THE INFLUENCING FACTORS IMPACTING THE AUDITOR'S ABILITY TO DETECT FRAUD IN MALAYSIA.

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ABSTRACT.

This study aims to determine and analyse the effect of auditor independence, auditor experience, professional skepticism and time pressure on the auditor's ability to detect fraud in Malaysia. This research is a quantitative study and the data was gathered through the collection of primary data from the target population. The target respondents are 200 auditors who working at the randomly selected five accounting or audit firms registered with the Malaysian Institute of Accountants (MIA). The number of samples collected and used in this study is 110 respondents. Asides that, the data collection method used in this study was by distributing questionnaires to the respondents. Methods of data analysis using multiple linear regression analysis with the help of the SPSS Statistics Version 29 software application. Based on the results of data analysis, it was found that: 1) Auditor Independence has a positive effect on the auditor's ability to detect fraud; 2) Auditor Experience has a positive effect on the auditor's ability to detect fraud; 3) Professional Skepticism has a positive effect on the auditor's ability to detect fraud; and 4) Time Pressure has a negative effect on the auditor's ability to detect fraud.

Keywords: auditor's ability to detect fraud, auditor independence, auditor experience, professional skepticism, time pressure.

ABSTRAK.

Kajian ini bertujuan untuk menentukan dan menganalisis kesan kebebasan juruaudit, pengalaman juruaudit, keraguan profesional dan tekanan masa terhadap kemampuan juruaudit mengesan penipuan di Malaysia. Kajian ini merupakan kajian kuantitatif dan data dikumpul melalui pengumpulan data primer daripada populasi sasaran. Responden sasaran ialah 200 juruaudit yang bekerja di lima firma perakaunan atau audit yang dipilih secara rawak yang berdaftar dengan Institut Akauntan Malaysia (MIA). Bilangan sampel yang dikumpul dan digunakan dalam kajian ini adalah seramai 110 orang responden. Selain itu, kaedah pengumpulan data yang digunakan dalam kajian ini ialah dengan mengedarkan borang soal selidik kepada responden. Kaedah analisis data menggunakan analisis regresi linear berganda dengan bantuan aplikasi perisian SPSS Statistics Version 29. Berdasarkan hasil analisis data, didapati: 1) Kebebasan Juruaudit memberi kesan positif terhadap kemampuan juruaudit mengesan penipuan; 2) Pengalaman Juruaudit mempunyai kesan positif terhadap kemampuan juruaudit untuk mengesan penipuan; 3) Keraguan Profesional mempunyai kesan positif terhadap kemampuan juruaudit untuk mengesan penipuan; dan 4) Tekanan Masa memberi kesan negatif terhadap kemampuan juruaudit untuk mengesan penipuan.

Kata kunci: keupayaan juruaudit untuk mengesan penipuan, kebebasan juruaudit, pengalaman juruaudit, keraguan profesional, tekanan masa.

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LIST OF ABBREVIATIONS.

Abbreviation	Description of Abbreviation
AM	Associate Member
ACFE	Association Of Certified Fraud Examiners
CA	Chartered Accountant
EXPR	Auditor Experience
FDA	Fraud Detection Ability
HSE	Health And Safety Executive
INDP	Auditor Independence
MLR	Multiple Linear Regression
MIA	Malaysian Institutes of Accountants
OLS	Ordinary Least-Squares
SKEP	Professional Skepticism
SPSS	Statistical Product for Service Solution
TIME	Time Pressure
WFH	Work From Home

CHAPTER 1

INTRODUCTION.

1.0 Introduction.

In recent years, there have been a series of accounting scandals that have provided new evidence of audit failures. These failings can have significant consequences, not just for the auditors but also for the organisations they audit. It can be said that accounting fraud or scandals have received a significant amount of attention from the media and have emerged as an issue that is both visible and relevant in the view of business people from all over the world. During the auditing process, auditors play a crucial role in the detection of fraud. Due to the fact that fraud is continuously and increasingly prevalent in a variety of ways, auditors must also continually enhance their efforts and their ability to identify it. Therefore, conducting an analysis of the important aspects that can affect an auditor's ability to detect fraud is absolutely necessary in order to provide a quality report in addition to the detection and prevention of fraud taken earlier (Umar, Erlina & Fauziah, 2019).

