

INFLUENCE OF COGNITIVE MORAL AND LOVE OF MONEY ON UNETHICAL BEHAVIOR AND ACCOUNTING FRAUD TENDENCY: PANCASILA AS A MODERATING VARIABLE

INFLUENCE OF COGNITIVE MORAL AND LOVE OF MONEY ON UNETHICAL BEHAVIOR AND ACCOUNTING FRAUD TENDENCY: *PANCASILA* AS A MODERATING VARIABLE

Hasni Yusrianti
Sriwijaya University
(Student of Diponegoro University)
(hasniyusrianti@gmail.com)

Umi Kalsum
Sriwijaya University
(umikalsum@umsri.ac.id)

ABSTRACT

Phenomenon of accounting fraud that increases in the world, as well as in Indonesia, takes public attention on financial statement reliability. Many studies has examined fraud factors, including concept of Pancasila as an ideology for fraud resistance and moral philosophy in Indonesia. This study aims to analyze moderating effect of Pancasila on relationship between cognitive moral and love of money on unethical behavior and accounting fraud tendencies. Primary data is used using questionnaires that collected in South Sumatera. Sample used are accountants, accounting students who have been worked, professional accounting program students and graduate students as 247 respondents. This study analyzed using Structural Equation Model (SEM) with variance based PLS. The results shows that Cognitive Moral and Love of Money has significant effect on Unethical Behavior but has insignificant effect on accounting fraud tendency. Moreover, Unethical behavior has significant influences on accounting fraud tendency but it does not mediate relationship between Cognitive Moral and Love of Money on accounting fraud tendency. Furthermore, Pancasila does not moderate relationship between Cognitive Moral and Love of Money on Unethical Behaviour.

Keyword: *Cognitive moral, Love of Money, Pancasila, Accounting Fraud Tendency.*

1. INTRODUCTION

Fraud and unethical phenomenon both in private and public sectors seems to grow for years, although various efforts to mitigate them both in the world and Indonesia. According Harsanti (2015) in her dissertation entitled Whistleblowing and Fraud in perspective of Theory of Planned Behaviour, the approach of fraud prevention and detection strategies in Indonesia for years merely repressive and less preventative. Recently, various cases of fraud in the world which are done have become the main discussion topic in various media. Results of survey conducted by PWC in 2016 with 6,000 respondents around the world for 24 months, showed that 46% of fraud happens internally rather than externally, meaning that

most of acts of fraud committed by employees of the victim organization. Moreover, results of Integrity survey from KPMG in 2013 which is based on the responses of more than 3500 employees of the United States found that a majority of employees (76%) reported that they find there is something wrong in the previous 12 months.

It is also happen in Indonesia, the survey results PWC (2016), Indonesia is including in developing countries that fraud increased from previous PWC survey, 34% in 2011 to 40% in 2014. Moreover, research of ICW in 2014 using data of law enforcement officers (prosecutors, police and KPK) and ICW network information, there is a trend of increase in number of cases and suspects of

2013 and 2014. In 2013 the number of fraud suspects as 1271 increased to 1328 suspects in 2014. Likewise, the number of cases in 2013 as 560 cases increased to 629 cases with total losses in 2013 as Rp.4,11 trillion to Rp.5,29 trillion in 2014.

8 The phenomenon of unethical behavior is already ingrained in our nation. Unethical behavior has actually been happening since 8 ing in the educational environment. Unethical behavior that occurs varies, ranging from the behavior or actions that are unethical (ethical misconduct) until the case against the law. In Indonesia, there is many ethical scandals in accounting profession that hurt many parties, whether conducted by auditors, company managers, accountants and even civil servant. There is also accountants or auditors influence in some cases. Realizing this issue, Indonesian Accountant Association (IAI) published a code of ethics. Although there has been a code of conduct, but in fact there are still some cases of ethics irregularities committed by accountant lately. Miranda Swaray Gultom, I Wayan Pugeg, Tommy Hendratmo, and Gayus Tambunan is an example of the various accountants who perform deviant acts such thing. They have position in their work and have a chance in behaving unethically.

Many factors that lead fraud occurs, both internal and external. Brass et al. (1998) unethical behavior is caused by two major factors, which are individual factor and organizational factor. Individual factor, for example, consists of locus of control and cognitive moral development which lead to behavior integrity. While organizational factor consists of organization climate, compensation system, codes of conduct, and prevailing norms. According Ludigdo (2012) the most fundamental thing is greediness which is a passion to fulfill the infinite desire (not a requirement) that makes a person take any action. Every human being must have a purpose and needs of each in her life. To achieve the goals or meet their needs, one can use any means, whether honest or dishonest. Therefore, Singleton et al (2006) defines fraud as a strategy to achieve personal or organizational goals and to meet human needs in ways that are not honest.

