



Systematic Literature Review: Behavioral Factors Affecting *Fraud* in Accounting

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ABSTRACT

This study aims to thoroughly examine the various behavioral factors that influence the occurrence of fraud in accounting by using the systematic literature review method. Accounting fraud is an important issue that not only causes financial losses, but also damages the company's reputation and lowers public trust. This study categorizes the behavioral factors that influence the risk of fraud into three main categories, namely individual factors such as the tendency to love money and low morality, organizational factors such as corporate culture that does not uphold ethics, and external factors such as financial pressure. The results show that the love of money and low morality in individuals are the main triggers for fraud, in accordance with the Fraud Triangle and Fraud Diamond which emphasize the role of pressure, opportunity, rationalization, and individual ability. In addition, a corporate culture that allows ethical violations provides greater opportunities for fraud to occur. This research confirms the importance of behavioral accounting for financial decision making because it studies what causes fraud. Improving individual morality, building an ethical organizational culture, and managing external pressures can help prevent fraud. Practically, the results of this study underscore the need to improve individual morale, strengthen internal controls, and ethics training on an ongoing basis as an effort to prevent and early detect fraud in accounting in the future.

1. INTRODUCTION

One important issue that continues to haunt the business and finance industry is accounting fraud. Not only does it result in financial losses, but it can also damage a company's reputation, attract investors, and cause macro-scale economic crises. Strengthening the internal control system, implementing strict regulations, and using sophisticated technology are some of the efforts that have been made to prevent and detect fraud. However, fraud cases still arise frequently and even become more complex, suggesting that current methods may not have fully addressed the real problem.

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Presenting false information is one of the most common forms of fraud in financial reporting, where misstatements of assets or income are higher than they really are (overstatements), otherwise presenting assets or income lower than they really are (understatements) (ACFE, 2020). Based on outstanding cases, the trigger for fraud is due to a low control system, including factors related to individual behavior, one of the elements that is often overlooked or less considered in efforts to prevent fraud, namely motivation, pressure, rationalization, and individuals who have the opportunity to commit fraud. Basically, fraud is a human action carried out for certain reasons and considerations. Kurrohman et al., 2018). In this case, behavioral accounting as a practice has an important role as an effort to prevent fraud through increasing awareness of fraud risks, the effectiveness of the internal control system and an ethical and transparent organizational culture so that the design of fraud prevention strategies is more effective and efficient Kurniawati (2012). Likewise, with individual morality, "morality" is also considered important in preventing the tendency to commit fraud. Individuals with high moral standards tend not to be easily tempted to commit fraud, even though there is an opportunity to do so. Individuals with high integrity, on the other hand, are more likely to avoid cheating because they value ethics and honesty Ameilia, et al. (2025).

Fraud in financial statements is increasing, thus reducing capital market confidence and causing company bankruptcy (Reskino & Darma, 2023). According to a survey published by the Association of Certified Fraud Examiners (ACFE, 2022), Indonesia had 23 fraud cases and ranked fourth in Asia-Pacific. Even more alarming, there were 351 reported cases of fraud in Indonesia's banking and financial sector, with an average loss of \$100,000. This suggests that large groups of people and organizations commit fraud to gain an advantage, avoid responsibility, or financially harm others (Reskino et al., 2023). Nonetheless, the perception gap on which behavioral factors most often cause fraud is still high, as well as how it impacts accounting practices in the field. Therefore, it is important for this study to systematically discover and analyze the behavioral components that contribute to accounting fraud. In addition, using the latest literature findings, this study can provide practical suggestions for the prevention and early detection of financial fraud.

