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Self-efficacy Moderated the Effect of Professional Skepticism, Workload, and Whistleblowing on Fraud Detection

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Abstract--This study aims to empirically examine the effect of professional skepticism, workload and whistleblowing on fraud detection moderated by self-efficacy. This research was conducted at the Development and Finance Supervisory Agency (BPKP) Representative of the Province of Bali. The population in this study were all auditors who worked at the Development and Finance Supervisory Agency (BPKP) Representative of the Province of Bali. The sampling technique was purposive sampling with criteria including BPKP employees including the auditor functional officer group (PFA) and having been an auditor for more than 1 year. A total of 51 questionnaire data can be processed and tested using multiple linear regression analysis and moderated regression analysis (MRA). The results of this study found that professional skepticism and whistleblowing have a positive effect on fraud detection, while workload has a negative effect on fraud detection. The results of this study also show that self-efficacy does not moderate the effect of professional skepticism, workload and whistleblowing on fraud detection

Keywords--professional skepticism, workload, whistleblowing, self-efficacy, fraud detection.

Introduction

News related to fraud is often heard in the ears of the public, both in the private sector and in government agencies. The news that is still warm in the ears of the public is the case of social assistance funds for residents affected by the corona virus pandemic. The Corruption Eradication Commission (KPK) named the then-serving social minister as a suspect in the corruption of social assistance for residents affected by the coronavirus pandemic (Leliana et al., 2021). The suspect received a bribe of Rp. 17 billion from the appointment of providing social assistance basic necessities for Jabodetabek residents (Ruspiantoko et al., 2021).

The phenomenon of fraud is often a problem in most countries in the world. Cases of fraud usually occur in those who have positions and powers that result in state losses. Most countries have internal auditors to monitor and detect fraud related to state finances. The Financial and Development Supervisory Agency (BPKP) is an internal auditor in Indonesia who is responsible for creating a good governance process, implementing a good government management control system, so that the role of BPKP as an internal auditor to detect fraud is a very important part of its work.

Fraud detection plays an important role in investigation and prevention because after detecting a fraudulent act it prevents the occurrence of a larger fraud (ACFE, 2020). Basically, fraud is carried out carefully and is hidden in nature so it cannot be ascertained whether fraud actually occurred or not (Yuara, et al. 2018). Detection of fraud does not always get a bright spot because of the many methods and motivations of a person in committing fraud (Karmelia et al., 2021).

The attribution theory developed by Heider (1958) basically wants to explain that individual behavior is determined from internal forces such as traits, attitudes, character or external forces such as situations that have an influence on individual behavior. Behavior that is formed by internal factors is behavior that is influenced and believed by a person's personal control which results in an inner urge to take these actions (Indriyani and Hakim, 2021). The internal factor that can affect the auditor's ability to detect fraud is professional skepticism (Indriyani and Hakim, 2021).

Professional skepticism will be able to assist the auditor in critically assessing the risks faced and taking into account these risks in various decisions to determine the appropriate audit method or technique and trace the audit evidence collected and in finding misstatements caused by fraud. Misstatements caused by fraud often cannot be found if an auditor does not apply professional skepticism and will only find misstatements caused by errors because fraud will usually be hidden by the perpetrators.

An auditor's behavior in detecting fraud is not only influenced by internal forces, but can also be influenced by external forces. The external strength in the context of attribution theory that is thought to affect the auditor's ability to detect fraud is the workload. Pratiyaksa and Rasmini (2020) state that a high workload will cause a decrease in stamina or body strength which results in a decrease in the auditor's thinking power and ability to detect fraud. Koesomowidjojo (2017: 21)

defines workload as all forms of work given to human resources to be completed within a certain period of time.

The fraud triangle theory is a theory that explains the causes of fraud which has been developed by several researchers to become a new theory called the fraud heptagon theory. Heptagon's fraud theory explains that fraudulent behavior is supported by seven components, namely incentives, pressure, opportunity, attitude, rationalization, ability or competence, and arrogance (Yusof, 2016). Fraud behavior carried out by the organization is often due to economic pressures, work environment pressures and other pressures. Apart from pressure, fraudulent behavior can also occur because of the promised incentives provided by the organization, bad attitude and their justification for committing fraud.

The thing that makes it easier for someone to commit fraud is because of a bad system and weak control that creates a person's opportunity and takes advantage of his abilities and arrogance to commit fraud without any fear of being exposed. The preventive step that can be taken to prevent fraud is the implementation of whistleblowing. Whistleblowing is a practice in which a legitimate member of an organization voluntarily reports some alleged wrongdoing within that organization, with a view to initiating some corrective action to address it (Ceva and Bocchiola, 2019).

This study uses the self-efficacy variable as a moderator because it is thought to have an effect on the relationship between professional skepticism, workload and whistleblowing on fraud detection. Self-efficacy is one of the most influential aspects in everyday human life because it has the influence to determine the actions that individuals will take in achieving a goal, including estimating the challenges (Rafiola et al., 2020). Individuals with high self-efficacy are more likely to dare to reveal fraud because of their belief in their abilities.

