

## **The Influence of Reward and Sanctions, Job Rotation on Fraud with Religiosity as Moderating Variable**

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### **ABSTRACT**

*Every company is subject to the inevitable risk of fraud. The ACFE survey (2016) found that the banking industry was the industry most disadvantaged due to fraud after government agencies. Various attempts have been made to reducing fraud by the company through implementing an internal control system, develop organization culture that is not permissive with tolerance for fraud. This study aims to provide empirical evidence: (1) whether reward and influence on fraud (2) whether the effect of job rotation affects fraud; (3) whether Religiosity moderates the effect of the relationship between rewards and punishment on fraud; (4) whether Religiosity moderates the effect of job rotation on fraud. Research subjects are employees who work in the banking industry in Ambon city. The number of samples in this study are 65 respondents. The data survey method is through using a questionnaire. The data analysis technique used simple Linear Regression and Moderated Regression Analysis (MRA). The results of the research prove that: (1) rewards and punishment have a negative effect on fraud; (2) Job rotation has a negative effect on fraud; (3) Religiosity does not moderate the relationship between rewards and punishment against fraud; (4) Religiosity does not moderate the relationship between job rotation and fraud.*

**Keyword: Fraud, Reward and Punishment, Job Rotation and Religiosity**

### **ABSTRAK**

Setiap perusahaan berhadapan dengan resiko kecurangan yang tak terhindarkan. Survei ACFE (2016) menemukan bahwa, industri perbankan menjadi industri paling dirugikan akibat kecurangan setelah lembaga pemerintah. Berbagai upaya dilakukan untuk mengurangi tindakan kecurangan yang dilakukan perusahaan dengan menerapkan sistem pengendalian internal, membangun kultur organisasi yang tidak permisif dengan toleran atas kecurangan. Penelitian ini bertujuan untuk memberikan bukti empiris: (1) apakah penghargaan dan sanksi berpengaruh terhadap kecurangan (2) apakah rotasi kerja berpengaruh terhadap kecurangan; (3) apakah Religiusitas memoderasi pengaruh hubungan penghargaan dan sanksi terhadap kecurangan; (4) apakah Religiusitas memoderasi pengaruh rotasi kerja terhadap kecurangan. Subjek penelitian ini adalah pegawai yang bekerja pada industri perbankan yang ada di kota Ambon. Jumlah sampel dalam penelitian ini sebanyak 65 responden. Metode pengumpulan data melalui survei dengan menggunakan kuesioner. Teknik analisis data menggunakan metode Regresi Linear sederhana dan Moderated Regression Analysis (MRA). Hasil penelitian ini membuktikan bahwa: (1) penghargaan dan sanksi berpengaruh negatif terhadap kecurangan; (2) Rotasi kerja berpengaruh negatif terhadap kecurangan; (3) Religiusitas tidak memoderasi hubungan antara penghargaan dan sanksi terhadap kecurangan ; (4) Religiusitas tidak memoderasi hubungan antara rotasi kerja terhadap kecurangan.

**Kata Kunci: Kecurangan, Penghargaan dan Sanksi, Rotasi Kerja, dan Religiusitas**

## **INTRODUCTION**

Fraud is a risk that cannot be avoided by every company. Fraud can be said as a inherent risk in every company, both small and large companies. The results of the Global Association of Certified Fraud Examiners (ACFE) research show that every year an average of 5% of organizations missing due to fraud. Not only losses, fraud in an organization can become a serious problem such as bankruptcy.

The cases of World Com and Enron are examples of companies that went bankrupt due to fraud. Thus, it can be said that fraud that cannot be overcome will have a significant impact. The act of fraud that looks trivial and tends to be ignored, can be an opportunity for even greater fraud. (Wolfe, David T; Hermanson, Dana R., 2004) that any kind of fraud that looks small is actually a big fraud that is in the process of growing.

In the Indonesian fraud survey (2016) conducted by ACFE, the financial and banking industries were the industries most disadvantaged by fraud, beside of government agencies, with a percentage of 15.9%. The Anti-Fraud Agency assesses that fraud in the banking industry is still difficult to eradicate. In addition, the potential to commit fraud comes from the banking sector itself. In other words, the perpetrators who commit in fraud are the people who work in their bank itself. Empirical data shows that the perpetrators of fraud are mostly insiders (Wolfe, David T; Hermanson, Dana R., 2004) OJK also ensures that most (90% - 93%) cases of bank fraud always

involve insiders. This is also consistent with a survey on the behavior of bank employees conducted by the Asia Anti-Fraud Foundation, that 70% of people working in the financial sector are basically dishonest.

In Maluku Province, the fraud cases of banking industry frequently occurred. There are several cases of fraud, one of which is at a bank owned by the local government, namely Bank Maluku Malut. In table 1 below are the list of cases of banking fraud that have occurred in Maluku province. Based on table 1, it can be concluded that the fraud that occurred in these banks was carried out by internal bank parties who had high positions, had the authority and having responsibility in decision making. This is also in line with the Indonesian fraud survey conducted by the ACFE (Association of Certified Fraud Examiners) in the Report to the Nations (2016) which proves that the middle/top managerial level is the one who commits to fraud. The perpetrator of fraud is usually a person who has the authority to make decisions relating to the handling of banking operations. This crime is commonly called white collar crime.

