

## The Role Of Individual Morality As A Moderating Variable The Effect Of Whistleblowing System, Lifestyle, And Organizational Culture On The Detection Of Fraudulent Financial Statements

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### ABSTRACT

**Objective:** This study aims to determine the effect of the Whistleblowing System, lifestyle, and organizational culture on the detection of financial statement fraud with individual morality as a moderating variable.

**Methodology :** This research uses associative research type. The place of research was carried out in BUMN Non-Bank in the city of Palembang. The data used is primary data. Data collection techniques are interviews and questionnaires. The sampling method used purposive sampling. The analytical method used is multiple linear regression analysis.

**Results:** Based on the analysis on the t test, it shows that lifestyle influences the detection of financial statement fraud, the whistleblowing system and organizational culture have no effect on the detection of financial statement fraud. In the results of the MRA analysis, individual morality does not moderate the Whistleblowing System and organizational culture as a moderator for the detection of fraudulent financial statements, while individual morality acts as a moderator predictor for lifestyle.

**Limitations:** The research only examines the effect of the Whistleblowing System, lifestyle and organizational culture on the detection of financial statement fraud, resulting in termination of 25.3%.

**Keywords:** Whistleblowing System, lifestyle, morality, cheating, organizational culture

### INTRODUCTIONS

Every company is required to make financial statements. Financial statements are a measure of the efficiency and effectiveness of an entity or company and become a company communication tool regarding data and conditions from the company's financial or operational activities to users of financial information. However, in practice there are still many frauds that occur in financial statements. This fraud is a deliberate fraud that causes losses without being based on the injured party and provides benefits for the perpetrators of fraud. Fraud involving members of management or TCWG is called "management fraud". Fraud that only involves employees of the entity is called "employee fraud" (Tuanakotta, 2020). Fraud Detection is a search activity or attempt to find indicators that allow fraud to occur, find indications of fraud (Lokanan, 2019), System for complaints, both from within and from outside the company (Whistleblowing System), regarding violations of the code of ethics and laws and regulations. invitation (Soemarso, 2018). Lifestyle is a pattern of action patterns that distinguish one person from another (Pastor, 2019). Organizational culture is the assumptions, beliefs, values, and perceptions shared by members of the organization that shape and influence attitudes, behavior, and guidance in solving problems (Schneider et al., 2013).

Research conducted by Triantoro et al., (2020), an CEF, (2017) states that The Whistleblowing System has no effect on fraud prevention, meaning that even though the Whistleblowing System is implemented, the auditors are still unable to detect fraud. In contrast to the research of Lee & Fargher, (2013), Gaurina et al., (2017), Aprina, (2019). Utari et al., (2019) Shonhadji & Maulidi, (2021), Shonhadji & Maulidi, (2021), Triantoro et al., (2020) stated that the Whistleblowing System has an effect on fraud prevention, which means that if the Whistleblowing The system is implemented effectively then This will make it easier to prevent and detect fraud. Research conducted by, Ocansey & Ganu, (2017) (Spradley et al., (2008 ), Zelmianti & Anita, (2015), Lorenza, (2018) (Chapple et al., 2020)), Kumar et al., ( 2018) stated that organizational culture has an effect on fraud. In contrast to research by Liu & Wu, (2020), Said et al., (2018) and Latrini (2018), Sumendap et al., (2019) stated that organizational culture has no effect on fraud.

Seeing that the importance of implementing the Whistleblowing System and the relationship between lifestyle and organizational culture to detect fraud, internal auditors must be able to take advantage of this to detect fraud that occurs in the company. Organizational culture in the application of the Whistleblowing System, lifestyle and morals is very much needed because with the organizational culture it will shape the lifestyle and morals of the employee, thus making complaints (Whistleblowing System) can be carried out properly.

## **LITERATURE REVIEW**

Attribution theory is a theory developed by Fritz Heider which argues that a person's behavior is determined by a combination of internal forces (internal forces), namely factors that originate from within a person, such as ability or effort and external forces, namely factors -factors that come from outside such as difficulties in work or luck (Arfan, 2019). Attribution theory explains about understanding a person's reaction to events around them, by knowing their reasons for the events they experience. Contingency theory is an approach that studies organizational behavior. The basic assumption of contingency theory is that no one type of organizational structure is the same for all organizations. The effectiveness of an organization also depends on the compatibility between the type of technology, the environment, and the size of the organization, the features of the organization, and its information system (Arfan, 2019). Whistleblowing adalah tindakan yang dilakukan oleh seseorang atau beberapa orang karyawan untuk membocorkan kecurangan entah yang dilakukan oleh perusahaan atau atasannya kepada pihak lain. Whistleblowing System umumnya menyakut kecurangan tertentu yang merugikan baik perusahaan sendiri maupun pihak lain, dan yang kalau dibongkar memang akan mempunyai dampak yang merugikan perusahaan, paling kurang merusak nama baik perusahaan tersebut (Sonny, 2018).