4 Accounting fraud is very closely related to 5 hics. Accounting fraud is an illegal act. Ethics in Indonesia today is effect of economic globalization that causes pressure on the way of thinking in academic, economic, political, social and even cultural aspects of life (Puruhito 2011) in (Ludigdo & Kamayanti, 2012). Unethical behavior and tendency of fraud in financial statement is also caused by attitude and moral responsibility of company. Unethical behavior and tendency of fraud in a company depends on the morality of the management (Gugus et al, 2009).

Misappropriation and fraud and unethical behavior that occurred in Indonesia can not be separated from the world of education today. Education world of education in Indonesia today, especially education in accounting characteristics are influenced from outside, sometimes not in harmony with the values that exist in Indonesia. Accounting education and development of accounting in Indonesia today is still dominated by the positivist paradigm. The development of accounting is still dominated by positive paradigm which is his spirit schools of rationality (Setiawan & Kamayanti, 2012). Accounting and accounting education system to bring the value of secularization which has the characteristics of self-interest that emphasize bottom-line profit and only admit to things that are materialistic (Mulawarman, 2008). Consequences for the education of accountants Indonesia are influenced by the understanding of positivism, rationalism and capitalism above resulted in the phenomenon is not surprising that a lot of fraud involving the accounting profession.

Violations of ethical or unethical behavior that occurs based on various factors such love of money and cognitive moral. Capitalism is very concerned with the increased value of wealth. This affects understanding of importance of money, money has a very important meaning for humans. Working solely for money purpose, will ultimately 2 lead to ethical problems (Fauzi, 2014). Some common belief said that love of money is the root of all evil (Luna-Arocas and Tang, 2004; and (Tang & Chiu, 2003). Money is considered closely related to the 7 concept of greed. (Tang & Chiu, 2003). Ping and Chiu (2003), stated that love of money related to unethical behavior but not

related to income (money). There are several studies showing that higher levels of love of money will have a good ethical judgment/perception according to their level of job satisfaction. This can be seen in research by Luna Arocas and Tang (2005) that examine love of money on ethical considerations have a significant positive relationship.

The other factor that affect unethical behavior is Cognitive moral. As Ramamoorti (2008) stated that behavioral factors are the root of fraud problem. More, Reynolds et al (2007) also stated that moral identity and moral judgement both affect moral behavior. Level of individual cognitive moral will affect person's ability to be ethically or not doing fraud tendencies. Cognitive moral influence ability of an individual solves ethical dilemma. Welton (1994) stated that an individual's ability to resolve ethical dilemma is influenced by the level of cognitive moral. In accounting field, research conducted by Wilopo (2006) found that the higher level of cognitive moral the more likely not to do accounting fraud. Further Shaub et al (1994) stated accounting educators can influence cognitive moral by designing ethical education interventions that would slam accounting students behave in ethical decision making.

According to Forsyth (1980) moral philosophy is controlled by two characteristics of idealism and relativism. Reality on moral philosophy of Indonesian needs our serious attention as a nation. We have Pancasila as moral philosophy, ideology of our nation, and basis for our livelihoods. However, according Ludigdo (2012), the position of Pancasila only as symbol of nationality where an absorption values for everyday life is only symbolic. Links on phenomenon of fraud, ethical problems, and education in Indonesia with existence of Pancasila as philosophy of life is not impossible. Making Pancasila as an ideology to fraud resistance in this country is not impossible, because Pancasila has moral views contained in all its principles. Latif (2011) in Ludigdo (2012) stated Pancasila is identity, personality, morality, and the bow of the safety of the nation. Pancasila has a foundation of strong ontological, epistemological, and axiological. In every

element (sila) has historical justification, rational and actual consistently.

Nowadays, Pancasila such Ivory Tower, Pancasila as state ideology and nationality has no legitimacy and ontology especially when liberalism epistemology has entered into mindset of national scientific (Mulawarman, and Haryono, 2012). Pancasila was never present in practices and technical. Ludigdo (2012) argued that Pancasila can be brought into the realm of various national life media, including professional realm. Asshiddiqie (2011), as recommended on Congress of Pancasila II, efforts to civilizing Pancasila concretely be realized in public life, such as through formulation of a code of ethics and code of conduct as well as the institutionalization of its institutions within government, organizations, NGOs and Enterprises.

