

THE INFLUENCE OF MACHIAVELLIANISM, LOVE OF MONEY AND INTERNAL CONTROL ON THE TENDENCY OF ASSET MISUSE IN GOVERNMENT-OWNED ENTERPRISES XYZ IN SEMARANG

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ABSTRACT

This paper aims to investigate the result of Machiavellianism, love of money, and internal control, on the inclination of asset misuses in the workplace, especially in the state-owned company XYZ in Semarang. This study used survey method to collect data from employees of a state-owned company in Semarang City. The data consisted of 161 questionnaires which were processed using WarpPLS 7.0. The finding showed that Machiavellianism and love of money, affects positively on the tendency of asset misuses in BUMN companies. Meanwhile, internal control affects negatively on the asset misappropriation trend in BUMN companies. The findings of this study provide two points of contribution. First of all, forensic accounting researchers who are interested in asset misuse topics need to consider the psychological characteristics of the employee. Second of all, the findings can be implemented by the XYZ company to consider the psychological state when recruiting new employees as well as assessing the effectiveness of internal control to prevent fraud.

INTRODUCTION

Asset misuse have become a common fraud act in various fields of work, both in the private and government sectors. A survey and study from the ACFE (Association Certified Fraud Examination) in the 2020² RTTN (Report to The Nation) suggested that asset misuse is the most typical fraud – 86% of the total case was caused by asset misuse (ACFE, 2020). If this issue is left undetected then it may lead to an enormous loss as well as bankruptcy.

A lot of fraud cases were caused by the internals of a company, such as employees, the management department, and even the company owners, which increased rapidly in the last few years (Nigrini, 2019; Asmah et al., 2020; Zahari et al., 2020). The studies mentioned earlier were focusing on financial fraud statements without considering other fraud types. On the other hand, according to the ACFE's analysis, it was found that the case of asset misuses in 2016 increased – it occupied 83,5% of the total case, which also increased to 89% in 2018 (ACFE, 2016; ACFE, 2018). Forensic accounting researchers are still focusing on the fraud of financial statements instead of asset misuse, ironically. Thus, asset misuse is a fascinating topic to research, nonetheless.

According to the ACFE (2020), fraudulence can be classified as an asset misuse when employees steal or misuse organizational resources, such as stealing company cash, falsifying billing statements, using work hours for personal matters, and taking advantage of organizational resources for personal gain (internet connections, tools, and so on). The numerous cases of asset misuse in the workplace occurred because those were the most uncomplicated fraud – everyone can be part of it regardless of their position in a company (Koomson et al., 2020; Zahari et al., 2020).

Fraud, especially asset misuse by employees, has become a global phenomenon. A few of those cases in the private sector have been widely researched. However, the research has not focused on the government sector, which is often identified with the lack of company control on using resources and the employees' negative attitude. This idea arises due to an argument

that the company does not belong to anyone thus the employees tend to do whatever they want in the workplace (Koomson et al., 2020). The lack of supervision and ignorance of employees can trigger fraud cases in government sectors. The occurrence of fraud in the government sector will affect their ability to provide services and carry out their role in supporting the country, which may reduce the public confidence in the performance of the government-owned enterprise. That kind of phenomenon makes the fraud in the government-owned companies urgent to investigate.

Research about asset misuse issues generally discusses the crucial factors that cause the misuse within the perspective of fraud theory, such as fraud triangle, fraud diamond, and fraud pentagon. A study conducted by Koomson et al (2020), for instance, analyzed the circumstances that lead people to misuse the company's assets from the perspective of S.C.O.R.E. Another researcher who previously was a model named Bakri et al (2017) analyzed how to minimize asset misuse through integrity and elements of fraud risk, based on the fraud triangle theory. This result from that study contributes to develop more studies about asset misuse. However, the existing research tends to ignore traits in a person such as Machiavellianism and love of money. Some previous researchers such as Bakri et al (2017); Said et al (2018); and Owusu et al (2021) investigated fraud acts by implementing the fraud triangle theory, this study resolved the attribution theory to investigate fraud. There are two factors in attribution theory that determine individual behavior, namely internal forces and external forces. Machiavellian and love of money are two of several individual behaviors from the internal forces that influence a person to cheat. Meanwhile, the individual's confidence in the effectiveness of the company's internal control is believed to be the external force that influences a person to commit fraud.

This study examined the impact of Machiavellianism and love of money personalities that might exist in each employee and then influence them to commit fraud. Other than that, this study also analyzed the employee opinions on the effectiveness of the internal control of the company and how it contributes to the tendency of each committing to asset misuse. This is the novelty in this research, which will broaden the literature knowledge of fraud types in the workplace. It was done by investigating the acts that receive the least attention, which is asset misuse - this case has developed massively and is considered difficult to detect.