Lifestyle is broadly defined as a way of life that is identified by how they spend their time (activity), what they consider important in their environment (engagement), and what they think about themselves and the world around them (Supriadi, 2016). Lifestyle is more helpful when trying to detect fraud committed by employees compared to financial statement fraud because many financial statement frauds do not directly benefit the perpetrators. does not indicate fraud.

Risinger et al., (2002) stated that organizational culture shows the values, beliefs, principles, traditions and ways of a group of people in activities within the organization. At the organizational level, organizational culture is the assumptions, beliefs, values, and perceptions shared by members of the organization that shape and influence attitudes, behavior, and guidance in solving problems. Donnelly et al., (2011).

Said et al., (2018) explained that fraudulent financial reporting is a misstatement or intentional omission of amounts or disclosures in financial statements. Fraud Detection is a search activity or an attempt to find indicators that allow fraud to occur, find indications of fraud (Zimbelman et al, 2014). Moral is the same as the meaning of the word ethics, namely the values and norms that become the grip of a person or group in regulating their

behavior (Supriadi, 2016). Individual morality is the attitude or behavior of a person or individual who becomes a guide or means of self-control in society and behaves well.

## **FRAMEWORK**

### **1. The Effect of Whistleblowing on the Detection of Fraudulent Financial Statements**

The first and most common proactive fraud detection approach is to install a complaint channel to receive reports (whistle blowing system). The existence of the Whistleblowing System is not only a channel for reporting fraud that occurs, but also as a form of supervision. Employees are afraid to commit fraud tendencies because this system can be used by all employees, so that fellow employees monitor each other and are afraid to be reported by other employees for committing fraud (Zimbelman et al, 2014: 406). The results of research conducted by Asiah & Rini, (2017) show that whistleblowing has an effect on the occurrence of financial statement fraud. Based on this, the better a company is in implementing whistleblowing, fraud can be detected easily because of reports from employees or supervising each other. Based on the above review, the researcher proposes a hypothesis:

**H1a: Whistleblowing System, Style Affects the Detection of Fraudulent Financial Statements**

### **2. Living Against Fraud Detection of Financial Statements**

Lifestyle is the daily behavior pattern of a group of people in society. Lifestyle indicators are expenditure patterns that can illustrate potential fraud perpetrators may use assets obtained through fraud to maintain a lifestyle that cannot be fulfilled if only using the perpetrator's income, fraud perpetrators will often use their illegal income to buy real estate, jewelry, clothing, and luxury vehicles, and other things which they cannot obtain without fraudulent income; one of the six indicators of fraud (Zimbelman et al, 2014). Thus, lifestyle becomes one of the indicators for detecting fraudulent financial statements. Based on the above review, the researcher proposes a hypothesis:

**H1b Lifestyle Affects the Detection of Fraudulent Financial Statements**

### **3. The Influence of Organizational Culture on the Detection of Fraudulent Financial Statements**

Organizational culture or corporate culture are values, norms, beliefs, attitudes and assumptions that are a form of how people in the organization behave and do things that can be done (Anton Panjaitan, 2014). Organizational culture is a measure of success for a fraud detection report. financial management in an organization to what extent the organization is declared successful in its efforts to achieve these goals (Livingston et al., 2012). So it can be said that the approach to financial statement fraud is influenced by how people in the organization behave and do things that can be done. A strong organizational culture will improve performance because it creates an extraordinary motivation in employees (Kotter, 1997). It is not uncommon for shared values and behaviors to make people feel comfortable working for an organization, a commitment that makes people try harder. Research by Zelmiyanti & Anita, (2015) shows that organizational culture has a significant effect on fraud prevention through the implementation of an internal control system. Then this is confirmed in research (amaluddin et al., (2017) which states that organizational culture has a significant influence on fraud detection.

A good organizational culture is an organizational culture that will shape organizational actors to have a sense of belonging (a sense of belonging) and a sense

of identity (a sense of pride as part of the organization) (Igo & Skitmore, 2006). This can improve the results of fraud detection so that it can be said that whether or not an organizational culture will affect the results of fraud detection. The better the organizational culture will increase the detection of irregularities in financial statements. Based on the above review, the researcher proposes a hypothesis:

**H1c: Organizational Culture Affects the Detection of Fraudulent Financial Statements**

**4. The Effect of Whistleblowing on the Detection of Fraudulent Financial Statements with Individual Morality as a Moderating Variable**