In Order to minimizing fraud act, each company establishes various policies, such as providing rewards and sanctions. Rewards have the meaning of awards, gifts (Nurmiyati, E., 2011) Thus, if the award given by the company is sufficient, and the sanctions given are burdensome, then employees will be disinclined to fraud.

In addition to the reward policy and sanctions to minimize the occurrence of fraud,

companies can also establish a policy of job rotation or transfer of workers between different jobs. (Fadipe, Joseph O.A; Titiloye, E O;, 2003) stated that, job rotation is an internal control that can be used to prevent fraud. An Employee will realize that every action he takes in a position conjoined by other employees when the position is replaced. fraud prevention with an effectiveness rate of 80%.

Apart from the two internal control policies above, a part that also plays an important role is religiosity. Religiosity is related to the values of religious guidance, about good and bad things that lead to right and wrong actions that embodying a person's characteristics, so that it will be reflected in his attitude at work. According to (Mc Daniel, Stephen W; Burnett, John J;, 1990) Religiosity is belief in God accompanied by a commitment to follow the principles believed to be established by God. High religiosity makes someone afraid to do actions that are prohibited by God. (Dinata, et al., 2018)) stated that the perpetrators of fraud assumed that their actions were legitimate actions, because it was a natural thing.

A person's religiosity is reflected when someone has a religion. Religion teaches what is right and what is wrong. (Conroy, Stephen J; Tisha, L N;, 2004) states that people who have a commitment in religion are able to make decisions according to their moral beliefs. So, if an employee has high religiosity, they will be afraid to dishonest advantage in their work environment.

Research on rewards and sanctions, job rotation and religiosity against fraud still needs to be done. This research refers to previous research conducted by (Sutherland, Edwin H;, 1940). In this research, we apply religiosity, the independent variables into a moderating variable. In view of the fact the religiosity is a term from within a person (internal factor) that encourages him to behave in accordance with or not with religious norms and values so that it will have an impact on awards and sanctions and job rotation given by the institution where he works.

Meanwhile, awards and sanctions and job rotation are the policies of the company (external factors). Therefore, the author wants to identify how the moderation effect arising from the Religiosity variable, whether it strengthens or weakens the relationship between the reward and sanctions variables and the job rotation variable on the employee fraud variable.

## **RELATED LITERATURE and RESEARCH METHOD**

White collar crime was first coined by (Sutherland, Edwin H;, 1940) Sutherland defines white collar crime as follows:

*"a crime committed by person of respectability and high social status in the coerce of his occupation" (crimes committed by people with high social and respectable status in their work"*

. The definition of this theory was then developed. Priantara's Dictionary of Criminal Justice Data Terminology (2013: 6) defines white-collar crime as:

*“Nonviolent crime for financial gain committed by means of deception by persons whose occupational status in entrepreneurial, professional or semi-professional and utilizing their special occupational skills and opportunities; also, nonviolent crime for financial gain utilizing deception and committed by anyone having special technical and professional knowledge of business and government, irrespective of the person’s occupation”*

The International Auditing and Assurance Standard Board (IAASB) defines fraud as an intentional act by one or more individuals in management, employees, or third parties by involving fraud to obtain illegal and dishonest advantages. According to the IIA (The Institute of Internal Auditor), Fraud is an array of irregularities and illegal acts characterized by intentional deception (fraud is a group of actions that are not permitted and violate the law characterized by an element of deliberate fraud). According (Tuanakotta, T M;, 2015), fraud is a deliberate act by one or more people in the management team, supervisors, employees, third parties by deception to obtain illegal benefits (against the law). Fraud can also be termed fraud which implies a deviation and unlawful act, which is done intentionally for a specific purpose, such as cheating or giving a wrong picture to other parties, which is committed by people both from inside and outside the organization.

From some of the definitions of fraud above, it can be defined that falsify is an act of pervert that is deliberately carried out by employees, management, or third parties for the purpose of benefiting themselves or a

group by cheating, stealing, embezzling information or other deviant actions that can harm other parties.

According to the 2006 Examination Manual of the Association of Certified Fraud Examiners (Karyono, 2013), fraud consists of four major groups, namely:

1. Report Fraud, Consisting of Fraudulent Financial Statements and Other Report Frauds
2. Misuse of Assets, Consists of Cash Fraud and Inventory and Other Assets Fraud
3. Corruption, which consists of Conflicts of Interest, Bribery, Unauthorized Gifts and Economic Extortion
4. Computer-related fraud.