Hopefully, this research can contribute to the research development on asset misuse, especially on how crucial it is to have awareness towards individual's psychology, specifically on Machiavellianism, the love of money traits, and how the employees perceive the effectiveness of their company's internal control. Other than that, this study will also contribute to the XYZ organization, a government-owned enterprise in Semarang, to identify the employee behaviors which may lead to asset misuse in the workplace. This thing is useful to build the right strategy to prevent asset misuse. As a result, fraud acts in the workplace can be minimalized.

LITERATURE REVIEW

Attribution Theory

The attribution theory was found in behavioral research which was first coined by Fritz Heider in 1958 which argued that individual behavior is determined by internal forces and external forces (Harvey, 1984). This study used the attribution theory due to the relevance to explaining the causes and behavioral motives of an employee who tends to misuse company assets at work by looking at the personal characteristics of the employee and the external factors or the employee's perception of the company's internal control effectiveness. The attribution theory provides a compelling representation of one's behavior reality, especially when it comes to how an individual perceives an event by knowing the argument or reason for his or her behavior (Morissan, 2013). It also means that any research about individual behaviors can be

implemented to know the characteristics of that person. Hopefully, it can also predict a person's actions when dealing with specific circumstances. Likewise, this study investigates the factors that influence asset abuse seen from two strengths, namely internal strength and external strength. Internal strength is seen from the psychological side of employees and external strength in terms of the effectiveness of the company's internal control. These two sides are very important to analyze in terms of the tendency of asset abuse by employees, because the perpetrators will hide their fraudulent actions neatly so that they are not easily detected.

Asset Misappropriation

Misappropriation of assets occurs when employees commit a fraud or deception to misuse the resources owned by the company (Kazemian et al., 2019). According to Tuanakotta (2010), asset misappropriation is a form of fraud committed by illegal possession and embezzlement of government assets to enrich oneself and use these assets for personal gain, which is usually done by employees who work in company. Misappropriation of assets is divided into two major parts, namely cash and non-cash. Each of these sections is classified into several more categories, namely larceny, skimming and financial disbursement. Misappropriation of assets referred to here is the misappropriation or taking of company resources by individuals for their personal interests. Perpetrators of misappropriation of assets usually hide their fraud so that it is difficult for companies to detect them. The company also does not feel that fraud has occurred because it is carried out little by little by the perpetrators. Therefore, this study focuses on asset abuse because it has a high occurrence rate and is easy to do if the company's internal controls are not effective.

Machiavellianism

A Machiavellian attitude is defined as a personality trait that puts less emphasis on personal relationships by ignoring conventional morality and exhibits low ideological commitment (Christie and Geis, 1970). The Machiavellian personality is touted as one of the major causes of unethical behaviors with manipulative tendencies (Gois, 2017). Murphy (2012) also argues that machiavellianism is an inherent factor that influences someone to cheat. Individuals with this personality also tend to have trust issues, a tendency to manipulate, keep everyone under control, and put their status on top of everything (Triantoro et al., 2020). Several studies, such as Limanago (2020) and Nugraha & Etikariena (2021) suggested that the Machiavellian personality had a significant positive impact on fraud.

Love of Money

The love of money, on the other hand, describes a personality that takes money on top of everything. A person will do any possible way to get money, including cheating (Pradanti, 2014). The love of money behavior can affect a person's demeanor. For instance, a person with financial limitations has a higher tendency to cheat due to greediness; humans don't get satisfied with what they have easily. Love of money personalities are considered an influence that provokes a person to commit fraud. A person with a passion for money high will do various ways so that get the money he wants. One of the efforts made by the perpetrators is the misuse of assets. Misappropriation of assets here can be done by perpetrators by taking company cash for their personal interests.

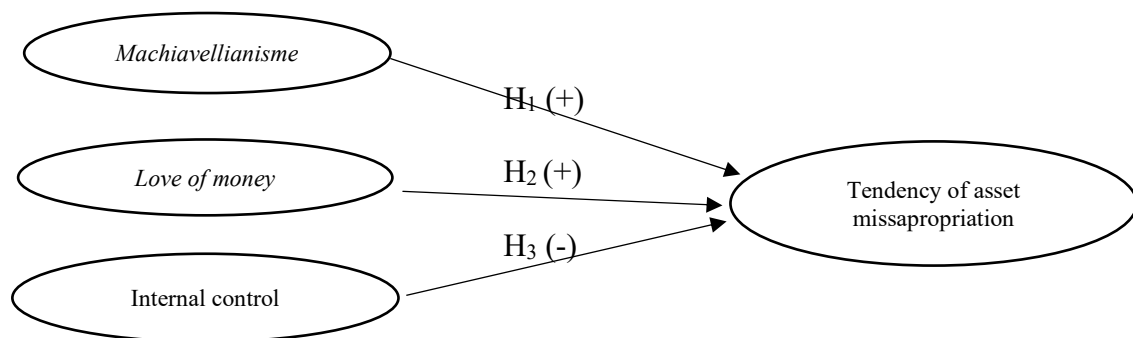
Internal Control

Machiavellianism and love of money are internal forces of each individual. Meanwhile, the individual's confidence in the effectiveness of the company's internal control is believed to

