The influence of competence, management control and the application of professional ethics on the tendency of fraud and accountant performance (the implementation of contingency control theory & theory of planned behavior)

A influência da competência, controle de gestão e aplicação da ética profissional na tendência de fraude e desempenho contábil (a implementação da teoria de controle de contingência e teoria do comportamento planejado)

DOI:10.34117/bjdv9n12-054

Recebimento dos originais: 17/11/2023
Aceitação para publicação: 19/12/2023

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ABSTRACT
The purpose of this study is to analyze the impact of accountants' abilities, business control, and the application of professional ethics on fraud trends and performance. This research is a descriptive qualitative research using data collection methods, especially literature review by tracing textual sources and library materials made in previous studies. Rather than testing hypotheses, the research method clarifies phenomena by analyzing aspects related to them, evaluating them based on the questions raised, and drawing conclusions. The results of this study indicate that competence and management control have an important influence on managing accountants’ performance and in turn on fraud, in order to achieve organizational goals through the introduction of a code of ethics that
has a positive impact on accountants’ performance. shows that opportunities to act are reduced. can be minimized.

**Keywords:** competence, management control, ethics, fraud and performance.

**RESUMO**
O objetivo deste estudo é analisar o impacto das habilidades de contadores, controle de negócios e a aplicação da ética profissional nas tendências e no desempenho da fraude. Esta pesquisa é uma pesquisa qualitativa descritiva usando métodos de coleta de dados, especialmente revisão de literatura por rastrear fontes textuais e materiais de biblioteca feitos em estudos anteriores. Em vez de testar hipóteses, o método de pesquisa esclarece os fenômenos analisando aspectos relacionados a eles, avaliando-os com base nas questões levantadas e tirando conclusões. Os resultados deste estudo indicam que a competência e o controlo de gestão têm uma influência importante na gestão do desempenho dos contabilistas e, por sua vez, na fraude, a fim de alcançar os objetivos organizacionais através da introdução de um código de ética que tem um impacto positivo no desempenho dos contabilistas. mostra que as oportunidades de agir são reduzidas. podem ser minimizadas.

**Palavras-chave:** competência, controle de gestão, ética, fraude e desempenho.

**1 INTRODUCTION**
The accounting profession in this case covers expertise in accounting, including the work of auditors, internal accountants who work for an industrial, financial, or commercial company, accountants who work for the government, and the accounting work of an accounting educator. Federation of Accountants, Regar, 2003). Accountants must first have the ability and confidence to act as an accounting professional. Therefore, this article will focus on accountant-level competencies. According to Sugiati and Dewi (2019), competence consists of a set of key behaviors required to perform a particular role in order to achieve success or satisfactory performance. In addition, this article also discusses management control research conducted to date and future research opportunities.

Business management systems play a very important role in the development of a company. If a company does not have a business management system or the system implemented is not effective, the company's goals will not be achieved. Conversely, the better the management control system is implemented, the faster the company can develop. According to Edy Sukarno (2000: 111), the definition of a management control system is an integrated system consisting of processes, strategies, accounting, accountability, budgeting, and programming that help the company to achieve its goals.
The implementation of the management system essentially concerns the company's efforts to influence its members so that the company's objectives are achieved effectively and efficiently in an organizational manner (Hasibuan et al., 2022). Measurement of the results of this control can be done by implementing the strategies developed and comparing them with the percentage of success or results achieved. If control is carried out effectively and efficiently, the costs incurred by the company can be minimized, but of course it requires a continuous communication relationship between accountants and management.

It can be said that the role of accountants in the business management system cannot be separated. This is because the business management system cannot be achieved unless accountants fulfill their responsibilities properly. After implementing a business control strategy, accountants are responsible for processing accounting information used to design systems and processes that allow functional managers to act while maximizing company profits.

In decision making, accounting focuses on collecting and presenting financial data, while finance focuses on evaluating financial data and making decisions based on considerations of return and risk. Therefore, accountants must carry out their duties professionally and in accordance with established professional standards (code of ethics). According to Lubis (2011), from an ethical point of view, the accounting profession must have a high moral commitment, which is outlined in the form of certain rules. These rules are the rules of the game when running or pursuing this profession and are commonly referred to as a code of ethics (Saragih et al., 2022).

In summary, the accounting profession cannot be separated from a professional code of ethics designed to ensure that accountants act freely and responsibly in carrying out their duties. Following this code of ethics will create a professional attitude that has a positive impact on the performance of an accountant. This includes a professional attitude that encourages accountants to maintain their professional status and public image and be responsible to themselves and the law. Professionalism. This includes the ability to master the technical and theoretical disciplines and skills relevant to the role of the examiner (Asri et al., 2014).