Accounting adopted from the West actually can not resolve local problems. The worldview of Pancasila in any situation should be used to build Indonesian accountants personality. Ludigdo (2012) had idea that globalization is a necessity, but Indonesian values should be the cornerstone to enter it. Research on Pancasila values in accounting is mostly conducted by qualitative research, and rarely done empirically. Kamayanti et al (2012) give an opinion on the importance of accounting education based on Pancasila accounting which was revealed in their research that "Ruh" devotion to God, humanity, Indonesianness, unity, and justice will give fundamental consequences on accounting material being taught. Then Setiawan and Kamayanti (2014) stated that through education, it can change the view of prospective accounting profession to balance between the materiality (worldly) and spirituality (hereafter).

Considering this issue, this research is done to analyze the influence of love of money and cognitive moral on unethical behavior and accounting fraud tendency that moderated by Pancasila values. The purpose of this study are; to analyze the influence of cognitive moral and love of money on unethical behavior and accounting fraud tendency; to analyze the influence unethical behavior and accounting

fraud tendency; and to analyze the moderation effect of Pancasila on relationship of cognitive moral and love of money on unethical behavior and accounting fraud tendency.

2. Literature and Hypothesis Development

2.1. Agency Theory

The basic principle of principal-agent theory is the existence of a contract between principal and agent (Jensen and Meckling, 1976). It is basically an effort to maximize profits, every person act in accordance with their own interests and so does agents. In carrying out its functions, agent do not always act to give the best interests for principal.

Agency theory is considered appropriate in describing fraud phenomenon. It is a connector for agent integrity to principal, and is intended to solve two problems that occur in relevant institutions. A problem arises when there is contrary interest or objectives of principal and agent, and when principal have trouble to keep exactly the track what agents do. Both of these problems arise within institution cannot be separated from the opportunistic behavior of agents. At the end the motivation and utilities between agent and principal will be different which can lead to possibility of unethical behavior and accounting fraud tendency committed by agents to the principal resources.

2.1. Accounting Fraud Tendency

Accounting fraud tendency phenomenon seems to grow for years, although various efforts to mitigate either in the world or Indonesia. It is indicated by research PWC, KPMG, and ACFE. Association of Certified Fraud Examiners (ACFE) as one of the associations in the United States categorize fraud in three groups: Fraud Reporting Fraud, Asset Misappropriation, and corruption. Fraud is misstatement occurs from fraud in accounting reporting such as intentionally omit a number or disclosure in accounting report to deceive the report users (IAI, 2001). Moreover, according to Wells (2007), accounting fraud refers to accounting errors were committed intentionally with the intention to mislead readers / users of financial

statements. The purpose of this is done with negative motivation to take advantage of individuals or certain parties.

Fraud also has trickery, using deception regulations for looking for loopholes certain advantages, Albercht (2009) defines it as follows; "Generic term, and embraces all the multifarious means which human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representations. No definite and invariable rule can be laid down as a general proposition in defining fraud, as it includes surprise, trickery, cunning and unfair ways by which another is cheated. The only boundaries defining it are those which limits human knavery".

Tendency of fraud can be done in any forms. Wells (2005) stated that misstatement in financial report in form of setting up a higher or lower assets or profit can be done in several schemes that are (1) fraud in assessment of assets, (2) fictitious income, (3) concealing company liabilities and expenditures, (4) difference in income admission, and (5) fraud in revealing financial report information. Furthermore, Indonesian Institute of Accountants (IAI) describes financial statements fraud are: (a) manipulation, falsification or alteration of accounting records or supporting documents; (B) Misstatement of the wrong; (C) One application of the principle of deliberate; and (d) any inaccuracy asset. The explanation above shows that accounting fraud by management can be done using various sources of fraud either forgery or concealment of evidence of transactions, presentation of information and financial reports are not true, or misstatements due to improper treatment of asset.

2.2. Unethical Behavior

Ethics is a science that talks about how and why we follow a certain moral, or how we should take a responsible attitude to deal with various moral (Suseno 1987). Unethical behavior occurs in all areas of society, business, government, education etc. Unethical behavior is something that is difficult to

understand, the answer depends on a complex interaction between the situation and the personal characteristics of the offender.