The Diamond Cheating Theory put forward by (Wolfe, David T; Hermanson, Dana R;, 2004), is explained as follows:

1. Incentive/pressure, namely the encouragement/desire of employees to act fraudulently due to pressure from internal and external parties. Commonly this pressure arises because of financial problems, work pressures, lifestyle and so on.
2. Opportunity (opportunity), is an opportunity that allows fraud to occur due to the absence of supervision or weak / ineffective internal supervision, and so on.
3. Rationalization, is the thought of someone who considers that the act of cheating is something that is normal, which is acceptable, in other words, everyone will commit fraud if they are in the same position and situation.

4. Capability, is the ability or intelligence that a person can use to commit fraud which is difficult for others to know. (Wolfe, David T; Hermanson, Dana R., 2004), (Wilopo, 2006) describes the characteristics of perpetrators from capability elements, namely one's position, intelligence, ego, coercion, fraud, and stress control.

*H1: Rewards and sanctions affect Banking Employee Fraud*

The more often employees receive rewards for good achievement taken, the greater the employees will reiterate good actions, and vice versa. The more often employees get sanctions or penalties for mistakes that have been committed, the less mistakes they have committed. Rewards given to employees will have a significant effect on performance. The results of research (Permatasari, Meilia, 2016) prove that rewards and sanctions have an effect on fraud.

*H2: Job Rotation affect Banking Employee*

Job rotation is an internal control that can be used to avert fraud. An Employee will realize that every action he takes in a position can be known by other employees when the position is replaced. Intercompany transfers or employee rotation also help disperse the culture by improving employee socialization and potentially mitigating employee fraud by preventing employees from becoming too familiar with certain entities, coworkers and/or transactions. From this theory, it can be concluded that job rotation can maintain one's independence.

H2: Job rotation affects Banking Employee Fraud

*H3: Religiosity in Moderating the Influence of Rewards and sanctions, Job rotation on Banking Employee Fraud*

Religion makes people know what is right and what is wrong. Thus, if the company establishes a policy of rewards and sanctions, religious people will increasingly bear for good deeds and avoid defective manners, so that it will influence their behavior to commit fraud. So, if someone is transferred from his position, a religious person will remain honest and rarely not to commit to fraud even though there is an opportunity. The results of the study (Ananda; Primavera, hairunnisa; Purnamasari; Pupung; Gnawan'; Hendra, 2016) prove that religiosity has a significant effect on fraud prevention. This means that the more religious a person is, the less likely he is to commit fraud,

Research (Sa'adah, Yuliana, 2015) (Siregar, Syofian, 2013) proves that Religiosity moderates (strengthens) the influence of Economic Factors on Return on Financing and moderates (weakens) the influence of Social Capital on Refunds on Financing. Research conducted Religiosity moderates the effect of rewards and sanctions on Banking Employee Fraud

*H3: Religiosity moderates affected job rotation on Banking Employee Fraud*

## **METHODOLOGY**

The location of this research is a banking company in the city of Ambon. The object of



this research is Employee Fraud, Rewards and sanctions, Job Rotation and Religiosity.

#### Samples and Sampling Techniques

The sample is part of the number and characteristics possessed by the population. The sample in this study is employees who work in the banking industry who have certain occupations. Thus, the sampling technique used was purposive sampling. Purposive sampling is a method of determining respondents to be sampled based on certain criteria (Siregar, Syofian,; 2013) The criteria referred to are banking employees who have function including:

1. Teller.
2. Head Teller or teller coordinator.
3. Credit Manager (credit manager).
4. Branch Manager (branch manager)

#### *Operational Definition and Variable Measurement*

##### *Reward and sanctions variables*

Reward is an award given by a company to employees for their work contribution, time and ideas for the progress of the company, in which the award can be in the form of salary, allowances, insurance, incentives, bonuses or promotions, leave, career development, and awarding. Sanctions are unpleasant consequences or sanctions given to someone if they violate the rules that have been made with the aim of providing a deterrent effect. In this research, reward and sanction variables are independent variables, here in after referred to as X1. Independent variables are variables that cause or change / influence other variables (Siregar, Syofian,; 2013) The

dimensions and indicators of awards and sanctions are as follows:

1. Dimensions of social rewards, with indicators namely salary, incentives/bonuses, allowances, insurance, training and leave.
2. Physic reward dimension, with indicators namely appreciation and praise,
3. Dimensions of preventive sanctions (making regulations), with indicators, namely: can do better and efforts to minimize errors,
4. dimensions of repressive sanctions (reprimand, warning letters, suspension), with indicators, namely: able to self-introspect, to restore trust, not to hold a sense of resentment.

##### *Job Rotation Variable*

Job rotation is a policy of changing the position and job of an employee, which is structurally not an increase in rank/class that is given by the organization/company to its employees with the aim of increasing skills and experience and reducing employee burnout. In this study, the job rotation variable is an independent variable, here in after referred to as X2, with the following dimensions and indicators:

1. Saturation Dimensions. The indicator is the level of saturation.
2. Dimensions of knowledge, abilities and competencies about new jobs. The indicator is additional knowledge, skills and work mastery
3. New Experience Dimensions. The indicator is additional experience.

