

Effect of Experience, Independence, Time Pressure of Personality And Ability To Detect Fraud With Auditor's Professional Skepticism As A Moderating Variable

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Abstract: This study aimed to determine the effect of experience, independence, personality type and the time pressure on the auditor's ability to detect fraud with professional skepticism as a moderating variable. The method used is quantitative research. The population in this study is the auditors who work on public accounting firm in East Java. The sampling technique uses convenience sampling. The data analysis method in this study uses the Moderated Regression Analysis (MRA) equation model. The results showed that the experience, independence and time pressure affect the auditor's ability to detect fraud, whereas personality type does not affect the auditor's ability to detect fraud. The study also shows that professional skepticism able to moderate the influence of experience, the independence of the auditor's ability to detect fraud, whereas professional skepticism is not able to moderate the influence of personality type, time pressure on the auditor's ability to detect fraud..

Keywords: experience, independence, personality type, time pressure, ability to detect fraud and professional skepticism

Introduction

Considering the important role in the profession of an auditor, one of the efforts that must be done is to increase the professional skepticism of the auditors, this is done in order for the auditor to be able to detect fraud. Auditors must follow developments in their profession which can be done by studying and understanding and applying established auditing standards. An auditor is required to be responsible for carrying out his profession in accordance with the Public Accountant Professional Standards (SPAP) which includes auditing standards, accounting and review service standards, attestation standards, consulting service standards and quality control standards (Salsabil 2020).

The failure of auditors to detect fraud can be seen from several cases involving public accountants, such as the Jiwasraya case that manipulated financial statements (Berita Satu.com), the case of PT. Sun Prima Nusantara (SNP) Finance, by manipulating financial reports by creating fictitious sales data with the aim of capturing funds from creditors and investors (<https://accounting.binus.ac.id/>). Furthermore, the same case also happened to PT. Hanson International Tbk, which also manipulated the presentation of the 2016 financial statements and was proven to have violated Financial Accounting Standards 44 concerning (Accounting for Real Estate Activities (PSAK 44) (<https://www.cnbcindonesia.com/>). Related to the case of report manipulation finance that involves public accountants, so this raises doubts for the public regarding the roles and responsibilities of a public accountant.

There are several factors that can affect the ability of fraud detection on auditors, such as experience, independence, personality type, time pressure and professional skepticism, which are concluded based on the results of previous studies. Yatuheidika and Ramadhana's research (2016), Biksa and Wiratmaja (2016), Sugianto (2017)

states that “experience an effect on the ability to detect fraud”. Research by Yatuhidika and Ramadhana (2016), Aryanti (2018), and Indrawati and Cahyono (2019) stated that the “independence affect the auditor's ability to detect fraud”. Budiando's research (2017), Faradina (2016) and Fa'ati and Sukurman (2014) stated that “personality types affect the auditor's ability to detect fraud”. Research by Molina and Wulandari (2018) and Setovia (2016) states that “time pressure affects the ability of auditors to detect fraud”. Said and Munandar (2018), Idawati (2018) and Setovia (2016) state that “professional skepticism affects the ability of auditors to detect fraud”.

Research on the auditor's ability to detect fraud is a very interesting topic for further study because it is considered particularly useful for auditors in an effort to improve its ability to detect fraud in order to minimize fraud. In contrast to previous research, the study was conducted on auditors working in the public accounting firm of East Java as an object of research and researchers are combining several independent variables from several previous studies and the researchers also added a moderating variable that professional skepticism. By combining multiple variables from previous studies, so this research may explain the consistency of the results of previous studies, as well as to determine whether the independent variables used in this study by adding moderating variables can also affect the auditor's ability to detect fraud.

Literature Review

Attribution Theory

Attribution theory is a theory first put forward by Heider (1958), then further developed by Jones and Davis (1965), Kelley (1967, 1972) and Weiner (1974). Heider (1958) emphasized that studying attribution is very important, because by studying attribution can have an influence on what we can feel and what humans can do. In the correspondent inference theory published by Jones and Davis (1965), this theory tries to find out how we make decisions based on observations of someone's behavior. Furthermore, Kelley (1967, 1972) who also co-developed further attribution theory known as Kelley covariance, which explains how we make a causal conclusion to be able to explain why ourselves or others behave in certain ways. Attribution theory developed by Weiner (1974) emphasizes on achievement. Where this attribution can be grouped into three dimensions of causality, namely: locus of control, stability and controllability (Malle 2007).

