



The Influence Of Job Position, Internal Control, And Love Of Money On Indications Of Fraudulent Behavior

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INTRODUCTION

Fraud is a global problem that undermines the integrity of institutions in various sectors, including government. Based on the report ACFE (2024), the three main types of workplace fraud include asset misappropriation, corruption, and financial statement manipulation. In Indonesia, corruption is the most damaging form of fraud, with the 2023 Corruption Perceptions Index (CPI) ranking Indonesia 110th out of 180 countries. Despite ongoing efforts by institutions such as the KPK to combat corruption, cases of corruption continue to occur at various levels, from ministries to local governments. One notable case occurred in Kotawaringin Timur Regency, Central Kalimantan, involving the former Head of the Transportation Agency in relation to the management of parking fees (Norjani, 2023), as well as the Chair and Treasurer of KONI regarding the misuse of grant funds (wajahborneo, 2024). These cases indicate the importance of job position, weak internal controls, and individual factors such as love of money in encouraging fraud. Fraud triangle theory (Cressey, 1953) and diamond fraud (Wolfe & Hermanson, 2004) explains that fraud is triggered by a combination of pressure, opportunity, rationalization, and capability. In the public sector, positions of authority provide significant opportunities for abuse of power, especially when internal controls are weak. The love of money is one psychological factor that can erode an individual's moral integrity and increase the risk of

ABSTRACT

Fraud in the public sector is a serious problem that can undermine the integrity of the bureaucracy and public trust. This study aims to analyze the influence of job position, internal control, and love of money on indications of fraudulent behavior among local government employees. An explanatory quantitative approach was used with a survey method targeting employees from five agencies in East Kotawaringin Regency, selected using purposive sampling. Data were collected using a likert scale questionnaire and analyzed using WarpPLS based Structural Equation Modeling. The results showed that job position, internal control, and love of money had a significant positive effect on indications of fraudulent behavior. These findings indicate that the higher the position, the weaker the internal controls, and the higher the orientation toward money, the greater the tendency to commit fraud. This study contributes to the literature by providing empirical evidence from the context of local government, as well as practical implications for the formulation of more effective fraud prevention policies.

fraudulent behavior. Previous studies tend to focus on single factors or partial aspects of accounting, thus failing to provide a comprehensive picture of the interaction between individual and structural factors that influence indicators of fraudulent behavior. Therefore, this study attempts to fill this gap by examining the influence of job position, internal control, and love of money on indicators of fraudulent behavior in local government agencies, particularly in East Kotawaringin Regency.

The purpose of this study is to analyze the influence of job position, internal control, and love of money on indications of fraudulent behavior in local government. This study is expected to provide a more comprehensive understanding of how structural and psychological factors interact in shaping fraudulent behavior in the public sector, as well as to serve as a basis for formulating more effective fraud prevention policies at the local level.

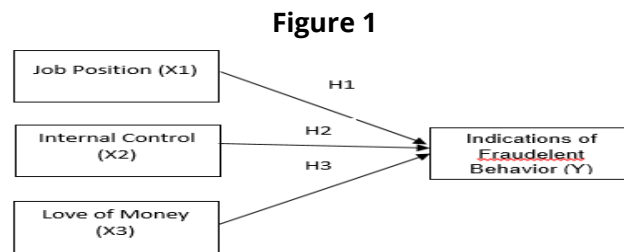
LITERATURE REVIEW

Fraud in the public sector is a strategic issue that has received considerable academic attention, particularly in identifying factors that influence individuals' propensity to commit fraud. Previous studies have highlighted variables such as job position, internal controls, and love of money. However, most studies are still fragmented and discuss these variables separately, thus failing to provide a comprehensive picture.

Much research has been conducted on capabilities, but studies that specifically address job positions are still relatively limited. Most studies focus more on capabilities in general, without delving deeply into how job positions directly related to access and authority within an organization can influence employee behavior. In fact, a person's position in an organization can be one of the factors that encourage employee fraud (Beti, 2022). However, previous studies have not thoroughly examined the relationship between job position and other structural factors such as internal control. The effectiveness of internal controls is one of the key structural factors in fraud prevention. Research by Husnurrosyidah (2019) and Maghfirah et al. (2023) shows that a strong internal control system can reduce the likelihood of fraud. Conversely, weaknesses in internal controls can create opportunities for individuals to commit misconduct. However, the influence of internal controls can vary depending on the organizational culture and the level of compliance with applicable procedures. The love of money has been identified as one of the main drivers of fraudulent behavior. Husnurrosyidah (2019) and Rahmawadin and Umaimah (2022) found that individuals with a high orientation toward money tend to disregard ethical norms and principles for personal gain. Excessive financial motivation can weaken moral integrity and encourage individuals to engage in fraud, especially if supported by weak organizational oversight.

