ABSTRACT

This study aims to obtain empirical evidence of the factors that encourage the occurrence of employee fraud at BPS in Riau Islands Province. Fraud diamond theory is used as a theoretical basis where this study examines the effect of financial pressure, weak internal control, unethical behavior and position of office on fraud committed by employees. In addition, this study also uses transformational leadership style as moderation. Transformational leadership style is expected to weaken the relationship between the factors driving the occurrence of fraud and employee fraud.

This quantitative study uses the method of Structural Equation Modeling Partial Least Square analysis. The independent variables of this study consisted of financial pressure, weak internal control, unethical behavior and position of office. The dependent variable in this study is employee fraud and the moderating variable in this study is transformational leadership style. The Mailed Survey was conducted using a google form and obtained 148 responses. Data processing using SmartPLS 3.2.9 program

The results of the analysis show that financial pressure, unethical behavior and position have a positive and significant influence on employee fraud. Leadership style significantly weakens the relationship between position and employee fraud

Keywords : employee fraud, fraud diamond theory, transformasional leadership style

SEMARANG

FEB UNDIP