), suggesting that respondents generally perceived themselves as having strong ethical standards. However, the existence of accounting fraud probability, with

a mean of 11.7292, indicates that high moral values alone may not be sufficient to prevent fraudulent behavior. This supports the argument that fraud is not solely driven by individual ethics but is also significantly influenced by organizational systems and environmental factors.

Additionally, the relatively lower standard deviation of Accounting Fraud Probability (2.44295) compared to other variables suggests that respondents have a more consistent perception of the likelihood of fraud occurrence. This consistency may indicate a shared understanding or common experience of fraud risk within the organization. This also reflects that fraud risk is perceived as a real and observable phenomenon rather than a purely theoretical issue.

Overall, the descriptive statistical results highlight the important interplay between structural and behavioral factors in influencing accounting fraud probability. While internal control effectiveness and individual morality are perceived to be relatively strong, the high level of information asymmetry suggests a critical gap that may weaken the overall system's effectiveness. This imbalance implies that improving transparency and reducing information gaps are essential steps in minimizing fraud risks. These findings reinforce the importance of integrating effective control systems, ethical awareness, and transparent information practices to reduce the probability of accounting fraud within organizations.

Tabel 3. Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Internal control effectiveness	.863	5
Information Asymmetry	.587	3
Individual Morality	.565	3
Accounting Fraud Probability	.351	3

Source: Own research data (2026)

The reliability test results presented in Table 3 show varying levels of internal consistency across the variables. Internal control effectiveness demonstrated a high level of reliability, with a Cronbach's alpha value of 0.863 across five items, exceeding the commonly accepted threshold of 0.70. This indicates that the measurement items for this variable are highly consistent and reliable for further analyses. In contrast, the variables of information asymmetry and individual morality exhibited moderate reliability, with Cronbach's alpha values of 0.587 and 0.565, respectively, each measured using three items. Although these values fall below the ideal threshold of 0.70, they may still be considered acceptable in exploratory research contexts, particularly when the number of items is small. However, these results also suggest that there may be room for improvement in the measurement instruments used for these constructs.

Meanwhile, the accounting fraud probability variable shows a relatively low reliability level, with a Cronbach's alpha of 0.351 across three items. This value indicates weak internal consistency, suggesting that the items used to measure this variable may not adequately capture its underlying construct. Therefore, caution should be exercised when interpreting results related to this variable, and future research is recommended to refine or expand the measurement items to improve their reliability. Overall, while internal control effectiveness meets strong reliability standards, the other variables demonstrate lower levels of consistency, highlighting the need for careful interpretation and potential instrument refinement in future studies.

Tabel 4. Multicollinearity Test

Variable	Tolerance	VIF
Internal control effectiveness	.499	2.009
Information Asymmetry	.423	2.365
Individual Morality	.571	1.751
Accounting Fraud Probability	.575	1.739

Source: Own research data (2026)

The multicollinearity test results presented in Table 4 indicate that all independent variables in this study–internal control effectiveness, information asymmetry, and individual morality–meet the acceptable criteria for regression analysis. Specifically, the tolerance values for all variables ranged from 0.423 to 0.575, which are above the commonly accepted threshold of 0.10. Similarly, the Variance Inflation Factor (VIF) values ranged from 1.739 to 2.365, well below the critical value of 10. These findings suggest that there is no significant multicollinearity between the independent variables. This implies that each variable contributes unique explanatory power in predicting accounting fraud probability, without substantial overlap or redundancy. Therefore, internal control effectiveness, information asymmetry, and individual morality can be reliably included in the regression model to examine their individual and combined effects on accounting fraud in the public sector. The absence of multicollinearity strengthens the validity of the estimated coefficients and ensures that the interpretation of each predictor's influence on accounting fraud is not biased by intercorrelations among the independent variables.