Unethical behavior is behavior that deviates from the main objectives or tasks that agreed upon (Dijk, 2000). So, unethical behavior should not be morally acceptable to general public because it would be dangerous to others and environment (Beu and Buckley, 2001). In practice unethical behavior has a complex pattern. The complexity symptom of unethical behavior depends on the interaction between personal characteristics with the appearing social phenomena, environmental, and complex psychological factors (Buckley et al., 1998). Therefore, it is sometime difficult to describe the pattern of unethical behavior.

In a previous study noted that unethical behavior consists of abuse of official position, organizational resources, power, and passive behavior towards their position and power (Tang & Chiu, 2003). Dallas (2002) showed that unethical behavior lead to unhealthy climate in workplace and encourage the emergence of accounting fraud tendency (Victor et al, 1993) and interfering performance accountability (Dijk, 2000). As Wilopo (2006) stated unethical behavior regarded as behavior that abuse of office, organizational resources, power, and behaviors that do not do anything in relation to the position and power (Tang & Chiu, 2003). Ethical dilemma often arises when at the same time organization required to increase profit and maximize benefits to be gained consumers through the products. Such circumstances stimulates to unethical behavior and many policies. In practice unethical behavior has a complex pattern.

2.3. Love of Money

Money is something that can not be separated in human life because it is a very important thing. Tang et al. (2005) argues that attitudes toward money are learned through socialization processes established in childhood and maintained through adult life. According to Rubenstein (in Ellias and Farag, 2010) in the United States, a person's success is measured by money and income.

Differences in interpretation of money will eventually find a concept to emerge concept of Tang (2003) which introduced the love of money concept for psychological literature. These concepts are used to measure the person's subjective feelings about money. Luna-Arocas and Tang (2004) summarized the definition of love of money as: 1) measurement of the value of a person, or a desire for money but not their needs; 2) the meaning and importance of money and personal behavior of someone with money.

Later Tang, Chen and Sutarso (2008) defined love of money as a person's behavior toward money; one's understanding of money; one's desires and aspirations of money. Love of money has several meanings. Concept of love of money is related to the concept of greed (Tang & Chiu, 2003). Tang & Chen (2008) examined positive attitude, negative attitude, strength, money management, rewards, and money that was measured in Money Ethic Scale (MES). MES concept is used to measure a person's subjectivity against money.

2.4. PANCASILA

Pancasila as state ideology and nationality has no legitimacy and ontology especially when liberalism epistemology has entered into mindset of national scientific (Mulawarman, and Haryono, 2012). Pancasila was never present in practices and technical. Pancasila values is reduced discharged on behalf of internationalization accounting to ease the way liberalism and free markets. Pancasila which is ideology of nationality has five principles, namely: (1) belief in one almighty, (2) humanitarian fair and civilized, (3) unity of Indonesia, (4) Democracy, led by the inner wisdom of deliberations of representatives, and (5) social justice for all Indonesian people. According Nataadmaja (1983) in Ludigdo (2012) there are 36 items that reflect all of Pancasila principles.

Pancasila is only written in books, in science studies, however noble values is obeyed, it is merely rhetoric (Maarif, 2011). Ludigdo (2012) argued that Pancasila can be brought into the realm of various national life media, including professional realm. Furthermore,

Asshiddiqie (2011), as recommended on Congress of Pancasila II, efforts to civilizing Pancasila concretely be realized in public life, such as through formulation of a code of ethics and code of conduct as well as the institutionalization of its institutions within government, organizations, NGOs and Enterprises. Pancasila as the philosophy of system is basically a value that is a source of all good norm elaboration of legal norms, moral norms and state norms. It is contained a way of thought that is critical, fundamental, rational, systematic.–Pancasila is an identity, personality, morality, and bow of safety of nation. Pancasila has a foundation of strong ontological, epistemological, and axiological.

2.5. Hypothesis Development

2.5.1. Relationships Cognitive moral on Unethical Behavior

As Ramamoorti (2008) stated that behavioral factors are the root of fraud problem. More, Reynolds et al (2006) also stated that moral identity and moral judgement both affect moral behavior. Level of individual cognitive moral will affect person's ability to be ethically or not doing fraud tendencies. Cognitive moral influence ability of an individual solves ethical dilemma. Welton (1994) stated that an individual's ability to resolve ethical dilemma is influenced by the level of cognitive moral. In accounting field, research conducted by Wilopo (2006) found that the higher level of cognitive moral the more likely not to do accounting fraud. Further Shaub et al (1994) stated accounting educators can influence cognitive moral by designing ethical education interventions that would slam accounting students behave in ethical decision making.