Accordingly, assessing the factors that influence an auditor's ability to uncover fraud has always been of interest to audit and management teams as well as to the field's researchers. In this study, the factors that affect an auditor's ability to spot fraud are assessed and looked at. These factors include the auditor's independence, experience, professional skepticism, and time pressure. As of date, numerous studies and research have been carried out regarding the factors and abilities of auditors in fraud detection (Indrasti & Sari, 2019; Wahidahwati & Asyik, 2022; Hazami-Ammar, 2019; Pratiwi, Rizal, Indrianasari, Wiyono & Ifa, 2019; Johari, Hairudin, & Dawood, 2022; Khaksar, Salehi, & DashtBayaz, 2021; Octavia, Saudi, & Sinaga, 2020; La Ode, Wahyuniati, Angela, & Oktri, 2020). In light of this, the research was meant to investigate the factors that influence the auditor's ability in detecting fraud.

This chapter addresses the introductory aspects of the chapter, which encompass the background of the study, a statement of the problems, as well as the research objective and questions that are involved in this study. Also discussed are the scope of the research, significance of the research as well as the definition of key terms related to this study. Lastly, the structure or organisation of this report will be outlined in the first chapter.

1.1 Background of Study.

Fraud is a criminal offence that can be viewed from many different angles. According to the definition provided by the Association of Certified Fraud Examiners (ACFE), fraud consists of activities that are in violation of the law and are conducted with the intention of achieving a certain goal, such as deceiving other parties by presenting them with false reports. Also, fraudulent acts are deceitful behaviours committed by individuals or groups within or outside an organisation for the purpose of gaining financial advantage or something of value at the expense of another party (Iskandar, Ramadhan, Mansyuri & Ramadhan, 2022). Prameswari, Purwohedi and Respati (2022) states that fraud in financial statements is the purposeful manipulation and wilful alteration of the accounting process by upper-level management with the intention of making the financial reports appear more favourable with a rosier result than the present circumstances. While fraud detection as mention by Takasenserang and Indarto (2021) is a set of processes and assessments to gather sufficient early indicators of a fraudulent act and to limit the opportunities available to those who would commit such an act. In other words, fraud detection is an activity with the goal of identifying fraud, its perpetrators and victims, and the factors contributing to the occurrence of the fraud.

The accounting fraud, or fraud as it is more often known in the auditing world, is one of the most pressing problems facing businesses of all sizes and in every industry today around the world and has thus made its way to the forefront of the headlines news in the media**.** There have been many cases of accounting fraud or scandal involving high-profile firms all over the world, both on an international and local level. On the international level, some examples of accounting fraud or scandals include WorldCom, Enron, Bernie Madoff, Mahindra Satyam, Wirecard, and British Telecom, while 1MDB, Transmile Corporation Berhad, Perwaja Steel Berhad, and many other well-known companies are examples of accounting fraud or scandals on a local level. According to Andriani, Budiartha and Widanaputra (2022), the ACFE 2020 reports that financial statement fraud is the form of fraud that results in the greatest annual average loss, which is USD 954,000, and this makes it the costliest type of fraud to date. This is a rise from the findings of the study conducted by the ACFE in 2018, which reported that the annual average loss value was USD 800,000 due to fraudulent financial statement activity.

In addition to this, information obtained from the ACFE Nation Asia Pacific in 2020 indicates that Indonesia has the highest number of reported cases of fraud out of the 198 reported incidents of fraud that took place in the Asia Pacific region. Apart from that, Mahami and Mouloudj (2020) discovered that the proportion of recorded cases of fraud was highest in the Middle East and North Africa, followed by cases reported in the sub-Saharan region of Africa when compared to the Southern Asia and the Asia-Pacific region. Also, Algeria has seen an increase in the frequency and severity of fraud incidences during the last two decades, and one example of this is the manipulation that took place in the El Khalifa Bank, and this case is referred to as "the scandal of scandals" or "the scandal of the century."

