

Do Internal Control and Compensation Matters in Fraud at Local Government? Information Foraging Perspective

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ABSTRACT

Accounting fraud is still a problem in organizations, especially in the public sector. This research aims to provide empirical evidence of the influence of internal control of assets, information asymmetry, good government governance implementation, and compensation suitability on accounting fraud. Purposive sampling was the sample selection technique used, and obtained 70 respondents were finance employees in 39 Local Government Agencies in Bengkulu City. Data collected through distributing questionnaires was tested using multiple linear regression analysis. The results of the research show that internal control of assets, information asymmetry, and compensation suitability have a positive effect on accounting fraud in Bengkulu City's Local Government Agency. Good government governance implementation does not affect accounting fraud in the Local Government Agency in Bengkulu City. Accounting fraud mitigation can be enforced through several mechanisms, such as employee rotation and reducing information asymmetry in Bengkulu City Local Government Agencies.

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ABSTRAK

Kecurangan akuntansi masih menjadi problematika pada suatu organisasi terutama sektor publik. Riset ini bertujuan untuk memberikan bukti empiris pengaruh pengendalian internal aset, asimetri informasi, implementasi good government governance, dan kesesuaian kompensasi terhadap kecurangan akuntansi. Purposive sampling merupakan teknik pemilihan sampel yang digunakan dan didapatkan 70 responden yang merupakan pegawai bagian keuangan pada 39 Satuan Kerja Perangkat Daerah (SKPD) di Kota Bengkulu. Data yang terkumpul melalui penyebaran kuesioner diuji menggunakan analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa pengendalian internal aset, asimetri informasi, dan kesesuaian kompensasi berpengaruh positif terhadap kecurangan akuntansi pada SKPD Kota Bengkulu. Implementasi good government governance tidak berpengaruh terhadap kecurangan akuntansi pada SKPD Kota Bengkulu. Mitigasi kecurangan akuntansi dapat dilakukan melalui beberapa mekanisme, seperti rotasi pegawai dan pengurangan asimetri informasi di SKPD Kota Bengkulu.

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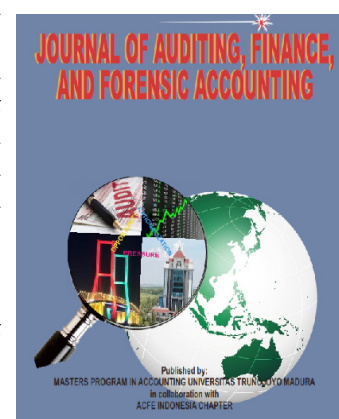
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Keyword:

Internal Control of Assets, Information Asymmetry, Good Government Governance, Compensation, Fraud Triangle



1. INTRODUCTION

The omnipresent existence of fraud is the major contributor of financial crises in the past (Cheliatsidou et al., 2023). Public sector performance should be able to meet public needs by maximizing available resources and supported by policies, laws, and regulations made by the government, but this is still hampered by fraud such as corruption (Suardini et al., 2018). This can be seen from the percentage level of non-compliance with public service standards, which still shows that many areas are in the red zone position with a percentage of 44.85% (Hidayat, 2018). In the scope of accounting, the most common cases of fraud are those that lead to criminal acts of corruption. In cases of corruption, actions commonly taken are manipulating records, eliminating documents, and mark-ups that harm the country's finances or economy (Amril et al., 2022). In addition, Transparency International stated that the corruption index in Indonesia was ranked 89th out of 180 countries in the world. Apart from that, based on a fraud survey in 2019 conducted by ACFE found that the most detrimental fraud in Indonesia was corruption, with a percentage of 69.9%. Next was misappropriation of assets with a percentage of 20.9%, and the remaining 9.2% of the losses were from financial reports fraud (ACFE, 2019).

