



THE INFLUENCE OF ORGANIZATIONAL CULTURE, THE ROLE OF INTERNAL AUDITORS AND INDIVIDUAL MORALITY ON FRAUD PREVENTION

RITA J. D. ATARWAMAN

Faculty of Economics and Business, Accounting Study Program, Pattimura University.

Abstract

The purpose of this study is to determine the impact of organizational culture, the role of internal audit, and personal ethics on fraud prevention. The survey type adopts a quantitative survey using primary data of questionnaire distribution. The sampling technique uses targeted sampling. The population groups used in this study are Bank BRI, BTN, Artagraha, Maluku Bank/Malut in Ambon city and the sample size for this study is 36 of him consisting of bank chiefs. Internal auditor and accountant. The data analysis method used is multiple regression analysis. The results showed that company culture, internal audit's role, and individual morale have a positive and significant impact on fraud prevention. The results of this study show that organizational culture, internal audit's role, and individual morale all have a positive impact on fraud prevention.

Keywords: Organizational Culture, Role of Internal Audit, Personal Morality Fraud Prevention.

INTRODUCTION

In today's modern world, the problem of fraud is still an emerging phenomenon. This is happening in both developing and developed countries. Fraud is fraud committed with the intent to harm the Company, its employees or any other person for the benefit of the Company or its individuals. Amrisal (2004:4) Fraud Prevention states that efforts or measures are taken to eliminate sources of fraud. Fraud and fraud should be prevented as soon as possible. Waiting for fraud to occur before resolving it causes loss to the company. Allen (2008:441) states that a culture of integrity and high ethical standards are factors that can prevent fraud. Tungal (2012:59) also states that a culture of integrity and ethics can prevent fraud within an organization. Komang and Desak (2020) found in their research that organizational culture has a large positive impact on fraud prevention.

Businesses have a responsibility to implement a good organizational culture so that fraud can be minimized. A good organizational culture provides no opportunity for wrongdoing. A good organizational culture produces people within an organization who feel they belong and are proud to be part of the organization (Sulistiyowati, 2007).

In addition to organizational culture factors, the role of internal audit is also a factor that can reduce fraud. (Tugiman 2006:

11) Because the role of internal audit is a separate part provided by the company to perform oversight and control functions, and the presence of internal audit has been shown to improve company performance. Is required. A 2020 study by Yulia, Evi, and Heti found that internal audit impacts fraud prevention.

The purpose of the corporate internal auditor is to assist the organization in meeting its duties. According to Sawyar (2005:55), internal audit activities help organizations to implement effective controls by assessing effectiveness and efficiency and fostering continuous improvement. Internal audit is an important part of the company. Internal Audit provides information management requirements related to corporate governance. The role of internal audit is that, in addition to organizational culture factors, individual morals are factors that

reduce fraud (fraud). (Sari, 2013) states that good attitudes and culture can prevent fraud for everyone. These attitudes are often called morals. Personal morality is the basis for understanding an individual's propensity to perform certain actions. (Albrecht & Albrecht, 2004) One of their motives for cheating is the desire for personal gain. The higher a person's moral level, the more likely they are not to cheat (Wilopo, 2006). Fraud prevention is closely related to morality and does not preclude influential people within a company from acting unnaturally because of their abilities. A study by Komang and Desak (2020) found that individual morale has a very positive impact on fraud prevention.

A bank is a financial institution that acts as a financial intermediary between parties who have funds and those who need funds.

Bank BRI Makassar also committed fraud and embezzled funds worth \$2.3 billion.com, January 30, 2019). Another fraud case occurred at Bank BRI Branch A. Yani Banjarmasin from 2015 to 2018 (April 20, 2021).

From the example above, we can see that the fraud that occurs in the banking industry stems from corporate governance and the attendant personal culture and morals that are not supported by an adequate system of internal controls. The tendency and motivation to get rich to get the opportunity to cheat. This work is a further development of the work of Cut Ismi (2018). The difference between this study and previous studies lies in the work of Cut Ismi (2018). The free variable uses two of his variables: organizational culture, internal audit role. In this study, the authors are interested in adding a single variable. Fraud prevention is also closely related to individual morale, so improving company morale leads to fraud prevention. The study uses three of her variables: organizational culture, internal audit role, and individual morale. With this in mind, researchers are interested in conducting research entitled the impact of organizational culture, the role of internal audit, and individual morals on fraud prevention.