Honest application of the Code of Ethics and professionalism will prevent Accountants from committing unethical acts that can harm the company directly or indirectly, such as fraud. Therefore, it is very important for accountants to understand ethics and all the attributes that make it up.
2 LITERATURE REVIEW

2.1 THEORETICAL FOUNDATION

2.1.1 Contingency control theory

Contingency theory asserts that the design and system of control depends on the organizational context in which the control is applied (Fisher, 1998). On the other hand, Otley (1991) argues that management accounting theory is an attempt to identify the most appropriate accounting-based management system for any situation.

Basically, contingency theory in management control systems states that there is no design and use of a management control system that can be effectively applied to all organizational situations, and that a particular management system is unique to a particular situation, organization, or company. That it is only applicable to Contingency theory in business management is a universal basic principle of improvement that can be applied to all companies under different conditions, as a result of the development of a scientific approach to management aimed at finding the optimal formula. premise.

Production procedure of the enterprise. In fact, the business management system can be applied to some enterprises with almost the same nature and scope of business. Therefore, emergency management theory is divided into two main focuses. One is that management control is a context-specific model, or the appropriate management model is greatly affected by the situation at hand, and the other is the reality of the situation.

It can be concluded that contingency theory is used in the analysis of management accounting system design. Management accounting system is the process of identifying, measuring, collecting data, analyzing, producing, and communicating financial information used by management for planning, evaluating, and controlling in an organization or business. All these sources (RA Supriyono, 1993: 8).

2.1.2 Accounting professional ethics theory

The Indonesian Accountants Code of Ethics is a guideline and rule for all members in carrying out their professional responsibilities, both as accountants, the business world, government, and the world of education (Nanan, 1999). The auditor's goal is to operate with the highest level of professionalism and the highest performance orientation for the common good. To achieve this goal, there are four fundamental needs that must be considered in the public interest.

1. Reliability. The public requires the reliability of information and information systems.
2. Professionalism requires individuals who can be clearly identified by users of accounting services as experts in the field of accounting.

3. Quality of Service: We ensure that all services you receive from your accountant meet high performance standards.

4. Trustworthiness. Users of accounting services should be able to trust that there is a professional ethical framework underlying the provision of services by accountants.

2.1.3 Theory of planned behavior

Theory of Planned Behavior (TPB) is a theory that allows you to evaluate a person's behavior based on the elements of TPB. When a person engages in knowledge sharing activities, it is an action. In TPB, behavior is influenced by intention, while intention is influenced by several factors: attitude towards behavior, subjective norms, and perceived behavioral control. From the above discussion, we can conclude that the theory of planned behavior can be used as a reference to predict a person's intention to do something, predict and understand the impact of behavioral intentions, and identify Masu's behavior change strategy. This theoretical approach researchers use in relation to the professionalism of accountants. Professionalism is about work and expertise, and requires special intelligence to carry it out. Allen et al. Kusuma (2012: 14) Professionalism that is consistently applied by accountants makes a positive contribution to performance through their level of competence.

2.1.4 Competence

Virtanen (2000) relates to a person's functions, roles, tasks, skills, abilities, or personal characteristics that can increase productivity. Becker (2001) refers to knowledge, skills, abilities, or personal characteristics that directly affect job performance. Noe (2010) is an aspect of a person's ability, including knowledge, skills, attitudes, values, or personal traits, which enable a worker to achieve results or successfully complete job tasks. Success in the workplace. Moerat Baso (2003) describes the key skills, knowledge and attitudes required for effective job performance. Bontis et al., (1999) emphasize that capabilities can affect organizational performance.
2.1.5 **Management control**

According to Merchant and Stede (2014), the management control system is a system implemented by management to direct employee behavior to be consistent with organizational goals as outlined in the organization's vision, mission and strategy. The management control system must be able to ensure that the strategy can be changed if it is not appropriate. Because some members of the organization may have inconsistent interests, there are controls in the company to ensure that members of the organization do their work in accordance with applicable ethical rules and regulations. It is important to have a control system. The applicable ethical rules and regulations are consistent with the company's objectives.

The control system is needed to prevent or correct behavior that is not in accordance with organizational goals. According to Merchant and Stede (2014), the business management system consists of four forms: results management, behavior management, human resource management, and cultural management.

2.1.6 **Accountant code of ethics**

The Accounting Professional Code of Ethics is a guideline for the attitude, behavior, and behavior of the accounting profession in carrying out its duties in everyday life. The Indonesian Accountants Code of Ethics is intended as a guideline and discipline for all members, both those practicing as accountants, working in the business environment, government agencies, and the world of education. The Professional Ethics of Accounting Practice in Indonesia is published by the Indonesian Accounting Association (Sihwahjoeni and Gudono, 2000). The accountant's professional code of ethics can ensure the quality of the accounting profession in the eyes of the public.