The previous data is relevant for the public sector, especially local government. The Local Government Agencies are also subject to scrutiny because they receive and use budgets to carry out their main tasks and functions (Amisepti, 2019). Based on the fraud triangle theory, three factors encourage accounting fraud, namely pressure, opportunity, and rationalization (Cressey, 1953). Referring to Cheliatsidou et al. (2023), factors such as internal control of assets (opportunity), information asymmetry (opportunity), good government governance implementation (rationalization), and compensation suitability (pressure) are some of the main contributors to accounting fraud. This study reexamined the variables such as internal control of assets, information asymmetry, good government governance implementation, and compensation suitability because of the inconsistency results from previous studies (Amril et al., 2022; Badewin, 2021; Indah et al., 2021; Pratama, 2022; Rizqia & Widajantie, 2022).

Thus, the purpose of this study is to provide empirical findings regarding the influence of internal control of assets, information asymmetry, good government governance implementation, and compensation suitability on accounting fraud at Bengkulu City Local Government Agencies. This study was performed in Bengkulu City Local Government Agencies motivated by Turnip (2019) regarding cases that occurred in Bengkulu Province in 2019, which were handled by the Bengkulu Regional Police, there were 28 cases with 21 cases resolved and a total rescue of 3.1 billion. The urgency of this research lies in the variables that enable the Bengkulu City Government to map several factors that encourage and prevent accounting fraud at Local Government Agencies.

Information asymmetry is a factor that can encourage employees to commit accounting fraud and this finding follows the fraud triangle theory. Internal control of assets and compensation suitability has also proven as contributor for employees in committing accounting fraud. When referring to the fraud triangle theory, the previous two factors are mechanisms for preventing the occurrence of accounting fraud, but this study provides empirical evidence that contradicts the theory. Internal control of assets and compensation suitability at Bengkulu City Local Government Agencies acts as a driving factor for accounting fraud. Good government governance negatively but not significantly affects accounting fraud.

This paper is likely to provide several contributions. Firstly, the interesting findings from the current study provide insight into theoretical development, especially fraud triangle theory. Internal control of assets and compensation suitability offer contrasting findings with the fraud triangle perspective. Good government governance implementation also presents an insignificant influence on accounting fraud. These findings provide an antithesis to mainstream credence regarding the popular driver force of fraud, namely pressure, opportunity, and rationalization based on information foraging theory. It gives refreshing insight that incentive and deterrent factors of fraud can be swapped according to context and situation. Secondly, policymakers especially in the Bengkulu City Government could construct strategies to mitigate the adverse effects of fraud that emerge from factors such as internal control of assets, information asymmetry, good government governance implementation, and compensation suitability. The aforementioned factor (internal control of assets, good government governance implementation, and compensation suitability) is empirically found to fail to be a deterrent mechanism from accounting fraud. Hence, from the empirical findings, policymakers can engineer a more robust rotation mechanism between employees.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The theory about the factors causing fraud was first introduced by Cressey (1953). The results of Cressey's research produced three hypotheses, which were later known as the fraud triangle, which refers to the three elements that trigger fraud, consisting of pressure, opportunity, and rationalization factors. Pressure is an impulse that causes someone to commit fraud. Opportunity is a leeway that allows fraudulent acts to occur. Rationalization is an important element in fraud, where the perpetrator seeks justification for his actions. This theory is often referred to to explain the occurrence of white-collar crime, which, according to Homer (2020), is a crime committed by individuals with great power and authority in an organization. The fraud triangle is considered the simplest model capable of explaining the phenomenon of fraud by fraudsters (Tickner & Button, 2021). This research proposes several variables that are considered capable of promoting accounting fraud in public sector organizations, namely internal

control of assets, information asymmetry, good government governance implementation, and compensation suitability. The study of Cheliatsidou et al. (2023) is the underlying reference for how the fraud triangle can explain the influence of all independent variables on accounting fraud. Internal control of assets and information asymmetry are based on the opportunity element in the fraud triangle, good government governance implementation represents rationalization, and compensation suitability represents the aspect of financial pressure.

Information foraging theory is employed as several hypotheses are not supported, and this theory becomes the theoretical basis for explaining these discrepancies. This theory explains how individuals adaptively search for information (Adipat et al., 2011). Adipat et al. (2011) also supplement that individuals search for information like animals search for food in the perspective of information foraging. In short, this theory elucidates the process of human greed, fulfillment of satisfaction, and survival in the case of information. Commerford et al. (2017) state that information seekers construct mechanisms to empower themselves in search of information effectively and efficiently. The perspective of foraging behavior and the tendency to commit fraud is coalesced to explain how internal control of assets and compensation suitability positively and significantly affect accounting fraud. This theory also empowered the researcher to reason how good government governance implementation does not significantly affect accounting fraud. The reasoning makes sense because, as Commerford et al. (2017) clarify, foraging behavior can be impulsive.