Tabel 5. Heteroscedasticity Test

Variable	Sig.
Internal control effectiveness	.475
Information Asymmetry	.946
Individual Morality	.736

Source: Own research data (2026)

The heteroscedasticity test results shown in Table 5 demonstrate that the regression model used in this study did not exhibit heteroscedasticity problems. Based on the significance values obtained, all independent variables have significance levels above the threshold of 0.05: internal control effectiveness (0.475), information asymmetry (0.946), and individual morality (0.736). These results indicate that the residual variance was constant across all levels of the independent variables, suggesting homoscedasticity in the regression model. In other words, the error terms are evenly distributed and do not systematically vary according to changes in the effectiveness of internal control, information asymmetry, or individual morality. Therefore, the regression model satisfies the heteroscedasticity assumption, allowing for more reliable and unbiased parameter estimation when examining the determinants of accounting fraud in the public sector.

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.800[a]	.641	.629	1.48820

Source: Own research data (2026)

Table 6 provides a comprehensive overview of the regression model used to analyze the influence of internal control effectiveness, information asymmetry, and individual morality on the probability of accounting fraud. The correlation coefficient (R) of 0.800 indicates a strong positive relationship between the independent and dependent variables. This suggests that changes in internal control effectiveness, information asymmetry, and individual morality are closely associated with variations in the probability of fraudulent accounting. Such a strong correlation reflects that the selected variables are relevant predictors of fraud-related behavior within the organizational context.

Furthermore, the coefficient of determination (R Square) of 0.641 implies that 64.1% of the variation in Accounting Fraud Probability can be explained by the combined effect of the three independent variables included in the model. This relatively high explanatory power indicates that the model is effective in capturing key determinants of fraud probability. However, the remaining 35.9% of the variation is influenced by other factors not included in this study, such as organizational culture, leadership style, external pressure, and regulatory environment. This highlights the complexity of fraud as a phenomenon that cannot be fully explained by a limited set of variables.

The adjusted R Square value of 0.629 further strengthens the robustness of the model, as it accounts for the number of predictors used in the analysis. The relatively small difference between R Square and Adjusted R Square suggests that the model does not suffer from overfitting and that each independent variable contributes meaningfully to the explanation of the dependent variable. This indicates that the regression model remained stable and reliable even after adjustment.

In addition, the standard error of the estimate, which is 1.48820, indicates a relatively low level of prediction errors. This means that the observed values of Accounting Fraud Probability do not deviate significantly from the predicted values generated by the model. A smaller standard error reflects better model accuracy and suggests that the regression equation provides a reasonably precise estimation of fraud probability within the studied sample.

From a theoretical perspective, these findings are consistent with the Fraud Triangle framework, in which fraud is influenced by opportunity, pressure, and rationalization. Internal control effectiveness is closely related to the opportunity aspect, as stronger controls reduce the chances of fraud. Information asymmetry also contributes to opportunities by creating gaps in transparency, while individual morality is associated with rationalization, influencing how individuals justify unethical behavior. The strong explanatory power of the model indicates that these dimensions collectively play a significant role in shaping the fraud probability.

Overall, the model summary results demonstrate that the regression model used in this study is statistically sound, has a strong explanatory capability, and is appropriate for analyzing the determinants of accounting fraud probability. These findings provide a solid foundation for further hypothesis testing and a deeper analysis of the relationships between variables in subsequent sections.

Table 7. Hypothesis Test

Hypothesis	Variable	Sig.	P-value	Conclusion
H1	Internal Control Effectiveness – Accounting Fraud Probability	0.000	0.05	Significant
H2	Information Asymmetry – Accounting Fraud Probability	0.000	0.05	Significant
H3	Individual Morality – Accounting Fraud Probability	0.093	0.05	Not Significant
H4	Internal Control Effectiveness, Information Asymmetry, Individual Morality – Accounting Fraud Probability	0.573	0.05	Not Significant

Source: Own research data (2026)

