

# Profesionalisme Auditor and Whistleblowing System against Fake Prevention (Case Study at Pt. Kai Bandung)

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## Abstract

This study aims to determine the effect of auditor professionalism and whistleblowing on fraud prevention at PT. KAI Bandung. This study uses a quantifiable approach with descriptive research type verification using regression analysis method using SPSS 25. The technique used in this study is multiple linear analysis with a sample of 98 respondents PT KAI employees. The results in this study obtained a score of 39.2%. This score indicates that there is an influence between the variables of Competence and Motivation on company performance. This study emphasizes the importance of managing human resources to improve company performance, especially in a situation full of competition and a changing environment that is all digital.

## Keywords

auditor professionalism, Whistleblowing, Fraud Prevention

**To cite this article:** Sari D, Asyriyanti M, and Rizal Z, F. (2021). Profesionalisme Auditor and Whistleblowing System against Fake Prevention (Case Study at Pt. Kai Bandung). Review of International Geographical Education (RIGEO), 11(3), 1284-1292. Doi: 10.48047/rigeo.11.3.119

**Submitted:** 20-01-2021 • **Revised:** 15-02-2021 • **Accepted:** 25-03-2021



## Introduction

In Indonesia, there are still many problems that occur in various business cases involving the profession and the image of an accountant which still raises doubts among the public. Various factors that are in the spotlight, one of which is professional practices that ignore accounting standards and even ethics (Suherman, A & Susanti, 2018). Not only domestically, but abroad we often hear news about cases of accounting violations, this reflects that the professional attitude and ethical behavior of accountants is still in doubt. All forms of these violations create losses for users of financial statements. This causes public confidence in the professionalism and ethical behavior of the current accounting profession to be questioned (Suherman, A, 2018). A number of prominent corporate financial scandals have caused the auditor's profession to be in the spotlight of many parties. This is because the auditor has contributed in many cases regarding the bankruptcy of the company (Putri, M & Triandi, 2020). Auditor professionalism seems to be made a scapegoat and must assume the responsibility of other parties who should be responsible for the failure (Agustia, D, 2011). The professionalism of internal auditors is one of the keys to the success of internal auditors in carrying out their duties. To create an attitude of professionalism in each of their activities, internal auditors are required to be able to carry out their audit duties seriously and implement them in accordance with the Internal Audit Professional Standards (SPAI). In addition, one way to disclose accounting violations can be done by doing whistleblowing. Whistleblowing is a complex process involving personal and organizational factors. Most studies show that older and more experienced employees have a higher tendency to whistleblowing. This is because the more experienced a person is, the more committed they are to the organization they work for (Suryanto, T dan Wekke, 2017). Weak implementation of whistleblowing can hinder the disclosure of violations that occur within the company's internal. The accounting profession that has an important role in cases of accounting violations should be able to be at the forefront of whistleblowing (Utami, L, 2018). The government's internal audit as a whistleblower must be able to reveal all of its findings ranging from corruption, fraud, acts that violate the legislation or taxation, actions that can cause financial or non-financial losses, violations of standard operating procedures (SOP), ethical violations without any fear of transfer position, resulting in reporting that has an impact on audit quality. In the context of business entities, whistleblowers are needed to prevent fraud through environmental monitoring (Maliawan, I, Sujana, E, & Diatmika, 2017). With the whistleblower mechanism, it is hoped that the company can enforce service and ethical standards, implement an early warning system and increase confidence in the organization. However, implementing whistleblowing in Indonesia is certainly not that easy because the general culture of employees may not yet support the creation of a whistleblowing mechanism.

## Theoretical Review

### Auditor Professionalism

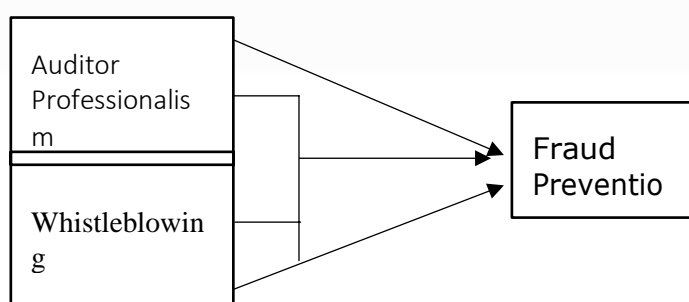
According to Suyono, E & Farooque (2019), the definition of professionalism is that professionalism means a responsibility for conduct that extends beyond satisfying individual responsibilities and beyond the requirements of our society law and regulation. According to Barrainkua, I & Espinosa (2018) professionalism is a responsibility to act more than just fulfilling one's own responsibilities as well as the provisions of laws and community regulations. According to Muslim, M and Ahmad, H (2019), professionalism has several meanings, namely: First, professionalism means an expertise, having certain qualifications, having experience according to their field of expertise, or getting rewarded for their expertise. A person can be said to be professional if he has attended certain education which causes him to have special skills or qualifications. Second, the notion of professionalism refers to a standard of work, namely moral principles and professional ethics. Moral principles, like the general norms of society, direct accountants to behave in accordance with the order of life of a professional. Third, professional means moral. A person's moral level is what distinguishes one internal auditor from another (Heyrani, F and Banimahd, 2016). A person's morals and attitude to uphold professional ethics are very individual. Based on the description above, professionalism can be concluded as the behavior and credibility of an internal auditor in completing his duties and responsibilities.