Asset misappropriation is one of the most massive forms of fraud but receives little attention (Koomson et al., 2020). Internal control of assets is, therefore, an essential aspect of the company, mainly because of the asset's ability to create value for the company (Salehi & Ghasempour, 2021). Cheliatsidou et al. (2023) stated that weak internal control over an asset would create an opening for fraudsters to commit accounting fraud. Weak internal control will also have a positive impact on higher risks, especially related to assets (Hatane et al., 2019). Robust internal control, especially on assets, will provide a good auditor's opinion (Dashtbayaz et al., 2022) and good operational efficiency (Shin & Park, 2020) so that organizations, especially local government agencies, can avoid accounting fraud. The previous statement was also confirmed by Rizqia & Widajantie (2022) and Yulia et al. (2021), who found that internal control of assets had a significant effect on accounting fraud. In this hindsight, the following hypothesis is proposed to investigate:

H₁: Internal control of assets influences accounting fraud in Bengkulu City Local Government Agencies.

Information asymmetry refers to the dissimilarity of information held by two or more parties (Bhatia & Kaur, 2023). This condition can have many adverse effects on an organization (Russell, 2015), including accounting fraud. Cheliatsidou et al. (2023), through the fraud triangle, mapped that high information asymmetry is an opportunity for fraudsters to commit accounting fraud. Prior studies also confirm the adverse effect of information asymmetry and try to mitigate this condition (Hamrouni et al., 2022; Oliveira et al., 2019; Tessema et al., 2017; Wu et al., 2019). The study conducted by Amril et al. (2022) found the influence of information asymmetry on accounting fraud that occurred in Tanah Datar Regency Local Government Agencies. This finding was also confirmed by Komala et al. (2019), which revealed that information asymmetry has a positive and significant effect on the tendency for accounting fraud. Overall, the above discussion leads to the following hypothesis:

H₂: Information asymmetry influences accounting fraud in Bengkulu City Local Government Agencies.

Good governance is the application of the principles of governance throughout government administration so that the government can carry out its responsibilities effectively, efficiently, and according to community expectations (Marsuni et al., 2022). Implementing good government governance is difficult because fraud still occurs (Nofianti & Suseno, 2014), especially in the public sector. Weak implementation of good government governance in the public sector triggers fraudsters to commit accounting fraud (Sulaiman et al., 2018). Referring to the fraud triangle perspective, weak good government governance is a rationalization for accounting fraud (Cheliatsidou et al., 2023). Previous research has also noted a significant influence between good government governance implementation and accounting fraud (Badewin, 2021; Kurniawan & Izzaty, 2019). Kurniawan and Izzaty (2019) stated that the implementation of good government governance had significant positive results in terms of accounting fraud. When governance is implemented well, accounting fraud usually will not occur. Badewin (2021) also found that good government governance implementation influenced accounting fraud in the Indragiri Hilir Regency Local Government Agencies. Based on these arguments, the third hypothesis is as follows:

H₃: Good government governance implementation influences accounting fraud in Bengkulu City Local Government Agencies.

Rivai (2010) stated that compensation is something that employees receive as a replacement for their service contribution to the organization or company. Compensation has been a topic that has been widely researched throughout history (Kalelkar & Nwaeze, 2023) mainly because one of its functions is to motivate employees to improve their performance. The appropriateness of compensation is therefore essential, although in determining

remuneration, non-financial aspects are also considered (Ali & Chouaibi, 2023; Lee et al., 2023). Compensation is also an essential factor that influences how and why someone chooses to work in an organization compared to other organizations (Mathis & Jackson, 2006). Compensation that is too high will cause a lot of attention to many parties outside the compensation recipient (Alfawareh et al., 2023). On the other hand, if the compensation provided is inappropriate, it will lead to accounting fraud. The previous statement is linear with the fraud triangle, which explains that compensation discrepancies are seen as financial pressure that encourages fraudsters to commit accounting fraud. This is also supported by the findings of Amril et al. (2022) and Yulia et al. (2021), which state that compensation suitability has a positive effect on accounting fraud. Hence, we hypothesize that:

H₄: Compensation suitability influences accounting fraud in Bengkulu City Local Government Agencies.