2. LITERATURE REVIEW

FRAUD

According to the Association of Certified Fraud Examiners (ACFE), fraud can be categorized into several main types. One of them is misuse of assets, for example, theft of cash or inventory, financial statement fraud, for example, changing income or expenses to make financial statements look better, and corruption (ACFE, 2024).

a. Forms of Fraud

ACFE (Association of Certified Fraud Examiners) classifies accounting fraud in three categories:

- 1) **Financial Statement Fraud:** This is a fraud that aims to hide the true financial state by copying financial statements made in a favorable manner.
- 2) **Asset Misappropriation:** This is the easiest type of fraud to tackle as it is measurable and quantifiable (defined value). It is fraud that involves the misappropriation of assets or property belonging to the company or another party.
- 3) **Corruption;** This type of fraud is the most difficult to detect because it requires the cooperation of other parties. Corruption can take the form of conflicts of interest, bribery, illegal gifts, and economic extortion.

b. Fraud Indicator

According to Hardianti (2024), the signs used in accounting fraud are as follows:

- 1) Possibility of altering records, falsification and manipulation

- 2) The possibility of omitting information or transactions from the financial statements or presenting incorrect data
- 3) Possibility of using accounting principles unintentionally and making the entity embezzle assets

c. **Fraud Prevention Indicators**

Fraud is fraud committed to obtain unlawful financial gain that can harm other parties. Yusuf et.al., (2021) state that the activities of the factors that cause fraud are steps that can be taken in preventing and limiting fraud. According to Karolina et.al (2023) the steps in preventing Fraud can be done in the following ways:

- a) **Implement a strong internal control system.** Provide employees with a thorough explanation of the importance of applying the internal control system to discover or prevent fraud.
- b) **Building a culture that is friendly, open and helpful.** Establish an integrated work support system, work standardization, control activities, and reward and recognition system. Establish a monitoring system that includes self-control, internal and external auditors. Select honest employees and provide training on the dangers of fraud. Provide employee assistance programs to help employees cope with personal stress.
- c) **Create a positive work environment.** Easy to understand code of conduct, Open policy, Not operating during crisis, and there is no fraud.
- d) **Reduce the possibility of fraud.** Auditor independent law enforcement, Communication with the board of commissioners and audit committee vigilance, Good internal controls and proactive auditing, Check fraud risk vulnerability and evaluate gamemanship, Prevent collusion between employees and customers by providing clear information on company policies that prevent fraud.
- e) **Socialize that every act of fraud will receive appropriate punishment.** Company management must really instill sanctions, which aim to minimize and provide a deterrent effect on fraud.

Fraud Diamond

The general term Fraud encompasses the various ways smart people gain financial or non-financial benefits from others through misrepresentation (Khadra & Delen, 2020; Maulidi & Ansell, 2020). The four elements that make up this theory are as follows:

1. **Pressure:** pressure or encouragement that can encourage students to commit fraud in the organization. This pressure can come from internal and external sources. Internal pressure comes from organizational culture, such as achieving targets without considering ethics, such as committing fraud. External pressure can come from a heavy lifestyle, financial problems, or debt.
2. **Opportunity:** opportunities that allow fraud. Abuse of authority or position and lack of organizational oversight can lead to this opportunity. A person with weak morals can commit fraud when they see an opportunity.
3. **Rationalization:** recognizing that the act of fraud is morally reasonable. To reduce the pain of others, fraudsters will reason or assume that their actions do not harm others.
4. **Capacity:** the ability possessed by the perpetrator of fraud to commit fraudulent acts. If a person does not have the capacity to do something, the crime will not happen.

Love of Money

Love of money theory was first published by Tang in 1992 and is used to assess a person's subjective feelings towards money. Further research (Tang & Chiu, 2003) found that the love of money scale consists of four indicators, namely motivator, success,

important, and rich. This scale illustrates the combination of the idea that money is a motivator and symbolizes success. According to research, Love of money is related to good organizational behavior, such as high job satisfaction and low turnover rates, as well as bad organizational behavior, such as accounting and other fraud. This suggests that the higher a person's love of money, the lower their moral perception, and vice versa. This is because people who truly love money will do whatever it takes to fulfill their needs, even if it violates laws and ethics. This has an impact on people or groups who tend to commit accounting fraud. (Husnurrosyidah, 2019)

Individual Morality

Someone who has morals is usually interested in behaving well so that they are seen as good. In contrast, someone who lacks morals is likely to want to commit fraud that harms or can even harm others. If an employee has good individual morals, they tend to obey the rules and avoid committing fraud for their own personal gain. According to Ameilia et.al (2025) Organizations with high individual morale will motivate employees not to commit fraud, while organizations with lower individual morale will have a greater tendency for employees to commit fraud.