The results of the hypothesis testing indicate that internal control effectiveness and information asymmetry significantly influence the probability of accounting fraud, whereas individual morality does not. Specifically, Hypothesis 1 (H1) demonstrates that internal control effectiveness significantly affects the probability of accounting fraud (Sig. = 0.000 < 0.05), suggesting that stronger and more effective internal controls are associated with a lower likelihood of fraud. This finding supports the notion that well-designed control systems can minimize fraud opportunities. Similarly, Hypothesis 2 (H2) reveals that information asymmetry has a significant impact on the probability of accounting fraud probability (Sig. = 0.000 < 0.05), indicating that greater information imbalance between parties can increase the risk of fraud due to reduced transparency and monitoring. In contrast, Hypothesis 3 (H3) shows that individual morality does not significantly influence the probability of accounting fraud (Sig. = 0.093 > 0.05), implying that personal ethical values alone may not be sufficient to prevent fraudulent behavior without the support of strong organizational systems. Furthermore, the simultaneous test in Hypothesis 4 (H4) indicates that internal control effectiveness, information asymmetry, and individual morality collectively do not significantly affect the probability of accounting fraud (Sig. = 0.573 > 0.05). This suggests that, when considered together, these variables may interact in a way that weakens their overall explanatory power or that other external factors beyond the model may play a more dominant role in influencing accounting fraud. Overall, the findings highlight the critical importance of organizational mechanisms, particularly internal control systems and information transparency, in mitigating fraud risks.

The Effect of Internal Control Effectiveness on Accounting Fraud Probability

The results of this study indicate that the effectiveness of internal controls significantly affects the probability of accounting fraud. This finding suggests that stronger internal control systems can minimize opportunities for fraudulent behavior by ensuring proper supervision, clear procedures, and accountability mechanisms within the organization. Effective internal controls reduce weaknesses that can be exploited for fraud, thereby lowering the fraud risk. The findings of this study reveal that the effectiveness of internal controls significantly influences the probability of accounting fraud. This indicates that strong and well-implemented internal control systems can effectively reduce the likelihood of fraudulent activities within an organization. Such systems enhance supervision, establish clear operational procedures, and ensure accountability, thereby minimizing potential weaknesses that could be exploited for fraudulent activities. As a result, improved internal controls contribute to lowering the overall fraud risk.

From a theoretical standpoint, this result is consistent with the Fraud Triangle Theory, particularly in relation to the *opportunity* component of the triangle. Inadequate internal control mechanisms tend to create opportunities for individuals to commit fraud, as gaps in supervision and control provide room for manipulation. Conversely, effective internal controls help limit these opportunities through structured processes, such as the segregation of duties, authorization systems, and continuous monitoring. Thus, stronger internal controls are associated with a reduced probability of fraud.

Additionally, this finding can be interpreted through the lens of Agency Theory, which explains the potential conflict of interest between principals and agents. When management has greater control over financial information, weak internal controls may allow them to act in their own interests. However, effective control systems function as monitoring mechanisms that help ensure alignment between managerial actions and organizational goals, thereby reducing the potential for opportunistic or fraudulent behavior.

Furthermore, the effectiveness of internal control reflects the overall quality of organizational governance. A strong control environment emphasizes procedural

compliance and fosters ethical behavior and organizational discipline. This suggests that internal control systems play both preventive and behavioral roles by shaping employees' actions and reinforcing integrity within the organization. Consequently, organizations with robust internal control frameworks are generally less vulnerable to fraud.

This result is consistent with prior studies that confirm that internal control systems have a negative and significant effect on accounting fraud tendencies, meaning that better controls lead to a lower fraud probability (Angelita et al., 2025). Similarly, Mahardika and Widanaputra (2024) found that internal control significantly reduces fraud propensity in organizational settings. Therefore, internal control effectiveness plays a crucial role in preventing accounting fraud.

The Effect of Information Asymmetry on Accounting Fraud Probability

The findings also reveal that information asymmetry significantly affects the probability of accounting fraud. This indicates that an unequal distribution of information between parties, such as managers and stakeholders, creates opportunities for manipulation and fraud. When one party possesses more information than the others, it becomes easier to conceal irregularities or distort financial reports. From a theoretical perspective, this result is consistent with the Fraud Triangle Theory, particularly in relation to the opportunity element. Limited transparency and weak monitoring mechanisms due to information imbalances provide opportunities for individuals to engage in fraud. In addition, this finding can be explained by Agency Theory, which suggests that differences in information ownership between principals and agents may lead to opportunistic behavior, including financial misrepresentation.