## Whistleblowing

According to Ofakor, O and Adebisi, F (2020) explained about whistleblowing, namely: Whistleblowing is an increasing common element of regulatory enforcement programs. Whistle blowing is basically an act of alerting the higher ups and the society about endanger. Whistle blowing may be internal or external. Internal whistle blowing is to report to the boss/higher-up, while external whistle blowing is to inform to mass media and society about such. Whistleblowing is one element in the law enforcement program (Rustiarini, N and Sunarsih, N, 2017). Basically, whistleblowing is an act of warning high-ranking officials (management) and the public about harmful actions (Lee, G and Xio, X, 2018). Whistleblowing can come either from within or from outside. Internal whistleblowing is to report to the leadership, while external whistleblowing is to inform the mass media and the public about harmful actions (Gao, L and Brink, A, 2017). In order to carry out internal supervision of the company, this initiative created a whistleblowing system (Gagnon, M and Perron, A, 2020). As one of the efforts to prevent violations and crimes within the company. This system is provided so that employees or people outside the company can report crimes committed within the company, making this whistleblowing system to prevent losses suffered by the company, and to save their business. The system that was built is then adjusted to the rules of each company, so it is hoped that this system will provide benefits for improving the implementation of corporate governance (Smaili, N and Arroyo, P, 2019).

## Fraud prevention

Papoola, O et al (2016) states in his book Fraud Examination that Fraud is a generic term, and embraces all the multifarious means which human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representation. No definite and invariable rule can be laid down as a general preposition in defining fraud, as it includes surprise, trickery, cunning and unfair ways by which another is cheated (Taufik, T, 2019). The only boundaries defining it are those which limit human knavery. From the understanding of fraud according to Zimbelman, fraud includes all ways where human intelligence is enforced by one individual to be able to benefit from other people with wrong representations. There is no certainty and rule that can be set as a general proportion in understanding fraud, because it includes surprising crimes, deceit, cunning and unfair ways by other frauds. Only the limits which make sense of it are those which limit the honesty of man. Fraud, in short, is a misrepresentation or concealment of material facts to influence someone to want to take part in something valuable. The Institute of Internal Audit (IIA) states that fraud includes a series of improper and illegal acts that are intentionally carried out to deceive. The action can be done for the benefit or loss of the organization and by people outside and within the organization (Sawyer, 2003).



## Research Methods

The type of research used in this research is descriptive verification. Descriptive research is a type of conclusive research with the main objective of describing something, such as an explanation of its characteristics or functions. While verification research is research that tests the truth of a (knowledge) in an existing field and is used to test hypotheses using statistical calculations. The research method used is the explanatory method. According to Sugiyono (2012) Explanatory research is a research method that intends to explain the position of the variables studied and have a causal relationship between one variable and another. The unit of analysis in this study is PT. KAI uses a sample of 33 employees. Data analysis was performed using multiple linear



regression with the equation  $Y = a + b_1X_1 + b_2X_2 + e$  using SPSS 25 software.

## Results And Discussion

Based on data obtained from 33 respondents in this study, the majority of respondents in this study were male respondents by 60% while female respondents were 40%. And the most respondents aged > 40 years, namely 72%, the least respondents aged between 31-35 years by 28%. Of the 33 people who became respondents in this study, it can be seen that the respondents who have the highest level of education are S1 at 80% while diploma is 10% and S2 is 10%. Judging from the working period, respondents who worked between 21-30 years were the most respondents, namely 70%, respondents who worked between 11-20 years and >30 years were the least respondents, namely 30% each.