be the external force that influences a person to commit fraud. Internal control is a factor that shuts the opportunity for fraud acts in an organization (Koomson et al., 2020). The company's internal control is effective and robust if the authority can close all the gaps that encourage asset misuse. However, poor internal control may encourage the fraud subjects to take advantage of the gaps and possibilities to involve in a fraud act. Effective internal control is also needed so that at least it can make it difficult for fraud perpetrators to commit fraudulent acts and make fraud perpetrators think long about committing fraud.

Below is the theoretic framework that shows how each variable in this study is connected.

Figure 1. The Theoretical Framework



Source: Research Data, 2022

Hypotheses development

The Effects of Machiavellianism on Asset Misuse

The attribution theory suggests several internal aspects of Machiavellianism influence one's attitude. Such factors include a few of personality traits, such as aggressiveness, exploitative tendency, dishonesty, and manipulative – those things may arise when the person wants to reach a goal. They won't even consider others' rights and feelings (T. L. P. Tang & Chen, 2008). Attribution theory helps to understand individual behavior by arranging pieces of information to come up with plausible explanations such as the presence of Machiavellianism in employees. Viewing from the perspective of theory, the Machiavellian nature can make an individual become ignorant of ethics and morality. Thus, they tend to be unethical to reach their goals.

Those with the Machiavellian personality will try hard to get what they want and they will go through any possible way, even if they have to cheat. It means that if an employee has this Machiavellian personality then the chance of asset misuse is high too. For instance, they will use company resources for their benefit. The nature of machiavellianism will have a bad impact on employees because it will cause a decrease in trust in the employees themselves because of the lack of integrity. If the fraud is not detected and found as early as possible, a huge loss to the related company may become inevitable.

Gonzales & Kop (2017) found that there are four types of personalities that can predict the tendency of fraud – one of those personalities is Machiavellianism. Other than that, Lestari (2018) suggested that an individual with Machiavellianism has a higher tendency to commit financial statement fraud in the use of village funds. Those with Machiavellian personalities are also considered as people who have a significant positive impact to commit corruption, according to Limanago (2020) and Y. A. Nugraha & Etikariena (2021). Similar research was also conducted by Aziz (2015) who found that the higher the Machiavellian trait in a person,

the more likely they are to behave unethically. In line with the thoughts of the researchers above, this study proposes the following hypotheses:

H₁: Machiavellianism contributes to individuals desire to commit asset misuse.

The Love of Money Impacts on Asset Misuse

There are quite a lot of reasons why a person involves in a corrupt act; earning money is one of them. This is in accordance with attribution theory which emphasizes a person's behavior from his internal strength, namely his love of money. This love for money can be in the form of material money and can also be realized in the form of objects or other tangible goods that are obtained from the money they have.

For most people, money is everything – they can do and get whatever they want with the money. Thus, it is not something surprising if a lot of fraud acts are caused by money. According to T. L. Tang & Chiu (2003), love of money is one of the factors that encourage a fraud act. Singhapakdi et al. (2013) suggested that individuals who love money can provoke ethical crisis issues. Money is considered the main thing to motivate employees, being used for the performance measurement, and a unit that reflects the financial ability of one. People surely have different perspectives when it comes to money. Money could be the measurement of success, a symbol of wealth, and a motivation to take actions or steps. Those perceptions, however, could lead an employee to do anything to get money – not only to fulfill the primary needs but also gets into greediness (Rahmawati & Riyanto, 2013).

The love of money personality has a huge impact on one's tendency to conduct asset misuse. It is caused by the possible false actions in the workplace, including but not limited to stealing, lying, and imposition of undue fees. The more love for money a person has, the higher possibility asset misuse will be conducted. The empirical evidence from Suryandari & Pratama (2021) and Lestari (2018) suggested that if a person has a higher love of money trait then the tendency of fraud most likely increases too. Another empirical evidence from Rahmawati & Riyanto (2013) found that love of money personality contributes on one's practice on earning management. Furthermore, this study proposes the following hypothesis:

H₂: Love of money contributes individuals to conduct asset misuse.

The Impacts of Internal Control on Asset Misuse

An external force that is no less important in influencing a person's behavior in committing fraudulent acts is his knowledge of the good and bad of the company's internal controls. An organization must ensure that the internal is adequate. Without doing so, it will be difficult to reach the organization's goals. Within the context of the attribution theory, the drawback and strength of the internal control can affect how a person takes an action in various conditions.