The existence of the Whistleblowing System is not only a channel for reporting fraud that occurs, but also as a form of supervision. Employees are afraid to commit fraud tendencies because this system can be used by all employees, so that fellow employees monitor each other and are afraid to be reported by other employees for committing fraud. Thus, employees' understanding of the whistleblowing mechanism makes employees enthusiastic in reporting all fraudulent acts to the authorities authorized to handle the report because the Whistleblowing System already includes whistleblowing protection (Utari et al., 2019). A good whistleblowing program is one of the most effective fraud prevention tools (Zimbelmen et al, 2014). Research conducted by Lorensa, (2018) states that individual morality affects fraud prevention. Based on this, it can be interpreted that it can be interpreted that the better individual morality in moderating the implementation of whistleblowing, the more difficult financial statement fraud is to occur. Based on the above review, the researcher proposes a hypothesis:

**H2a: Individual Morale Moderates the Effect of Whistleblowing System on Detecting Fraudulent Financial Statements**

**5. The Effect of Lifestyle on the Detection of Fraudulent Financial Statements with Individual Morality as a Moderating Variable**

Lifestyle is one indicator that can be used for fraud detection. When someone steals, they will spend the proceeds of the crime. Perpetrators rarely keep what they steal. When the immediate needs that motivate the fraud have been met. Although management fraud in small companies and various kinds of abuse are often motivated by lifestyle indicators, indicators of this type of fraud are usually not seen in financial statement fraud in large organizations because management has been very well compensated in a number of legal ways (Zimbelman et al. , 2014). Research conducted by C. N. Lorensa et al., (2018) which states that individual morality affects fraud prevention. Based on this, it can be interpreted that it can be interpreted that the better the organizational culture in moderating the application of lifestyle, the more difficult financial statement fraud is to occur. Based on the above review, the researcher proposes a hypothesis:

**H2b: Individual Morale Moderates the Effect of Lifestyle on Detecting Fraudulent Financial Statements**

**6. The Effect of Organizational Culture on the Detection of Fraudulent Financial Statements with Individual Morality as a Moderating Variable**

Liyanarachchi (2009) shows that the level of individual moral reasoning will affect their ethical behavior. Morals are things that are in accordance with generally accepted ideas about human actions, what is good, what is not good and what is natural or unnatural. The more people do not have morals, the more likely it is for fraud to occur

in something. According to Dewi, (2017) People with a low level of moral reasoning behave differently from people who have a high level of moral reasoning when facing ethical dilemmas. In their actions, people who have a low level of moral reasoning tend to do things that benefit themselves and avoid things that will lead to legal sanctions.

Research conducted by F. & S. Lorensa, (2018) which states that corporate culture has an effect on fraud prevention. Based on this, it can be interpreted that it can be interpreted that the better the organizational culture in moderating the application of individual morals, the more difficult financial statement fraud is to occur. Based on the above review, the researcher proposes a hypothesis:

**H2c: Individual Morality Moderates The Effect of Organizational Culture Morality on Detecting Fraudulent Financial Statements**

## FRAMEWORK

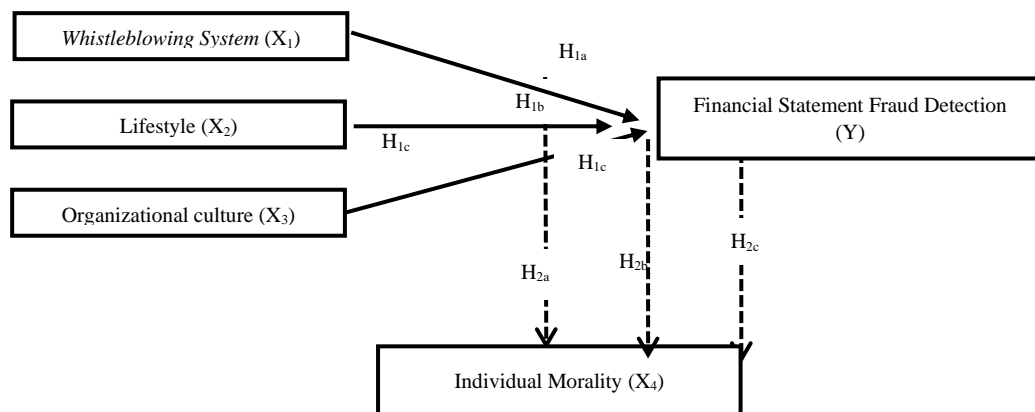


Figure 1 Framework

## RESEARCH METHODOLOGY

The type of research that will be used by the author in this study is associative research, research to determine whether or not there is or the size of the influence of the Whistleblowing System, lifestyle, and organizational culture on the detection of fraudulent financial statements with individual morality as a moderating variable. The population studied is the Internal Auditor who works in 33 Non-Bank State-Owned Enterprises (BUMN) in Palembang City. This study uses a non-probability sampling technique used purposive sampling. Based on the criteria for the sample, the sample used in this study was 78 respondents. Primary data used in this study is data taken directly by researchers from the object under study, namely 11 Non-Bank SOEs in Palembang. The study used a questionnaire method.

