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Individual Morality And Whistleblowing Systems And Protection Of Fraud Persepsy Auditors Palopo City Inspectorate

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Abstract

This research aims to test and analyze the morality of individuals and whistleblowing systems at the inspectorate of the city of Palopo as an attempt to prevent fraud this research uses qualitative-based quantitative methodology through the dissemination of questionnaires. In this study, the population is a staff member of the palopo city inspectorate while the sampling technique is saturated (census) which means that samples take advantage of the entire population. Then the data was analyzed with the SPSS 26 program. The results of this study show that individual morality has no influence and no significance on fraud prevention, whereas whistleblowing systems have a significant influence on the prevention of fraud.

Keywords: individual morality, system whistebloowing, fraud prevention

1. Introduction

The term fraud can be defined as “fraud” which includes the notion of deviation and a prohibited act committed intentionally. As fraud spreads both in government and corporations, the first line of defense against new fraud is prevention. In addition to implementing an effective internal control system, awareness and sensitivity in preventing or detecting fraudulent behaviour also demands individual morality. The phenomenon of fraud is inevitable.

Fraud in Indonesia is growing rapidly and spreading across the whole layer of society, both the public, the State-owned Enterprise Agency (SBI), and the private sector. Nearly sixty percent of the BUMN sector is the most affected by fraud (ACFE Indonesia, 2016). There were 19 incidents in the BOMN sector in 2018 where the country suffered losses of Rs3.1 trillion. (Abba Gabrillin, 2019). PT Pos Indonesia (Persero) is one of the few State-owned enterprise agencies in Indonesia that has dealt with fraud cases. (Rustandy et al., 2020).(Ilmiah & Islam, 2021)

The objective of fraud prevention is to create policies that reduce or eliminate the possibility of a fraud that is detrimental to an organization. Therefore, prevention should be the primary focus. Establish policies, processes and procedures that direct the implementation of financial management in accordance with the provisions of the law and prevent deviations that may result in financial losses to the State. One aspect of individual behavior that can be used to initiate preventive efforts in addition to making policies, procedures, and systems is morality. In showing that there are five stages of successful fraud prevention in public institutions: the involvement of supervisors, the development and enforcement of codes of ethics, the hiring of employees in accordance with the regulations, and the modification of regulations in response to the ongoing situation. (Rosari et al., 2021)

A person's morality is determined by the good or bad of his behavior. Moral individuals tend to be kind and cheerful. Instead, immoral individuals show abnormal attitudes and behaviors that are detrimental to others. Since morality is a set of values that can direct a person to act morally and in accordance with the norms in force, then morality is necessary to prevent the occurrence of deception. That morality affects a person's ability to prevent deception, violation or distinction between a person who is morally straight and immoral. The public interest always prevails over the interests of individuals or organizations with high morality. On the other hand, morality doesn't have much influence in preventing fraud. (Putu & Astawa, 2021).

It would be beneficial for the agency to prevent fraud before it occurs, in particular by using systems and methods that have been specially developed and can be used to the goal. The use of the Whistleblowing system, which allows members of organizations, whether active or inactive, to report an act, violation, or illegal action against parties within or outside the organization that is considered to be morally doubtful, is one of many strategies to reduce the likelihood of violation. Trick. (Herdiyanto et al., 2022)

Building a fraud reporting mechanism is seen as one of the initiatives that companies can take to stop actions that could lead to fraud. There is information that the Whistleblowing System infringement reporting system is considered as a container for the whistler to report actions that appear to lead to fraud or, in this case, cases of violations committed by parties within an organization. It is known that the Whistleblowing System violation reporting system has been assessed as one of the tools to prevent the occurrence or occurrence of fraudulent activities, in which situations in particular (Putu & Astawa, 2021)

Alfian (2018) states that human resources are an important component in the success of the Whistleblowing system. Without the strong integrity of the SDM department itself, the Whistleblowing System would not work. (Peltier-Rivest, 2018). Independence is an attitude that forms good integrity. According to Sartika and Mulyani (2020), independence is crucial to the realization of dishonesty and honesty, thus significantly affecting the success of the implementation of an infringement reporting system within an organization. (Fraud, 2023)

A study conducted by Hariawan, dkk (2020), then able to give the result is the variable aspect of the whistleblowing system, able to emerge with a positive influence on the prevention of fraud. The research that has been successfully carried out by Lestari & Ayu (2021) stated that then capable of giving the outcome is a variable aspects of the system capable of appearing with positive influences on fraud prevention (fraud).

