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Moral Catalyst in Audit: The Selective Role of Auditor's Sense of Responsibility in Strengthening the Effectiveness of Fraud Detection

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Abstract: This study examines the effect of auditor competence, independence, and experience on fraud detection, with Auditor's Sense of Responsibility (ASOR) as a moderating variable. A survey of 238 external auditors at Public Accounting Firms (KAP) in Jakarta was analysed using Structural Equation Modeling–Partial Least Square (SEM-PLS) with a Higher Order Construct (HOC) approach. Results indicate that competence (β = 0.448; p = 0.000), experience (β = 0.402; p = 0.000), and independence (β = 0.244; p = 0.000) each significantly and positively influence fraud detection. ASOR alone does not significantly affect fraud detection (β = −0.057; p = 0.212). In moderation tests, ASOR does not significantly strengthen the effect of competence (β = 0.003; p = 0.938); however, it partially moderates the effects of independence (β = 0.177; p = 0.000; VAF = 42.0%) and experience (β = 0.214; p = 0.000; VAF = 34.7%). The model explains 67.2% of the variance in fraud detection (R^2 = 0.672; SRMR = 0.022). This study contributes to forensic audit literature by demonstrating that ASOR functions as a psychological reinforcer that selectively strengthens independence and experience but not technical competence that is already independently internalized.

Keyword: Auditor Competence, Auditor Independence, Auditor Experience, Fraud Detection, Auditor's Sense Of Responsibility, SEM-PLS.

INTRODUCTION

Fraud or financial malfeasance has become a serious threat to the integrity of the global financial system. Over the past decade, large-scale fraud cases have shaken public confidence in audited financial statements. Tuanakotta (2012) defines fraud as an intentional act by one or more members of management, trustees, employees, or third parties through deception to obtain illegal or unlawful advantages. The Association of Certified Fraud Examiners (ACFE) similarly defines fraud as an illegal act committed intentionally to manipulate or misrepresent information for the benefit of the perpetrator, directly or indirectly harming other parties.

The 2025 ACFE Indonesia Chapter Survey reveals that corruption is the most prevalent fraud type (47.6%), followed by asset misappropriation (40.2%) and financial statement fraud (12.2%). Paradoxically, external auditors contributed only 6% to fraud detection, far below

internal auditors at 19.18%. This paradox is reinforced by major fraud scandals at companies audited by reputable public accounting firms: PT Multidaya Teknologi Nusantara (eFishery) audited by KAP Gani Sigiro & Handayani (affiliate of Grant Thornton); PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life) audited by KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan (Crowe Horwath affiliate); and China Evergrande Group audited by PwC Zhong Tian LLP for 14 years.

Prior research has consistently identified competence (Kuntadi & Pattingallong, 2022), independence (Alam et al., 2019; Astuti, 2019; Wajaenubun, 2018), and experience (Andriyanti, 2019; Nurdahlia, 2018) as key determinants of fraud detection effectiveness. However, existing studies generally stop at direct effects without considering psychological factors that translate these professional capacities into actual audit behavior. Two auditors with equal competence and experience may produce very different fraud detection quality depending on the strength of their professional sense of responsibility.

Auditor's Sense of Responsibility (ASOR) refers to the psychological condition in which an auditor perceives a moral and professional obligation to perform duties responsibly. DeZoort and Harrison (2018) found that auditors with a sense of responsibility reported fraud detection at higher rates. Yusnaini (2023) demonstrated that successful fraud detection requires not only regulatory standards but also moral courage (identity), task clarity, and personal control—the three dimensions forming ASOR within the Triangle Model of Responsibility (TMOR) framework.

This study argues that ASOR functions not merely as an additional independent variable but as a moderator that selectively strengthens or weakens the relationship between competence, independence, and experience with fraud detection effectiveness. The study was conducted on 238 external auditors at KAPs in Jakarta using PLS-SEM.