The questionnaire was conducted by giving a set of questions to the auditors in several non-bank BUMNs in Palembang. The data analysis used in this research is quantitative and qualitative. Quantitative analysis is carried out by using statistical testing of the results of the questionnaire, then the results of the testing will be explained using sentences. Quantitative analysis is used to see the results of the questionnaire by using tabulations (tables) in the form of an assessment of the results of filling out the questionnaire. The data analysis technique used in this study is to use multiple linear regression analysis models to ensure that the independent variables affect the dependent variable, then hypothesis testing (F test, t test and MRA test) is carried out to determine the significance of the independent variables on the dependent variable and make conclusions and the last is to calculate the coefficient of determination to find out how much influence the independent variable has on the dependent variable.

## RESULTS AND DISCUSSION

### RESULTS

Respondents in this study were internal auditors who were in BUMN Non-Bank in Palembang City as many as 78 auditors, this study spread 78 questionnaires, but questionnaires that did not return were 42 or 54%, questionnaires processed amounted to 36 or 46%. Based on the table, it can be seen that the number of male respondents is 32 or 89% of respondents, while female respondents are 4 or 11%. Based on the data above, it can be seen that the respondents in this study were mostly between the ages of 25 years as many as 2 or 6% people, and those aged over >25 years as many as 34 or 94% people. Based on the data above, it shows that most of these respondents are at the Bachelor level as many as 2 or 6% of people, at the Master level as many as 30 or 83% people and at the S3 level as many as 4 or 11%.

The first analysis, namely the results of descriptive statistical tests that show a description or descriptive of a data that can be seen from the average value (mean), maximum value, minimum value, and standard deviation. From each research variable, the value obtained from the SPSS 25 output for the Whistleblowing System variable (X1) has a minimum value of 18, a maximum value of 30, an average value of 24.14 and a standard deviation of 3.072. Lifestyle variable (X2) has a minimum value of 24, a maximum value of 45, an average value of 29.94 and a standard deviation of 3.726. Organizational Culture (X3) has a minimum score of 27, a maximum value of 40, an average value of 34.39 and a standard deviation of 3.483. The financial statement fraud detection variable (Y) has a minimum value of 21, a maximum value of 35, an average value of 29.08 and a standard deviation of 3.148. Whistleblowing System Variables, Lifestyle Variables, Organizational Culture Variables, Financial Statement Fraud Detection Variables, and Individual Morality Variables are valid ( $r_{count} > t_{table}$ ). The Cronbach Alpha value for the Whistleblowing System variable is 0.747, the lifestyle variable is 0.673, the individual morality variable is 0.715, the organizational culture variable is 0.80, and the financial statement fraud detection variable is 0.736. Residual normality test using the graph method, namely looking at the spread of data on the diagonal source of the normal P-P Plot of Regression standardized residual graph.

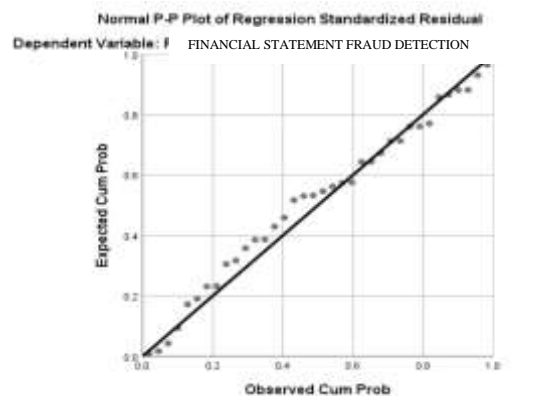


Figure. 2: SPSS Output Results  
Graph Method Normality Test Results  
Source: Processed Primary Data, 2021

Based on the table above, the points spread around the line and follow the diagonal line, so the residual value is normal. The basis for making decisions for normality testing with one sample Kolmogorov Smirnov are:

- If the significant value is  $> 0.05$  then the residual value is normal.
- If the significant value is  $< 0.05$ , then the residual value is not normal.

Table.1

One-Sample Kolmogorov-Smirnov Test Results		Unstandardized Residual
N		36
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	2.55075044
Most Extreme Differences	Absolute	.119
	Positive	.071
	Negative	-.119
Test Statistic		.119
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		

Source: Processed Primary Data, 2021

Based on the results of the normality test, it is known that the significant value is  $0.200 > 0.05$ , so it can be concluded that the residual value is normally distributed. Multicollinearity is found that there is a perfect or near perfect correlation between the independent variables in the regression model. A good regression model should not have a correlation between the independent variables. Judging from the value of tolerance and inflation factor (VIF). It is known that the tolerance value is  $> 0.1$  and the VIF value is  $< 10$ , so it can be concluded that there is no multicollinearity in the regression model.