The relevance of this research with the attribution theory by using attribution theory in the study of attribution theory can certainly be used as a basis to determine what the ability of the fraud auditor to be relied on by determined through internal and external behavior. In this study, internal behavior includes experience, independence, personality type and professional skepticism, while external behavior includes time pressures faced by auditors.

Auditor Ability to Detect Fraud

To eradicate cheating is very important to do. To achieve this requires an ability or competent auditor, so that the auditor is able to detect fraud and to minimize the occurrence of fraud. There are several things that are important and really need to be considered by the auditor when detecting fraud, among others, the auditor must understand what is meant by fraud and what are the types and characteristics of fraud, and understand how to detect fraud. Certain characteristics or conditions can indicate a symptom of fraud (red flags) which can cause the auditor's failure to detect fraud. Either it is caused by internal or external factors on the auditors (Sofie and Nugroho 2018).

Experience

Experience is a combination of the total number of activities or events as well as events that a person has experienced or has gone through. Meanwhile, the experience of an auditor is the total amount during the learning process that has been taken by the auditor, so that the auditor can improve the quality of his performance through the complexity of the auditor's work and how long the auditor's work has been taken and how many assignments the auditor has received or performed. (Sugianto 2017).

Independence

According to Mulyadi and Kanaka (1998-48) in (Sugianto 2017) There are two keywords in the sense of independence, namely as follows Objectivity It is an element and character that can show the ability that a person has in expressing the true reality and free from personal or other people's interests. Integrity It is a character and elements that can show a skill or ability that a person has in an effort to realize what he has been able to and is believed to be true.

Personality Type

According to Carl G. Jung in (Noviyanti 2008), Carl G. Jung is a famous psychologist in Switzerland, Carl G. Jung stated that a person's personality type can be distinguished based on his preferences which can be measured in order to find out a person's personality type which is then developed further. continued by Katharine C. and daughter Isabel Briggs Myers. The personality types in the Myers-Briggs Type Indicator (MBTI) are divided into 4 pairs of preferences, which are as follows:

1. *Extraversion dan Introversion* (E dan I)
2. *Sensing dan Intuition* (S dan N)
3. *Thinking dan Feeling* (T dan F)
4. *Judging dan Perceiving* (J dan P)

Time Pressure

The time pressure experienced by auditors will certainly affect the quality of auditor performance. Time pressure is a situation that can be experienced by auditors, the time pressure situation experienced by auditors will make auditors try to manage their time budget by making efficiency over a very tight time limit (Dandi 2017). The time pressure condition requires auditors to be able to use their time to the maximum extent possible from a strict and rigid time limit based on a predetermined time (Lahonauman et al. 2018).

Professional Skepticism

According to Muhalib (2019) professional skepticism is the most important attitude for auditors when carrying out the audit process, professional skepticism includes thoughts that are always doubtful and question everything in the evaluation process which is done critically of the evidence obtained. Auditors with low professional skepticism certainly make auditors tend to fail when they detect fraud, this is because the auditors do not critically evaluate the audit evidence obtained. So the level of independence of the auditors greatly affects their ability to detect fraud. Based on the conceptual framework image above, here are the hypotheses in the study, including:

- H1 Experience a significant effect on the auditor's ability to detect fraud
- H2 The independence of a significant effect on the auditor's ability to detect fraud
- H3 Personality type significant effect on the auditor's ability to detect fraud
- H4 Pressure time a significant effect on the auditor's ability to detect fraud
- H5 Professional skepticism is able to moderate the relationship experience with the auditor's ability to detect fraud

- H6 Professional skepticism is able to moderate the relationship between the auditor's independence and ability to detect fraud
- H7 Professional skepticism is able to moderate the relationship between personality type and the auditor's ability to detect fraud
- H8 Professional skepticism is able to moderate the relationship of time pressure on the auditor's ability to detect fraud.

