

The Effect Of Individual Morality, Good Corporate Governance On Accounting Fraud With Moderation Of Organizational Culture

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Article Info	Abstract
<p><i>Keywords:</i></p> <ul style="list-style-type: none">○ Individual Morality,○ Good Corporate Governance,○ Accounting Fraud○ Organizational Culture	<p>Purpose – This study aims to examine how Individual Morality and Good Corporate Governance affect accounting fraud and assess how Organizational Culture moderate Individual Morality and Good Corporate Governance on Accounting Fraud.</p> <p>Design/methodology/approach – This research uses quantitative methods, with primary data collected from a population of 120 people who work in the Shopee Marketplace. Data analysis was carried out using smartPLS software with Moderated Regression Analysis</p> <p>Findings – Individual Morality has a negative and statistically insignificant effect on Accounting Fraud, Good Corporate Governance has a positive and statistically significant effect on Accounting Fraud, Organizational Culture can strengthen the relationship between Individual Morality on Accounting Fraud, Organizational Culture cannot strengthen the relationship between Good Corporate Governance and Accounting Fraud.</p> <p>Originality/value – This research focuses on Accounting Fraud, where this research is a new research in discussing the relationship between Individual Morality and Good Corporate Governance in the Shopee marketplace.</p>
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INTRODUCTION

Today's global economy is increasingly influenced by technological developments, with one of the fastest growing sectors being the marketplace. Marketplace is a platform that mediates between sellers and buyers in cyberspace, so that buyers do not need to meet directly with sellers. One marketplace that is favored by the public is the Shopee marketplace. This platform offers various advantages, such as more affordable prices and a practical purchasing process, so that it is increasingly in demand by consumers who prioritize convenience and efficiency in shopping. However, with the convenience offered by this technology, various risks also arise, including accounting fraud in the shopee marketplace such as falsifying sales reports, manipulating prices, or falsifying financial transactions in order to avoid taxes and obtain unauthorized profits. In addition, platforms such as Shopee are also the target of fraud committed by external parties, who utilize digital features to deceive users, that this fraud mode is carried out by randomly inviting victims



to a WhatsApp group. The fraud mode on behalf of Shopee management starts with the admin claiming to give prizes in the form of commissions for participants who carry out missions. Participants are asked to fill in personal data, such as name, address, and account number, before receiving the first mission, which directs them to click on the item link on Shopee and add it to the cart without having to make a purchase. After a few missions are completed, the perpetrator sends a commission to make the victim believe. The scam continues with promises of commissions of up to Rp 700,000, sometimes asking victims to download other apps or fill in more personal data. Some victims have lost up to hundreds of millions of rupiah due to this scam. This scam is carried out by utilizing digital technology, such as illegally accessing Shopee's internal systems or using software to alter data.

Accounting fraud is influenced by several factors, namely Individual Morality, Good Corporate Governance, Religiousness, Bystander Effect, Internal Control, Ethical Value, Organizational Commitment, Compensation Suitability, Whistleblowing System, Perceived Suitability, Organizational Culture, Information Asymmetry. Like the research conducted by (Adyaksana & Sufitri, 2022; Cholisoh & Hadziq, 2021; Fernandhytia & Muslichah, 2020; Gunayasa & Erlinawati, 2020; Prafitri Ahma & Reza Hanafi Lubis, 2023; Pratiwi & Setiyawati, 2021; Suarniti & Ratna Sari, 2020; Wahyuni & Hayati, 2022; Yamaly & Adelia, 2022).

The originality of this research lies in the Good Corporate Governance variable on Accounting Fraud at the Shopee marketplace in Bekasi City and adds value to the literature by creating an environment that reduces the risk of fraud and improves the integrity of the company's financial statements. Studying accounting fraud in e-commerce marketplaces such as Shopee is very important because this platform involves a large number and variety of transactions between sellers, buyers, and third parties such as payment and delivery services. In a dynamic e-commerce ecosystem, fraudulent accounting practices, such as revenue inflation, inventory manipulation, or false financial statements, can harm various parties and compromise consumer confidence. Knowledge of how these frauds occur helps stakeholders identify early signs of fraud, improve transparency, and ensure compliance with financial regulations. In addition, this understanding helps companies develop better internal control systems and maintain reputation and business sustainability in an increasingly competitive digital age.

LITERATUR REVIEW

Moralitas Individu

Individual Morality is the awareness of good principles that are inward, embedded in humans that will affect the way they think and act (Harefa & Daliwu, 2020).

Good Corporate Governance

Good Corporate Governance is the principles that underlie a process and mechanism for managing the Company based on applicable laws and business ethics. Good GCG implementation is expected to realize the Company's vision and mission (Rezeki & Kusumawati, 2024).