Tabel.2

**Table 2**  
**Multicollinearity Test**

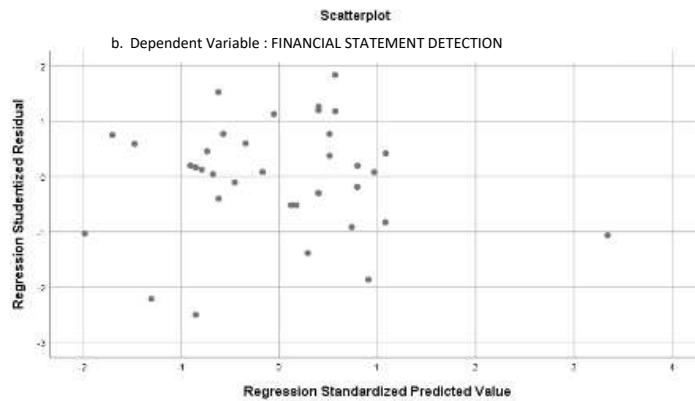
Model	Coefficients <sup>a</sup>					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	14.828	6.627		2.237	.032		
WHISTLEBLOWING SYSTEM	.335	.157	.327	2.127	.041	.869	1.150
GAYA HIDUP	.459	.131	.544	3.519	.001	.860	1.163
MORALITAS INDIVIDU	-.342	.141	-.353	-2.430	.021	.973	1.027

a. Dependent Variable : FINANCIAL STATEMENT DETECTION

Source: Primary Data Processed 2021.

Based on the table above, it shows that all independent variables have a tolerance value  $> 0.1$  and a VIF value  $< 10$ . Thus, it can be concluded that all independent variables in this study do not occur multicollinearity. Heteroscedasticity is a condition where in the regression model there is an unequal variation of the residue from one observation to another. A good regression model is that there is no heteroscedasticity. The Glejser test is carried out by aggregating the independent variables with an absolute residual value of more than 0.05, so there is no heteroscedasticity. Based on the table above, it shows that all independent variables have a value greater than 0.05, thus it can be concluded that there is no heteroscedasticity in the regression model.

Seeing the point pattern on the scatterplot is done by looking at the scatterplot graph between standardized predicted value and standardized residual, whether or not there is a certain pattern in the scatterplot graph between standardized predicted value and standardized residual where the Y axis is the predicted Y and the X axis is the residual (Y predicted - Y original).



Figur.3 : Heteroscedasticity Test Results  
Source: Processed Primary Data, 2021

Based on the picture above, it shows that there is no clear pattern such as points spread above and below the number 0 on the Y axis, so there is no heteroscedasticity.

### Determination Test (Adjusted R Square)

This test aims to determine the proportion or presentation of the total variation in the dependent variable explained by the independent variable. If the analysis used is simple regression, then the R Square value is used. However, if the analysis used is multiple regression, then Adjusted R Square is used.

Table 3: Determination Test

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.563 <sup>a</sup>	.317	.253	2.721

a. Predictors (Constant) ORGANIZATIONAL CULTURE, WHISTLEBLOWING SYSTEM, LIFESTYLE

Source: Processed Primary Data, 2021

Berdasarkan tabel yang diperoleh nilai Adjusted R Square Sebesar 0,253 atau 25,3% hasil ini berarti 25,3% pendeteksian kecurangan laporan keuangan dipengaruhi oleh variabel Whistleblowing System (X1), Gaya Hidup (X2), dan budaya organisasi (X3) sedangkan sisanya 74,7% dipengaruhi oleh faktor lain yang tidak termaksud dalam penelitian ini seperti independensi, kompetensi dan lainnya.

### Hypothesis testing

#### 1) Partial Test

The results of partial hypothesis testing can be seen using the t test, it can be seen from the following table:



Table 5  
T . Test Calculation Results

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25.662	9.924		2.586	.014
	WHISTLEBLOWING SYSTEM	.200	.166	.195	1.209	.235
	GAYA HIDUP	.300	.142	.355	2.116	.042
	BUDAYA ORGANISASI	-.302	.144	-.334	-2.105	.043

a. Dependent Variable : FINANCIAL STATEMENT FRAUD DETECTION  
Source: Primary Data Processed 2021.