Methods

In this study, including the type of quantitative research obtained from the score on the respondents' questionnaire answers. The population in this study were all auditors working in Public Accounting Firm (KAP) in East Java. Meanwhile, to determine the sample using convenience sampling technique, namely a method without using any criteria.

The data analysis method in this study uses the Moderated Regression Analysis (MRA) equation model.

The following is the regression model equation used in the study:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_1X_5 + b_7X_2X_5 + b_8X_3X_5 + b_9X_4X_5 + e$$

Where:

Y = Fraud indication

b_0 = Y value if X=0 (constant value)

b = number of direction or regression coefficient

X1 = Experience

X2 = Independence

X3 = Personality Type

X4 = Time Pressure

X5 = Professional Skepticism

e = Standard error of regression estimation (error)

Findings

The Effect of Experience on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.014 > 0.05), thus indicating that "experience affects the ability of auditors to detect fraud". This means that the experience of the auditor working at KAP in East Java can affect the ability to detect auditor fraud and enable the auditor to uncover fraud that occurs. Experienced auditors will certainly make it easier for auditors to detect fraud, this is because auditors have gone through many work assignments that have been accepted or handled by auditors so that it can make it easier for auditors to complete their work and for their next work.

The research results are supported by Paramitha Sukma (2020), Ranu and Coddle (2017), Yatuhidika (2016) and strengthened by Arifuddin and Indrijawati (2018), the results of the study stated that the auditor has a lot of experience, especially the experience of auditors. In auditing activity will certainly increase the level of knowledge, expertise and fraud detection capabilities.

The Effect of Independence on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.18) > 0.05, thus indicating that "independence affects the ability of auditors to detect fraud". This means that the level of independence of auditors working at KAP East Java is very good so that it is able to have an impact the ability to detect fraud, so that it can show that if the auditor is more independent, the better the potential for the auditor's ability to detect fraud.

The research results are supported by previous research, such as research by Yatushidika and Ramadhana (2016), Sofie and Nugroho (2018) and Indrawati, et al, (2019) which concluded the more independent auditors are, the better the auditor's ability to detect fraud.

The Influence of Personality Types on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.521) > 0.05, thus indicating that "personality type has no effect on the ability of the auditors to detect fraud". This means that differences in the personality types possessed by auditors who work at the KAP in East Java cannot affect their ability to detect auditor fraud so that it can show that work at Public Accounting Firms in East Java are competent and professional auditors, as well as auditors when carrying out their operations. duties for their work are in accordance with audit procedures so that it can prove that whatever personality types the auditors who work at KAP in East Java cannot affect the level of fraud detection ability.

The research results are supported by previous research, such as research Faradina (2016), Budiando (2017), Putra and Dwiranda (2019) where the results of the study state that "personality type affects on the ability to detect auditor fraud". The results of this study are supported by Aminudin and Suryandari (2016), Sugiyanto (2019), Ranu & Merawati (2017) and reinforced by research by Arifuddin and Indrijawati (2018) the results of the study state that "personality type has no effect on the ability of the auditor to detect fraud", so that it can prove that whatever personality type the auditor has does not affect the ability to detect fraud.

The Effect of Time Pressure on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.000) > 0.05, thus indicating that "time pressure has an effect on the ability of the auditor to detect fraud" This means that auditors who are in conditions or situations of time pressure are able impact on the fraud detection ability of auditors who work at the KAP in East Java. So that it can show that auditors who are experiencing time pressure can improve their ability to detect fraud, time pressure will make auditors tend to be more focused so that auditors can immediately complete their work properly in accordance with the time limit given to the auditors.

The results of this study were supported by previous researchers, such as research by Setovia (2016), Idawati (2018), Molina and Wulandari (2018) which stated that time pressure will make an auditor experience a busy period and encourage auditors to complete their assignments for their work on time and according to deadlines given so that the auditor can complete it in a timely manner. If the time pressure given to the auditor is higher, the higher the ability of the auditor to detect fraud and it can also increase the auditor's sensitivity to fraud. This can indicate that

auditors are able to adapt to the time pressure situation they experience so as to increase the ability to detect fraud.