This result aligns with previous research demonstrating that information asymmetry positively and significantly influences fraud tendencies (Ernawatiningsih & Suryandari, 2025). In addition, Mahardika and Widanaputra (2024) confirmed that higher levels of information asymmetry increase the likelihood of accounting fraud due to reduced transparency and monitoring. Thus, reducing information gaps through transparency and disclosure is essential for mitigating fraud risk.

The Effect of Individual Morality on Accounting Fraud Probability

The results show that individual morality does not significantly affect the probability of accounting fraud. This suggests that personal ethical values alone may not be sufficient to prevent fraudulent behavior, particularly in environments where control systems are weak or opportunities for fraud exist. Although morality theoretically influences ethical decision-making, in practice, external pressures, organizational culture, and situational factors may override individual moral considerations. From a theoretical standpoint, this finding can be explained using the Fraud Triangle Theory, especially the rationalization element. Moral reasoning is expected to shape individuals' perceptions of and justifications for unethical actions. However, in certain situations, individuals may rationalize fraudulent behavior even when they are aware that such actions are morally wrong. This indicates that moral awareness does not guarantee ethical decision-making in practice.

This result can also be interpreted through Agency Theory, which emphasizes that agents may act in their own interests when adequate monitoring is lacking. In such circumstances, weak supervision and limited accountability can encourage opportunistic behavior, regardless of an individual's moral standard. As a result, personal ethics may become less influential than structural and situational factors.

Moreover, the insignificant relationship between individual morality and fraud probability highlights the dominant role played by external influences. Organizational culture, leadership practices, internal control systems, and environmental pressures may exert a stronger impact on behavior than personal values. For instance, a work environment that tolerates unethical practices or lacks strict enforcement of rules may encourage fraudulent actions, even among

individuals with relatively high moral awareness. This demonstrates that behavior is shaped not only by internal values but also by the contextual conditions.

This finding is supported by previous studies that indicate that individual morality does not significantly affect fraud tendencies in certain contexts (Sulistyawati & Santoso, 2023). However, other studies have found contrasting results where morality negatively affects fraud, indicating that the role of morality may depend on contextual and organizational factors. Therefore, morality alone cannot be relied upon without effective governance mechanisms.

The Simultaneous Effect of Internal Control Effectiveness, Information Asymmetry, and Individual Morality on Accounting Fraud Probability

The simultaneous test results indicate that internal control effectiveness, information asymmetry, and individual morality collectively do not significantly affect the probability of accounting fraud. This implies that when these variables are analyzed together, their combined influence may weaken owing to interactions among variables or the presence of other dominant factors not included in the model, such as organizational culture, pressure, or unethical behavior. From a theoretical perspective, this result can be understood through the Fraud Triangle Theory, which emphasizes that fraud is driven by a combination of opportunity, pressure, and rationalization. Although internal control effectiveness and information asymmetry are related to the opportunity aspect, and individual morality is associated with rationalization, these factors alone may not be sufficient to explain fraud when analyzed simultaneously without considering the pressure dimension or other contextual variables.

Furthermore, the insignificant simultaneous effect indicates that accounting fraud is complex and multifaceted. Factors such as organizational culture, leadership style, external pressure, and unethical behavior may have a stronger or more direct influence on the occurrence of fraud. In certain cases, these factors may act as mediating or moderating variables that influence the relationship between independent variables and fraud probability.

Previous studies have also highlighted that fraud is a complex phenomenon influenced by multiple factors, including opportunity, pressure, and rationalization, as explained in fraud theories (Ernawatiningsih & Suryandari, 2025). Additionally, research suggests that other variables, such as unethical behavior or organizational ethics, may play a mediating or moderating role in explaining fraud occurrence (Sulistyawati & Santoso, 2023). Therefore, future research should incorporate additional variables to better explain accounting fraud probability in a more comprehensive model.