In spite of the country's status as a developing nation characterised by volatile political and economic circumstances, Malaysia has also not been spared from occurrences of fraudulent financial reporting cases. A study conducted by Price Waterhouse Coopers (2020) on businesses in Malaysia reveals an alarmingly high number of fraud cases. This is due to the fact that the number of fraud cases rising from 41% in 2018 to 43% in 2020 and expected to rise further in the years to come. According to the findings of the study, the nation is experiencing a large revenue shortfall, and accounting fraud in Malaysia keeps getting worse over time, even though new rules, regulations, and governance measures have been put in place to avoid the occurrence of financial reporting fraud (Aripin, Mahmud, Sabli & Tapsir,2022).

Next, Hamdan, Jaffar, Ab Razak and Salleh (2017) state that Malaysia has encountered and been the victim of a large number of fraud and corruption cases, including the losses of RM250 million in the National Feedlot Project and the RM2.52 billion loss incurred in MAS, both in year 2012, which had to be absorbed by the Malaysian government. In addition to this, KPMG (2013) claimed in their Fraud Survey 2012 Report, that half of the respondents (48%) of CEOs from publicly listed and top private companies in Malaysia reported having encountered and been a victim of fraud in their organisation, with a total of 62 separate fraud incidences being revealed during the survey period. Among the surveyed companies, 26% reported that they had experienced fraud losses that amounted to RM2.407 million, and 42%

reported that they had lost between RM10,001 and RM100,000 due to fraud in the preceding years.

In order to cut down on the number of fraud incidents and the amount of money the country loses each year, an efficient and cost-effective method is required. As a result, auditors are required to oversee and investigate the financial reports that have been produced by the company's management (La Ode, Wahyuniati, Angela & Oktri, 2020). The auditor carries a heavy duty and responsibility to assure users of the financial statements, including investors, borrowers, and others, that the financial statements they have received are prepared in conformity with applicable standards and principles and fairly present the real financial position of the business. In addition to ensuring the accuracy of the financial statements, auditors are also in charge of gathering proofs to see if the financial statements are free from any material misstatement (Said & Munandar, 2018). It is possible to state that auditors become a channel for the identification of fraud, and their involvement in the process of detecting whether or not fraud has occurred is of the utmost importance because fraud that goes undetected can result in financial losses for a number of different entities, such as the client organization, the auditors, the public accounting firm, and even the government or the country itself.

According to Gracia and Kurnia (2021), if an auditor fails to detect fraud, the company may be subject to punishments such as payment of fines and the suspension of business operations. As a result, potential investors may lose faith in the reliability of the company's financial statements and be less inclined to invest money into the company. Furthermore, it significantly hinders the government's ability to provide services to its citizens and accomplish desired results, as the country faces a substantial loss of revenues. In addition to this, they also brought up the fact that auditors who are unable to identify fraudulent activity are subject to disciplinary action or penalties for breaching the Professional Standards for Public Accountants (SPAP) which serves as a roadmap for them to follow while practising their profession. This could hurt the reputations of both the auditor and the public accounting firm, which could make the public lose confidence in the public accounting profession's competency and objectivity.

Considering the magnitude of potential losses, the auditor's ability to spot fraud plays an essential role throughout the auditing or assessment process. The auditor's ability to spot fraudulent activity is an essential component in the process of comprehending and evaluating the internal control of the client, figuring out the extent of materiality risk, and analysing and testing audit evidence. This is done to ensure that the auditor can take it into consideration when rendering a judgement on the financial statements, which is the very last stage in the auditing process (Gracia, & Kurnia, 2021). In a nutshell, it is of the utmost importance to pinpoint the factors that contribute to the auditor's capability of detecting fraudulent activity, and this area will be investigated more extensively in the report.

1.2 Problem Statement.

As a developing nation, Malaysia has always been successful in drawing a large number of prospective investors due to the country's appealing potential. In the years following the financial crisis of 1997, Malaysia's economy has grown at a steady average pace of 5.4% per year since 2010. Regardless of the drastic political shifts that took place in 2018, Malaysia is making great strides as one of the most successful and toughest competitor's countries in the world and in pursuit to become a high-income economy by the year 2024. Moreover, business investment by global investor in Malaysia has also played a critical role in economic boom. Thus, the company's performance will emerge as the primary focus of attention when investors make decisions about whether or not to invest in a company (Md Nasir & Hashim, 2021).