Most previous studies have only highlighted one or two variables separately, thus failing to explain the interaction between structural factors (job position, internal control) and individual factors (love of money) in shaping fraudulent behavior tendencies. In addition, the majority of studies have been conducted in the private sector, banking, or education, while research focusing on the local government sector is still very limited. This research is important to fill the gap in the literature by simultaneously testing the influence of job position, internal control, and love of money on indicators of fraudulent behavior. Focusing on the local government sector, particularly Kotawaringin Timur Regency, provides new insights into understanding the dynamics of fraud in the public bureaucracy. The results of this study are expected to enrich the academic literature and provide policy recommendations to strengthen fraud prevention at the local level.

Based on the previous explanation, a theoretical framework can be concluded regarding the factors of Position, Internal Control, and Love of Money as follows :



Based on the figure above, it can be concluded that job position as H1, internal control as H2, and love of money as H3 influence the indication of fraudulent behavior as Y.

METHODS

This study uses an explanatory quantitative approach to examine the influence of job position, internal control, and love of money on indicators of fraudulent behavior. This approach was chosen because it is able to identify cause and effect relationships between variables in a systematic and measurable manner. The study population consists of employees at five government agencies in Kotawaringin Timur Regency that have been mentioned in the media as agencies suspected of fraud. The selection of this population was based on the context of local government, which is prone to abuse of authority. The unit of analysis was individual employees, as they are directly involved in the decision-making process and operations of the organization.

The sampling technique used was purposive sampling, with the criteria for respondents being permanent employees who had worked for at least one year and were willing to participate in the study. The respondent profiles included a variety of job levels and educational backgrounds, thus providing an adequate representation of the phenomenon being studied. Primary data was obtained through a closed-ended questionnaire based on a 1–5 Likert scale, where (1) indicated “strongly disagree” and (5) indicated “strongly agree.” The questionnaire was distributed directly to respondents and contained questions that had been adapted from previous research instruments. The measurement of variables in this study includes:

1. Indications of fraudulent behavior (dependent variable) were measured using five indicators adapted from (Dahlia et al., 2013).
2. Job position is measured by six indicators developed from (Pratomo et al., 2016)
3. Internal control is measured by five indicators that refer to (Mcnally, 2013) and (Pratomo et al., 2016).
4. Love of money is measured by eleven indicators adapted from (Tang, 1992) in (Hardianti, 2024).

Prior to analysis, the instruments were tested for convergent validity and discriminant validity, as well as reliability using Composite Reliability and Cronbach's Alpha to ensure the accuracy and consistency of the measurements. Data analysis was performed using the Structural Equation Modeling Partial Least Squares (SEM PLS) method with the WarpPLS application, which is suitable for testing causal relationships in models with relatively small sample sizes and non-normal data.

RESULTS

Descriptive Statistics

Descriptive statistics are used to provide an overview of the research data. This analysis includes the minimum, maximum, mean, and standard deviation of each variable. The results show that:

Table 1 Descriptive Statistical Test Results

Variable	Theoretical			Current			
	Min	Max	Mean	Min	Max	Mean	Std. Deviasi
JP	6	30	18	6	26	14,28	3,496
IC	11	55	33	11	24	18,03	3,205
LOM	11	55	33	11	54	30,97	9,123
IFB	5	25	15	5	22	11,04	4,433

Source: Processed data (2025)

The relatively high average value for the LOM variable indicates a relatively strong financial orientation among respondents, while the average IFB value indicates the need for attention to fraudulent behavior.