For instance, if the internal control in a company is poor, an employee may commit fraud and misuse the assets for personal gain. Thus, the existence of robust internal control is essential for a company, especially to repress asset misuse at work. On the other hand, how the employee perceives a company's internal control effectiveness also influences the confidence and tendency to commit fraud and vice versa. Apabila pengendalian internal dalam suatu organisasi sudah berjalan sesuai dengan standar prosedur operasional, maka tindakan fraud dapat diminimalisasi (Janiman, Roni Mulyanto, 2022).

A study conducted by Nugraha & Bayunitri (2020) found that internal control affects significantly on preventing fraud actions in banking companies. Another empirical evidence in Desviana et al. (2020) also showed a similar result. It was found that an effective internal control reduces the fraud possibility in the management of village funds. And according to Rendika (2013) the implementation of SPIP (Government Internal Control System) has a significant negative effect on asset abuse, so the more effective the level of internal control of a government

agency, the lower the opportunity for employees to find loopholes to commit fraud. Moreover, the more effective internal control of a company, the more difficult an employee to commit fraud. According to that statement, the hypothesis is:

H₃: Effectiveness of internal control reduces the tendency of asset misuse.

RESEARCH METHODS

Population and Sample

The subject of this research is the employee of the XYZ company, a government-owned enterprise in Semarang. Respondent population in this study is 161 employees of the XYZ company, a government-owned enterprise in Semarang. To collect the sample, the researcher used a censused method so that all the population can be the research samples. The questionnaire distributed to the respondents is anonymous to avoid any bias.

Research Instruments

This study is using a quantitative approach. It verifies the hypothesis by testing the effects of existing variables on the tendency of asset misuse. This study uses the primary data as the sources, where questionnaires are the main tool to collect data. The researchers divide those questionnaires into two parts, A and B. The A section consists of questions about the demographic characteristics of respondents. Meanwhile, the B section asks the respondents to rate their level of agreement with the designated variables.

Data Collection Technique

To collect the data, the questionnaire is distributed directly to all respondents and the answers are collected a week after. This method is necessary because several respondents work on shifts – a week is enough to collect data from all respondents.

Variable Measurement

This study uses four variables, such as the tendency to asset misuse as the dependent variable, while the other three independent variables include Machiavellianism, Love of Money, and the effectiveness of internal control. To measure the tendency of asset misuse, this research adopts the instruments from Koomson et al. (2020) that consist of nine pieces of questions with the 1-5 Likert scale – 1 means the lowest and 5 means the highest. On the other hand, the variable Machiavellianism is measured by using the question indicator from Christien & Geis (1970); Suryandari & Pratama (2021) which consists of 15 questions with the 1-5 Likert scale – 1 means the lowest and 5 means the highest. The measurement of the Love of Money variable is carried out by using instruments from Tang & Chen (2008), which consist of 8 questions with the 1-5 Likert scale – 1 means the lowest and 5 means the highest. The effectiveness of internal control is measured by using indicators from Koomson et al. (2020) that consist of 9 questions with the 1-5 Likert scale – 1 means the lowest and 5 means the highest.

Data Analysis Technique

Later, the researchers process and develop all the data by using the SEM (Structural Equation Model) approach with the PLS (Partial Least Square) base. After that, researchers test hypotheses using statistical analysis with the help of WarpPLS 7.0 software to get the most accurate output to draw a conclusion. This study uses a reflective construct so it is necessary to test the validity and reliability of the construct before testing the hypothesis. The main stages in the SEM-PLS analysis using the WarpPLS 7.0 application are:

1. Evaluation of the Measurement Model (Outer Model).

This study uses a reflective construct so it is necessary to test the validity and reliability of the construct before testing the hypothesis. The analysis is convergent validity, discriminant validity, and composite reliability.

2. Evaluation of the Structural Model (Inner Model)

This test is to test the structural model with the analysis of R-Squares, Q-squares, F-squares and goodness of fit.

3. Hypothesis Test

After being declared valid and reliable and having a fit model indicator, a hypothesis test is carried out. Then read the results by looking at the path coefficient.

RESULTS AND DISCUSSION

The location of this research was at the XYZ company, a state-owned enterprise in Semarang. As the primary data, the questionnaires were distributed to all existing employees as many as 161 respondents. The answers were collected a week after and those were processed for the next stage of research.

All the answers that have been collected were then processed using SPSS to analyze descriptive statistics from respondents. The following is a table of respondents' descriptive analysis results.