However, a company's performance could be negatively impacted by a variety of causes, including fraud. Despite the fact that fraud is not a new problem, recent years have seen a spate of accounting fraud scandals involving billions of dollars that have unfolded, such as Petrol One Resources, Sime Darby Berhad and Transmile Group Berhad. These scandals tarnish the reputation of the country and dishearten the confidence of investors. So, according to Suffian, Mad, Rashid and Zakaria (2022), preventing accounting fraud or scandals greatly depends on auditors' abilities to detect fraud as well as the factors that affect that ability. This is due to the fact that it may assist auditors in realising how crucial their part is in each and every audit task as well as in identifying the likelihood of fraud at an earlier stage, with the end objective of reducing the number of times in which audits are found to be lacking. Multiple studies, including Adnan and Kiswanto (2017); Arifuddin, Rahmawati and Indrijawati (2020); Gracia and Kurnia (2021); Agustina, Nurkholis and Rusydi (2021); and other research, have pinpointed a number of factors that are linked to the auditor's ability to uncover fraud and discovered that the auditors themselves are the major contributors to their inability to detect fraud.

One of the determinants that can have an influence on an auditor's ability to spot fraud is the auditor's independence. Auditor independence demonstrates the auditor's attitude, mentality, and behaviour of not being easily controlled or manipulated by third parties and being impartial to all parties when conducting audits and evaluating financial statements. In addition to this, auditors should be free from any pressure or interference from any party in order to identify any abnormalities in the financial statements, making auditor independence vital and of the highest concern. When the auditor has a high degree of independence, they cannot be easily manipulated or swayed by outside parties, and they are better able to look over financial statements. The auditor's ability to spot fraudulent activity improves in direct proportion to the degree of independence the auditor possesses (Prameswari, Purwohedi & Respati, 2022).

Next, La Ode, Wahyuniati, Angela and Oktri (2020) mention that experience gained by auditors in the course of performing their audit tasks is an essential component of the auditing process because it enables auditors to become more observant, acquainted, and comprehensive with potential indicators of fraudulent activity. Moreover, an experienced auditor can be more readily and easily spotting red flags for fraud and also be better equipped to advise on how to deal with any cases of fraud that are uncovered. Asides that, the other determinant that can affect auditor's ability to uncover fraudulent practice is the level of professional skepticism. In the field of auditing, auditors are expected to demonstrate professional skepticism in their work, as it clearly shows that they do not trust or are dissatisfied with audit proofs that are inadequately compelling and that they have a mindset that involves a constantly questioning mind, vigilance for situations that may cause potential misstatements, whether due to fraud or error, and a critical evaluation of audit evidence. A low level of professional skepticism, on the other hand, makes auditors less sensitive to fraud, whether it be actual or probable, as well as to the warning signs that signal an accounting error or fraud (Prameswari, Purwohedi & Respati, 2022).

Apart from that, time pressure may have an impact on the auditor's effectiveness and ability to discover fraud if the audited item gets increasingly complicated while the estimated time is inadequate. As a result of this, the performance of an auditors will be hampered by time constraints, and auditors who only have a limited amount of time will find it difficult to discover inconsistencies in financial statements and signs of fraud. Therefore, if the auditor does not undertake the audit in its entirety, then the auditor will have a lower chance of detecting any misstatements or abnormalities in the financial statements and evidence of fraud (Prameswari, Purwohedi & Respati, 2022).

Numerous researchers have attempted to investigate the auditor's ability to identify fraudulent activity, but their findings have been inconsistent and contradictory. According to the findings of studies carried out by La Ode, Wahyuniati, Angela and Oktri (2020), Octavia, Saudi and Sinaga (2020) as well as Khaksar, Salehi and DashtBayaz (2021), the auditor's level of independence has a beneficial impact on their ability to detect fraud cases. On the other hand, findings from a study carried out by Afrizal, Putra and Yuliusman (2022) point to a contrary conclusion, namely, that the auditor's abilities to recognise fraudulent activity are unaffected by their level of independence. It is claimed that the auditor still has the ability to recognise fraudulent activity even when carrying out audit procedures or looking for proof that the auditor is failing retain his independence.