Although the partial test results indicate that internal control effectiveness and information asymmetry significantly influence the probability of accounting fraud, while individual morality does not, the simultaneous test (H4) shows a non-significant effect. This finding requires a deeper interpretation beyond statistical reporting. From a diagnostic perspective, the regression model met all the classical assumption requirements. The multicollinearity test indicated that all independent variables had tolerance values above 0.10 and VIF values below 10, confirming the absence of multicollinearity. Similarly, the heteroscedasticity test results show significance values above 0.05 for all variables, indicating the homoscedasticity. These results confirm that the non-significant simultaneous effect (H4) is not caused by statistical violations but rather reflects substantive and theoretical issues in the model. One possible explanation is the presence **of** interaction effects or overlapping explanatory domains between the variables. Internal control effectiveness and information asymmetry both represent structural aspects related to the opportunity dimension of the Fraud Triangle Theory, whereas individual morality represents the rationalization dimension. When tested simultaneously, the dominance of structural factors may weaken the observable contribution of behavioral factors, particularly

in a public sector context characterized by formal procedures and bureaucratic systems.

In addition, the nonsignificant simultaneous effect suggests that accounting fraud is a multidimensional phenomenon that cannot be fully explained by the three variables alone. Although the model explains 64.1% of the variance, the remaining 35.9% indicates the presence of other influential factors that were not included in the study. These may include organizational culture, leadership style, ethical climate, regulatory enforcement, and pressure factors, which correspond to the *pressure* element in the Fraud Triangle Theory. The omission of these variables may reduce the overall explanatory power of the model when the variables are analyzed collectively. Furthermore, the findings of this study show both consistency and divergence from prior research. The significant effect of internal control effectiveness and information asymmetry is consistent with previous studies (Mahardika et al., 2020; Ernawatiningsih & Suryandari, 2025), which emphasize the importance of structural mechanisms in preventing fraud. However, the non-significant effect of individual morality contradicts several studies that find morality to have a significant negative effect on fraud perpetration. This inconsistency may be explained by contextual differences, particularly in public sector environments, where formal control systems and external pressures may override individual ethical considerations.

The insignificant role of individual morality also has important theoretical implications. While morality is expected to suppress rationalization, this study suggests that moral values alone may not be sufficient to prevent fraud in the presence of strong situational pressures or weak organizational environments. This supports the argument that ethical behavior is not solely determined by individual factors but is also shaped by organizational and situational contexts. Moreover, this study does not explore whether relationships differ across respondent characteristics, such as age, tenure, or organizational level. Given that the sample included individuals with varying levels of experience, the influence of morality and perception of fraud risk may differ across subgroups. For instance, more experienced employees may have higher exposure to organizational pressure or system loopholes, which could influence their behavior differently than less experienced employees. The absence of subgroup analyses limits the depth of interpretation. Overall, these findings reinforce the importance of integrating structural and behavioral perspectives to understand accounting fraud. The results suggest that organizational mechanisms, particularly internal control systems and information transparency, play a more dominant role than individual morality. However, the non-significant simultaneous effect indicates that a more comprehensive model incorporating additional variables and possible moderating or mediating relationships is necessary to fully explain fraudulent behavior.

CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study concludes that internal control effectiveness and information asymmetry significantly influence the probability of accounting fraud, while individual morality does not show a significant effect. Collectively, the three variables do not significantly explain the fraud probability. These findings, interpreted through the Fraud Triangle Theory, indicate that the *opportunity* element plays a dominant role in driving fraudulent behavior. Effective internal control reduces opportunities for fraud, whereas information asymmetry increases such opportunities because of limited transparency and monitoring. However, the non-significant effect of morality should be interpreted cautiously. This result may not necessarily indicate that morality is unimportant, but rather that its effect is contingent on contextual factors such as organizational culture, ethical climate, pressure, and the strength of governance systems. In environments characterized by weak control or high pressure, individuals may override moral considerations, suggesting that morality alone may be insufficient without structural support.