Table 1. Respondent Demographics

No	Description	Total	Percentage
I Gender			
1.	Male	38	24%
2.	Female	123	76%
II Age			
1.	20 - 30 year	43	27%
2.	31 - 40 year	74	46%
3.	41 - 50 year	32	20%
4.	> 50 year	12	7%
III Education			
1.	SMA/SMK/Sederajat	8	5%
2.	Diploma 3	63	39%
3.	S1 / Diploma 4	80	50%
4.	S2	10	6%
IV Experience			
1.	1 – 5 year	40	25%
2.	6 - 10 year	59	37%
5.	> 10 year	62	38%

Source: Research Data, 2022

The composition of respondents in terms of gender shows that female respondents dominate more than male respondents, namely 123 female employees (76%) and 38 male employees (24%). in terms of age, that is, the majority of respondents are in the age group of 31 - 40 years. The details are respondents with the age group of 31 - 40 years by 46%, the next sequence is respondents with the age group of 20 - 30 years by 27%, the age group of 41 - 50 years by 32% and the rest aged > 50 years by 7%.

Most of the respondents have an education level at the level of S1/equivalent which is indicated by a percentage of 50%, namely 80 people. Furthermore, the diploma level 3 is 39%, namely 63 people, the master's level is indicated by a percentage of 6%, namely 10 people, and the remaining high school level is equivalent with a percentage of 5%, namely 8 people. The length of service of respondents is almost evenly distributed in three levels, namely 37% of 6-10 years of service, > 10 years of 38%, and 25% of 1-5 years of service.

Table 2 Descriptive Statistics

N	Theoretical	Empirical
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		Minimum	Maximum	Median	Minimum	Maximum	Mean	Std. Deviation
<i>Machiavellianisme</i>	161	15	75	45	39	75	60.99	7.928
<i>Love of money</i>	161	8	40	24	19	40	33.47	4.395
Internal Control	161	9	45	27	9	27	16.28	4.745
Tendency to fraud	161	9	45	27	21	45	37.22	5.115

Source: Research Data, 2022

Table 2 shows that empirically the lowest value of Machiavellianism is 39 while the highest is 75, which when compared to the theoretical value (median) can be categorized as high. The empirical average of 60.99 also has a high value compared to the theoretical value. Overall, it shows that respondents' answers about the nature of Machiavellianism tend to be higher empirically than theoretically.

The same thing is also shown by the Love of Money variable and the Tendency to Fraud variable, which empirically both manage to be higher than in theory. In the contrary, the Internal Control variable comes with as minimum as 9 and as maximum as 27. This variable also has

In contrast to the internal control variable which has a minimum value of 9, a maximum an average value of 16.28 and a standard deviation of 4.745, which when compared to the theoretical value, the minimum value is 9, the maximum is 45 and the average is 27, then this shows the respondent's answer. about the company's internal control is low. These results illustrate that almost all questions on internal control that lead to a tendency to fraud are answered on a scale of 1 or 2 which means strongly disagree and strongly agree. Thus, employees perceive that the company's internal control is good, so they will tend not to abuse organizational assets for personal gain.

Evaluation of the Measurement Model (Outer Model)

This method is required to measure the connection between the indicators and their Latin variables. The tests are including:

a. Convergent Validity

The output value from the convergence validity is the load factor of the latent variable and its indicators. Expected value >0.7 . However, a load factor value of 0.5 is considered sufficient for the development of research instruments and the construct development stage (Hair et al., 2017). The results of table 3 below show that all of the questionnaire items are in the range of 0.6-0.7 so that convergent validity is met and they can be used as indicators of each variable.

Table 3 Confirmatory Factor Analysis Test Results

No	Indicator Code	Loading Factor	Type	P value
<u>Tendency of Fraud</u>				
1.	KF1	0.842	Reflective	< 0.001
2.	KF2	0.782	Reflective	< 0.001
3.	KF3	0.759	Reflective	< 0.001
4.	KF4	0.782	Reflective	< 0.001
5.	KF5	0.819	Reflective	< 0.001
6.	KF6	0.839	Reflective	< 0.001
7.	KF7	0.760	Reflective	< 0.001
8.	KF8	0.819	Reflective	< 0.001
9.	KF9	0.709	Reflective	< 0.001