Convergent Validity Test

Convergent validity was tested using outer loading and Average Variance Extracted (AVE). Indicators were declared valid if the outer loading value was > 0.70 . Values between 0.40 and 0.70 could be retained if the AVE and composite reliability values met the requirements, while values < 0.40 were deleted (Hair et al., 2011; Sholihin & Ratmono, 2021). The test results showed that all indicators had outer loading values above 0.60 with AVE for each construct exceeding 0.50, making all indicators valid for use in further analysis.

Discriminant Validity Test

Discriminant validity testing using the cross loading approach. The loading values of each indicator on its original construct are greater than the loading values on other constructs, indicating that the indicators have good discrimination against the constructs being measured. The discriminant validity test in this study was conducted using the cross-loading approach and the Fornell Larcker criteria. In measuring discriminant validity through cross loading, the loading values of each indicator on its original construct must be higher than the loading values on other constructs.

Table 2 Fornell Larcker Test Results

Variable	JP	IC	LOM	IFB
JP	(0,82)	0,335	0,013	0,486
IC	0,335	(0,830)	0,133	0,420
LOM	0,013	0,133	(0,786)	0,250
IFB	0,486	0,420	0,250	(0,896)

Source: Processed data (2025)

The diagonal value (AVE root) is greater than the correlation between constructs, thus fulfilling discriminant validity.

Reliability Test

Reliability was measured using Cronbach's Alpha and Composite Reliability values. Constructs were considered reliable if the value was > 0.70 .

Table 3 Reliability Test Results

Variable	Cronbach Alpha	Composite Reliability	Description
Job Position (PJ)	0,745	0,858	Reliabel
Internal Control (PI)	0,842	0,896	Reliabel

Love Of Money (LOM)	0,937	0,946	Reliabel
Indications of Fraudulent Behavior (IFB)	0,938	0,953	Reliabel

Source: Processed data (2025)

Coefficient of Determination (R^2)

Table 3 R^2 Value

	R^2	Adjusted R^2
Indications of Fraudulent Behavior	0,415	0,399

Source: Processed data (2025)

The Adjusted R^2 value of 0.399 indicates that the variables JP, IC, and LOM are able to explain 39.9% of the variation in IFB, while the remaining 60.1% is explained by other variables outside the model.

Predictive Ability (Q^2)

Table 4 R^2 Value

	Q^2
Indications of Fraudulent Behavior	0,411

Source: Processed data (2025)

Hypothesis Testing

The results of hypothesis testing using path coefficients show that all relationships between variables are significant.

Table 5 Hypothesis Testing

Hypothesis	B	P	Description
JP \rightarrow IFB	0,43	>0,01	Accepted
IC \rightarrow IFB	0,22	>0,01	Accepted
LOM \rightarrow IFB	0,31	>0,01	Accepted

Source: Processed data (2025)

From the table, it can be stated that job position, internal control, and love of money have a significant positive effect on indicators of fraudulent behavior.

DISCUSSION

Based on the results of structural model testing, it was found that all independent variables studied, namely job position, internal control, and love of money, had a positive and significant effect on indications of fraudulent behavior in the East Kotawaringin Regency Government environment. The adjusted R^2 value of 0.399 indicates that the three variables are able to explain 39.9% of the variation in fraud behavior, while the remaining 60.1% is influenced by other factors outside the research model. The Q^2 value of 0.411 (> 0) indicates that the model has good predictive relevance.

The results of the analysis show that job position has a significant positive effect on indications of fraudulent behavior ($\beta = 0.43$; $p < 0.01$). This finding is consistent with the fraud diamond theory (Wolfe & Hermanson, 2004) which states that individual capability, including access to information and decision-making authority, plays an important role in facilitating fraud.

Individuals in high positions tend to have more freedom in managing work processes and influencing strategic decisions, thus having greater potential to abuse their authority. These results support the findings of Kazemian et al. (2019) who stated that an individual's capabilities enable them to justify wrongful behavior in acts of fraud.