4. Dimensions of Interaction with employees from other departments. The indicators are adaptation and cooperation.

#### *Religiosity Variable*

Religiosity can be defined as a person's sight and attitudes which are reflected in the existence of religious beliefs he adheres to, so that religious values become benchmarks in behavior. In this study, the Religiosity variable is a moderating variable, here in after referred to as X3. The moderating variable is the variable that affects (strengthens or weakens) the relationship between the independent variables. The dimensions and indicators of religiosity are as follows:

1. Dimensions of ideology and beliefs. The indicators are belief and belief in God/God, angels, reincarnation, heaven, hell, life after death and so on.
2. The dimensions of worship and ritual, the indicators are reading the holy book, worship, ceremony and prayer.
3. Dimensions of daily spiritual experience. The indicator is a feeling of guilt when breaking religious rules.
4. The dimension of knowledge of religious rulings. The indicators are knowledge of morals, good or bad behavior, recommended and prohibited religious orders.
5. The dimension of practicing values taught by religion. The indicators are honest, responsible behavior, work is worship, forgiveness and gratitude.

#### *Fraud Variable*

Fraud is an act of trickery that is deliberately committed by employees, management, or third parties for the purpose of benefiting themselves or a group by means of cheating, stealing, embezzling information or other deviant actions that can harm other parties. In this study, the variable Employee Fraud is the dependent variable, here in after referred to as Y. The dependent variable is a variable that is influenced or becomes the result of other variables (independent variables). This variable is also often called the dependent variable, response variable or endogenous (Siregar, Syofian,; 2013) The dimensions and indicators of fraud are as follows:

1. Incentive/pressure dimension, the indicator is personal pressure, employment pressure.
2. Opportunity dimension, the indicators are control and monitoring environment.
3. The dimension of rationalization is the indicator of abuse of position and abuse of organizational resources.
4. Capability dimensions, indicators of integrity, abuse of authority and ability to make policies.

From the description of the operationalization of the variables above, it can be summarized as shown in the following table:

Measurement of variables is carried out using a Likert scale. Likert scale is used to measure attitudes, opinions and perceptions of a person or group of people about social phenomena. In this study, the respondents'

answers in the questionnaire were assessed with the following scores:

Strongly Disagree	=	1
Disagree	=	2
Neutral	=	3
Agree	=	4
Strongly Agree	=	5

#### *Interaction Test (Moderated Regression Analysis)*

(Arikunto;, 2010) Moderated Regression Analysis (MRA) or interaction test is a special application of linear multiple regression where the regression equation contains an element of interaction (multiplication of two or more independent variables). The multiplication variable is a moderating variable because it serves to strengthen or weaken the relationship between the independent variable and the dependent variable. To find out that a certain variable can be a moderating variable, it must meet the significance level  $<0.05$ . MRA analysis is used to answer the third hypothesis (H3), namely whether religiosity moderates the effect of rewards and sanctions on fraud and whether religiosity moderates the effect of job rotation on fraud. The statistical equations used to determine the moderating variables that support the effect of rewards and sanctions and job rotation on employee fraud are:

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_1 x_3 + \beta_3 x_2 x_3 + \varepsilon$$

Where:

$Y$	=	Employee Fraud
$x_1$	=	Rewards and sanctions
$x_2$	=	Job rotation
$x_3$	=	Religiosity

$$\varepsilon = \text{error}$$

The effect of the relationship between the independent variable and the dependent variable can identify from the significance level of 5%. If the significance level obtained is more than 5%, the hypothesis is rejected, on the contrary, if the significance level is between 0-5%, the hypothesis is accepted.

## RESULT

The sample in this study consists of several worker for each banking company. There are as many as 20 banking companies (branch offices) and 4 respondents were selected on specific bank. So that when we added up, the expected total respondents in this study were 80 respondents through purposive sampling method.

The data was collected using the direct distribution method, namely by directly visiting the research location to submit the questionnaire and recollected after a specified time interval. The distribution and collection of questionnaires took place for 1 month from 17 December 2018 to 18 January 2019.

The overall of questionnaires distributed was 80, 4 were rejected (1 bank was not willing to fill in), 11 were not returned and 65 were returned. Thus, the questionnaire that may be used in this study amounted to 65 copies or about 81%.

### Descriptive Statistics

#### Rewards and Sanctions Variable

The number of questions for the reward and sanction variables was 13 questions. Based on the table above, the highest score is



62, while the lowest score is 41. Subsequently, after obtaining the Mean Ideal (Mi) and Standard Deviation Standard (SDi), the next step is to determine the tendency of the variables in several categories, namely Good, Fairly Good and Bad (Arikunto, 2010) (Mangkunegara, A A; Prabu, Anwar, 2000) the calculations are as follows:

Based on the data in table 13, it can be seen that the most respondents' data was in the fairly good category as much as 66.2%, while in the good category it was 21.5%. In the bad category only 12.3%. Therefore, it can be drawn to close that the application of rewards and sanctions felt by banking worker y is in the fairly good category.