In addition, research conducted by Indrasti and Sari (2019) as well as Arifuddin, Rahmawati and Indrijawati (2020) discovered that an auditor's level of experience has an impact on their ability to spot fraud. This goes against what La Ode, Wahyuniati, Angela and Oktri (2020) and Johari, Hairudin and Dawood (2022) found in their studies. In those studies, the auditor's level of experience had no significant impact on their ability to detect fraudulent activity. Apart from that, researchers were also intrigued by the fact that previous studies had conflicting findings on the impact of professional skepticism and time pressure on the auditor's ability in fraud detection. Other than that, research undertaken by Wahidahwati and Asyik (2022), Mardijuwono and Subianto (2018), as well as Bayuandika and Mappanyukki (2021), came to the conclusion that professional skepticism has a favourable and serious impact on the auditor's ability to sense fraud. Those findings contradict the findings of a study that was carried out by La Ode, Wahyuniati, Angela and Oktri (2020), who concluded that auditors' levels of professional skepticism had no impact on their ability to spot fraudulent activity. Furthermore, there is a positive and strong direct association between auditors' time pressure and their abilities in fraud detection and prevention, as found by Santos and Cunha (2022), Johari, Hairudin and Dawood (2022), and Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019). Auditors who are under a significant amount of time constraint typically have a poorer likelihood of identifying when presented with signs of fraud. These findings contradict the findings of Akrimi (2021), who conducted study on the topic and discovered that the amount of time pressure experienced by auditors had no impact on their abilities in fraud detection.

In light of the aforementioned research gap, this study attempts to bridge the gaps that have been found in earlier research. This study is an extension of research undertaken by a number of earlier researchers who explored the factors that influence auditors' ability to spot fraud, which indicates that additional research should be conducted into enhancing auditors' independence, audit experience, and professional skepticism, as well as reducing time pressures for auditors, so that their abilities in fraud detection can be enhanced. On the basis of the reviewed literature, it is also conceivable to assert that there are many factors that influence an auditor's ability to detect fraud, either from the auditor's or auditee's point of view. The majority of research focuses on relevant aspects at random rather than focusing on the most important factor that strongly influences or leads to auditor ability in fraud detection. It is also noticeable that most researchers carried out their studies on this topic in developed countries like Indonesia and Vietnam, whereas very little attention has been paid to developing nations like Malaysia specifically. It is possible to say that this study may contribute to the knowledge and reference for future investigation on the abilities of accounting professionals in the field of fraud detection. In addition, the auditors, while performing audit work, may find that this study helps them better grasp a variety of factors that have the potential to boost their ability to identify instances of fraud. In a nutshell, this research, which centred on Malaysia, took into account the top four influential factors on auditors' abilities to detect fraud namely auditor independence, work experience, professional skepticism, and time pressure.

1.3 Research Objective.

The overall objective of this study is to examine the factors that influence the auditor's ability to detect fraud in Malaysia. The following are the precise research objectives:

i. To examine the relationship between auditor independence and auditor's ability on fraud detection.
ii. To examine the relationship between auditor experience and auditor's ability on fraud detection.
iii. To examine the relationship between professional skepticism and auditor's ability on fraud detection.

iv. To examine the relationship between time pressure and auditor’s ability on fraud detection.

1.4 Research Question.

The following research questions provide an overview of the concerns that were the primary focus of this study:

i. Does auditor independence positively affect the auditor’s ability on fraud detection?
ii. Does auditor experience positively affect the auditor’s ability on fraud detection?
iii. Does professional skepticism positively affect the auditor’s ability on fraud detection?
iv. Does time pressure positively affect the auditor’s ability on fraud detection?

1.5 Scope of Research.

The focus of this study is to investigate the influencing factors that have an effect on the auditor's ability to detect fraudulent activity. The factors that were examined in this study include auditor independence, auditor experience, professional skepticism, and time pressure. Auditors play the role of gatekeepers, and as such, it is essential not to undervalue the significance of their abilities and duties with regard to the detection of fraud risks and the discovery of serious misstatements in the financial statements that are caused by fraud. This is particularly true because it is the obligation of the auditor to plan and carry out the audit carefully in order to acquire reasonable assurance that the financial statements are free of any material misstatement that could be the result of carelessness or fraud. By figuring out what factors affect auditors' ability to spot fraud, it may be possible to make auditors better at performing the audit and gaining adequate as well as relevant audit evidence to figure out if there are any signs of fraud. This would greatly increase their ability to spot fraud.