LITERATURE REVIEW

Fraud Diamond Theory

Diamond Theory Fraud is a new look at the fraud phenomenon proposed by Wolfe & Hermanson (2004). This theory updates Cressey's (1950) cheating triangle theory and adds a qualitative element that is considered very important in cheating. The Cheat Diamond Theory complements the Cheat Triangle Theory by adding capacity. Skill items are items added by Walter. According to Wolf et al. (2004: 39) states that fraud never happens without the right people and the people who can do it. The elements of Fraud Diamond are:

Opportunity, Pressure, Ability, Location.

RESEARCH METHODS

The type of research used is a type of quantitative research. The survey population includes all employees working at Bank BRI, BTN, Artagraha and Maluku/MALUT. The sample for this survey are bank managers, internal auditors and accounting staff from Bank BRI, BTN, Artagraha and Maluku/MALUT. The analysis method in this study used multiple regression analysis using SPSS. The multiple regression equation is:

$$Y=a+b_1X_1+b_2X_2+b_3X_3e$$

Info:

Y: Fraud Prevention

a: Constant

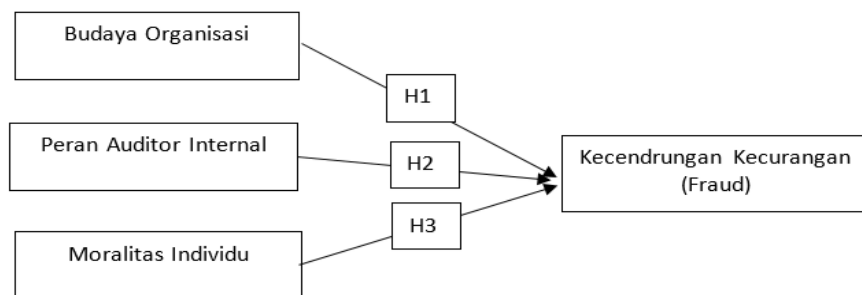
b1b2b3: Regression Coefficient

X1: Organizational Culture

X2: Internal Audit Role X: 5555.5

e 55: Error 5555 This Study The indicators used in were developed from several previous studies, including: Wrandari (2017) emphasizes management's responsibility to assess fraud propensity, innovation and risk-taking, caution and results orientation. , people orientation, team orientation, aggression and ability or stability, and internal audit variables were developed by Wuljanah (2017). Person in charge of the unit, Honesty and ethical values, Compliance with all rules applicable to the unit, Individual attitude towards misconduct

Figure 1: Research Model



RESEARCH RESULTS

The sample for this survey is bank managers, internal auditors and accountants from BRI, BTN, Artagraha and Maluku/MALUT banks, totaling 36 bank employees. The data quality tests that are performed are reliability tests of the plausibility test data. Validity test results show that all elements of the statement are on average across all variables (organizational culture, internal audit role, personal morale, anti-fraud, etc.) because the calculated r-value results are larger than the table. Indicates that there is Indicates that it has been verified. r is 0.329. Please use it as a research tool. Reliability indicates how consistent a gauge is when used to measure the same thing. The instrument is considered reliable if the Cronbach's alpha is greater than or equal to the critical value of 0.60 and the 78 g results provide a Cronbach's alpha of 0 and greater than 60 for all variables.

This indicates that each respondent's responses to the study variables organizational culture, role of internal audit, personal ethics, and anti-fraud are reliable or credible. Therefore, this questionnaire can be used for future research. Classical acceptance tests performed include classical acceptance tests, multicollinearity tests, and heteroscedasticity tests. Perform a normality test to determine whether the dependent and independent variables in your regression model are normally distributed. The test method used in this study was the one-sample Kolmogorov-Smirnov test. This test is performed by comparing the obtained probabilities to a significance level of 0.05. If the significance value is > 0.05, the data are normally distributed (Ghozali, 2005). The results of the multicollinearity test show that there are no independent variables with tolerances less than 0.10 and VIF values greater than 10, so No pattern. According to the decision criteria, we can conclude that the regression model in this study lacks Heteroskedasticity. Multiple regression analysis was used to examine the effects of task complexity (X1), organizational culture (X2), internal auditor role (X3), and individual morale (Y) on fraud propensity. Multiple regression analysis result:

Table I: Multiple Regression Analysis Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-11.026	6.561		-1.680	.103
	Budaya Organisasi	.432	.179	.305	2.420	.021
	Peran Auditor Internal	.623	.212	.393	2.933	.006
	Moralitas Individu	.394	.167	.295	2.364	.024

a. Dependent Variable: Fraud Prevention

Source: SPSS data processing results, 2023.