#### Job Rotation Variable

The number of questions for the job rotation variable is 5 questions. Based on table 12, the highest score is 25, while the lowest score is 15. Based on the data in table 14, we recognize that the most respondents' data was in the fairly good category as much as 57%, while in the good category it was 29.2%. In the bad category only 13.8%. Therefore, it can be derived that the implementation of job rotation felt by banking employees is in the fairly good category.

#### Religiosity Variable

The number of questions for the religiosity variable was 8 questions. Based on table 12, the highest score is 40, while the lowest score is 29.

Based on the data in table 15, it can be seen that the most respondents' data was in a good category as much as 63.1%, while in the

fairly good category it was 33.8%. In the bad category only 3.1%. Therefore, it can be derived that the religiosity of banking employees is in the good category.

#### Fraud Variable

The number of questions for the fraud variable was 9 questions. Based on table 12, the highest score is 24, while the lowest score is 9. Based on the data in table 16, it can be seen that most respondents' data has a bad category of 56.9%, while the fairly good category is 32.3%. In the good category, it was 10.8%. Therefore, it can be assumed that the majority of banking worker presume that fraud as an unacceptable enforce. In other words, the workers contradict with acts of fraud.

## DISCUSSION

### *H1 Rewards and sanctions have an effect on Employee Fraud*

To test H1, a simple linear regression analysis was used. The retrieve results shown in table 21 below. From the regression equation above, we conclude that the regression coefficient of rewards and sanctions is -0.252, which means that there is a negative relationship between rewards and sanctions with employee fraud. The coefficient of determination (R<sup>2</sup>) of 0.092 (9.2%) indicates that the contribution of rewards and sanctions to fraud is 0.092 (9.2%), the remaining 0.908 (90.8%) comes from other variables. From the analysis of variance (ANOVA), it can be seen that the significance value is 0.014, which means <0.05, meaning that H1 is accepted or proven to be significant.

## *H2 Job rotation have an effect on Employee Fraud*

From the regression equation above, we collect that the regression coefficient of job rotation is -0.450, which means that there is a negative relationship between job rotation and employee fraud. The coefficient of determination ( $R^2$ ) of 0.115 (11.5%) indicates that the contribution of job rotation to fraud is 0.115 (11.5%), the remaining 0.885 (88.5%) comes from other variables. From the analysis of variance (ANOVA), we identify that the significance value is 0.006, which means  $<0.05$ , meaning that  $H_1$  is accepted or proven to be significant.

## *H3 Religiosity moderates the effect of rewards and sanctions on employee fraud*

To test the effect of moderation in this study using the interaction test or Moderated Regression Analysis, which is the test used to determine the influence of religiosity in moderating the effect of rewards and sanctions on employee fraud.

In regression equation, it can be seen that the regression coefficient value is -0.252, so rewards and sanctions have a negative effect on Employee Fraud. The higher the rewards and sanctions, the lower employee fraud. The  $R^2$  value of 0.092 indicates that the effect of rewards and sanctions on fraud is 9.2%.

Next, we obtained that the regression coefficient of Rewards and sanctions ( $X_1$ ) is -0.173 explanation that if other independent variables have a fixed value and rewards and sanctions have increased by 1% then fraud will decrease 17.3% or we conclude that there is a

negative relationship between reward and sanctions against employee fraud. The value of the religiosity coefficient ( $X_3$ ) is -0.454, it means that if the independent variable is fixed and the religiosity increases by 1%, then fraud will decrease by 45.4%. The coefficient is negative, it means that there is a negative relationship between religiosity and fraud. The higher the religiosity, the lower the employee fraud.

The regression coefficient of rewards and sanctions ( $X_1$ ) and religiosity ( $X_3$ ) before the interaction is negative, we conclude that if one of these variables is constant and the other increases by 1%, then fraud decreases. Interaction between  $X_1$  and  $X_3$  the regression coefficient is -0.002, it means that the increased interaction, the lower the employee fraud. Score of  $R^2$  of 0.201 shows that the percentage of the influence of the interaction between rewards and sanctions and religiosity on the variable of fraud is 20.1%.

From the value of the constant before there is an interaction of 39,294 with a statistical value of  $t = 5,940$ . The value of  $\beta_1 = -0.173$  and the statistical value of  $t = -1.766$  with a significance value of 0.082 are not significant. While the value of  $\beta_2 = -0,454$  and the statistical value of  $t = -2,907$  with a significance value of 0.005 is significant. After the interaction  $X_1 * X_3$ , the constant value is 35.454 with a statistical value of  $t = 0.449$ . The value of  $\beta_1 = -0.099$  and the statistical value of  $t = -0.065$  with a significance value of 0.949 is not significant. The value of  $\beta_2 = -0.352$  and the statistical value of  $t = -0.168$  with a

significance value of 0.867 are not significant. Meanwhile, the value of  $\beta_3 = -0.002$  and the statistical value of  $t = -0.049$  with a significance value of 0.961 are not significant. Based on the analysis above, it can be concluded that H3 is rejected, it means that religiosity does not moderate the effect of rewards and sanctions on employee fraud.