Organizational Culture

Organizational culture is a learning process that shapes attitudes, speech, and actions. According to Putri & Prasiwi (2021), organizational culture serves as a guideline for shaping the characteristics of employees who have a sense of pride as part of the organization. A condition that occurs in an organization is when the various values, attitudes, and beliefs held by each member of the organization are mixed to create an environment that can shape organizational culture (Novitasari & Akbar, 2021).

Behavioral Accounting

Behavioral accounting is a field of accounting that studies how psychological and social factors affect the behavior of individuals in an organization and how this affects the accounting system. Behavioral accounting studies how an organization's accounting system interacts with people. This includes analysis of motivation, job satisfaction, communication, and group dynamics, all of which impact decision making (Mulyadi, 2016). Behavioral accounting aims to improve the performance of accounting systems by considering aspects of human behavior.

3. RESEARCH METHOD

This study uses Systematic Literature Review (SLR), a systematic and organized approach to find, evaluate, and synthesize evidence from relevant studies on behavioral factors that influence accounting fraud. The SLR stages used in this study include: identifying the problem and research questions, determining keywords, identifying relevant database sources, screening and selecting articles, analyzing and synthesizing the literature, and classifying topics and discussing findings. To ensure broad coverage and identify as many relevant studies as possible, the literature search will be conducted using strategic keywords such as behavioral factors, fraudulent behavior, and accounting fraud in various leading scientific databases, such as Garuda, Sinta, and Google Scholar. Furthermore, the results of the SLR will be classified into several main topics, namely Individual Internal Factors, such as morality, ethics, and personal pressure, Organizational Environment, such as work culture, supervision, and internal control, Theoretical Models, which use the Fraud Triangle, Fraud Diamond, and Organizational Type, and Methodological Approaches, which are grouped based on qualitative methods. The synthesis results are expected to provide a better understanding of how individual behavioral elements can drive or mitigate fraud. This will be

highly beneficial in developing more effective fraud prevention and detection strategies in the future. The table below summarizes recent journal articles relevant to this study.

Table 1. Article Classification Based on Theme

No	Author (Year)	Theme / Behavioral Factor	Journal	Indexing	Citations (Est.)	Methodology
1	Husnurrosyidah (2019)	Love of Money	Ekonika	Garuda	15	Quantitative
2	Ameilia et al. (2025)	Individual Morality	Perwira Journal of Economics & Business	Garuda	10	Quantitative
3	Putri & Prasiwi (2021)	Organizational Culture	Akmenika: Jurnal Akuntansi dan Manajemen	SINTA 2	20	Qualitative
4	Rahmi & Suratno (2023)	External Pressure	JIAFE	SINTA 3	5	Literature Review
5	Wulandari et al. (2022)	Fraud Diamond	Jurnal Akuntansi	Garuda	30	Literature Review

Source: Data Processed, 2025

Then, the SLR results are sorted into a few main topics, like: a) Individual Internal Factors, like morality, ethics, and personal pressure. b) Organizational Environment: Work culture, supervision, and internal control. c) Theoretical Models: Fraud Triangle, Fraud Diamond, and Fraud. d) Organizational Classification: distinguishing between public, private, and private companies. e) Methodological Approach: This consists of quantitative, qualitative, and mixed methods. This classification provides an in-depth overview of previous research trends and research gaps that can be explored. This is particularly relevant for the development of behavior-based predictive models that anticipate the possibility of accounting fraud.

4. RESULTS

Three main behavioral categories namely individual, organizational, and external have a major effect on the risk of financial decision-making fraud in this study. Love of Money and low morality are the main factors that increase a person's tendency to commit fraud. This is in accordance with the Triangle Fraud theory which places pressure, as the main trigger for fraud including internal pressure such as Love of Money. Individuals who do not have low morality are more difficult to stop their desire to commit unethical acts.