Agency Theory and Auditor Accountability

This study is grounded in two complementary theoretical frameworks. Agency Theory (Jensen & Meckling, 1976) defines the agency relationship as a contract in which one or more principals delegate decision-making authority to an agent. In the audit context, information asymmetry between management (agent) and shareholders (principal) creates opportunities for fraudulent reporting. External auditors serve as independent third parties to verify whether financial statements conform to applicable accounting standards (Mulyadi, 2016). However, the presence of an external auditor does not automatically guarantee fraud detection; effectiveness depends on the auditor's capacity and integrity.

Triangle Model of Responsibility (TMOR)

The Triangle Model of Responsibility (Schlenker et al., 1994) posits that responsibility is a "psychological glue" linking an actor to an event and a set of applicable norms. Applied to the audit context, ASOR is shaped by three dimensions: task clarity, personal control, and professional obligation. DeZoort and Harrison (2018) established that ASOR is the "engine" behind ethical auditor behavior; without this internal sense of responsibility, auditors fulfil only formal requirements without genuinely safeguarding the quality of financial information for the public interest.

Hypothesis Development

Competence enables auditors to detect fraudulent engineering more sensitively (Arens et al., 2013; Sulistyowati, 2016). Independence prevents findings from being suppressed under management pressure (Mulyadi, 2014; Maya, 2017). Experience sharpens recognition of risk patterns and fraud indicators (Bonner, 1990; Andriyanti, 2019). ASOR is theorized to moderate these relationships by providing the psychological drive necessary to translate professional capacity into actual fraud-detection behavior, particularly for independence (requiring moral

courage to act) and experience (preventing familiarity bias). Accordingly, six hypotheses are proposed: H1: Auditor competence positively affects fraud detection. H2: Auditor independence positively affects fraud detection. H3: Auditor experience positively affects fraud detection. H4: ASOR strengthens the effect of competence on fraud detection. H5: ASOR strengthens the effect of independence on fraud detection. H6: ASOR strengthens the effect of experience on fraud detection.

METHOD

This study employs a quantitative approach with an explanatory survey design aimed at empirically testing inter-variable relationships (Sugiyono, 2018; Sekaran & Bougie, 2016). The population consists of all auditors at Public Accounting Firms (KAP) in Jakarta. Based on the 2025 KAP & AP Directory published by the Centre for Financial Profession Development (PPPK), 277 active KAPs were registered in early 2025. Sampling used non-probability purposive sampling, targeting senior auditors, supervisors, and managers with more than two years of audit experience.

Sample size determination followed Sekaran's (2016) guideline of five observations per indicator. With 45 indicators across five variables, the minimum sample was 225 respondents (5 × 45). A total of 238 valid responses were collected via a Google Form questionnaire distributed to auditors across multiple KAPs in Jakarta.

All variables were measured on a 5-point Likert scale using reflective indicators: Competence (8 indicators, 3 dimensions: knowledge, experience, training — Alim et al., 2007; Tuanakotta, 2012); Independence (4 indicators, 2 dimensions: independence in fact and in appearance — Mulyadi, 2014); Experience (10 indicators, 4 dimensions: tenure, knowledge and skills, task mastery, task variety — Handoko, 2013); Fraud Detection (14 indicators, 6 dimensions — Karyono, 2013); ASOR (9 indicators, 3 dimensions: task clarity, personal control, professional obligation — DeZoort & Harrison, 2018).

Data were analysed using Structural Equation Modeling–Partial Least Square (SEM-PLS) via SmartPLS 3.2.1, using a Higher Order Construct (HOC) two-stage approach. Outer model evaluation assessed convergent validity (loading factor ≥ 0.70; AVE ≥ 0.50), composite reliability (≥ 0.70), and discriminant validity (HTMT < 0.90; Fornell-Larcker criterion). Hypothesis testing used bootstrapping (5,000 subsamples; 95% confidence interval). Moderation effects (H4–H6) were tested using the product indicator approach.

RESULTS AND DISCUSSION

Respondent Characteristics

This study involved 238 external auditor respondents from various KAPs in Jakarta. Table 1 presents the demographic profile.