2.1.7 **Fraud**

Pusdiklatwas BPKP (2002) states that fraud is defined as fraud. Fraud focuses on deviant actions that have legal consequences such as embezzlement, theft by deception, financial reporting fraud, corruption, collusion, nepotism, bribery, and abuse of authority. The threat of fraud comes in many forms (Sihombing et al., 2019). A person who harms another person in any way, either by threat or dishonestly, with the intention of gaining profit from that other person.
2.1.8 Performance

According to Bernardin and Russel (1993), performance is defined as a record of results achieved in certain work functions or activities over a period of time. In general, this theory can be said to describe performance, or a person's performance in carrying out a job. Researchers use a performance theory approach to analyze how accountant ethics affect performance success.

2.2 HYPOTHESIS

2.2.1 The effect of competence on accountant performance

Suharsaputra (2010) explains that the skill/ability factor can affect performance because employee performance is achieved through high skills. Conversely, if an employee's skills are low or not in accordance with his skills, his performance will not improve.

2.2.2 The effect of management control system on fraud tendency

Serian Wijatno (2009) Fraud can be prevented and minimized in several ways, including: B. 1) Establish appropriate controls.2) Effectiveness of management activities.3) Improving organizational culture. 4) Simplify the internal audit function. Good internal management controls can control fraud, but it will not run effectively if there are weaknesses in the control environment (Cavaliere et al., 2021). Therefore, it is necessary to have a good internal control system that can reduce the tendency for accounting fraud to occur. Weak internal controls increase the likelihood of accounting fraud.

2.2.3 The effect of professionalism on accountant performance

Professionalism has a significant influence on the performance of an accountant. Vroom (1964) states that employee performance is influenced by professionalism and work ethic, especially the willingness of individuals to try hard to achieve organizational goals and meet needs, individuals to strive to achieve organizational goals and meet needs. If the job demands placed on someone are not commensurate with their abilities, it will be difficult to achieve the expected performance. The more competent and professional an accountant is, the better his performance tends to be, and the company's goals in implementing the Accounting Professional Code of Ethics will also be better.
3 METHODS

3.1 RESEARCH DESIGN

Rather than testing hypotheses, research methods clarify phenomena by analyzing aspects related to them, evaluating them based on the questions raised, and drawing conclusions. The type of data used in this research is textual or conceptual as it relates to the nature of desk research. Therefore, the aspects that researchers analyze include definitions, concepts, views, ideas, and arguments contained in the literature and related to the discussion.

This research is a qualitative descriptive research (Zul Azmi et al., 2018). The method used in analyzing this survey data is content analysis in the form of survey text analysis. It is a detailed examination of the content of information written or printed in the mass media.

The data collection method used for data collection in this study is the documentation method, which applies this data collection method by recording and tracing existing data (Dewi & Zatira Novridayani, 2020).

3.2 DATA COLLECTION METHOD

Data collection in this study is based on secondary data, namely literature data using previous research discussions and information data on library material materials.

4 RESULTS AND DISCUSSION

4.1 RESULTS

In practice, the management control system is usually used to motivate the organization to achieve the set goals through actions in the form of strategies made in this way. Organizational control refers to the various actions and activities taken to influence people to behave in such a way as to achieve organizational goals (Flamholtz, 1983). The management control system implemented by organizations usually consists of three forms: behavioral control, cultural control, and results control.

1. Behavioral Control Compared to other forms of control, this behavioral control is a control that ensures that employees act in accordance with the wishes of the company and do not violate company regulations (Merchant and Stede, 2014).
2. Cultural control is a control created to encourage employees to behave in accordance with the code of ethics set by the company and to influence the behavior of employees and other employees (Merchant and Stede, 2014).

3. Management of results is an effort to prevent circumstances that deviate from company regulations. The goals of a company will be achieved if the company's achievements and goals are accurately communicated to its employees, and if the company can motivate its employees to take actions that will bring the desired results. This becomes more accessible (Merchant and Stede, 2014).

Good internal control enables companies to deal with rapid economic changes, competition, changes in customer demand, and restructuring for future development, and vice versa. Weak business management results in poor business performance and increases the likelihood of errors and fraud. Therefore, you should consider implementing a management control system (MCS) to ensure performance and minimize the possibility of fraud. This result is consistent with contingency theory which states that better performance can be achieved through an organization's appropriate MSS (Islam and Hu, 2012).