#### *H4 Religiosity moderates the effect of job rotation on employee fraud*

The regression coefficient value is -0.450, so job rotation has a negative effect on employee fraud. The more job rotation increases, the lower employee fraud. The R2 value of 0.115 shows that the effect of job rotation on fraud is 11.5%.

In that regression equation we observe that the regression coefficient of job rotation (X2) is -0.369, it means that if other independent variables are fixed in value and job rotation increases by 1%, fraud will decrease by 36.9% or there is a negative relationship between job rotation and fraud employees. The value of the religiosity coefficient (X3) is -0.466, effect that if other independent variables have a fixed value and religiosity increases by 1%, then fraud will decrease by 46.6%. The coefficient is negative, we analyze that there is a negative relationship between religiosity and fraud. The higher the religiosity, the lower the employee fraud.

The regression coefficient of job rotation (X2) and Religiosity (X3) before the interaction is negative, we can explain that if one of these variables are constant and the other increases

by 1%, then fraud will decrease. If there is an interaction between X2 and X3, the regression coefficient is -0.040, which means that the increased interaction, the lower the employee fraud.

The value from R2 of 0.243, shows that the percentage of the influence of the interaction between job rotation and religiosity to the fraud variable is 24.3%.

The value of interaction is 38.273 with a statistical value of  $t = 6.545$ . The value of  $\beta_1 = -0.369$  and the statistical value of  $t = -2.464$  with a significance value of 0.017 is significant. While the value of  $\beta_2 = -0,466$  and the statistical value of  $t = -3,128$  with a significance value of 0.003 is significant.

The interaction between  $X_2 \times X_3$ , the constant value is 68.870 with a statistical value of  $t = 1.727$ . The value of  $\beta_1 = -1.853$  and the statistical value of  $t = -0.966$  with a significance value of 0.338 is not significant. The value of  $\beta_2 = -1.292$  and the statistical value of  $t = -1.202$  with a significance value of 0.234 is not significant. Meanwhile, the value of  $\beta_3 = 0.040$  and the statistical value of  $t = 0.776$  with a significance value of 0.441 is not significant. Based on the above analysis, it can be concluded that H4 is rejected, meaning that religiosity does not moderate the effect of job rotation on employee fraud.

The results of hypothesis 1 test prove that there is a significant negative effect of rewards and sanctions on banking employee fraud. If the rewards and sanctions are further increased, then employee fraud will further decrease. Thus, it can be concluded that

Hypothesis 1 which states that rewards and sanctions have an effect on fraud in banking employees, is confirmed.

In this study, the highest item regarding reward and sanctions variables is related to item number 6 (eight), namely the company provides leave to employees. Routine tasks at the bank makes employees feel disinterested, so that if the company gives layoff, employees will feel lively. An effective and fair layoff policy will improve employee performance and decreasing the tendency to make underhanded. Meanwhile, the lowest scores is in the statement item number 2 (two), namely the bonus received is as expected, in other words, banking employees think the bonus given by the company is not in accordance with expectations. However, the policy of giving bonuses to employees can reduce the tendency for employee fraud. With the bonuses, employees will improve performance and reduce inaccuracy and even the tendency to act untrustworthy.

Rewards increase employee productivity and can be an encouragement for employees to do an excellent job. (Mangkunegara, A A; Prabu, Anwar, 2000) explained that sanctions are intended to provide lessons to offenders and improve performance, in case with sanctions employees will be afraid to make mistakes or cheat. The results of this study support the previous research conducted by (Permatasari, Meilia, 2016) which prove that rewards and sanctions have an effect on employee fraud.

Hypothesis 2 test results prove that there is a significant negative effect of job rotation on employee fraud. If the job rotation well executed, then employee fraud will decrease. Thus, it can be concluded that Hypothesis 2 which states that job rotation affects bank employee fraud is accepted.

In this study, the highest item regarding the job rotation variable is related to item number 3 (three), namely job rotation adds experience. Job rotation makes employees more focused on self-development and spend more time to learn about latest issue to developed their skills, therefore employees will not think of making a dishonest act. While the lowest score is in the statement item number 1 (one), namely job rotation makes employees feels anxious with their job. In other words, employees think that job rotation does not always reduce monotony. This is in conformity with the conditions in banking industry where the busy routine in the bank makes employees feel spiritless. However, job rotation can motivate employees to recognize new jobs and prevent an employee responsible for routine work. Job rotation prevents employees from being too familiar with the work environment which can leave an opportunity to the employees making deceitful tasks.

The results of this study in accordance the results of research conducted by Wibisono (2015) and (Permatasari, Meilia, 2016) which prove that job rotation affects employee fraud.