3. RESEARCH METHODS

This research is quantitative research that uses primary data obtained from distributing questionnaires. Questionnaires were distributed to respondents, namely civil servants who work in the finance section of the Bengkulu City Local Government Agencies. This research uses a nonprobability sampling technique with a purposive sampling method. The following are the sample criteria used in this research:

1. Researchers only selected 2 respondents from each Local Government Agency in Bengkulu City who were represented by civil servants who served as the head of finance and treasurer. The reason this sample was chosen is because these parties are considered recipients and managers who understand accounting issues and are directly involved in activities related to finance in certain Local Government Agencies.
2. Have a minimum work period of 1 year, which means that during that period, the respondents already have experience in financial management. Knowing and being directly involved in the financial management of Bengkulu City Local Government Agencies.

The distribution of questionnaires was carried out since the issuance of a research permit from Bengkulu University on May 31, 2023. The process of distributing questionnaires was carried out by visiting the Local Government Agency office directly and providing a questionnaire and a permit to conduct research. Returning completed questionnaires is carried out with agreement by each Local Government Agency, whether one week or more than one week after distributing the questionnaire. The distribution of questionnaires is presented in the Table 1.

Table 1
Questionnaire Delivery and Collection Details

Description	Respondent	
	Amount	Percentage
Total questionnaires distributed	78	100%
Unreturned questionnaires	8	10%
Returned questionnaires	70	90%

Source: Data processed in 2023

Table 2
Descriptive Statistics Results

Variable	N	Theoretical Range			Actual Range			Std. Deviation
		Min	Max	Mean	Min	Max	Mean	
APIBA(X1)	70	4	20	12	12	20	15.79	2.153
AI (X2)	70	3	15	9	9	15	12.69	1.681
GGG (X3)	70	6	30	18	14	30	20.69	4.513
KK (X4)	70	6	30	18	18	30	23.37	3.931
KA (Y)	70	6	30	18	18	30	25.39	3.080

Source: Data processed in 2023

Table 1 shows that of the 78 questionnaires distributed, eight were not returned so that the responses could be processed for research purposes were 70 responses. The variables in this study were measured using a questionnaire adopted from previous research. Accounting fraud is measured using an instrument adopted by Cressey (1953). The variables of internal control of assets, information asymmetry, good government governance implementation, and compensation suitability are each measured using instruments from Wulandari & Nuryanto (2018), Najahningrum (2013), Pasolong (2007), and Gibson et al. (2012). All variables use a 5-point interval scale, namely Strongly Disagree (1 point), Disagree (2 points), Neutral (3 points), Agree (4 points), and Strongly Agree (5 points). The analytical tool used to process research data is SPSS.

4. RESULTS AND DISCUSSION

Table 2 presents the results of descriptive statistics, which contain minimum, maximum, average, and standard deviation. The researcher then tested the quality of the data through validity and reliability tests. Tables 3 and 4, respectively, present the results of validity and reliability tests, which show that all question items in this research instrument are valid and reliable. This can be seen from the correlation value in Table 3, which has exceeded 0.7, and the significance value is < 0.05 , while the Cronbach Alpha value in Table 4 for all variables is > 0.6 .