No	Indicator Code	Loading Factor	Type	P value
<u>Machiavellianisme</u>				
1.	M1	0.764	Reflective	< 0.001
2.	M2	0.690	Reflective	< 0.001
3.	M3	0.764	Reflective	< 0.001
4.	M4	0.814	Reflective	< 0.001
5.	M5	0.729	Reflective	< 0.001
6.	M6	0.671	Reflective	< 0.001
7.	M7	0.794	Reflective	< 0.001
8.	M8	0.645	Reflective	< 0.001
9.	M9	0.712	Reflective	< 0.001
10.	M10	0.643	Reflective	< 0.001
11.	M11	0.814	Reflective	< 0.001
12.	M12	0.729	Reflective	< 0.001
13.	M13	0.794	Reflective	< 0.001
14.	M14	0.645	Reflective	< 0.001
15.	M15	0.737	Reflective	< 0.001
No	Indicator Code	Loading Factor	Type	P value
<u>Love of money</u>				
1.	LOM1	0.826	Reflective	< 0.001
2.	LOM2	0.849	Reflective	< 0.001
3.	LOM3	0.766	Reflective	< 0.001
4.	LOM4	0.626	Reflective	< 0.001
5.	LOM5	0.825	Reflective	< 0.001
6.	LOM6	0.745	Reflective	< 0.001
7.	LOM7	0.826	Reflective	< 0.001
8.	LOM8	0.825	Reflective	< 0.001
No	Indicator Code	Loading Factor	Type	P value
<u>Internal Control</u>				
1.	IC1	0.906	Reflective	< 0.001
2.	IC2	0.861	Reflective	< 0.001
3.	IC3	0.668	Reflective	< 0.001
4.	IC4	0.861	Reflective	< 0.001
5.	IC5	0.906	Reflective	< 0.001
6.	IC6	0.705	Reflective	< 0.001
7.	IC7	0.906	Reflective	< 0.001
8.	IC8	0.868	Reflective	< 0.001
9.	IC9	0.668	Reflective	< 0.001

Source: Research Data, 2022

b. Discriminant Validity

A value that can be used to test the validity of the discriminant is the AVE (Average Variance Extracted) value. It evaluates the correlation between variables in each configuration model. If the AVE value is greater than 0.5, the model is considered valid. The results of the WarpPLS output from this study, on the other hand, show that the AVE values for all variables are greater than 0.5. This shows that the load factor configuration values for all question variables in this study meet the requirements of the validity test. Other than that, the indicators for all configurations in this study are eminently correlated (see Table 4).

c. Composite Reliability

The researcher perform the reliability test after going through the validity test. The reliability test, on the other hand, is conducted to prove the accuracy and consistency as well as the instrument accuracy when measuring each configuration. The results of the reliability test are shown in Table 4. This can be seen from reliable values of the Cronbach Alpha and Composite. This table shows that each value of the Cronbach's Alpha and Composite are empirically reliable. All of these are above 0.70, thus all variables are reliable.

Table 4 Validity and Reliability Test Results Using WarpPLS

Testing	Parameter	Value	Rule OF thumb	Conclusion
Validity	<i>Average Variances Extracted</i>			
	Tendency to fraud	0.626	>0.50	Valid
	<i>Machiavellianism</i>	0.536	>0.50	Valid
	<i>Love of money</i>	0.623	>0.50	Valid
Reliability	<i>Cronbach's Alpha</i>			
	Tendency to fraud	0.925	>0.70	Reliable
	<i>Machiavellianism</i>	0.937	>0.70	Reliable
	<i>Love of money</i>	0.912	>0.70	Reliable
Reliability	<i>Composite Reliable</i>			
	Tendency to fraud	0.938	>0.70	Reliable
	<i>Machiavellianism</i>	0.945	>0.70	Reliable
	<i>Love of money</i>	0.929	>0.70	Reliable
	Internal control	0.949	>0.70	Reliable

Source: Research Data, 2022

Evaluation of the Structural Model (Inner Model)

Evaluation of the structural model (inner model) includes model fit tests, R^2 , Q^2 and F^2 . Before testing the path factor and the significance of R^2 , it requires to run a model fit test.

Model Fit Test

The model fit test is conducted to ensure if the model fits the data. The model fit test has three indicators: Average Path Coefficient (APC), average R-squared (ARS), and average variance factor (AVIF), with a p-value of <0.05 and an AVIF of <5. The model accuracy test in this study aims to prove that proposed and constructed model is appropriate. Table 4, on the other hand, shows the output results and rules of thumb for WarpPLS. These results indicate that each indicator passed the model fit test.

Table 5 Model Fit Testing

Model Testing	Value	Rule Of Thumb	Conclusion
<i>APC (Average path coefficient)</i>	0.331 (P<0.001)	P <0.05	Model Fit
<i>ARS (Average R-squared)</i>	0.773 (P<0.001)	P <0.05	Model Fit
<i>AARS (Average adjusted R-squared)</i>	0.769 (P<0.001)	P <0.05	Model Fit
<i>AVIF (Average block VIF)</i>	2.222	Ideally<3.3	Model Fit
<i>AFVIF (Average full collinearity VIF)</i>	3.078	Acceptable if <5	Model Fit
<i>GoF (Tenenhaus GoF)</i>	0.690	Large >0.36	Model Fit

<i>SPR (Simpson's paradox ratio)</i>	1.00	Ideally =1	Model Fit
<i>RSCR (R-squared contribution ratio)</i>	1.00	Ideally =1	Model Fit
<i>Ssr (Statistical suppression ratio)</i>	1.00	Acceptable <0.7	if Model Fit
<i>NLMCDR (Non-linear bivariate causality direction ratio)</i>	1.00	Acceptable <0.7	if Model Fit

Source: Research Data, 2022

R², Q² Analysis

The higher the R-squared value, the better of model. The results of this test show an R-squared value of 0.773 which means that 77.30% of the variance of the endogenous/criterion constructs can be explained by the hypothesized constructs that can affect it. While the rest is explained by other variables outside of this study.