Professional Skepticism Moderates the Effect of Experience on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.032) > 0.05, thus indicating that " professional skepticism able to moderate influence on the ability of the auditor's experience in detecting fraud. This means that the more experience the auditor has gone through, so that it will make the auditors tend to be more skeptical, this is due to the large number of assignments that have been received by the auditors and the length of time the auditor has taken so that the auditors will be more skeptical and the ability of auditors to detect fraud will be better. The results of this study were supported by previous research, As Shofia study (2019), Cory (2015), further research by Parastika and Wirawati (2017) which stated that "the professional skepticism shown to strengthen the influence of auditor experience in detecting fraud and experience can affect the predictive the auditor's ability to detect fraud".

Professional Skepticism Moderates the Effect of Independence on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.001) > 0.05, thus indicating that " professional skepticism is able to moderate the effect of independence on the ability of auditors to detect fraud. This means that the independence of the auditor will create or foster professional skepticism on the auditor. Professional skepticism and independence are two very important things for auditors in an effort to improve the ability of auditors to detect fraud can prove that the independence and professional skepticism of auditors can improve the quality of the auditor's performance so that the auditors are able to detect fraud.

The results of this study are supported by previous research, such as research by Hassan (2019) which states that the professionalism of auditors can strengthen the relationship between the effect of auditor independence on fraud detection, with the presence of professional skepticism that the auditor has can make or make auditor independence stronger, so that it is expected can improve the quality of auditor performance for the better so that they are able to detect fraud. Shofia's research (2019). Furthermore, Salsabil (2020) states that "professional skepticism can strengthen the relationship of independence to fraud detection" and can prove that independence are factors that greatly affect the level of the auditor's fraud detection ability, the auditor's professional skepticism can prove the more independent auditors, the more independent the auditor will be professional skepticism will also be higher so that it will make it easier for auditors to cheat.

Professional Skepticism Moderates the Effect of Personality Types on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.529) > 0.05, thus indicating that " professional skepticism is not able to moderate the effect of personality type on the ability of auditors to detect fraud". This means that the personality type of the auditor cannot increase the professional skepticism of an auditor, this is because

the auditor has carried out his job duties based on his competence and is in accordance with audit procedures so it can prove that the ability of auditors to detect fraud is not influenced by personality type.

The results obtained in this study are not in line with previous researchers, such as research by Putra and Dwiranda (2019) which states that "professional skepticism is able to moderate the relationship between personality types and the auditor's ability to detect fraud". So it can be concluded that "personality type can affect the ability of the auditors to detect fraud by increasing the auditor's professional skepticism. professional first". However, the results of this study are supported by Aminuddin and Suryandari (2016), the results of the study state that personality type has a negative effect on the ability of auditors to detect fraud through professional skepticism.

Professional Skepticism Moderates the Effect of Time Pressure on the Auditor's Ability to Detect Fraud

Based on the results of testing the hypothesis obtained sig (0.836) > 0.05, thus indicating that " professional skepticism is unable to moderate the effect of time pressure on the ability of auditors to detect fraud". That is, auditors who are skeptical if they are under time pressure will make auditors tend to focus more on the time limit given, so that the auditors try to immediately finish their work tasks on time and in accordance with the time limits that have been given, so that auditors tend to be less skeptical. for the audit performed. Auditor professional skepticism will decrease if faced with time pressure conditions. So that "the professional auditor's skepticism cannot moderate the relationship between time pressure and the auditor's ability to detect fraud".

Based on the research results, it shows that this research is not in line with the research Putra, et al. (2016) that "the results of the study state that professional skepticism is able to moderate the relationship between time pressure and fraud detection". Salsabil's research (2020) also states that "professional skepticism can strengthen the effect of time pressure on the ability of auditors to detect fraud".

Conclusion

1. The auditor's ability to detect fraud can be influenced by experience, independence and time pressure, while personality type has no effect on the auditor's ability to detect fraud.
2. Professional skepticism is able to moderate the relationship between the experience and independence of the auditor's ability to detect fraud, whereas professional skepticism is not able to moderate the relationship between personality type and the time pressure on the auditor's ability to detect fraud.

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