Literature review

Fraud Detect

Fraud detection is a process to find evidence of fraud through good internal control design, supervision, monitoring and actively seeking evidence of fraud (Kranacher et al., 2011:33).

Professional skepticism

Professional skepticism is a behavioral attitude that has many questions in the mind, vigilance in situations that indicate the possibility of misstatement due to error or fraud and a critical assessment of evidence (Suryanto et al., 2017). According to Nugrahaeni et al., (2019) Professional skepticism is the behavior of auditors who do not easily accept audit evidence, consistently question and always integrate audit evidence critically to assess the misstatements of the financial statements examined.

Workload

Workload is the frequency or volume of activity that is the responsibility of a person to complete his work within a certain period in accordance with the work mechanism of each entity (Sihombing, 2019).

Whistleblowing

Whistleblowing is a term that appears to encourage employees, former employees, or other people from the company to report violations that occur without fear of the reported party.

Self-efficacy

According to Namaziandost (2020), self-efficacy is a person's motivation or view of themselves that they are able to complete their tasks.

Methods

This research was conducted at the Financial and Development Supervisory Agency (BPKP) Representative of the Province of Bali which is located on Jalan Captain Tantular, Denpasar. The object of this research is information about Professional Skepticism, Workload, Whistleblowing, Self-Efficacy and Fraud Detection at the Development and Financial Supervisory Agency (BPKP) Representative of the Province of Bali. The population in this study amounted to 95 people, namely all employees of BPKP Representatives of the Province of Bali and the number of samples as many as 67 people. The sampling technique used purposive sampling technique. Data was collected using a questionnaire. Technical analysis used is multiple linear regression analysis and moderated regression analysis.

Results and Discussion

Respondents collected in this study were as many as 51 respondents. The number of male respondents as many as 21 people or 41.18% and the number of female respondents as many as 30 people or 58.82%. Respondents who have education level at D3 level are 12 people or 23.53%, at S1 level are 35 people or 68.63%, and education at S2 level are 4 people or at 7.84%. Respondents who have the first auditor position are 8 people or 15.69%, young auditor positions are 31 people or 60.78% and middle auditor positions are 12 people or 23.53%.

The results of the validity and reliability test showed that the questionnaire instrument proposed in this study with various questionnaire items was valid and reliable. Normality, multicollinearity and heteroscedasticity tests showed that all instruments had met the requirements for hypothesis testing through regression analysis. The results of multiple regression analysis using the Statistical Package of Social Science (SPSS) version 20.0 for Windows program are as follows:

Table 1
Multiple regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9,418	8.007		1,176	0.245
Professional Skepticism	0.647	0.150	0.396	4,313	0.000
Workload	- 0.309	0.113	- 0.237	-2,743	0.009
Whistleblowing	0.955	0.208	0.415	4,595	0.000

a. Dependent Variable: Fraud Detect

Primary Data, 2022

The results of the moderated regression analysis using the Statistical Package of Social Science (SPSS) version 20.0 for Windows program are as follows:

Table 2
Moderated regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	50,291	66.613		0.755	0.454
Professional Skepticism	0.703	1,246	0.430	0.564	0.576
Workload	-1,848	0.942	-1,416	-1,962	0.056
Whistleblowing	0.648	1,872	0.281	0.346	0.731
Self-efficacy	-0.958	1.551	-0.926	-0.618	0.540
X1X4	-0.001	0.028	-0.043	-0.031	0.975
X2X4	0.037	0.022	1.323	1,660	0.104
X3X4	0.006	0.044	0.169	0.127	0.899

Primary Data, 2022

Based on the results of multiple linear regression analysis, it can be concluded that the variables of professional skepticism and whistleblowing have a positive effect on fraud detection. Auditors who have a high attitude of professional skepticism will not be easily influenced by the information provided. However, auditors who have a low attitude of professional skepticism will trust the information submitted by management and have an effect on fraud detection as described in the attribution theory proposed by Heider (1958) which explains that individual behavior is determined from internal strengths such as nature, attitude, character or external forces such as situations that influence individual behavior.

In accordance with the theory of planned behavior described by Ajzen (1991) namely the behavior carried out by a person arises because of the person's intention to behave which in this study is a person's desire to do whistleblowing, the stronger the motivation of an auditor in detecting fraud to prove fraud.

The results of multiple linear regression analysis also show that the workload variable has a negative effect on fraud detection. In accordance with the attribution theory presented by Heider (1958) which states that individual behavior can be influenced by internal and external factors such as workload. An auditor who is given a large workload, the more he thinks about and the less time he has in carrying out audit tasks which of course affects the auditor's ability to detect fraud.

Based on the results of the moderated regression analysis, it was concluded that the self-efficacy variable unable to strengthen the effect of auditors' professional skepticism and whistleblowing on the auditor's ability to detect fraud. The self-efficacy variable is also unable to weaken the effect of workload on the auditor's ability to detect fraud. Because the self-efficacy variable does not have a direct effect on detection and is also unable to moderate the effect of professional auditor skepticism, workload and whistleblowing on fraud detection, it can be concluded that the self-efficacy variable is a type of potential moderating variable (homologizer moderator).

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