Based on description above, it can be hypothesized as follows:

H1a: Cognitive moral effect on unethical behavior

H1b: Cognitive moral effect on accounting fraud tendency

2.5.2. Relationships Love of Money on Unethical Behavior

Research related to the link Love of Money and Ethical Behavior is still limited and shows mixed results. Tang and Chiu (2003) explains that concept of love of money is related to concept of greed. They found that employees in Hong Kong with a love of money is high less satisfactory in work compared with their peers. Love of Money related to unethical behavior but not related to income or money (Ping & Chiu, 2003). Love of Money is root of evil, but money is not.

Meanwhile, another study conducted by Luna-Aroca and Tang (2004) give different results. They argued that love of money can help to predict and control unethical behavior because of Love of Money someone can predict job satisfaction and possibility of unethical behavior. Chen and Tang (2006) suggested that the relationship may lead to unethical behavior. Furthermore, Tang and Chen (2008), also found that love of money related to corruption and unethical behavior.

Another studies have examined the effect of love of money on ethical considerations. Some research suggests that higher levels of love of money will have a judgment/perception of good ethical according to the level of their job satisfaction. It can be seen in research Luna Arocas and Tang (2005) that examine love of money against ethical considerations have a significant positive relationship. However, according to Elias (2010) the higher love of money on accounting students, the lower the level of ethical considerations accounting student.

Based on this consideration, this issue still need further test. The hypothesis is formulated as follows:

H2a: Love of Money Positive associated with Unethical Behavior

H2b: Love of Money Positive associated with Accounting Fraud Tendency

2.5.3. Relationships Unethical Behavior and Accounting Fraud Tendency

Fraud and unethical behavior just a term that describes non-compliance with regulations in fact. Accounting fraud is very closely related to ethics. However, in social life it is said that

Unethical behavior is not necessarily true fraud. Unethical behavior that violates the law is called a fraud (Gugus, 2009). However, the fact that occurs in the various frauds it always starts from unethical behavior (Dallas, 2002). More, Ramamoorti (2008) suggested that behavioral factors are the root of fraud problem. This is also supported by CIMA (2002) as cited by Wilopo (2006) which stated that company with low ethics standard is likely to have high accounting fraud risk.

Further, study of Carpenters and Reimers (2005) also found that unethical behaviors are caused by ourselves, as well as others around us can drive a person to perform acts of fraud. In relation to accounting fraud, research conducted by Calderon and Greenf (1999), Reinstein (1998) showed unethical behavior in form of abuse responsibility and power, position, and company resources, encourage management do accounting fraud. More, Dallas (2002) suggests that unethical behavior resulted in unhealthy climate in the workplace and encourage the emergence of Accounting fraud tendency (Victor et al., 1993), and interfering performance accountability (Dijk, 2000).

This research was supported by Wilopo (2006) which stated that unethical behavior causes accounting fraud tendency and also stated that unethical behavior and accounting fraud tendency can be reduced by increasing the effectiveness of internal control, adherence to accounting rules, morality of management, as well as eliminated the asymmetry of information. Further, Irianto et al (2009) that studied Integrity, unethical behavior, and tendency of fraud stated that fraud tendency can be reduced when a person in ethical environment.

Based on this conception the hypothesis is formulated as follows;

H3a: Unethical behavior is positively related to the accounting fraud tendency

H3b: Unethical behavior mediates relationship between cognitive moral and love of money on accounting fraud tendency

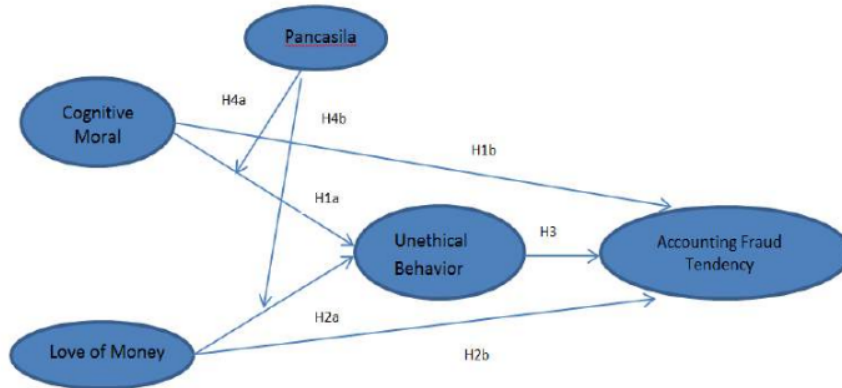
2.5.4. Pancasila moderates the relationship of Cognitive moral and Love of Money on Unethical Behavior