Internal Individual Factors

According to Love of Money, first written by Tang in 1992, the greater a person's love of money, the lower their moral perception, leading to unethical actions to fulfill their financial desires. Individuals with high moral standards are naturally less susceptible to the temptation to cheat, even when the opportunity arises. Individuals with low morality, on the other hand, will find it difficult to refrain from unethical actions. In this case, integrity serves as a strong internal barrier. Focusing on individual morality shifts the focus from reactive detection of cheating to a proactive and intrinsic approach by encouraging ethical behavior from within.

Organizational Environment

This is in line with the Fraud Diamond theory, which adds an element of ability (capacity) and shows that an organizational culture that allows ethical violations can increase the Opportunity (opportunity) to commit fraud Wulandari, et al. (2022). Fraud is more likely to occur in cultures that lack moral norms. In addition, the likelihood of fraud, leading to unrealistic or fraudulent financial decisions, can increase when systemic factors such as information asymmetry and individual factors such as arrogance interact with each other. Unintentionally, organizational cultures that do not maintain integrity can empower perpetrators by giving them the impression that their actions are justified. The results show that “the combination of systemic factors such as information asymmetry and individual factors such as arrogance” increases the likelihood of fraud. This demonstrates a complex relationship in which organizational weaknesses encourage individual tendencies and create an environment that supports fraud. Systemic weaknesses or opportunities are information asymmetries, which occur when one party has more or better information than the other. Arrogance, a behavioral trait, can lead to the belief that one is better than others or unable to overcome one's weaknesses. Systemic weaknesses, also known as information asymmetry, provide the potential for fraud, and individual traits, such as arrogance, provide the ability and desire to exploit that opportunity, which can lead to “unrealistic financial decision-making.”

Theoretical Models (Fraud Triangle, Fraud Diamond)

Relevant to the Fraud Diamond and Fraud Triangle theories, this study emphasizes the role of pressure (such as internal desire for money), opportunity (such as lack of control or unethical culture), rationalization (such as justifying actions due to low morality or permissive culture), and individual ability. Fraud Diamond relates the arrogance dimension, which explains how individuals with special abilities and arrogance attitudes look for opportunities to commit fraud. The risk of fraud increases as a result of a combination of systemic factors such as information asymmetry and individual factors, namely arrogance, which influence unrealistic financial decision making. In addition, a culture that does not support integrity can make the perpetrator feel more able to justify his actions. According to Rahmi & Suratno (2023) Reasons for fraud can come from external sources, such as financial pressure and performance demands.

5. CONCLUSION

This study concludes that behavioral accounting has an important role in the financial decision-making process, especially through its ability to identify and analyze behavioral factors that are the main causes of fraud. Increasing morality in individuals, establishing an organizational culture that upholds ethics, and managing pressures from the external environment are strategic steps suggested to prevent fraud. Furthermore, the implementation of a strong internal control system and continuous ethics training are highly recommended. These efforts are expected to make a significant contribution in reducing the number of fraud cases that often occur in the business and financial environment, thereby creating a more transparent and responsible ecosystem.

LIMITATION

This study has several limitations that need to be considered. As a systematic literature review (SLR), the results obtained are highly dependent on the quality and availability of publications. Although maximum effort has been made to search the literature in reputable scientific databases such as Garuda, Sinta, and Google Scholar, it is possible that there are relevant studies that have not been indexed or cannot be accessed, which may limit the completeness of the coverage. This study's focus on behavioral factors that influence accounting fraud may not cover all dimensions of fraud. Accounting fraud is a complex phenomenon, influenced by a variety of factors, including structural, regulatory, and technological aspects. This study specifically highlights behavioral factors (individual,

organizational, and external) in accordance with the purpose of systematic literature analysis, so it may not present a comprehensive picture of the interaction of all factors that cause fraud. Furthermore, although this study identified dominant behavioural factors such as Love of Money and low morality as triggers for fraud, as well as unethical organizational culture, generalizations of these findings should be made with caution. The cultural context, regulations and business practices in each country or industry can vary significantly, meaning that similar behavioral factors can have different impacts in different environments. Future studies could further explore how these factors interact in specific contexts to provide a deeper understanding.

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