- a) Effect of Whistleblowing System on Fraud Detection of Financial Statements  
The results of the hypothesis test show that the tcount value for the Whistleblowing System variable (X1) is 1.209, while the ttable value with real rates ( $\alpha$ ) is 0.05 (5%) and  $df=n-k-1 = 32$  is 2.037. So it can be concluded that H1a is rejected because  $tcount (1,209) < ttable (2,037)$ . The results of individual hypothesis testing for the Whistleblowing System variable (X1) indicate that the variable does not affect the dependent variable (Y). This is illustrated by the rejection of H2a, so the conclusion is that the Whistleblowing System has a significant effect on the detection of financial statement fraud.
- b) The Effect of Lifestyle on Fraud Detection of Financial Statements  
The results of the hypothesis test show that the known tcount value for the Lifestyle variable (X2) is 2.116 while the ttable value with real rates ( $\alpha$ ) is 0.05 (5%) and  $df=n-k-1 = 32$  is 2.037. So it can be concluded that H1b is accepted because  $tcount (2.116) > ttable (2.037)$ . The results of individual hypothesis testing for the Lifestyle variable (X2) indicate that the variable affects the dependent variable (Y). This is illustrated by the acceptance of H1b and a significant (X2) of 0.042 because the value of  $t sig < 0.05$  means that it has a significant effect, so the conclusion is that Lifestyle has a significant effect on the detection of financial statement fraud.
- c) The Influence of Organizational Culture on the Detection of Fraudulent Financial Statements  
The results of the hypothesis test show that it is known that the tcount value for the organizational culture variable (X3) is -2.105 while the ttable value with real rates ( $\alpha$ ) is 0.05 (5%) and  $df=n-k-1 = 32$  is 2.037. So it can be concluded that H1c is rejected because  $tcount (-2.105) < ttable (2.037)$ . The results of individual hypothesis testing for organizational culture variable (X3) show that the variable does not affect the dependent variable (Y). This is illustrated by the rejection of H1c and the acceptance of H2c, so the conclusion is that organizational culture has no effect on the detection of financial statement fraud.

2) MRA test

1. The Influence of Individual Morality (X4) as a Moderating Variable of the Whistleblowing System (X1) on the Detection of Fraudulent Financial Statements (Y)

Table 6: Interaction 1: Moderated Regression Analysis (MRA) Test Results  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1 (Constant)	41.988	6.562		6.398	.000
Whistleblowing system	.057	.159	.056	.359	.722
Moralitas individu	-.415	.140	-.460	-2.964	.006

a. Dependent Variable : FINANCIAL STATEMENT FRAUD DETECTION  
Source: Primary Data Processed 2021

**Table 7 : Interaction 2: Moderated Regression Analysis (MRA) Test Results Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	81.515	41.576		1.961	.059
Whistleblowing System	-1.652	1.782	-1.612	-.927	.361
Moralitas Individu	-1.641	1.281	-1.816	-1.281	.209
XZ1	.053	.055	2.010	.963	.343

a. Dependent Variable : FINANCIAL STATEMENT FRAUD DETECTION  
Source: Primary Data Processed 2021

Sumber: Hasil Pengolahan Data, 2021

$$Y = 41,988 - 0,057X1 + 0,415X4$$

$$Y = 81,515 - 2,652X1 - 1641X4 + 0,053X1X4$$

Based on table 6a, the results of the first hypothesis test between the influence of the Whistleblowing System and individual morality on the detection of financial statement fraud shows that in the first interaction the significant value of the Whistleblowing System (X1) is 0.006 or the value of X1 <5% significant level is 0.006 <0.05. It states that in the first interaction the organizational culture does not moderate the Whistleblowing System on the detection of financial statement fraud significantly, then in table 7 the results of the second hypothesis test are for the interaction between the Whistleblowing System, individual morality and the interaction between the Whistleblowing System and organizational culture on the detection of financial statement fraud. resulted in an interaction value > 5% significant level that is 0.343 > 0.05. This shows that in the second interaction, there is no moderation between the Whistleblowing System on the detection of fraudulent financial statements by individual morality.

Based on the results of the two interactions, it shows that the first interaction does not have a moderator significantly moderating and the second interaction does not have a moderator significantly meaning it can be concluded that individual morality is a moderator predictor for the Whistleblowing System and weakens its relationship to the detection of financial statement fraud.

## 2. The Influence of Individual Morality (X4) as a Lifestyle Moderating Variable (X2) on the Detection of Fraudulent Financial Statements (Y)

**Table 8 : Interaction 1 Moderated Regression Analysis (MRA) Test Results Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	34.173	7.045		4.851	.000
GAYA HIDUP	.230	.130	.272	1.765	.087
MORALITAS iNDIVIDU	-.348	.139	-.385	-	.018
				2.498	

b. Dependent Variable : FINANCIAL STATEMENT FRAUD DETECTION  
Source: Primary Data Processed 2021

**Table 9: Interaction of 2 Moderated Regression Analysis (MRA) Test Results Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	75.022	26.984		2.780	.009
GAYA HIDUP	-1.134	.881	-1.343	-	.207
Moralitas Individu	-1.678	.860	-1.857	-	.060
XZ2	.045	.028	1.844	1.951	.127
				1.566	

a. Dependent Variable: FINANCIAL STATEMENT FRAUD DETECTION  
Source: Data Processing Results, 2021

$$Y = 34,173 + 0,230X_2 - 0,348X_4$$

$$Y = 75,022 - 1,134X_2 - 1,678X_4 + 0,045X_2X_4$$

Based on table 8, the results of the first hypothesis test between the influence of lifestyle and individual morality on the detection of financial statement fraud shows that in the first interaction the significant value of Lifestyle (X2) is 0.018 or the value of  $X_2 < 5\%$  significant level is  $0.018 < 0.05$ . It states that in the first interaction individual morality does not significantly moderate Lifestyle on the detection of fraudulent financial statements, then in table 9 the results of the second hypothesis test for the interaction between Lifestyle, individual morality and the interaction between Lifestyle and morality on the detection of fraudulent financial statements produce interaction value  $> 5\%$  significant level that is  $0.127 > 0.05$ . This shows that in the second interaction, there is no moderation between Lifestyle on the detection of fraudulent financial statements by individual morality.