Asset abuse, fraudulent financial reporting, and corruption are all considered forms of fraud, according to ACFE Indonesia (2020). As a result, Cressey (1950) developed three explanations in the theory of triangle deception for the origin of deception. Pressure is the first factor that may lead to fraud. The motive for the betrayal of faith is the presence of personal concerns or interests. Chance is the next component. There is a possibility that someone entrusted with a particular task will eventually commit a fraud. Therefore, those holding these roles have an obligation to uphold the highest standards of ethical behavior and not to betray the trust of the organization by seeking personal gain. Rationalization is the last component.

2. Methodology

Quantitative approach is a research that is used to investigate a particular population or sample and random sampling with data collection using a statistical data analysis instrument.

This research is carried out at the Palopo City Inspectorate Office located in Palopo city. The aim of this research is to determine how the morality of individuals and whistleblowing systems as an attempt to prevent fraud.

The population and sample in this study are the entire auditors who work at the palopo city inspectorate office. So the sample required for this study is 40 samples. The researchers distributed 40 questionnaires to the respondents because of the method of sampling the data used, which is the characteristic sample that is owned by that sample or population.

Primary data is data collected for research from the exact location of the event. This prime data is obtained from a questionnaire or list of statements distributed to respondents. The method of data collection used in this study is the survey method. The survey method is a method of primary data collection that uses oral or written statements to obtain information from respondents in the sense of reports about themselves or things they know. The scale used by the questionnaire is a likert scale 1-5 with the following explanation: • Highly agree (HA) :5 • Agree (A) :4 • Neutral (N) :3 • Disagree (D) :2 • Extremely disagree (ED) :1

The purpose of operational variables is to evaluate all variables referred to as dependent and independent variables. A variable that has a condition or characteristic that changes when research changes or replaces a free variable while according to its function this variable is affected by another variable so it is often called an affected variable or an influenced variable. Fraud prevention is a dependent variable in this study. An independent variable is a variable that refers to a measured or measurable variable which affects the change of the dependent Variable in the equation. Because the function of this variable is often called the influence variable, because the function affects other variables, so freely influencing other independent variables in this study is the individual morality and the whistleblowing system.

Analysis of research data is part of the process of testing data after the phase of selection and collection of data in research. The data analysis method used in this study is as follows: 1. Data quality testing The quality of the data used in the study depends heavily on the instrument used to gather it, the instinct used to collect the data also determines the quality of research validation test reliability performed on this study.

Double linear regression analysis is a statistical method to describe patterns of relationships between free variables and bound variables.Double linear regression equations in this research: $Y = Y = \alpha + \beta 1X1 + \beta 2X2$

Description : Y = fraud prevention. A = constant. $\beta 1$-$\beta 2$ = coefficient. X1 = individual morality. X2 = whistleblowing system.

The influence of an independent variable on a persially related variable (T test) is determined through the testing of the hypothesis. Decisions made during the testing of the hypothesis contain an intelligible uncertainty that the decision can or may not be properly implemented, leading to probability or not being properly performed, so causing probability is a way to describe how large or small a risk is. The process of testing the hypothesis of this study is as follows:

The test f The statistical test f basically shows whether each independent variable (free) model affects the dependent variable in its entirety (binding).

The extent to which the influence of an independent variable on a dependent variable can be measured by using the t test to guess whether the free variable (X) of a particular

variable(Y) affects the individual significantly or not.
If a significant value t ≤ 0.05 then HO is rejected and Ha is accepted which means that there is a significant influence between X1,X2 and Y. If the significant value T ≥ 0.05, then HO has been accepted, and Ha refused money means that it has no influence on the variable X1, X2 against Y.

3. Result and Discussion

Results and discussion can be presented as a unified unit containing research findings and their explanations.

3.1. Result

Double linear regression test Inin
analysis is used to test the influence of free variables namely individual morality (X1), system whisteblowing (X2), against bound variables that are fraud prevention. (Y).

Coefficients[a]			
	Unstandardized Coefficients		Standardized Coefficients
Model	B	Std. Error	Beta
1 (Constant)	5.269	5.398	
Moralitas Individu	.224	.173	.170
Whistleblowing System	.716	.155	.609

Source: data processed by spss 26

Based on the results of the double linear regression test in the table above, the value of the coefficient and also the constant can be known, so the model of the equation can be formulated as follows: Y = 5,269 + 0,224x1 + 0,716x2 From such an equation it can be explained that the constant (Y) 5.269 will be ignored when the value (X) is at least 1, because in this study use a likert scale between 1 and 5 with the lowest value.

The regression coefficient of 0.224 summarizes that each addition of one individual morality variable value (X1) will improve fraud prevention (Y) by 5,269 times. The regression coefficient figure of 0.716 summarizes that each addition of one value of the variable whistleblowing system will increase fraud prevention (Y) by 5.269.

