

CHAPTER III

RESEARCH METHOD

a. Research Method

1. Research Object and Subject

The participants of this research were undergraduate students in the fourth and fifth semester of Universitas Muhammadiyah Yogyakarta. The researcher decided to recruit the students who had taken the accounting ethics, management accounting, external and internal auditing classes by attending those classes, the participants gathered knowledge about ethics, the activities in the organization, the mechanism in auditing and fraud itself. There were some advantages and disadvantages of recruiting undergraduate students as the participants of this research.

By recruiting undergraduate students as the research participants, it resulted in more valid data since students did not have any experience in the workplace. Moreover, recruiting undergraduate students to collect data was easier than recruiting the practitioners as the participants due to some requirements that need to be fulfilled.

2. Type of Data

The data used in this research were primary data collected by using three types of questionnaires: 1) First was demographic data, 2) Short dark triad personality test (SD3) by Paulhus and Williams (2002) and 3) Accounting fraud scenario test. In collecting the data, the students were given the paper sheets containing some questions related to the topic and the participants answered them.

3. Data Collection

The data were collected by using the non-probability sampling technique. Specifically, the purposive sampling technique. There were some criteria that need to be fulfilled by the participants. The participants should have the knowledge about ethics and fraud. Therefore, the participants who the researcher used were undergraduate students who had taken some subjects such as accounting ethics, external auditing and internal auditing.

b. Operating Definition of Research Variable

1. Dependent Variable

White-collar crime is defined as a nonviolent offense committed through reliance on the victim's trust in the perpetrator or in the perpetrator's supposedly legitimate organization, which is committed

because the perpetrator violates that trust and yields financial gain (Dearden, 2019). White-collar crime in this research refers to the propensity of an individual as the accounting chief and staff in the company to commit white-collar crime. The propensity of committing white-collar crime is the dependent variable which was measured by conducting the survey.

The focus of the survey was in the area of accounting staff who deceive the shareholders and tax office (government). All white-collar criminals are about equally likely to engage in tax frauds, but apart from this, investors are the most likely victims. White-collar criminal is convicted of cheating investors in some ways, and this is by far the most common crime for CEOs and board members (Arnulf and Gottschalk, 2012).

The research was conducted by using the case scenarios by Turner (2014) which were adapted from O'Leary and Cotter (2000); O'Leary and Mohammad (2006) with five Likert Scale from 1: not at all to 5: to a large extent. In addition, there were two types of scenario. The participant was treated as the new accountant in a firm and he or she was offered some money by the chief accountant which might be higher than his or her monthly salary per-month. The first scenario was to deceive government with taxation with two probability conditions: there is no chance of being caught and there is 10 percent chance of being caught. Meanwhile, the second scenario was to deceive the shareholders with the same probability conditions as the first scenario.

Table 3.1 Accounting Fraud Scenarios

Accounting Fraud Scenarios			
Deceiving Tax Office		Deceiving Shareholders	
0% of being caught	10% of being caught	0% of being caught	10% of being caught

2. Independent Variable

Dark triad personality is a group of negative personalities that consist of Machiavellianism, narcissism and psychopathy. Each of characteristics reflect some of negative personalities such as manipulative, prioritize themselves and rationalize the negative things. The higher closeness of the characteristics, the higher the individual's propensity to commit white-collar crime in the organization. The participants of this research were given the dark triad personality questionnaire using construct developed by Paulhus and William (2013) named Short Dark Triad (SD3) tests which were adapted from Mach IV (Cristie and Geiss, 1970), Narcissitic Personality Inventory (Raskin and Hall (1979), and Self-Report Psychopathy (Hare, 1985).

a. Machiavellianism

According to Belschak et al. (2018), Machiavellianians are characterized by a specific constellation of characteristics which can be summarized by a strong goal focus and the willingness to use all possible means to achieve their goals.

b. Narcissism

Narcissism can be defined as the individuals who are highly angry, denial of criticism, manipulative to nature, and lack of sympathy. Additionally, Aabo et al. (2018) find out that narcissism is associated with both overconfidence and risk taking.

c. Psychopathy

Psychopaths have a high closeness to impulsivity as similar to narcissistic, social awareness is low and related to destructive behaviors, they are shown by the callous, no regretful, manipulative, and exploitative (Harrison et al., 2016).

c. Data Quality and Instrument Test

1. Descriptive Statistics

According to McClave et al. (2005), descriptive statistics utilizes numerical and graphical methods to look for patterns in a data set, to summarize the information revealed in a data set, and to present the information in a convenient form. Descriptive statistics is a method of data analysis by describing collected data without making general conclusions. Thus, descriptive analysis can help researchers understand the object of their research.

Suryoatmono (2004) stated that descriptive statistics is a statistics which uses the data in the group to explain or draw the conclusion of its group

only, such as: Location size (mode, mean, and median), size of variability (variance, deviation standard, and range), size shape (skewness, curtosis, and plot box).

2. Validity and Reliability Test

a) Validity Test

Validity test is used in order to find out whether the instrument is valid or not. A valid instrument is a truly appropriate instrument for measuring what researchers want to measurement (Nazaruddin and Basuki, 2019). The high and low validity of an instrument depends on its accuracy and precision in measuring what is needed to be measured. The validity test was conducted by using the factor analysis. This test aimed to correlate each item with each indicator. The validity was seen from the output of KMO and Bartlett's test. According to Nazzarudin and Basuki (2019), the criteria of validity is if the value on the KMO and Bartlett's test > 0.5 then the instrument tested was declared as valid.

b) Reliability Test

According to Sekaran and Bougie (2016), reliability is a measurement that shows the extent to which the measurement is free from error or bias to ensure consistent measurements across time and various items in the instrument being tested. The type of measurement that used was Cronbach's Alpha. If alpha < 0.90 then reliability is

perfect. If alpha is between 0.70 - 0.90 its reliability is high. If alpha is 0.50-0.70 its reliability is moderate. If $\alpha < 0.50$ its reliability is low. If alpha is in the low level, it is possible that one or more variable items are not realistic.

d. Hypothesis Testing

Multivariate analysis of variance (MANOVA) was used to examine the independent variables (Machiavellianism, narcissism, and psychopathy), the target variables (government vs. shareholders) and there are two probabilities (no chance vs. 10 percent chance) on the dependent variable which is propensity to commit white-collar crime was controlled by two variables: age and gender.

1. Analysis Tools

In this research, data processing was conducted by using SPSS v25. The MANOVA-Test was performed to know the difference of mean between more than two groups of the data. The difference of means could indicate as the individual's propensity to commit white-collar crime.

2. Multivariate Analysis of Variance (MANOVA)

MANOVA is an analysis similar to variance analysis (ANOVA), but there are differences in the number of Y variables. MANOVA is a statistical technique intended to test or explore the relationship

between several independent variables and some dependent variables (Nurgiyantoro et al., 2016). This test aimed to separate the dependent variables (shareholders versus government). There is no chance of being caught versus there is 10 percent chance of being caught) with the independent variables (Machiavellianism, narcissism, and psychopathy).

MANOVA could be categorized as a Multivariate analysis tool. The meaning of variate is a linear combination of dependent variables. The procedure used was Multivariate General Linear Model (MGLM). MGLM is a procedure that provides regression analysis and analysis of variance for several dependent variables with one or more factor variables called covariates.

The assumptions that needed to be fulfilled in applying MANOVA including:

a. Homogeneity of Covariance Test

The function of this test was to prove if the data variable to be tested does not have different average variances (Nurgiyanto, 2016). Two types of test used to examine the covariance variance are the Box's M and the Levene test with the requirement Sig. > 0.05