Based on the results of the two interactions, it shows that the first interaction does not have a moderating significantly moderating and the second interaction does not have a moderator significantly meaning it can be concluded that individual morality is a moderator predictor for Lifestyle and weakens its relationship to the detection of financial statement fraud.

1. **The Influence of Individual Morality (X4) as a Moderating Variable of Organizational Culture (X3) on the Detection of Fraudulent Financial Statements (Y)**

**Table 10: Interaction 1 Test Results Moderated Regression Analysis (MRA) Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	46.238	5.250		8.807	.000
ORGANIZATIONAL CULTURE	-.171	.150	-.177	-1.144	.261
INDIVIDUAL MORALITY	-.388	.140	-.430	-2.784	.009

a. Dependent Variable: FINANCIAL STATEMENT FRAUD DETECTION  
Source: Data Processing Results, 2021

**Table 11 Interaction 2: Moderated Regression Analysis (MRA) Test Results Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	61.472	33.768		1.820	.078
ORGANIZATIONAL CULTURE	-.850	1.493	-.876	-.569	.573
INDIVIDUAL MORALITY	-.840	.999	-.930	-.841	.406
XZ3	.020	.044	.944	.457	.651

a. Dependent Variable: FINANCIAL STATEMENT FRAUD DETECTION  
Source: Data Processing Results, 2021

$$Y = 46,238 - 0,171X3 - 0,388X4$$

$$Y = 61,472 - 0,850X3 - 0,840X3 + 0,020X3X4$$

Based on table 10, the results of the first hypothesis test between the influence of organizational culture and individual morality on the detection of financial statement fraud showed that in the first interaction the significant value of Organizational culture (X3) was 0.009 or X2 value < 5% significant level, namely 0.00 < 0.05 . It states that in the first interaction organizational culture does not significantly moderate individual morality towards the detection of financial statement fraud, then in table 11 the results of the second hypothesis test for the interaction between Organizational culture of individual morality and the interaction between individual morality and organizational culture on the detection of financial statement fraud resulted in interaction value > 5% significant level that is 0.651 > 0.05. This shows that in the second interaction, there is no moderation between individual morality and the detection of financial statement fraud by individual morality

Based on the results of the two interactions, it shows that the first interaction does not have a moderating significantly moderating and the second interaction does not have a moderator significantly meaning it can be concluded that individual morality is a moderator predictor for organizational culture and weakens its relationship to the detection of financial statement fraud.

**DISCUSSION**

**H1a: Whistleblowing System Affects the Detection of Fraudulent Financial Statements**

The results of hypothesis testing in this study indicate that H1a is rejected, meaning that the Whistleblowing System (X1) has no significant effect on the detection of financial statement fraud. These results are not in line with the contingency theory which explains that information systems play an important role in an organization or company. The results of this study are not in line with Lee & Fargher, (2013) and Gaurina et al., (2017) , (Gaurina et al., 2017), Aprina, (2019), Utari et al., (2019) stated that the Whistleblowing System affect the prevention of fraud, which means that if the Whistleblowing System is implemented effectively it will make it easier to prevent and detect fraud. The results of this study are in line with Asiah & Rini, (2017) which states that the Whistleblowing System has no effect on fraud prevention, meaning that even though the Whistleblowing System is implemented, the auditors are still unable to detect fraud.

### **H1b: Lifestyle Affects the Detection of Fraudulent Financial Statements**

The results of hypothesis testing in this study indicate that H1b is accepted, meaning that Lifestyle (X2) has a significant effect on the detection of financial statement fraud. This is in line with attribution theory which explains that there is behavior related to individual attitudes and characteristics, so it can be said that just looking at the behavior will be able to know the attitude or characteristics of the person and can also predict a person's behavior in dealing with certain situations. So paying attention to the lifestyle of employees is one of the factors for detecting fraud. This is in line with the statement of Zimbelmen at al (2014), Arum (2018), and Gugus Irianto (2018) which said that one of the indicators for detecting fraud is by paying attention to the lifestyle of employees and management.