Uji koefisien determinasi (R2)

After testing whether the data is useful or not the test results say that the data are useful then the next test is the test of the hypothesis. Hypothesis testing aims to predict how strong the influence of the variable independent of how to perform the test calculation and processing of the data using SPSS 26 is obtained.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.703[a]	.494	.466	3.01086

Source: data processed by spss 26

Based on the above table shows that the Adjusted R Square value is 0.466 or 46.6% this means that the independent variable affects the dependent variable by 46.6% while the rest is affected by other variables not mentioned in this study.

Simultaneous testing (uji-F)

Simultaneous testing (Test-F) is performed to see how much influence all free variables (individual morals and system whistleblowing) have on the bound variable (fraud prevention) if the results of the F test can be viewed in table 9.

ANOVA[a]						
Model	Sum of Squares		df	Mean Square	F	Sig.
1	Regression	326.959	2	163.479	18.	.00
	Residual	335.416	37	9.065	034	0[b]

Source: data processed by spss 26

Based on the above table, a significant calculation result of 0,000b is obtained using a significant rate of 0.05, so a significant value of F of 0.000 shows less than 0.05 (0,000 < 0.05), and a calculation value of 18.034 > Ftable 3.98. Thus, the hypothesis that states that there is an influence between the individual morality free variable (X1) whistleblowing the system (X2) simultaneously on the fraud prevention (Y) bound variable is acceptable.

Uji T

The next stage is partial testing (test-t) aimed at finding out the influence of each independent variable on the dependent variable. The test criterion used is if value < 0.05 then Ha is accepted and if value > 0.05, then HO is rejected. The t test results can be viewed in table 10.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.269	5.398		.976	.335
	Moralitas Individu	.224	.173	.170	1.293	.204
	Whistleblowing System	.716	.155	.609	4.63	.000

Source: data processed by spss 26

The proof of the hypothesis is performed using the t test, and the result of the test t can be derived from the table and the test result t can derivate from the coeffcients in the columns t and sig. and the value of the table t is 1,687 (df = 37 (n-k1 = 40-2-1)). Using a significant 5% of the results of the trial t may deriv in the table 9, based on the table 7 can be explained by using the significant test as follows:

A significant value of individual morality against fraud prevention of 0.204 per cent is significant above the 0.05 count value of 1.293 < t count of 1.293 < 1.687 t of the table, then H2 is rejected, so that the individual variable morality has no influence and is not significant to the prevention from fraud.

The significant value of the whistleblowing system against fraud prevention is 0,000, thus significant below 0.05. The t value counts 4,630 > 1,687 t tables, then H1 is accepted, so that the variable of the system is influential and significant against the prevention of fraud.

3.2. Discussion

The influence of individual morality on fraud prevention efforts

The test results of this first hypothesis show that the individual morality variable has a count value < t table of 1,293 < 1,687 and the significant value performed obtains a result of 0,204 > 0,05 so that H2 is rejected. That means the morality of the individual has no influence on the prevention of fraud it gives the result that the morals of every individual in the office of the city inspectorate palopo. With a sense of commitment to the organization where he works, the person will do the right thing and avoid fraud that can harm the various parties.(Empiris & Village, 2021) therefore, shows that it is not good in fraud prevention efforts. It gives the result that the morality variable in the palopo city inspectorate office is not good – all right. The results of this study are consistent with the research carried out by (P. F. K. Dewi et al., 2017), Fadhli (2014) and (Ade, 2017) showing the results that individual morality has no significant influence on the tendency to accounting fraud. which states that morality has no influence on fraud prevention. Different from the research carried out by (Islamiyah et al., 2020). It reflects a positive relationship between individual morality and fraud prevention such as evidence findings.(Rahimah dkk., 2018), (Laksmi and Sujana, 2019) and (Islamiyah et al., 2020).

Effect of system whistleblowing on fraud prevention efforts

The results of the second hypothesis test of this study showed that the system whistleblowing variable has a t count value < t table one of 4,630 < 1,687 with a significant value of 0,000 < 0,005 with a positive coefB value then the system has an influence against fraud prevention. This proves that the whistleblowing system is able to have a significant positive impact on fraud prevention at the palopo city inspectorate office. The results of this study are in line with the research that has been successfully carried out by Hariawan, dkk (2020), the variable whistleblowing system has a positive influence on the prevention of fraud. The research has been successful by Lestari & Ayu (2021).(Putu & Astawa, 2021), Contrary to research conducted by (Maisaroh & Nurhidayati, 2021) which says that the variable whistleblowing system has no significant influence on fraud prevention.

4. Conclusion

Based on the data concluded and the results tested, it can be concluded that the morality of the individual has no influence and no significance on the prevention of fraud at the palopo city inspectorate office, which shows no good on fraud prevention, for the whistleblowing system has a positive and significant influence on preventing fraud in palopo town inspectorates office which means the higher the system will make the preventive fraud the better.

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