Table 1. Respondent Characteristics

No.	Characteristic	Category	n	%
1	Education Level	Diploma	1	0.4%
		Bachelor (S1)	201	84.5%
		Master (S2)	31	13.0%
		Doctorate (S3)	5	2.1%
2	Work Experience at KAP	1–3 years	124	52.1%
		3–6 years	77	32.4%
		6–9 years	22	9.2%
		> 9 years	15	6.3%
3	KAP (Top 3)	KAP PKF Hadiwinata	59	24.8%

No.	Characteristic	Category	n	%
		KAP Heliantono & Rekan	54	22.7%
		KAP BDO/Tanubrata	53	22.3%

Source: Research data (2026)

The majority held a Bachelor's degree (84.5%), 52.1% had 1–3 years of KAP experience, and the three largest KAPs (KAP PKF Hadiwinata 24.8%, KAP Heliantono & Rekan 22.7%, KAP BDO/Tanubrata 22.3%) together represented nearly 70% of respondents.

Outer Model Evaluation

Outer model evaluation was conducted at two stages: Lower Order Construct (LOC) to obtain latent variable scores, and Higher Order Construct (HOC). Table 2 presents HOC results.

Table 2. Outer Model Results (HOC)

No.	Construct	Indicator	Loading Factor	Conclusion	CR	CA	AVE
1	ASOR	*ASOR_1*	0.979	Valid	0.987	0.980	0.961
		ASOR_2	0.978	Valid			
		ASOR_3	0.985	Valid			
2	FRD	*FRD_1*	0.941	Valid	0.976	0.970	0.892
		FRD_2	0.937	Valid			
		FRD_3	0.949	Valid			
		FRD_4	0.949	Valid			
		FRD_5	0.945	Valid			
3	Independence	*IND_1*	0.982	Valid	0.983	0.966	0.967
		IND_2	0.984	Valid			
4	Competence	*KOM_1*	0.981	Valid	0.987	0.980	0.961
		KOM_2	0.977	Valid			
		KOM_3	0.983	Valid			
5	Experience	*PNG_1*	0.967	Valid	0.979	0.971	0.919
		PNG_2	0.964	Valid			
		PNG_3	0.956	Valid			
		PNG_4	0.949	Valid			

Source: Research data (2026)

All indicators show loading factors above 0.708 (range: 0.937–0.985). AVE values range from 0.892 to 0.967 (> 0.50), confirming convergent validity. CR values exceed 0.976 and Cronbach's Alpha exceeds 0.966, confirming composite reliability. All HTMT values are below 0.90 (maximum: 0.593 between Experience and FRD) and the Fornell-Larcker criterion is satisfied, confirming discriminant validity.

Goodness of Fit

Table 3. Goodness of Fit

No.	GoF Parameter	Value	Cut-off	Conclusion
1	R^2 (R-Square)	0.672	> 0.50	Strong goodness of fit

No.	GoF Parameter	Value	Cut-off	Conclusion
2	Q^2 (Predictive Relevance)	0.577	> 0.50	Adequate predictive relevance
3	SRMR	0.022	< 0.08	Good model fit

Source: Research data (2026)

The model achieves a strong goodness of fit ($R^2 = 0.672$), adequate predictive relevance ($Q^2 = 0.577$), and excellent model fit (SRMR = 0.022 < 0.08), confirming the structural model is well-specified.

Inner Model and Hypothesis Testing

Table 4. Path Coefficient Results

Hypothesis	Path	Coeff.	T-stat	p-value	Decision
H1	Competence → FRD	0.448	8.724	0.000	Accepted
H2	Independence → FRD	0.244	4.817	0.000	Accepted
H3	Experience → FRD	0.402	7.613	0.000	Accepted
H4	ASOR × Competence → FRD	0.003	0.079	0.938	Rejected
H5	ASOR × Independence → FRD	0.177	3.468	0.000	Accepted
H6	ASOR × Experience → FRD	0.214	4.112	0.000	Accepted

Source: Research data (2026)