The results of Q2 in this study showed a value of 0.772 (greater than 0 (zero)). It means that this research model shows good predictive validity. The predictions made by the research model are considered relevant.

Table 6 Coefficient of Determination

R-squared coefficients	0,773
	77,30%
Q-squared	0,772

Source: Research Data, 2022

F² Analysis

Menu effect size for path coefficients can be used to analyze the value of F-squares. The effect size value can be viewed from three categories, namely weak (0.02), medium (0.15) and large (0.35) (Hair et al., 2017). The results of the F-squares analysis can be seen in the following table 7. Based on the table 7, it can be concluded that all variables show a large F² value, so these variables have an important role from the practical perspective of the model.

Tabel 7 Hasil Analisis F²

Var. Laten	Nilai	Kesimpulan
Machiavellianism	0.287	Nilai F ² besar
Love of Money	0.234	Nilai F ² besar
Internal Control	0.253	Nilai F ² besar

Source: Research Data, 2022

Hypothesis Test

Hypothesis testing in this study requires to administer empirical evidence about the truth of the arguments. By testing the hypothesis, it was found the interaction between construct. The results are shown through the path coefficients and the level of significance (p-value). The level of significance used in this study is 5%. The output of the WarpPLS 7.0 application is shown in Figure 1. See Table 7 to check the summary of the processed research model and the coefficients.

According to Figure 2 and Table 8, Machiavellianism and the Love of Money variables suggests a significant positive impact on asset misuse trends. Meanwhile, the Internal Control variable suggests a significant negative result. This is in line with the previous hypothesis.

1. Machiavellianism shows a significant positive impact on asset misuse trends, the significance value <0.01 is less than 0.05 so the first hypothesis is supported.
2. Love of money affects positively and significantly on asset misuse trends, the significance value <0.01 is less than 0.05 so the second hypothesis is supported.
3. Internal control proves a negative yet significant impact on asset misuse trends, the significance value <0.01 is lower than 0.05 supports the third hypothesis.

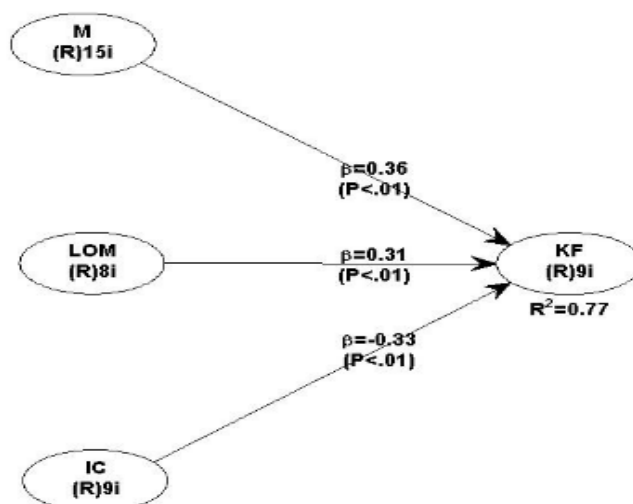
Table 8 Summary of hypothesis test results

Effect		Coefficient	Significance (p)	Conclusion
<i>Machiavellianism</i> →	Tendency to Fraud	0.36	$P < 0.001$	supported.
<i>Love of money</i> →	Tendency to Fraud	0.31	$P < 0.001$	supported.
Internal Control →	Tendency to Fraud	-0.33	$P < 0.001$	supported.

* Rule of thumb p value $<0,05$

Source: Research Data, 2022.

Figure 2 Model of Hypothesis Testing Results



Source: Research Data, 2022.

Discussion

The Effect of Machiavellianism on Asset Misuse Trends

After conducting a series of steps, the results show that the Machiavellianism variable suggests a significant positive impact on asset misuse trends. This means that the greater the Machiavellian nature of an employee, the greater the tendency for asset misuse to be carried out. According to empirical evidence, respondents gave the highest answer on the Machiavellianism variable compared to other variables. So it becomes natural if the first hypothesis is supported empirically.