Accounting Fraud

Accounting fraud is actions intended to alter or change a company's financial records or financial statements in a false or misleading manner (Bagus Anom Yasa et al., 2023)

Organizational Culture

Organizational culture is the basic pattern accepted by the organization to act and prevent problems, form employees who are able to adapt to the environment and unite members of the organization (Ridho Kismawadi et al., 2020).

HIPOTESIS DEVELOPMENT

Lawrence Kohlberg a German psychologist, argued that moral action is rational. Kohlberg developed morals into three levels: pre-conventional, conventional, and post-conventional (Sumanto, 2022) at the pre-conventional level, individuals tend to be more concerned with the immediate consequences of their actions, at the conventional level, individuals begin to respect social norms and rules, and at the post-conventional level, individuals have a deep understanding of universal moral principles, which encourages them to reject accounting fraud and promote transparency and fairness in financial practices. This hypothesis is in line with previous research conducted (Gunayasa & Erlinawati, 2020) and (Suarniti & Ratna Sari, 2020) states that individual morality has a negative effect on accounting fraud because individuals who have high morality will be less likely to look for a justification for cheating.

H₁: Individual Morality has a negative effect on Accounting Fraud

The National Committee on Governance Policy (KNKG) established five concepts to realize good governance, which were later refined in 2006 with the term TARI concept (Sudarmanto, 2020) The application of these TARIF principles has a negative effect on accounting fraud, because transparency encourages information disclosure that facilitates error detection, accountability establishes clear responsibilities, and independence ensures objective supervision. Thus, good GCG can create an environment that reduces the risk of fraud and increases the integrity of the company's financial statements. This hypothesis is in line with previous research conducted by (Wahyuni & Hayati, 2022) which states that GCG affects fraud because Islamic banking has good self-assessment results, will minimize fraud cases that occur.

H₂: Good Governace Corporate has a negative effect on Accounting Fraud

Organizational culture is the basic pattern accepted by the organization to act and prevent problems, form employees who are able to adapt to the environment and unite members of the organization (Ridho Kismawadi et al., 2020) aims to strengthen organizational culture that can reduce incentives or opportunities to commit fraud. So that Organizational Culture weakens the relationship between Individual Morality on Accounting Fraud

H₃: Organizational Culture does not strengthen the relationship between Individual Morality and Accounting Fraud



Good GCG implementation is expected to realize the Company's vision and mission (Rezeki & Kusumawati, 2024) companies with a culture that prioritizes integration, transparency, and accountability, the application of GCG principles will be more effective in reducing the potential for Accounting Fraud, so that Organizational Culture weakens the relationship between GCG and Accounting Fraud.

H₄: Organizational Culture does not strengthen the relationship between Good Corporate Governance and Accounting Fraud.

RESEARCH METHOD

The data used in this study uses primary data which can be obtained from respondents who answer the questions on the questionnaire. Primary data sources are data sources that directly provide data to data collectors. The data source in this study is the result of conducting a case study on a sample, namely accounting and finance staff who are members of the Shopee marketplace company by answering the questionnaire that has been available. The type of investigation used in this research is a collerational study to find important variables related to the problem or identify important factors related to the problem, and uses quantitative methods.

Table 1. Variable Measurement

Variable Independen		
Variable	Dimension	Source
Individual Morality	Preconventional	(Gunayasa & Erlinawati, 2020)
	Conventional	
	Post-Conventional	
Good Corporate Governance	Transparacy	(Prafitri Ahma & Reza Hanafi Lubis, 2023)
	Accountability	
	Responsibility	
	Profesionalisme	
	Justice	
Organizational Culture	Activation and Risk Taking	(Yamaly & Adelia, 2022)
	Attention to Detail	
	Results Orientation	
	Human Orientation	
	Team Orientation	
	Aggressiveness	
	Stability	
Accounting fraud	Pressure	(Pratiwi & Setiyawati, 2021)
	Opportunity	
	Rationalization	

The data analysis used in this study used the Partial Least Square (PLS) method. PLS is one of the methods of solving Structural Equation Modeling (SEM) which in the case of

this research is more appropriate than other SEM techniques. The linear equation model in this regression is as follows:

$$KA = \beta_0 + \beta_1 MI + \beta_2 GCG + \beta_3 MI*BO + \beta_4 GCG*BO + \varepsilon$$

RESULTS

Respondent Demographics

Respondents who participated in this study were practitioners who worked in the shopee marketplace in Bekasi city. Through distributing questionnaires, researchers managed to obtain data from 120 respondents with 68 men and 52 women, the majority of respondents were aged 21 to 23 years. and the length of service is mostly 0 to 3 years.