Internal control in this study also showed a significant positive effect on indications of fraudulent behavior ($\beta = 0.22$; $p < 0.01$). These results differ from the findings of most previous studies (Husnurrosyidah, 2019; Maghfirah et al., 2023) which states that effective internal control can reduce the potential for fraud. This difference can be explained by the possibility that the internal control system in the agencies studied was not functioning optimally or was merely a formality, and therefore unable to function as an effective preventive mechanism. The phenomenon of control override, whereby authorized officials can ignore or manipulate control procedures, also has the potential to cause internal control to be positively associated with indications of fraud. The finding that internal control (IC) is positively and significantly related to indications of fraudulent behavior can be further explored by referring to various studies that describe similar conditions where the implementation of controls is only procedural or weak. Kesuma dan Fachruzzaman (2024) concluded through a literature review that internal control is an effective measure in preventing accounting fraud in public sector organizations. A multiple regression study in the public sector in Surakarta shows that internal control systems do have a positive impact on fraud prevention, but strengthening compliance with accounting rules is the main factor that reinforces the control function (Febiyuantama & Maria, 2024). Furthermore, research (Lubis et al., 2024) In North Sumatra, it was found that internal auditing and internal control had a significant positive effect on fraud prevention, while audit quality had no significant effect, reinforcing the notion that formal controls remain vulnerable to weakening if internal reviewers are ineffective. A study by Nirmalasari dan Perwita Sari (2023) shows that internal control systems and organizational commitment have a significant effect on fraud in public financial statements.

Love of money was found to have a significant positive influence on indicators of fraudulent behavior ($\beta = 0.31$; $p < 0.01$). This shows that a strong focus on money can encourage individuals to disregard moral values and commit fraud for personal gain. These findings are consistent with the research of Husnurrosyidah (2019) and Rahmawadin dan Umaimah (2022) who found that love of money is positively related to the intention and fraud behavior. In the context of public bureaucracy, employees with materialistic orientations tend to exploit weaknesses in the system or their positions to obtain illicit financial gains. In addition, research by Maksum and Ningtyas (2022) shows that perceptions of corruption can mediate the relationship between love of money and unethical behavior committed by employees in public sector institutions. The findings indicate that a high orientation toward money (love of money) is more likely to encourage unethical behavior when influenced by negative perceptions of a corrupt environment. This is also confirmed in a study by Fade et al. (2022).

The results of this study have practical implications for fraud prevention efforts in the public sector. First, stricter supervision of structural officials with significant authority is required, ensuring that there are checks and balances in the decision-making process. Second, a comprehensive evaluation of the effectiveness of internal controls needs to be carried out so that the control system is not merely administrative but truly capable of preventing fraud. Third, there needs to be an ethics training program and strengthening of employee integrity to minimize the influence of materialistic orientation on work behavior.

Thus, this study not only reinforces previous findings regarding the determinants of fraudulent behavior, but also provides a new perspective that weak internal control implementation can actually correlate positively with indications of fraud.

CONCLUSION

This study aims to examine the influence of job position, internal control, and love of money on indications of fraudulent behavior among civil servants in the local government of East Kotawaringin Regency. Analysis using the Structural Equation Modeling Partial Least Squares (SEM PLS) approach shows that all three independent variables have a significant positive influence on indications of fraudulent behavior.

These results indicate that the higher the position, the greater the opportunity for abuse of authority; suboptimal internal controls can open the door to fraud; and a high materialistic orientation (love of money) tends to encourage deviant behavior. Simultaneously, these three variables explain 39.9% of the variation in indicators of fraudulent behavior, while the remainder is influenced by factors outside the research model. These findings underscore the importance of strengthening effective internal control systems, implementing proportional restrictions on access to authority, and fostering values of integrity and work ethics to minimize the risk of fraud in the public sector.

LIMITATION

This study has several limitations that need to be considered when interpreting the results. First, the scope of the study only covers employees in five local government agencies in East Kotawaringin Regency, so the results may not be generalizable to all government agencies in Indonesia. Second, the variables were measured using a likert scale questionnaire that relied on respondents' perceptions, which could potentially cause response bias due to respondents' desire to give answers that were considered "safe" or in line with norms. Third, this study only examined three independent variables, namely job position, internal control, and love of money, so other factors that could also influence indications of fraudulent behavior, such as organizational culture, work pressure, and reward systems, were not analyzed in the model. Fourth, the research design was cross sectional, so that the causal relationships found were based only on statistical analysis at a single point in time, without considering the dynamics of behavioral change over time.

Given these limitations, future research is recommended to expand the scope of the study area and types of institutions, use mixed methods to combine quantitative and qualitative data, and test additional relevant variables to enrich understanding of the determinants of fraud behavior in the public sector.

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