**Table 3
Validity Test Results**

Variable	Question items	r table	Sig	Pearson correlatin	Conclusion
Internal Control of Assets (X1)	X1.1	0.235	0.000	0.709	Valid
	X1.2		0.000	0.890	Valid
	X1.3		0.000	0.834	Valid
	X1.4		0.000	0.856	Valid
Information Asymmetry (X2)	X2.1	0.235	0.000	0.825	Valid
	X2.2		0.000	0.879	Valid
	X2.3		0.000	0.854	Valid
Good Government Governance Implementation (X3)	X3.1	0.235	0.000	0.853	Valid
	X3.2		0.000	0.835	Valid
	X3.3		0.000	0.913	Valid
	X3.4		0.000	0.847	Valid
	X3.5		0.000	0.931	Valid
	X3.6		0.000	0.869	Valid
Compensation Suitability (X4)	X4.1	0.235	0.000	0.960	Valid
	X4.2		0.000	0.917	Valid
	X4.3		0.000	0.949	Valid
	X4.4		0.000	0.934	Valid
	X4.5		0.000	0.946	Valid
	X4.6		0.000	0.832	Valid
Accounting Fraud (Y)	Y.1	0.235	0.000	0.729	Valid
	Y.2		0.000	0.803	Valid
	Y.3		0.000	0.795	Valid
	Y.4		0.000	0.729	Valid
	Y.5		0.000	0.803	Valid
	Y.6		0.000	0.764	Valid

Source: Primary data processed in 2023

**Tabel 4
Reliability Test Results**

Variable	Cronbach Alpha	Conclusion
Internal Control of Assets (X1)	0.842	Reliable
Information Asymmetry (X2)	0.811	Reliable
Good Government Governance Implementation (X3)	0.935	Reliable
Compensation Suitability (X4)	0.965	Reliable
Accounting Fraud (Y)	0.862	Reliable

Source: Primary data processed in 2023

The model in this research is also free from classical assumption problems such as normality, multicollinearity, and heteroscedasticity. Tables 5, 6, and 7 present the results of normality, multicollinearity, and heteroscedasticity tests. The Kolmogorov-Smirnov test in Table 5 shows a value of 0.424, which is more than 0.05, so it can be concluded that the research data is normally distributed. Table 6 shows that all independent variables, namely internal control of assets, information asymmetry, good government governance implementation, and compensation suitability, do not have multicollinearity problems; this can be seen from the tolerance values > 0.10 and $VIF < 10$. The research model is also free from heteroscedasticity, as seen in Table 7, where all independent variables have significance values > 0.05 .

Tabel 5
Normality Test Results

Variable	N	Exact. Sig (2-Tailed)	Conclusion
Unstandardized Residual	70	0.424	Normally Distributed

Source: Primary data processed in 2023

Tabel 6
Multicollinearity Test Results

Variable	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Internal Control of Assets (X1)	0.771	1.297	Multicollinearity Free
Information Asymmetry (X2)	0.842	1.188	Multicollinearity Free
Good Government Governance Implementation (X3)	0.814	1.228	Multicollinearity Free
Compensation Suitability (X4)	0.892	1.121	Multicollinearity Free

Source: Primary data processed in 2023

Tabel 7
Heteroscedasticity Test Results

Variable	Sig	Conclusion
Internal Control of Assets (X1)	0.118	Heteroscedasticity Free
Information Asymmetry (X2)	0.231	Heteroscedasticity Free
Good Government Governance Implementation (X3)	0.615	Heteroscedasticity Free
Compensation Suitability (X4)	0.129	Heteroscedasticity Free

Source: Primary data processed in 2023

**Tabel 8
Hypothesis Test Results**

Variable	Coefficient	t	Sig	Description
Internal Control of Assets (X1)	0,224	2,447	0,017	Supported
Information Asymmetry (X2)	0,623	7,115	0,000	Supported
Good Government Governance Implementation (X3)	-0,106	-1,191	0,238	Not Supported
Compensation Suitability (X4)	0,187	2,191	0,032	Supported
R Square	0,580	Adjusted R Square		0,554

Source: Primary data processed in 2023

Models that have passed the classical assumption test are then subjected to hypothesis testing to find out whether the hypothesis proposed in this study is supported or not. Table 8 presents the results of hypothesis testing and coefficient of determination.

Table 8 shows Adjusted R Square value 0.554. This means that the accounting fraud variable can be explained by the variables internal control of assets (X1), information asymmetry (X2), good government governance implementation (X3), and compensation suitability (X4) of 55.4%. The remaining 44.6% is explained by other variables outside the variables studied in this study.

The first hypothesis states that internal control of assets influences accounting fraud in Bengkulu City Local Government Agencies. The t-test results in Table 8 show that internal control of assets gives a coefficient value of 0.224 with a significance calculation of $0.017 < 0.05$. So, it can be concluded that H_1 in this research is supported, which means there is a positive influence of internal control activities in the asset sector on accounting fraud in Bengkulu City Local Government Agencies.