Convergent Validity and Reliability Testing

There are two criteria for assessing whether the outer model (measurement model) meets the requirements of convergent validity for reflective constructs, namely outer loading > 0.7, and average variance extracted (AVE) > 0.5, then the items on the variable are considered to have sufficient convergent validity (Hair et al., 2011) In some cases, loading requirements above 0.7 are often not met especially for newly developed questionnaires. Therefore, loadings between 0.40 - 0.70 should still be considered and maintained (Ghozali, 2016).

The Hypothesis Test

The hypothesis in this study can be known from the calculation of the model using the PLS bootstrapping technique. From the results of the bootstrapping calculation, the statistical t value of each relationship or path will be obtained. This hypothesis testing is set with a significance level of 0.05. The hypothesis can be accepted if the original sample value is in line with the hypothesis. The results of the calculation for hypothesis testing in this study, using the direct effect of the independent variable on the dependent variable and the moderating variable obtained as follows:

Table 2. Path Coefisient

Path Structure	Directions	Original Sample (O)	P Values
MI -> KA	-	-0,141	0,362
GCG -> KA	+	0,261	0,006
MI*BO -> KA	-	0,046	0,623
GCG*BO -> KA	+	-0,214	0,038
R Square	0,367		
R Square Adjusted	0,339		

Source: Data Processing Results, 2024

Explanatory



Based on the table above, the result of the r square (R^2) value for the Accounting Fraud variable is obtained at 0.367, which can be stated to be in the medium category, this shows that 36.7% of the contribution of the influence of Individual Morality, Good Corporate Governance on Accounting Fraud moderated by Organizational Culture. While the remaining 63.3% is explained by other variables outside this study.

The results of the hypothesis testing of the influence of Individual Morality on Accounting Fraud obtained an original sample result of -0.141 and a p -value of 0.362 meaning a significance of $0.362 > 0.05$, then H_1 is accepted, so that it can be stated that Individual Morality has a negative and statistically insignificant effect on Accounting Fraud. The results of testing the hypothesis of the influence of Good Corporate Governance on Accounting Fraud, obtained an original sample result of 0.261 and p -value of 0.006, meaning the significance of $0.006 < 0.05$, then H_2 is rejected, so it can be stated that Good Corporate Governance has a positive effect and statistically has a significant effect on Accounting Fraud. The results of testing the hypothesis of the effect of Individual Morality * Organizational Culture on Accounting Fraud, obtained a p -value of 0.623, meaning that the significance of $0.623 > 0.05$, thus H_3 is rejected so that it can be stated that Organizational Culture can strengthen the relationship between Individual Morality and Accounting Fraud. The results of testing the hypothesis of the effect of Good Corporate Governance * Organizational Culture on Accounting Fraud, obtained a p -value of 0.038, meaning that the significance of $0.038 < 0.05$, thus H_4 is accepted until it can be stated that Organizational Culture cannot strengthen the relationship between Good Corporate Governance and Accounting Fraud.

DISCUSSIONS

Individual Morality has a negative and insignificant effect on Accounting Fraud

This study shows that Individual Morality has an important role in Accounting Fraud. This is in line with the research (Fernandhytia & Muslichah, 2020; Gunayasa & Erlinawati, 2020; Suarniti & Ratna Sari, 2020) the results of previous studies show that individuals who have a low level of moral reasoning tend to do things that benefit themselves. One will be able to distinguish between decisions driven by self-interest (Pre-Conventional), decisions based on social norms and group expectations (Conventional), and decisions based on higher ethical principles, such as justice and human rights (Post-Conventional). Thus, companies can create an environment that supports ethical behavior, reduces fraud, encourages employees to act based on the principles of justice and integrity. Thus, based on the path coefficient and discussion above, this study shows the results that Individual Morality has a negative and insignificant effect on Accounting Fraud.

Good Corporate Governance has a positive and significant effect on Accounting Fraud

The results of this study indicate that Good Corporate Governance has an important role in Accounting Fraud. This is in line with research (Wahyuni & Hayati, 2022) the results of previous studies show that the higher the Good Corporate Governance, the more likely fraud will occur because the pressure to meet high standards or meet stakeholder expectations can encourage individuals to take unethical shortcuts, including committing

fraud. Pressure to achieve certain targets or meet company expectations in a short period of time, coupled with a weak internal control system or a lack of clear division of authority and responsibility, can make some individuals tempted to manipulate data or misuse resources for personal gain. In addition, even if the principles of fairness and accountability are applied, imbalances in the distribution of tasks or rewards can create dissatisfaction among staff, which can encourage them to commit fraud. Thus, based on the path coefficient and discussion above, this study shows the results that Good Corporate Governance has a positive and significant effect on Accounting Fraud.