**Table 1.**  
respondent profile

Respondent Profile		Percentage
Gender	Laki-laki	60%
	Perempuan	40%
Age	31-35 thn	28%
	> 40 thn	72%
Length of work	21-30 thn	70%
	11-20	30%

**Source:** data processed 2021

### Validity and Reliability Test

Based on a questionnaire consisting of 5 statements (auditor professionalism), 5 statements (whistleblowing), and 3 statements about fraud prevention, the average value is above 0.3. This implies that each statement item in this study is valid. The reliability test is as follows:

**Table 2.**  
Reliability Test

Variabel	Nilai reliabilitas	Keterangan
Profesionalisme auditor	0,784	Reliabel
Whistleblowing System	0,645	Reliabel
Pencegahan kecurangan	0,767	Reliabel

**Source:** Processed data (2021)

### Uji Multikolinearitas

**Table 3.**  
Uji Multikolinearitas

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1 (Constant)	4.545	3.610		1.314	.195		
Auditor professionalism	.431	.091	.462	4.402	.000	.726	1.376
Whistleblowing System	.374	.065	.443	4.214	.000	.726	1.376

**Source:** Processed data (2021)

Based on the VIF value obtained as shown in table 3 above, it shows that there is no strong correlation between auditor professionalism and Whistleblowing, where the VIF value of the two independent variables is less than 10 ( $1.376 < 10$ ) so it can be concluded that there is no symptom of multicollinearity between the two variables. free.

## Multiple Linear Regression Analysis

**Table 4.**

Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.243	3.610		1.314	.195
	Auditor professionalism	.431	.071	.412	4.302	.000
	Whistle blowing	.374	.067	.433	4.114	.000

**Source:** Processed data (2021)

The results above, will be entered into the regression equation, as follows:  $Y = 4.243 + 0.431X_1 + 0.374X_2$   
 $a = 4.243$  means, if the independent variable of auditor professionalism and the violation reporting system is equal to zero or constant, fraud prevention has a value of 4.243 units.

$1 = 0.431$ , meaning that if the independent variable of auditor professionalism has increased by one unit, and the value of the other variables is constant or equal to zero, then the value of the fraud prevention variable is predicted to increase by 0.431 units.

$2 = 0.374$ , meaning that if the whistleblowing independent variable increases by one unit, and the value of the other variables is constant or equal to zero, the value of the fraud prevention variable is predicted to increase by 0.374 units.

## Correlation Analysis

**Table 5.**

Correlation analysis of internal audit and whistleblowing system on fraud prevention

		Audit Internal	Whistleblowing System	Pencegahan Kecurangan (Fraud)
Profesionalisme auditor	Pearson Correlation	1	.553**	.674**
	Sig. (2-tailed)		.000	.000
	N	33	33	33
Whistleblowing	Pearson Correlation	.523**	1	.614**
	Sig. (2-tailed)	.000		.000
	N	33	33	33
Pencegahan Kecurangan	Pearson Correlation	.674**	.624**	1
	Sig. (2-tailed)	.000	.000	
	N	33	33	33

**Source:** Processed data (2021)

Based on the table above, the results of the double correlation are obtained as follows:

1. The correlation coefficient between auditor professionalism and fraud prevention = 0.674, meaning that there is a strong relationship between internal audit and fraud prevention because

it ranges from 0.600 - 0.799.

2. The correlation coefficient between whistleblowing and fraud prevention = 0.614, meaning that there is a strong relationship between whistleblowing and fraud prevention. If interpreted according to the criteria in Sugiono (2013: 184) the correlation is quite strong because it ranges from 0.600 - 0.799.

3. Based on the significance value of Sig. (2-tailed) from the output table above, it is known that Sig. (2-tailed) between professional auditors and fraud prevention is  $0.000 < 0.005$  which means that there is a significant relationship between the Internal Audit variable and the Fraud Prevention variable. Furthermore, the relationship between Whistleblowing and Fraud Prevention has a Sig value. (2-tailed) of  $0.000 < 0.05$ , which means that there is a significant relationship between the whistleblowing system variable and the fraud prevention variable.

4. Based on the calculated r value (Pearson correlation, it is known that the calculated r value for the auditor's professional relationship with Fraud Prevention is  $0.694 > r$  table 0.279, it can be concluded that there is a relationship or correlation between the internal audit variable and the prevention variable. Furthermore, it is known that the r value The calculation for the relationship between whistleblowing and fraud prevention is  $0.674 > r$  table 0.279, so it can be concluded that there is a relationship between the whistleblowing system variable and fraud prevention.

**Table 6.**

Model Summary Analysis

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.780 <sup>a</sup>	.623	.607	4.58431

Source: Processed data (2021)

Based on table 6, it is obtained that the multiple correlation value (R) is 0.780 which is included in a strong relationship. The correlation that occurs is a positive correlation, which ranges from 0.600 – 0.799. This shows that, there is a strong relationship between internal audit and the violation reporting system on fraud prevention.