Hypothesis 3 test results prove that religiosity does not moderate the effect of rewards and sanctions on employee fraud.

Thus, it can be concluded that Hypothesis 3 which states that religiosity moderates the effect of rewards and sanctions on employee fraud, is rejected.

Religiosity does not weaken or strengthen the influence of rewards and sanctions on employee fraud with the assumption that in the banking industry, employees will act professionally in accordance with the responsibilities that have been carried out and the rights that should be given by the company. Even though employees have high religiosity, if the employee has completed their responsibilities and the rights of the employee are not fulfilled, for example a salary, bonus, or other form of reward, the employee can protest, resign, and even act of immorality.

Hypothesis 4 test results prove that religiosity does not moderate the effect of job rotation on employee fraud. Thus, it can be concluded that Hypothesis 4 which states that Religiosity moderates the effect of job rotation on banking employee fraud, is rejected. Religiosity does not weaken or strengthen the effect of job rotation on employee fraud, with the assumption that even though employees have high religiosity, if there are ineffective or poor internal controls in the company even though job rotation has been implemented, employees will tend to fraud. This is in accordance with the theory of fraud where if there is pressure, opportunity, and rationalization, employees will tend to fraud.

Research conducted on employees tends to provide a good category assessment of employee religiosity as evidenced by the

percentage distribution of variable frequency tendencies of 63.1%. Employees have the belief in God and always supervise every activity carried out by employees, this is evidenced by the high score of question number 1 (one), namely the belief that God is always overseeing every activity carried out by employees. While the lowest score can be seen in question number 7 (seven) on the question that employees absolve people who do evil to them. In other words, not all employees agree to exempt people who are mean to them.

## **CONCLUSION**

Based on the results of this study we found that religiosity does not moderate both the effect of rewards and sanctions on fraud and job rotation on fraud. In addition, the results of the survey of respondents' responses to the questions in the questionnaire, it is known that respondents tend to answer Neutral to Strongly Agree on the religiosity variable. As for the fraud variable, respondents' responses varied from strongly disagree to strongly agree. This indicates that some employees tend to be indecisive and concession with fraud even though employees have high religiosity. Religious activity does not only occur when a person performs ritual behavior (adoration), but also when he performs other activities that are not visible and occur in a person's heart. The level of religiosity does not affect consent. This is because there is no connection



between matters of religious values and business interests.

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**Table 1 Corruption Case in Maluku**

No	Kasus (Tahun)	Pelaku	Kerugian
1.	Penggelembungan anggaran pembelian kantor cabang di Surabaya (Berita Maluku Online, 2017)	Direktur CV Harves, Mantan Dirut Bank Maluku Malut, Kepala Divisi dan Renstra Bank Maluku-Malut	Rp7,6 Milyar
2.	Praktik Repo Fiktif (Intim News, 2018)	Direktur PT Andalan Artha Advisindo, dan 2 Pejabat Bank Maluku-Malut (Mantan Direktur Umum periode 2010-2015 dan Direktur Kepatuhan )	Rp238 Milyar
3.	Penggelapan uang Nasabah BRI Namrole (Intim News, 2018)	Petugas Teller BRI Namrole	Rp562 juta
4.	Korupsi dana BRI Amahai (Kilas Maluku, 2018)	Mantan Kepala Unit BRI Amahai	Rp1,544 Milyar
5.	Penggelapan Dana BRI Cabang Ambon (Inews, 2018)	Pejabat sementara supervisor pelayanan kas BRI cabang Ambon	Rp3,3 Milyar

Source: online media

**Table 2 Distribution of Questionnaires for Each Bank**

No	Bank	Distributed Questionnaires	Filled Questionnaires	Percentage
1.	Bank Maluku Malut Jl. Pattimura No. 9	4	4	100%
2.	Bank Rakyat Indonesia (BRI) Jl. Diponegoro No. 29	4	0	0%
3.	Bank Mega Jl. Sultan Hairun No. 17	4	4	100%
4.	Bank Mandiri Jl. Raya Pattimura No. 14	4	4	100%
5.	Bank Tabungan Negara (BTN) Jl. Diponegoro No. 75B	4	4	100%
6.	Bank Negara Indonesia (BNI) 46 Jl. Said Perintah No. 12	4	4	100%
7.	Bank Central Asia (BCA) Jl. Sultan Hairun No. 24	4	1	25%
8.	CIMB Niaga Jl. Sam Ratulangi No. 89	4	4	100%
9.	Maybank Jl. Diponegoro No. 75 A	4	3	75%
10.	Bank Artha Graha Internasional Jl. Diponegoro SK.III/33	4	4	100%
11.	Bank Sinarmas Jl. Jendral A. Yani RT 001/006	4	4	100%
12.	Bank Danamon Jl. Diponegoro No. 34	4	4	100%
13.	Bank Syariah Mandiri Jl. Diponegoro No. 33	4	3	75%