According to Forsyth (1980) moral philosophy is controlled by two characteristics of idealism and relativism. Study that evaluating elements of Pancasila values in empirical research in conjunction with accounting and accounting ethics education is still limited. Links on phenomenon of fraud, ethical problems, and education in Indonesia with existence of Pancasila as philosophy of life is not impossible. Making Pancasila as an ideology to fraud resistance in this country is not impossible, because Pancasila has moral views contained in all its principles. Latif (2011) in Ludigdo (2012) stated Pancasila is identity, personality, morality, and the bow of the safety of the nation. Pancasila has a foundation of strong ontological, epistemological, and axiological. In every element (sila) has historical justification, rational and actual consistently. Further, ramamoorti (2008) suggested that behavioral factors are the root of fraud problem.

Research on Pancasila values is mostly conducted by qualitative research, and rarely done empirically. Kamayanti et al (2012) give an opinion on the importance of accounting education based on Pancasila accounting which was revealed in their research that "Ruh" devotion to God, humanity, Indonesianness, unity, and justice will give fundamental consequences on accounting material being taught. Then Setiawan and Kamayanti (2014) stated that through education, it can change the view of prospective accounting profession to balance between the materiality (worldly) and spirituality (hereafter). Ludigdo (2012) also argues that Pancasila can be a tool for removing of ethical imperialism. Given how Pancasila values that can be served as moral philosophy and behavior in our country, especially in accounting ethics, it can be hypothesized as follows;

H4: Pancasila value moderates the relationship Love of Money and Moral cognitive on unethical behavior

2.6. Research Model



Picture.1
Research Model

questionnaires distributed is 300 exemplars, returned is 288 exemplars, while can be processed by 247 exemplars.

3. Research Method

3.1. Sample and data source

Primary data is used using questionnaires that collected in South Sumatera. Sample used are accountants, accounting students who have been worked, professional accounting program students and graduate students. The

Data collection technique: Data used are primary data using questionnaires that collected directly and via email survey to increase response rate of questionnaires.

3.2. Variable definition and measurement

Variable definition and measurement can seen from table 1.

Table 1: Variable definition and measurement

Variable	Proxy (Acronym)	Measurement	Source
Cognitive moral	Moral	DIT	Rest (1986)
Love of money	L.Money	Money Ethic Scale (MES)	Tang, (2008)
Unethical behaviour	P.TEtis	9 item of Unethical Behavior	Tang et al (2003); Wilopo (2006)
Accounting Fraud Tendency	Kec.Akt	7 item of AFT	IAI (2001); Wilopo (2006)
<i>Pancasila</i>	Pncasila	36 item of Pancasila Value Item	Nataadmaja (1983)

3.3. Data Analysis

This study analyzed using Structural Equation Model (SEM) with variance based which is Partial Least Square with WrapPLS software.

Model analysis is tested using measurement model (outer model), structural models (inner model), and hypothesis testing.

4. Result and Discussion

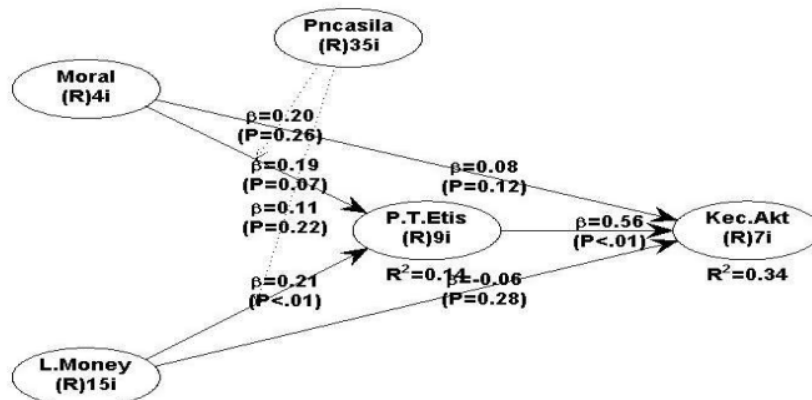
4.1. Result

The hypothesis test in this study using Partial Least Square (PLS). It used WrapPLS software program that designed specifically to estimate the structural equations on the basis of the variance, especially for unlinier data.

The result of structural model from WrapPLS is shown in figure 2.