According to Arens (2008), for a business control system to be effective, the following five aspects must be met:

1. The control environment consists of actions, policies, and procedures that reflect the attitudes of management and directors and owners of the company. The company regarding internal control and the importance of its components to the company.

2. Risk assessment is the identification and analysis by management of the risks associated with preparing financial statements in accordance with generally accepted principles.

3. Control activities are policies and procedures designed to provide assurance that management instructions are carried out.

4. Information systems relating to financial reporting purposes, including information and communication and accounting systems.

5. Monitoring is the process of evaluating the quality of performance of the internal control structure over time.
4.2 DISCUSSION

From the results of the literature and sources related to this research, one of the key elements in implementing a business control system is a policy that directs accountants to achieve the highest possible quality of work through professional personnel Code of Ethics. The ethics of the accounting profession in Indonesia are regulated in the Indonesian Accountants Code of Ethics. The auditor's goal is to carry out his duties professionally and at the highest level of performance while remaining oriented towards the public interest. According to IAPI, there are five basic principles of the accountant's professional code of ethics, namely

1. Integrity: This refers to the accountant's obligation to maintain high standards of behavior in their work and in their relationships with employees of the accounting firm. The institution being examined.
2. Objectivity: This refers to not allowing bias, conflict of interest, or undue influence from other parties to influence professional or business judgment.
3. Professional competence and rigor is the obligation of an Accountant to always act professionally and apply high professional standards in carrying out his work, so that the Accountant can carry out his duties competently and fairly.
4. Keeping secrets. This ensures that accountants maintain the confidentiality of information received in their professional and business relationships.
5. Professional Behavior. Accountants have an obligation to comply with applicable laws and regulations and avoid any actions known to accountants that could discredit the accounting profession.

Therefore, it is important for accountants to work professionally and in accordance with the code of ethics. Professionalism is also a motivational factor that helps achieve a high level of task performance. Professional accountants comply with applicable laws and regulations and avoid behavior that undermines trust in the accounting profession. An accountant is considered professional if he meets three criteria: Accountants must have specialized knowledge to carry out tasks according to their field of expertise, set uniform standards in their field of expertise in carrying out their duties or profession, and: Consistency with the Code of Ethics and Other Matters. Professional accounting standards. Society (SPAP) defines professional ethics.

Professional accountants strive to improve their performance to avoid unethical behavior that causes people to behave not in accordance with applicable standards and regulations. According to Griffin and Ebert (2007), unethical behavior is behavior that is
not in accordance with generally accepted social norms and involves actions that are beneficial or harmful.

However, if Accountants do not follow the principles of the Code of Ethics, for example if there is pressure or encouragement from various parties to carry out various operations that lead to fraud, or if there are legitimate reasons for doing so, the possibility of fraud still exists. Lack of understanding and knowledge regarding the proper application of ethics. We understand that fraud is an act that violates the ethics of accountants and is committed for personal gain. It has a direct impact on the losses incurred by other parties and organizations at risk, including any matter where a person seeks to benefit from another person. This can be done in any way, either by force or by fraudulent means, to the detriment of others. But of course, the tendency to cheat can be minimized as early as possible by implementing a management control system through a code of ethics that consistently pays attention to several aspects such as:

1. According to Tuanakotta (2013) and COSO (1994), fraud can be prevented by internal control because activating internal control can prevent fraud. Therefore, the measure of a company’s success is its ability to implement procedures and policies designed to provide reasonable assurance that the company will achieve its goals and objectives.

2. Effective management of business activities.

3. Introduction Good Corporate Governance (GCG) is a concept that improves corporate performance by monitoring and monitoring business performance and ensuring management accountability to stakeholders. Transparency can be improved. concluded that organizations can prevent fraud if corporate governance is implemented in the organization, because corporate governance is expected to be continuously improved, including through the consistent application of standard operating procedures.

4. To streamline the internal audit function, which means that auditors must use their expertise carefully so that they are expected to prevent fraud

5 CONCLUSION

Based on the discussion and results of research conducted on the effect of the application of competence, business control and professional ethics on fraud tendencies and accountant performance, it can be concluded that the business control system plays an important role. This has a positive impact on accountant performance. The emergence
of an attitude of professionalism is a form of applying a code of ethics to achieve good performance, and by applying it consistently in several aspects such as: can be suppressed quickly. (1) the existence of good internal control; (2) effective management of company activities; (3) implementation of good corporate governance (GCG); and (4) increasing the effectiveness of the internal audit function.

The limitation of this study is that the data used is secondary data obtained from analyzing previous research literature, so that the discussion in the paper is still general in nature and primary data is obtained directly from the sample received, not comparable to the data obtained. data.

The implication of this research is that further research is expected to increase the number of variables used to analyze various factors that can cause errors and control system performance.
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