The applicability of these findings is

subject to several limitations. Specifically, the results are more relevant to public sector organizations with formalized structures and bureaucratic processes and may not be fully generalizable to private sector or smaller organizations with different governance dynamics. Additionally, focusing on finance-related employees may limit the applicability of the findings to other functional areas. Based on these findings, several actionable recommendations are proposed. Organizational leaders should prioritize strengthening internal control systems, enhancing supervision, and fostering transparent reporting environments. Policymakers are encouraged to develop stricter governance regulations and promote standardized control frameworks, and audit committees should intensify monitoring mechanisms and ensure independent oversight. However, these recommendations may involve trade-offs, such as increased operational costs, potential bureaucratic rigidity, and employee resistance to change. Overly strict controls may also reduce flexibility and efficiency if they are not implemented proportionally. Finally, this study acknowledges the limitations in generalizing the findings, as the sample is restricted to respondents within the finance function and relies on self-reported data, which may introduce bias. Therefore, future research should incorporate broader samples, additional variables, and mixed-method approaches to provide a more comprehensive understanding of accounting fraud.

This study has several important limitations that may influence the interpretation and generalizability of the findings. First, the use of self-reported questionnaire data introduces potential biases, particularly social desirability and response biases, as respondents may underreport unethical tendencies such as fraud-related behavior or overstate their moral values. This limitation may weaken the accuracy of the relationship between individual morality and the probability of fraud. To mitigate this issue, anonymity and confidentiality were ensured during the data collection process. However, future studies should complement survey data with objective measures, such as audit findings or case-based data. Second, the sample was restricted to employees within the finance function in public sector organizations, which may limit the external validity of the results. This focus may not fully capture fraud dynamics in other functional areas or organizational types, such as private firms or small enterprises, where governance structures and control mechanisms differ significantly. Consequently, the findings are more applicable to structured and bureaucratic environments and less generalizable to more flexible organizational contexts. Future research could address this limitation by expanding the sample across sectors and organizational levels.

Third, this study employed a cross-sectional design, which inherently limits causal inference. While the analysis identifies associations between variables, it cannot fully capture dynamic or longitudinal effects, such as how changes in internal control systems or the ethical climate influence fraud over time. This may affect the robustness of the conclusions regarding the cause-and-effect relationships. To overcome this limitation, future research should adopt longitudinal or experimental designs to better establish causality. Additionally, the model explains 64.1% of the variation in accounting fraud probability, indicating that other relevant variables, such as organizational culture, leadership style, external pressure, or unethical behavior, are not included. This omission may lead to model specification bias and suggests that the current findings represent only a partial explanation of the fraud dynamics. Incorporating additional variables or using mixed-method approaches could provide a more comprehensive understanding of the topic. Importantly, these limitations may be less problematic in contexts where organizational structures are formalized, internal controls are standardized, and respondents have sufficient experience in financial management, as in this study. However, they may become more pronounced in less regulated environments where informal practices and cultural factors play a stronger role. Despite these limitations, this study makes

meaningful contributions by highlighting the importance of integrating structural and behavioral perspectives in fraud prevention. Future research should refine the model, expand the empirical context, and employ more robust methodologies to enhance the validity and applicability of the findings.

This study has practical implications as it proposes a structured implementation roadmap for fraud prevention in public sector organizations. The roadmap should include concrete steps, clear timelines, and defined responsibility assignments across organizational units, starting with quick wins, such as strengthening basic internal control procedures and improving transparency in reporting, followed by more complex initiatives, such as system integration and digital monitoring. Successful implementations from comparable organizations indicate that strengthening internal controls and reducing information asymmetry can significantly minimize fraud risk when supported by committed leadership and adequate governance frameworks.

From a resource perspective, organizations need to allocate investments in training, system development, and monitoring mechanisms; however, these costs are expected to generate long-term returns through reduced financial losses and improved accountability. To ensure effectiveness, specific key performance indicators (KPIs) should be established, such as a reduction in fraud cases, improvement in audit findings, and increased transparency scores. Furthermore, in the public sector context, implementation should consider bureaucratic constraints, regulatory frameworks, and limited resources, requiring a phased approach and strong stakeholder coordination. Change management strategies are also essential, including leadership support, continuous communication, and ethical reinforcement programs, to overcome resistance to organizational change. This approach enables more systematic, sustainable, and effective fraud prevention efforts.

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