### **H1c: Organizational Culture Affects the Detection of Fraudulent Financial Statements**

The results of hypothesis testing in this study indicate that H1c is rejected, meaning that Organizational Culture has no significant effect on the detection of financial statement fraud. These results are not in line with the contingency theory which explains that information systems play an important role in an organization or company. The results of this study are in line with the research of Eka Putra and Latrini (2018), Priscillia Sumendep et al (2019) which states that organizational culture has no effect on fraud. The results of this study are not in line with those of Ocansey and Ganu (2017), Riri and Lili (2017), Christia, et al (2018), Ismi (2018) which state that organizational culture has an effect on fraud.

### **H2a: Individual Morale Moderates the Effect of Whistleblowing System on Detecting Fraudulent Financial Statements**

The results of the MRA test show that the first interaction does not have a moderator significantly moderates and the second interaction does not have a moderator significantly meaning it can be concluded that H2a is rejected that individual morality is a moderator predictor for the Whistleblowing System not strengthening but weakening its relationship to the detection of financial statement fraud. Thus, this study is not in line with the statement (Zimbelmen et al, 2014). This research is also not supported by research conducted by Christi Novita Lorensa (2018) which states that individual morality affects fraud prevention.

### **H2b: Individual Morale Moderates the Effect of Lifestyle on Detecting Fraudulent Financial Statements**

The results of the MRA test stated that in the first interaction organizational culture did not significantly moderate Lifestyle on the detection of financial statement fraud, then the results of the second hypothesis test for the interaction between Lifestyle, individual morality and the interaction between Lifestyle and individual morality on the detection of financial statement fraud resulted in a value interaction > significant level. The results conclude that the results show that in the second interaction, there is no moderation between Lifestyle on the detection of financial statement fraud

by individual morality. Thus, it can be concluded that H2b is rejected, meaning that it can be concluded that individual morality is a moderator predictor for Lifestyle and weakens its relationship to the detection of fraudulent financial statements.

The results are not supported by statements (Zimbelman et al, 2014), which state that lifestyle is one indicator that can be used for fraud detection. When someone steals, they will spend the proceeds of the crime. Perpetrators rarely keep what they steal. When the immediate needs that motivate the fraud have been met. Although management fraud in small companies and various kinds of abuse are often motivated by lifestyle indicators, indicators of this type of fraud are usually not seen in financial statement fraud in large organizations because management is already very well compensated in a number of legal ways. This research is not in line with research conducted by Lorensa (2018) which states that individual morality affects the prevention of fraud.

### **H2c: Individual Morality Moderates The Effect of Organizational Culture Morality on Detecting Fraudulent Financial Statements**

The results of the MRA test show that the first hypothesis test between the influence of Organizational culture and Individual morality on the detection of financial statement fraud shows that in the first interaction organizational culture does not significantly moderate individual morality on detecting financial statement fraud, then the results of the second hypothesis test for the interaction between Organizational culture, individual morality and the interaction between individual morality and organizational culture on the detection of fraudulent reports. financial statements result that in the second interaction, there is no moderation between individual morality and the detection of fraudulent financial statements by individual morality

Thus, it can be concluded that H2c is rejected, which means that individual morality is a moderator predictor for organizational culture and weakens its relationship to the detection of financial statement fraud. This research is not supported by research conducted by Liyanarachchi (2009) which shows that the level of individual moral reasoning will affect their ethical behavior.. According to Udayani and Sari (2017), people with low levels of moral reasoning behave differently from people who have high levels of moral reasoning when faced with ethical dilemmas. In their actions, people who have a low level of moral reasoning tend to do things that benefit themselves and avoid things that will lead to legal sanctions. Research conducted by Christi Novita Lorensa (2018) which states that individual morality affects fraud prevention.

## **CONCLUSION**

1. This study was conducted to test and to find out how the influence of the Whistleblowing System, lifestyle and organizational culture on the detection of financial statement fraud with organizational culture as a moderating variable. Together (F test) the Whistleblowing System variables, lifestyle and organizational culture together have a significant and significant effect on the detection of financial statement fraud. Partially (t test) lifestyle variables affect the detection of financial statement fraud, while whis
2. The tleblowing system and organizational culture have no effect on the detection of financial statement fraud. In moderation (MRA test) individual morality is a moderator homologiser for the variable Whistleblowing System and organizational culture on the detection of financial statement fraud, while individual morality acts as a moderated predictor for lifestyle.

## **LIMITATIONS OF THE RESEARCH**

1. The implementation of this research still has limitations in the research process carried out, namely this research was carried out during the Covid-19 pandemic where the government made work from home (WFH) rules for limited respondents and companies still limited research due to the pandemic
2. Based on the determination test (R2) 0.253, only 25.3% of the influence of the Whistleblowing System, lifestyle and organizational culture on the detection of fraudulent financial statements. For further research, it is expected to use independence variables, auditor professionalism, management support, internal control systems and so on that can be used to detect fraud, so as to expand the

scope of research to obtain general conclusions so that better results can be obtained and can understand about what variables affect and moderate the detection of financial statement fraud.

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