4.1.1 Measurement (Outer) Model Test

Validity test



Picture.2
Structural Model

Discriminant Validity

Furthermore, reflective indicators also need to be tested by cross loading discriminant validity. An indicator declared is valid if it has the highest loading factor to intended construct compared to loading factor to other constructs.

Convergent Validity

An indicator declared valid if it has a loading factor above 0.5 on the intended construct. Based on the results of combined loadings and cross loading factor loadings, it shows that the indicators of variable value above 0,5 as the recommended value (Ghozali, 2014). The smallest value indicator is 0.534 (LM2) dan the highest value indicator is 0.901 (P30). It means the indicators used in this study is valid or meets the convergent validity. The loading indicator that has a value below 0.5 (M5, M6, L5, L9, and P16) is issued as indicators of variable.

Thus, the latent construct predicts the indicator on their block better than the indicators in other blocks. The result shows that the loading factor in their block is higher that the loading factor in other block.

Another method to see the discriminant validity is to look at value of square root of

average variance extracted (AVE). The recommended value is above 0.5 (Ghozali, 2014).

Table 2. Average Variance Extracted

Variabel	Average variance extracted (AVE)
Moral	0.846
L.Money	0.641
P.T.Etis	0.711
Kec.Akt	0.788
Pncasila	0.829

The table above, AVE values above 0.5 for all constructs of the research model. The lowest value AVE is 0,641 on Love of Money variable (L.Money). It means the indicators used in this study is valid or has met the discriminant validity.

Reliability test

Reliability testing is done by looking at value of composite reliability of indicator blok that measures the construct. Composite reliability results will indicate a satisfactory score if above 0.6 (Ghozali, 2014). Here is the composite reliability values as follows:

Table 3: Composite Reliability & Cronbach's Alpha

Variabel	Composite Reability	Cronbach's Alpha
Moral	0.910	0.867
L.Money	0.912	0.896
P.T.Etis	0.901	0.875
Kec.Akt	0.919	0.897
Pncasila	0.987	0.986

The above table shows that the composite reliability for all constructs is above 0.7 indicating that all construct the model estimated meet the criteria of discriminant validity. The lowest composite reability value as 0.910 on Cognitive moral (Moral) construct.

Table 5. Hypothesis Test

Hypothesis	Coefficients	P-value	Standard Error	Effect Size
H1a: Moral -> P.T.Etis	0.19*	0.07	0.127	0.039
H2a: L.Money -> P.T.Etis	0.21***	0.001	0.068	0.039
H1b: Moral -> Kec.Akt	0.08	0.12	0.066	0.015
H2b: L.Money -> Kec.Akt	-0.06	0.28	0.112	0.011

This reliability can also be strengthened by Cronbach's Alpha. The recommended value is above 0.6 (Ghozali, 2014). The above table shows that Cronbach's Alpha for all constructs is above 0.6. The lowest

value is 0.867 (Moral) and the highest value is 0.986 (Pancasila).

4.1.2. Structural Model Test (Inner Model)

Adjusted R Square

Once the model is estimated to meet Outer Model criteria, the subsequent testing is structural models (Inner model). Here are the adjusted R-Square of the constructs:

Table 4: Adjusted R-Square

Variabel	R-Square
Moral	0.143
L.Money	
P.T.Etis	
Kec.Akt	
Pncasila	

Adjusted R Square for Accounting fraud tendency is 0.336, it means contribution of cognitive moral, love of money, Unethical Behavior, interaction Pancasila with Cognitive moral, and interaction Pancasila with Love of Money only 33.6%. Furthermore, contribution of cognitive moral, love of money, interaction Pancasila with Cognitive moral, and interaction Pancasila and Love of Money on Unethical behavior is 0.143 or 14.3%.

Hypothesis testing

Hypothesis testing results are presented in following table 5.

H3: P.T.Etis -> Kec.Akt	0.56***	<0.001	0.054	0.332
H4a: Pncasila*Moral -> P.T.Etis	0.20	0.26	0.315	0.047
H4b: Pncasila*L.Money -> P.T.Etis	0.11	0.21	0.137	0.018

Note: (*) significance at level $\alpha=0.1$, (***) significance at level $\alpha=0.01$

According to the table above, it shows that there is a significant positive relationship between Cognitive moral on Unethical Behavior with a coefficient of 0.19 at 10% significance. Moreover, Love of Money on unethical behavior has positive significant effect with coefficient 0.21 at 1% significance level. Then, unethical behavior variable is also has a significant positive effect on accounting fraud tendency at 0.56 coefficient at 1% significance level. It can be concluded that hypotheses H1a, H2a, and H3 can be supported.