Based on the results in the table above, the multiple regression equation is obtained as follows:

$$Y = -11.026 + 0.432 X_1 + 0.623X_2 + 0.394X_3 + e$$

This formula shows:

a) Constant

In the above formula, the constant value is obtained at -11.026. This means that fraud prevention is the same when unaffected by independent variables such as organizational culture, internal audit role, and individual morale. 11.026.

b) Tissue Culture (X1)

For the Tissue Culture variable, we get a coefficient value of 0.432. This means that a 1% increase in organizational culture (X1) will result in a 0.432 increase in fraud prevention (Y), with the other variables at fixed values.

c) Internal Auditor Role (X2)

Obtains a coefficient value of 0.623 for the Internal Auditor Role variable. This means fraud prevention if the other variables have fixed values and the internal auditor role (X2) increases by 1%. (Y) Increases by 0.623.

d) Personal Morale (X3)

A coefficient value of 0.394 was obtained for the variable Personal Morale. This means that the other variables are fixed and a 1% increase in individual morale (X1) will increase fraud protection (Y). 394 rise.

DISCUSSION

The Influence of Organizational Culture on Fraud Prevention).

Related to the phenomenon behind this investigation is the news that fraud is rampant in government and privately-backed banks, resulting in huge losses for banks and their customers. This is due to their lack of responsibility and dishonesty in performing their duties at the company. Fraud Diamond Theory explains that one of the causes of fraud is the presence of racism. Streamlining requires a good organizational culture to prevent fraud. Tunggal (2012) states that a culture of high honesty and ethics can prevent fraud within an organization. Anandya and Werastuti, (2020) explained that applying GCG (Good Corporate Governance) principles to improve corporate culture can prevent fraud).

Our findings show that organizational culture variables have a very positive impact on fraud prevention. In other words, a good organizational culture means better fraud protection for your company. The results of this study confirm previous work by Anandya & Werastuti (2020). Anandya & Werastuti (2020) found that organizational culture has a positive and significant effect on fraud prevention. A study by Wilda (2018) also showed the same. In short, organizational culture has a positive impact on fraud prevention.

The Effect of the Role of Internal Auditors on Fraud Prevention).

Fraud Diamond Theory explains that one of the factors contributing to fraud in banks and businesses is the presence of opportunities that make someone vulnerable to fraud. In this case, an internal auditor is required to prevent fraud. The role of internal auditors is critical to improving the efficiency and effectiveness of an organization. When internal auditors work independently, they can prevent or overcome fraud that can harm your organization. In May. The results of this study are consistent with previous work by his Wilda (2018), who reached different conclusions in his study. The role of internal audit has a significant positive impact on fraud prevention. Research by Sugiman (2017) also shows that internal audit's role has a significant positive impact on fraud prevention. This shows that a better role for internal auditors also improves fraud prevention.

The Influence of Individual Morality on Fraud Prevention.

Monitoring fraud incidents at various banks is a community concern. Banks must pay attention to the level of quality and security in order to maintain the trust of their customers. One of the causes of fraud is the existence of skill (skill), which is a quality emanating from a person who commits fraud, and waits for opportunities to commit fraud (fraud). Competence requires personal morale. This means that all employees/individuals within the company must have awareness, integrity and a sense of responsibility to prevent fraud). According to

(Junia, 2016), morality is the study of an individual's good and bad qualities and attitudes, and the concept of morality is the moral consideration of bad and good people. Based on research findings, individual morale has a positive and significant impact on fraud prevention. This means that the higher the morale of an individual, the better their anti-fraud efforts. Preventing fraud requires personal ethics. This means that every employee/individual must have awareness, integrity and a sense of responsibility within the company.

The results of this study are consistent with previous work by Anandya & Werastuti (2020), finding that individual moral outcomes have a positive and significant impact on fraud prevention. A study by Sumendap et al. (2019) also found that individual morale has a significant positive effect on fraud prevention. In other words, when personal morale improves, so does corporate fraud prevention.

CONCLUSION

Based on our analysis and observations, organizational culture has a significant positive impact on fraud prevention. A good bank culture can minimize fraud and improve business performance. The role of internal audit has a significant positive impact on fraud prevention. Internal auditors within your organization can play an important role as controllers and support controls in fraud prevention and detection. The better the role of internal audit within a company, the higher the fraud prevention. Individual morale has a significant positive impact on fraud prevention. Fraud prevention is closely related to ethics. Results show that individual morality influences fraud prevention, and that higher moral thinking is likely to produce superior deterrence. The proposal of this study is to allow researchers to further extend other



environmental objects to add other variables that can disseminate research findings and answer hypotheses in question.

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