The second hypothesis, in Table 8, exhibits that information asymmetry has a positive effect on accounting fraud in Local Government Agencies, giving a coefficient value of 0.623 with a significant value of $0.000 < 0.05$. So, it can be concluded that H_2 in this research is accepted, which means there is a positive influence of information asymmetry on accounting fraud in Bengkulu City Local Government Agencies.

The third hypothesis was formulated based on the negative influence of good government governance implementation on accounting fraud in Bengkulu City Local Government Agencies. However, based on the results of the t-test in Table 8, it show that good government governance implementation gives a coefficient value of -0.106 with a significance calculation of $0.238 > 0.05$.

So, it can be concluded that H_3 in this study is not supported because the significance value exceeds 0.05, and the coefficient value is negative. This means that good government governance implementation does not affect accounting fraud significantly in Bengkulu City Local Government Agencies.

The fourth hypothesis (H_4) predicts the influence of compensation suitability on accounting fraud. Based on the results of the t-test in Table 8, it is stated that the compensation suitability variable has a positive effect on accounting fraud in Bengkulu City Local Government Agencies, giving a coefficient value of 0.87 with a significant calculation of $0.032 < 0.05$. So, it can be concluded that H_4 in this research is supported, which means there is a positive influence of compensation suitability on accounting fraud in Bengkulu City Local Government Agencies.

Discussion

Influence of Internal Control of Assets on Accounting Fraud

The results of hypothesis testing in this study show that internal control of assets has a positive influence on accounting fraud. These findings indicate that the stronger the internal control of assets, the greater the possibility of accounting fraud at Bengkulu City Local Government Agencies. The results of this study are in line with the findings of Yulia et al. (2021), who found that internal control has a positive effect on accounting fraud. This finding can be explained through information foraging theory, which explains that individuals will try to obtain information in the same way as animals search for food (Adipat et al., 2011). This prompted the heads of finance and treasurer in Bengkulu City Local Government Agencies to commit accounting fraud. The respondents in this study were the head of finance and treasurer, who incidentally had more than one year of experience. This means that they understand and are familiar with the main tasks and functions of the finance department in Bengkulu City Local Government Agencies. Commerford et al. (2017) state that information seekers develop strategies in search of information effectively and efficiently, so they, in the end, will find the gap in internal control. This situation is also indirectly related to the capability aspect of diamond fraud. It can be concluded that the more experienced the fraud perpetrator is, even though there is good internal control, the more they will continue to commit accounting fraud.

Influence of Information Asymmetry on Accounting Fraud

Hypothesis testing provides findings that information asymmetry has a positive effect on accounting fraud. This means that if the level of information asymmetry in an institution is high, then accounting fraud committed by employees will also increase. The results of this research are in line with the fraud triangle theory, which explains the relationship between information asymmetry and fraud. Cheliatsidou et al. (2023) elucidate that in the fraud triangle perspective, information asymmetry is one of the contributors to accounting fraud. High information asymmetry is an opportunity

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for fraudsters to commit fraud. This statement is consistent with the results of previous research conducted by Amril et al. (2022) and Komala et al. (2019), which state that there is a positive influence of information asymmetry on accounting fraud. Based on the results, it can be concluded that if information asymmetry in a Local Government Agency is high, then this will increase the chances of accounting fraud occurring in that agency, which may be carried out by the people who can exploit that opportunity.

134**Influence of Good Government Governance Implementation on Accounting Fraud**

The third hypothesis states that good government governance implementation influences accounting fraud at the Bengkulu City Local Government Agency. Research findings show the opposite results, where good government governance implementation does not have a significant effect on accounting fraud. This means that good government governance implementation at Bengkulu City Local Government Agency does not significantly mitigate accounting fraud that employees may commit. The results of this research are not in line with the fraud triangle theory, which discusses why someone commits accounting fraud. This theory explains that if good government governance in an organization has not been implemented well, it will allow employees to commit accounting fraud (Cheliatsidou et al., 2023). The results of this research align with research conducted by Rizqia & Widajantie (2022), which shows no influence of good government governance implementation on accounting fraud. This research contradicts research conducted by Kurniawan and Izzaty (2019), which states that good government governance has a significant positive effect on accounting fraud. Information foraging theory gave a theoretical basis for the above results. As explained by Adipat et al. (2011) and Commerford et al. (2017), in return for the hunger for information, individuals will have a lot of knowledge to do something unethical, such as fraud.