Organizational Culture Reinforces the Relationship between Individual Morality and Accounting Fraud

In this study, it was found that Organizational Culture can strengthen the relationship between Individual Morality and Accounting Fraud. A good understanding of Individual Morality, which includes principles such as integrity, honesty, and responsibility, can shape more ethical behavior in the work environment. When individuals have a strong moral understanding, they tend to avoid dishonest or fraudulent actions, including in terms of corporate accounting management. However, poor Organizational Culture can create an environment that is less supportive of integrity and honesty, and can even encourage unethical behavior, even though individual morality plays a role in preventing fraud. An Organizational Culture that does not support ethical values can reduce the effectiveness of Individual Morality and increase the likelihood of accounting fraud. Thus, Organizational Culture acts as a moderating variable that can strengthen the relationship between Individual Morality and Accounting Fraud.

Organizational Culture does not strengthen the relationship between Good Corporate Governance and Accounting Fraud

The results of this study indicate that Organizational Culture cannot strengthen the relationship between Good Corporate Governance and Accounting Fraud. If a company has poor corporate governance (weak Good Corporate Governance or GCG), the risk of accounting fraud and unethical behavior will increase. Poor GCG reflects weaknesses in supervision, transparency, and internal control of the company. This can create opportunities for individuals or groups within the company to commit fraud, such as manipulation of financial statements, embezzlement of funds, or other actions that harm the company and its stakeholders. If the staff at Shopee have a good organizational culture, then the negative effects of poor GCG can be mitigated. A good organizational culture among the staff shows the existence of high ethical values, openness, cooperation, and responsibility. Staff with a good organizational culture are more likely to act ethically, despite weaknesses in the company's GCG system. With a good organizational culture, employees will focus more on integrity and professional responsibility, so that behavior such as accounting fraud can be minimized. So that organizational culture does not strengthen the relationship between GCG and accounting fraud, because both have different but complementary roles.



CONCLUSIONS

1. Individual Morality has a negative and statistically insignificant effect on Accounting Fraud. 2. Good Corporate Governance has a positive and statistically significant effect on Accounting Fraud. 3. Organizational Culture can strengthen the relationship between Individual Morality on Accounting Fraud. 4. Organizational Culture cannot strengthen the relationship between Good Corporate Governance and Accounting Fraud.

Theoretical Implications

The results of this research are expected to add to the academic literature and be used to develop a more comprehensive theoretical model in understanding the same problem. This research can be used as a reference in testing the variables of Individual Morality, Good Corporate Governance as an independent variable, Accounting Fraud as a dependent variable and Organizational Culture as a moderation variable in accounting and finance staff who are members of the Shopee marketplace company.

Managerial Implications

This study produces useful findings for accounting and finance staff who are members of the Shopee marketplace company to work to provide strengthening understanding of Individual Morality by educating employees about the importance of integrity, work ethics, and professional responsibility in every action taken. However, the challenge faced is the implementation of Good Corporate Governance (GCG) which is less than optimal due to pressure to achieve certain targets or meet company expectations in a short time. This pressure sometimes triggers decisions that are not always in line with ethical principles and good governance, thus risking reducing compliance with the rules. To overcome this, accounting and finance staff at the Shopee marketplace company strive to create an effective organizational culture, where transparency and accountability are the main foundations for encouraging open communication, stricter monitoring processes, and increasing employee awareness of the risks of accounting fraud, with the aim of ensuring that all financial processes run honestly and accurately.

Policy Implications

From the results of this study, it can help regulators to prevent fraud through increasing education, training and awareness by developing educational programs that strengthen understanding of Individual Morality. Regulators need to conduct a comprehensive review to ensure that the principles of Good Corporate Governance (GCG) are applied effectively and consistently in the organization, as well as improving organizational culture by emphasizing transparency, accountability, and integrity in every decision-making process. so that a more ethical environment can be created and free from potential fraud.

Limitations of the Study

The limitation of this study is the method of measuring all variables, namely Individual Morality and Good Corporate Governance as independent variables, Accounting Fraud as the dependent variable, and Organizational Culture as a moderating variable,

which uses a questionnaire. The data obtained depends entirely on the respondent's perception. The questionnaire was distributed via WhatsApp and email, so there was no detailed guidance during filling. As a result, there is a possibility of subjectivity in respondents' answers to the questions asked, as well as obstacles in getting confirmation from respondents in a timely manner.

Suggestions for Future Researchers

For further research, it is recommended that researchers consider using more structured data collection techniques, such as surveys accompanied by face-to-face interviews or direct questionnaires, to reduce respondent subjectivity. And researchers can test the research model using a wider sample or involving various sectors, so that the research results can be more relevant and applied to a larger population.

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