Table 5. Hypothesis Testing Summary

H	Hypothesis Statement	Decision	Finding
H1	Competence positively affects fraud detection	Accepted	Dominant predictor (coef. = 0.448; p = 0.000)
H2	Independence positively affects fraud detection	Accepted	Significant positive effect (coef. = 0.244; p = 0.000)
H3	Experience positively affects fraud detection	Accepted	Second determinant (coef. = 0.402; p = 0.000)
H4	ASOR strengthens competence → FRD	Rejected	High competence operates automatically without ASOR (coef. = 0.003; p = 0.938)
H5	ASOR strengthens independence → FRD	Accepted	Partial moderation; ASOR drives moral courage (VAF = 42.0%)
H6	ASOR strengthens experience → FRD	Accepted	Strongest partial moderation; prevents mechanical routine (VAF = 34.7%)

Source: Research data (2026)

H1 is supported: competence is the dominant predictor of fraud detection ($\beta = 0.448$; $p = 0.000$), consistent with Arens et al. (2013) and Sulistyowati (2016). H2 is supported: independence significantly and positively affects fraud detection ($\beta = 0.244$; $p = 0.000$), confirming Alam et al. (2019) and Wajaenubun (2018). H3 is supported: experience is the second-largest determinant ($\beta = 0.402$; $p = 0.000$), aligned with Bonner (1990) and Andriyanti (2019).

H4 is rejected: ASOR does not significantly moderate the competence–fraud detection path (β = 0.003; p = 0.938). This finding is attributed to the automaticity phenomenon in professional cognition: when auditor competence is sufficiently high, technical detection procedures are deeply internalized and operate automatically without requiring additional moral impetus. This is consistent with Schlenker et al. (1994), who found that task clarity—the dimension most closely related to technical competence—does not significantly relate to sense of responsibility.

H5 is supported: ASOR partially moderates the independence–fraud detection path (β = 0.177; p = 0.000; VAF = 42.0%). Independence as an ethical-structural attribute requires moral courage to actualize, particularly under client management pressure. ASOR supplies this psychological drive through the reinforcement of professional obligation and personal control. This finding helps explain why major audit failures (eFishery, Wanaartha Life, China Evergrande) are not solely attributable to the absence of formal independence, but to the lack of auditors' moral courage to act upon it.

H6 is supported with the strongest moderation effect: ASOR × experience (β = 0.214; p = 0.000; VAF = 34.7%). ASOR prevents experienced auditors from falling into auditor familiarity bias—the tendency to reduce vigilance due to over-familiarity with clients—and promotes active, responsible use of professional intuition. This is consistent with Yusnaini (2023) and Drogalas et al. (2017).

Taken together, these findings reveal a boundary condition in audit literature: professional sense of responsibility is most effective for ethical-relational capacities (independence) and accumulative-experiential capacities (experience), but not for technical-declarative capacities (competence). The selective moderating role of ASOR constitutes the primary novel contribution of this study.

CONCLUSION

This study empirically demonstrates that competence (β = 0.448), experience (β = 0.402), and independence (β = 0.244) each significantly and positively influence fraud detection by external auditors, with competence as the dominant factor. The primary contribution lies in establishing the selective moderating role of Auditor's Sense of Responsibility (ASOR)—a psychological construct grounded in the Triangle Model of Responsibility not previously tested in the Indonesian audit fraud context—which significantly strengthens the effects of independence (VAF = 42.0%) and experience (VAF = 34.7%) but not competence.

The non-significant H4 finding reveals the automaticity phenomenon: highly competent auditors execute fraud detection procedures automatically without requiring additional psychological reinforcement. Practically, quality improvement programmes for external auditors should not rely solely on technical competence development but must integrate the cultivation of professional sense of responsibility, particularly the professional obligation and personal control dimensions, to maximize fraud detection effectiveness. Future research should test individual ASOR dimensions as separate moderators and extend the context beyond Jakarta KAPs to include internal auditors, thereby assessing the generalizability of this model.

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