Influence of Compensation Suitability on Accounting Fraud

Testing the fourth hypothesis resulted in the finding that compensation suitability has a positive and significant effect on accounting fraud. Although this finding is supported in a way, it has a direction of influence opposite to the fraud triangle theory. The results of this research are not in line with the fraud triangle theory, which explains that the more appropriate and more satisfied an individual is with the financial returns received, the lower the possibility of that individual committing accounting fraud (Cheliatsidou et al., 2023). Employees in the finance department at Bengkulu City Local Government Agencies with appropriate financial compensation are even more motivated to cheat in their workplace. This action is driven by nothing other than individual dissatisfaction with the rewards they receive from the work they do. This means that even though they get suitable compensation, their greed drives them to ask for more. This is in line with the results of

research conducted by Amril et al. (2022) and Yulia et al. (2021), which state that compensation suitability has a positive effect on accounting fraud. This phenomenon can be explained through the foraging behavior of employees in the finance department. With the strategy they have because of the previous hunger for information, which was strengthened by human greed (Adipat et al., 2011; Commerford et al., 2017), they are armed with mechanisms to commit fraud.

5. CONCLUSIONS AND SUGGESTIONS

This paper is examined how the influence of internal control of assets, information asymmetry, good government governance implementation, and compensation suitability on accounting fraud at the Bengkulu City Local Government Agencies. Empirical evidence obtained by researchers shows that internal control of assets, information asymmetry, and compensation suitability have a significant effect on accounting fraud. Nevertheless, the direction of influence of internal control of assets and compensation suitability is not in accordance with the grand theory used, namely the fraud triangle theory. Good government governance implementation has a negative but insignificant effect on accounting fraud. The findings of this research are astonishing because they provide empirical evidence that is different from the expected mainstream findings.

The findings of this research provide two implications. First, through intriguing findings, this research is able to provide a new perspective that is different from the fraud triangle theory. Fraud triangle theory explains that several aspects can be the main contributors to fraud, and other aspects can prevent fraud from occurring. This research, on the other hand, provides contrasting ideas on the fraud triangle theory. Through information foraging theory, it can be concluded that several factors that encourage and prevent fraud can change positions depending on the existing context and situation. An organization that has good government governance implementation and suitable compensation is still able to encourage employees to commit fraud because of the employee's ability to find loopholes for fraud through an extensive information search process (Adipat et al., 2011; Commerford et al., 2017) and the greedy nature of humans who never have enough. Second, through the findings in this research, policymakers, especially the Bengkulu City Government, can formulate a definite mechanism to prevent accounting fraud, which cannot be mitigated only by improving internal control of assets, enhancing good government governance implementation, and increasing employee compensation. The Bengkulu City Government can implement more intense job rotation to reduce excessive information foraging behavior from employees.

This study suffers from several of limitations, which can be used as a reference for future research. First, it only focused on two employees in the finance department per Local Government Agency in Bengkulu City. Hence, the study results are not generasible in the context of employees other than the finance department,

especially in Bengkulu City Local Government Agencies. Future research is expected to expand the scope of the research location or choose another city or regency to complement the result from current study to strengthen further the generability of current research. The second limitation is the nature of the sample and its relatively small size, which can be a source of criticism for our study. Future studies could focus on different respondents with different expertise and compare the current study's results to contrast the findings. Finally, the data collection process also becomes a limitation for this study. The low response rate and lack of seriousness from respondents in filling out the questionnaire are the major challenges in this study. Hence, future research could use another method in distributing the questionnaire. Instead of leaving the questionnaire at Local Government Agencies and giving the respondent time to fill the questionnaire, it is better to wait and accompany the respondent in filling out the questionnaire to ascertain the validity and completeness of the research instrument.

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