

UNIVERSITI TEKNOLOGI MARA

**ANTECEDENTS OF BEHAVIOURAL
INTENTION OF FRAUDULENT
FINANCIAL REPORTING:
MALAYSIAN EVIDENCE**

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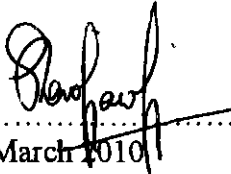
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ABSTRACT

The occurrence of fraudulent financial reporting is increasing and spreading despite various actions have been taken such as amending the Companies Act 1965, revising the Bursa Malaysia's listing requirements and revising the Malaysian Code on Corporate Governance. One of the reasons for the continuing trend may be that the problem is not addressed at the root level.

The main aim of this study was to identify the root causes of fraudulent financial reporting behaviour. In particular, to examine whether the manager and executive's attitude toward behaviour, social pressure, perceived behavioural control and religiosity significantly influence his or her behavioural intention of fraudulent financial reporting. This study also investigates whether there are certain beliefs that influence the individual's attitude toward behaviour, social pressure and perceived behavioural control. The theory of planned behaviour was used as the theoretical framework for this study.

Using the structural equation modelling analyses, the study found that the personal and social factors could explain the manager and executive's behavioural intention. Attitude was found to be the most significant predictor. In addition, the attitude, social pressure and perceived behavioural control can be explained by the beliefs held by the manager and executive. These findings are significant as it provides deeper insight and understanding as to what really causes an individual to engage in fraudulent financial reporting.

The present study has three major contributions. First, this study contributes to the body of knowledge mainly by providing evidence that personal and social factors can explain behavioural intention, and that these factors in turn can be explained by the beliefs held by the manager and executive. Importantly, this study provides evidence within the Malaysian context. Secondly, the study benefits the regulatory and professional bodies and the management by enabling them to develop policies and responsive mechanisms that can prevent and detect fraud, based on a better and deeper understanding as to the causes of such behaviour. Finally, this study contributes to the theory of planned behaviour by confirming its significance and that it is applicable to the financial reporting discipline in the Malaysian context.

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