In the context of the attribution theory, there is a high level of Machiavellianism in an employee, i.e. an employee will influence the other employee to behave negatively or manipulative, because of the personal motivation of the employee (Triantoro et al., 2020). An employee who has this Machiavellian nature tends to disobey the rules, wants to take advantage of the situation for personal gain deliberately, and the most worrying thing is the tendency to

asset misappropriation. Respondents' answers are more focused on prioritizing their own interests without caring about the surrounding environment. The existence of machiavellianism also has a bad influence on an employee because it makes people lose the trust of those around them due to a lack of integrity. Thus, the nature of machiavellianism is one of the factors driving the occurrence of asset misuse that comes from within the individual.

This finding strengthens the findings of Yusra & Utami (2018) which shows that Machiavellian has a significant effect on ethical perceptions of accounting students at Malikussaleh University. The research of Finhandoko and Achsin (2014) also states the same thing, namely the machiavellian nature will show behavior that leads to an attitude of prioritizing personal gain without thinking about the good and bad of the way it is done. Another research that was conducted by Utami et al. (2019) found that moral considerations such as cheating intentions are influenced by Machiavellian personality. High Machiavellian individuals tend to be selfish and prioritize results over process.

The Effect of Love of Money on Asset Misuse Trends

Meanwhile, the hypothesis testing has shown that the Love of Money trait contributes a significant positive impact on asset misuse. This can be interpreted as meaning that the higher the Love of Money personality in an individual, the more likely it is to misuse the company asset at work. Empirically, it is also proven by statistically-high answers from the employee, although not as high as Machiavellianism. This is what makes the second hypothesis accepted because it is positively related. The love of money trait in a person can make someone behave unethically. Essentially, all the asset misuse cases are related to money. A person will do anything possible to fulfill his or her needs, including committing fraudulent and unethical actions, due to the love of money trait.

The nature of love of money that exists in a person can lead someone to act unethically which results in misuse of company assets. This is in accordance with attribution theory which states that behavior is influenced by the individual's internal forces. The Love of Money personality level in an individual may also influence the attitude to solve any money-related issue. For instance, the financial limitations of an individual to fulfill a lavish lifestyle may lead to cheating and fraudulence.

The statement is in line with Yusra & Utami (2018), which suggested the connection between the love of money trait and accounting students' ethical perception. Another study conducted by Suryandari & Pratama (2021) also found that the love of money trait is a determinant factor of corruption in village funds – the findings are more specific. Other studies by Tripermata (2016) and Azizah (2017) research which found that a person's love for money can affect a person's tendency to commit financial statement fraud.

The Effect of Internal Control on Asset Misuse Trends

Based on the hypothesis test result, the internal control affects negatively on asset misuse trends, following the previous hypothesis. Meanwhile, still based on the tests, the internal control in the company is adequate – it was shown by the respondents' answers which didn't lead to any fraud tendency. Effective internal control, on the other hand, makes the employee avoid asset misuse at work. This empirical evidence is in line with attribution theory which states that a person's behavior also comes from external forces, that is, if the circumstances outside of him, namely the effectiveness of the company's internal control, are good, then the perpetrator does not have a loophole to abuse assets.

Also, a good internal control minimizes the opportunity to misuse the company assets as well as gives no space for such actions. Thus, an employee will think twice before committing asset misuse in the workplace. The empirical results can also be implemented to minimize any asset misuse. Therefore, it is expected that the government-owned enterprise in Semarang can improve its internal control.

Similar findings were also found in Desviana et al. (2020) which suggested that internal control affects the fraud tendency in the management of village funds. This research is also in line with Firmansyah (2018) which states that internal control activities affect the occurrence of fraud. So, internal control provides reasonable assurance (not absolute guarantee) because of the possibility of collusion from various employees in the company.

CONCLUSION

As mentioned earlier, the purpose of this study is to investigate the impact and influence of Machiavellianism, the Love of Money trait, and the company's internal control towards asset misuse trends in the XYZ company, a government-owned enterprise in Semarang. According to the findings, the respondents had a high indication of Machiavellianism and developed the Love of Money trait. The employee also believed that the company had delivered effective internal control. Furthermore, the hypothesis test result suggested that Machiavellianism and the Love of Money trait suggested a significant positive impact on asset misuse trends. It means that the company must improve the attitude of all employees and prioritize a good attitude when it comes to recruitment. Meanwhile, the company's internal control didn't urge the employee to conduct asset misuse. All in all, the company has adequate internal control but there will always be room for improvement.

The findings of this study provide two points of contribution. First of all, forensic accounting researchers who are interested in asset misuse topics need to consider the psychological characteristics of the employee. Second of all, the findings can be implemented by the XYZ company to consider the psychological state when recruiting new employees as well as assessing the effectiveness of internal control to prevent fraud.

LIMITATIONS

However, this study has its limitations. Even though it examines several things, such as machiavellianism, the love of money trait, and the company's internal control on asset misuse trends in a government-owned enterprise, the results are not generalized. Therefore, future studies on other organizations are necessary to test the findings' consistency.

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