However, interaction constructs of Pancasila with cognitive moral and love of money on unethical behavior is not significant with coefficient of 0.20 and 0.11 respectively and p-value 0.26 and 0.21 respectively. It means hypothesis H4a and H4b can not be supported. It is similar with hypotheses H1b and H2b which cognitive moral and Love of Money on accounting fraud tendency is not significant, so this hypotheses can not be supported.

Regarding to mediation effect, it is should fulfill in this two criteria; (i) coefficient of path of a direct relationship is significant, and (ii) coefficient of path of indirect relationship (using mediation variable) is also significant too (Sholihin and Ratmono, 2013). Based on PLS result, it shows that cognitive moral and love of money is not significant effect on accounting fraud tendency. It means this relationship is not meet with the first criteria of mediation effect, so unethical behavior cannot mediate cognitive moral and love of money on accounting fraud tendency.

Effect Size (F Square)

F square used to assess effect size of models. The effect size of relationship Cognitive moral and Love of Money on unethical behavior is 0.039 and 0.039 respectively (H1a and H2a). It means that this relationship has a medium effect size. Furthermore, relationship unethical

behavior on accounting fraud tendency (H3) has effect size of 0.332, which means it has medium effect size also.

4.2. Discussion

Influence of Cognitive moral on Unethical Behavior and Accounting fraud tendency.

The testing results with PLS indicate that there is a significant positive correlation between Cognitive moral on Unethical Behavior with a coefficient of 0.19 at 10% significance level. Thus this result supports research conducted by Welton (1994), Rest & Narnarz (1994), Aquino (2009), Reynolds (2007) which stated that there was influence between the cognitive moral level of a person with unethical behavior. However, the relationship of Cognitive moral on Accounting Fraud tendency is statistically insignificant, so it can not support research conducted by Wilopo (2006) and Shaub et al (1994) that stated there is relationship between Cognitive moral on Accounting Fraud tendency.

Influence of Love of Money on unethical behavior and Accounting Fraud Tendency

The relationship of Love of Money on unethical behavior is positive significant with coefficient of 0.21 at 1% significance level. Thus, it supports research conducted by Tang & Ciu (2002), Luna Aroca and Tang (2004), Cheng and Tang (2006) which stated there is relationship between love of money with unethical behavior. However, there is no correlation between Love of Money on Accounting Fraud tendency, so statistically it can not support the previous research.

Influence of Unethical Behavior on Accounting fraud tendency

Unethical behavior variable has a significant positive effect on accounting fraud tendency with 0.56 coefficients at 1% significance level.

Thus, this result supports research conducted by Wilopo (2006), Toyyibatun (2009), and Calderon and Green (1999) that stated unethical behavior related to accounting fraud tendency.

Moderation effect of Pancasila on relationship of Cognitive moral and Love of Money on unethical behavior

Construct of interaction Pancasila with Cognitive moral and love of money does not affect Unethical behavior. It means statistically it is not significant with coefficient of 0.20 and 0.11 respectively and p-value 0.26 and 0.21 respectively. Thus this result can not support the proposed proposition of Ludigdo (2012) and Setiawan and Ari Kamayanti (2014).

5. Conclusion

- 1 - There is a significant positive relationship between Cognitive moral and Love of Money on Unethical Behavior. Unethical behavior is also significant positive on accounting fraud tendency, but it does not mediate relationship between cognitive moral and love of money on accounting fraud tendency.
- Pancasila does not moderate relationship Cognitive moral and Love of money on unethical behavior. Moreover, Cognitive moral and Love of Money on accounting fraud tendency is also insignificant.
- Adjusted R Square for accounting fraud tendency is 0.336 that means contribution of cognitive moral, love of money, unethical behavior, interaction Pancasila with Cognitive moral and Love of Money is 33.6%. Furthermore, contribution of cognitive moral, love of money, interaction Pancasila with Cognitive moral and Love of Money on Unethical behavior is 14.3%.
- Effect size on relationship Cognitive moral and Love of Money on unethical behavior is medium. It is similar with effect size of unethical behavior on accounting fraud tendency.

Limitations of study

- Construct Pancasila value should be explored further in research ethics and accounting by considering Pancasila as identity and values of our nation. Implementation of Pancasila values in our life especially in education of accountants would increase moral values accountants in the future.
- The study only took a limited sample and only in South Sumatra. So for future research it could use more samples with different culture and region.

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