## Hypothesis Test

**Table 7.**

Hypothesis test

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2038.085	3	679.362	45.273	.000 <sup>b</sup>
	Residual	1725.262	120	14.377		
	Total	3763.347	123			

a. Dependent Variable: fraud prevention

b. Predictors: (Constant), whistleblowing, auditor professionalism

Source: Processed data (2021)

Based on the calculation results as presented in table 10, it can be seen that the regression model has an F-count of 45.273 with p-value = 0.000. So that the conclusion of the test is significant, thus the hypothesis is accepted. Professionalism and whistleblowing have the effect of preventing fraud.

## Coefficient of Determination

Based on the results of the calculations in the table above, the coefficient of determination (R<sup>2</sup>) obtained is 0.542. The results obtained indicate that simultaneously there is an influence of auditor professionalism and whistleblowing on fraud prevention by 54.2%.

**Table 8.**

Coefficient of Determination

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted Square</b>	<b>RStd. Error of the Estimate</b>
1	.736 <sup>a</sup>	.542	.530	3.79173

a. Predictors: (Constant), whistleblowing, auditor professionalism

b. Dependent Variable: fraud prevention

**Source:** Processed data (2021)

While  $100\% \cdot 54.2\% = 54.2\%$ . This means that there are 54.2% that can affect performance that is not examined in this study.

**Tabel 9.**

Nilai standardized coefficients dan Zero-order correlation Partial Coefficient of Determination

<b>Coefficients<sup>a</sup></b>				
<b>Model</b>		<b>Standardized Coefficients Beta</b>	<b>Correlations Zero-order Partial Part</b>	
1	(Constant)			
	auditor professionalism	.379	.629	.422 .315
	whistleblowing	.317	.487	.222 .154

a. Dependent fraud prevention

**Source:** Processed data (2021)

The influence of auditor professionalism on fraud prevention is  $0.379 \cdot 0.629 = 0.238$ . This means that there is a 23.8% contribution from competence in explaining/influencing fraud prevention. The magnitude of the influence of whistleblowing on fraud prevention =  $0.317 \cdot 0.487 = 0.154$ . This means that there is a 15.4% contribution from the motivational variable in explaining/influencing fraud prevention.

## Conclusions and Implications

The results of the study conclude that there is a positive influence between auditor professionalism and whistleblowing on fraud prevention. These results also support the findings of Barrainkua, I (2018), Gao, L and Brink (2017) that auditor professionalism owned by employees in a company can provide influence on fraud prevention itself. In addition, research by Gagnon, M and Perron, A (2020) also states that the whistleblowing factor has an influence on preventing fraud. Therefore, in order for the company's performance to improve properly, managers must manage the resources they have so that they have an influence, especially in preventing fraud in the company. This research does not rule out the possibility, there may still be other variables that can be one of the factors that can prevent fraud. This finding reinforces the need to manage employees well so that fraud does not occur in the company.

## Suggestion

Based on the results of the study and the conclusions above, the researchers can provide some suggestions for consideration, namely as follows:

### Suggestions for PT KAI

Based on the research results, it shows that there is an effect of auditor professionalism and whistleblowing system on fraud prevention. However, from the results of the recapitulation of respondents' answers, it shows that there are still some weaknesses and shortcomings seen from the



smallest indicator values in several statements. So the researcher intends to submit several suggestions for PT KAI as follows:

- a) In terms of objectivity in the questionnaire statement regarding the access of auditor professionalism which is not limited to any area within the company when conducting an investigation, the authors suggest increasing employees' understanding of the role of auditor professionalism as a means of fraud prevention, including the duties and powers of internal auditors.
- b) Improve understanding of audit procedures to be more effective and efficient so as to prevent fraud.
- c) From an operational perspective regarding reports of violations reported by whistle blowers, further investigations are carried out, the authors suggest increasing the competence of internal auditors in the company's resources by providing regular training or the necessity to attend continuing education for the profession of auditors.
- d) Improve the ability to audit fraud by increasing the hours spent in conducting audits, so that they are able to detect and prevent the occurrence of common fraud.
- e) Improve the understanding of both employees, management, and auditors regarding the guidelines for reporting alleged violations (whistleblowing system).
- f) In the dimension of building a good internal control structure, management should improve the effectiveness of the assessment of the quality of the company's internal control system.

### Suggestions for Further Researchers

For further researchers it is suggested as follows:

- a) It is hoped that further researchers will not only focus on the factors in this study, namely auditor professionalism and the whistleblowing , but can add other factors that may affect fraud prevention, such as the competence of auditor professionalism resources, auditor professionalism. internal, internal control, good corporate governance, or other factors.
- b) In order for the results of this research to be widely used, for future researchers it is hoped that research subjects will not only be fixated on PT KAI or one institution, but can use other research subjects in various state-owned companies.

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