14.	Bank National Nobu Jl. A. Y Patty	4	2	50%
15.	Bank Mayapada International Jl. Diponegoro No. 96 RT 003/05	4	4	100%
16.	Bank Tabungan Pensiunan Nasional (BTPN) Jl. A. Yani No. 20	4	4	100%
17.	Bank Muamalat Indonesia Jl. Dr. Sam Ratulangi No. 118	4	4	100%
18.	Bank Panin Jl. Diponegoro No. 20	4	4	100%
19.	BPR Modern Express Jl. Diponegoro No. 29	4	4	100%
20.	Bank Mayora Jl. A. Y Patty	0	0	0%

Source: Primary Data

**Table 3 Tendency Data Category of Variable Reward and Sanction**

No	Category	Interval	Frequent	Percent
1.	Good	> 55	14	21,5%
2.	Fairly Good	48 – 55	43	66,2%
3.	Bad	< 48	8	12,3%
Total			65	100%

Source: Primary Data

**Table 4 Tendency Data Category of Variable Job Rotation**

No	Category	Interval	Frequent	Percent
1.	Good	> 21,7	19	29,2%
2.	Fairly Good	18,3 – 21,7	37	57%
3.	Bad	< 18,3	9	13,8%
Total			65	100%

Source: Primary Data

**Table 5 Tendency Data Category of Variable Religiosity**

No	Category	Interval	Frequent	Percent
1.	Good	> 36,3	41	63,1%
2.	Fairly Good	32,7 – 36,3	22	33,8%
3.	Bad	< 32,7	2	3,1%
Total			65	100%

Source: Primary Data

**Table 6 Tendency Data Category of Variable Fraud**

No	Category	Interval	Frequent	Percent
1.	Good	> 19	7	10,8%
2.	Fairly Good	14 – 19	21	32,3%
3.	Bad	< 14	37	56,9%
Total			65	100%

Source: Primary Data

**Table 7 Descriptive Statistic**

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Reward and Sanctions	65	41	62	52.63	4.732
Job Rotation	65	15	25	20.74	2.965
Religiosity	65	29	40	36.91	2.978
Fraud	65	9	24	13.42	3.937
Valid N (listwise)	65				

Source: Processed Data

**Table 8 Linear Regression Reward and Sanction to Fraud Variable**

Constant	Unstandardized Coefficients	R <sup>2</sup>	Adjusted R Square	t-stat	Sig. ANOVA
26,674	-0,252	0,092	0,077	5,054	0,014

Source: Processed Data

**Table 9 Linear Regression Job Rotation to Fraud Variable**

Constant	Unstandardized Coefficients	R <sup>2</sup>	Adjusted R Square	t-stat.	Sig. ANOVA
22,740	-0,450	0,115	0,10	6,897	0,006

Source: Processed Data



**Table 10 Effect of Religiosity as Moderating Variable through Interaction between Reward and Sanction to Fraud Variable**

Ref	I	II	III
Regression Equation	$Y=26,674-0,252X_1$	$Y=39,294 -0,173X_1 - 0,454X_3$	$Y=35,454 - 0,099X_1 - 0,352X_3 -0,002X_1X_3$
Coef.	$\beta_1: -0,252$	$\beta_1: -0,173$	$\beta_1: - 0,099$
		$\beta_2: -0,454$	$\beta_2: -0,352$
			$\beta_3: -0,002$
Sig.	$\beta_1: 0,014$	$\beta_1: 0,082$	$\beta_1: 0,949$
		$\beta_2: 0,005$	$\beta_2: 0,867$
			$\beta_3: 0,961$
t – stat	$\beta_1: -2,522$	$\beta_1: -1,766$	$\beta_1: -0,065$
		$\beta_2: -2,907$	$\beta_2: -0,168$
			$\beta_3: -0,049$
R <sup>2</sup>	0,092	0,201	0,201
Adj. R <sup>2</sup>	0,077	0,175	0,161

Source: Processed Data

**Table 11 Effect of Religiosity as Moderating Variable through interaction between Job Rotation to Fraud Variable**

Ref	I	II	III
Regression Equation	$Y=22,740-0,450X_2$	$Y=38,273 -0,369X_2 - 0,466X_3$	$Y=68,870 - 1,853X_2 - 1,292X_3 -0,040X_1X_3$
Coef.	$\beta_1: -0,450$	$\beta_1: -0,369$	$\beta_1: - 1,853$
		$\beta_2: -0,466$	$\beta_2: -1,292$
			$\beta_3: -0,040$
Sig.	$\beta_1: 0,006$	$\beta_1: 0,017$	$\beta_1: 0,338$
		$\beta_2: 0,003$	$\beta_2: 0,234$
			$\beta_3: 0,441$
T-Stat	$\beta_1: -2,857$	$\beta_1: -2,464$	$\beta_1: -0,966$
		$\beta_2: -3,128$	$\beta_2: -1,202$
			$\beta_3: 0,776$
R <sup>2</sup>	0,115	0,235	0,243
Adj. R <sup>2</sup>	0,101	0,211	0,206

Source: Processed Data