Asides from that, the auditors who work at accounting firms in Malaysia that are registered with the Malaysian Institute of Accountants (MIA) are the primary subjects of this study in order to explore the auditors' perspectives on these four factors that have the potential to influence an auditor's ability in fraud detection. In addition to that, the data needed for this study will be collected using primary data, and questionnaires will be distributed electronically through e-mail and WhatsApp to the target respondent. This will be done by sending a Google Form link containing a series of questions to auditors working at five randomly chosen accounting or audit firms who are members of the MIA. Overall, the study's overarching goal is to investigate and analyse the data gathered from the questionnaire completed by auditors working at various accounting firms in Malaysia that pertains to four factors namely auditor independence, auditor experience, professional skepticism, and time pressure that influence auditors' ability to detect fraud.

1.6 Significance of Research.

This study could provide auditors with useful feedback that will improve their abilities to spot fraudulent activity. There are two aspects to this study, which can be broken down into theoretical and practical significance, as follows:

1.6.1 Theoretical Significant.

The auditor's ability in fraud detection is heavily influenced by several factors, including the independence of the auditor, auditor experience, level of professional skepticism, and the amount of time pressure faced by the auditor. In the course of this study, each of these factors will be subjected to an empirical test, and the study's theoretical significance lies in the fact that its findings may end up making a significant contribution to the enhancement of knowledge in the existing body on the development of fraud detection theory, particularly within the scope of the accounting and auditing literature. In addition to this, it has been discovered that very few studies have been carried out on the factors that influence an auditor's ability in fraud detection. Therefore, this study's findings could be employed to bolster and fill in some of the gaps in the empirical pieces of evidence on the significance of the auditors' responsibilities and their abilities to perform audit work while discovering and mitigating the occurrence of accounting frauds, particularly in Malaysia. Also, the results of this study may make it possible for academics and researchers to incorporate those findings into the theory of internal auditing in order to facilitate further improvement. Last but not least, this study has the potential to make a contribution to the academia by supplying the most recent literature that connects to issues concerning factors that frequently influence auditors' abilities and behaviour in discovering fraud from the auditors' perspective.

1.6.2 Practical Significant.

The practical significance of this study lies in the fact that the study’s findings may end up making a significant contribution to audit practise and the audit profession by pointing out the relevant factors and techniques that can be used in educating and guiding audit professionals regarding fraud detection. Apart from that, the findings of this study can be used as an input and guide for auditors to further progress and polish up their fraud detection skills, which could assist them in improving the effectiveness of their duties in the detection of fraud, expediting their attempts to meet customer needs, and maintaining their competitive edge in a business environment that is constantly changing and increasingly complex. This study, which looks at auditors' abilities to recognise fraud in Malaysia, will also allow researchers to make further comparisons of their findings to those of other studies, which could potentially shedding light on the cultural and developmental effects on the study's selected variable.

Furthermore, the findings of this study have the potential to assist auditors in the detection of fraud due to the fact that this might enhance their investigative skills and facilitating the maintenance of mental attitude that is unaffected by any external parties while conducting an investigation, which will allow them to provide opinions that are free from bias. Also, this study may provide an additional comprehension of the red flags and a thorough insight into the abnormalities that exist around them, which will help auditors discover evidence more quickly that would signal and reveal the presence of fraud. In addition to that, the outcomes of this study could help improve awareness and understanding, along with shaping the behaviour of auditors, particularly audit juniors, because it offers an insight into the aspects that influence auditors' abilities in detecting fraud and the consequences of fraud. Lastly, this study's results may aid auditors in enhancing their fraud detection skills by determining the potential for fraud, highlighting the importance of paying close attention to the types of people who pose a risk of committing fraud and conducting follow-up investigations when necessary.

1.7 Definition of Key Terms.

The following items are defined that used in this study.

Auditor: According to Osagioduwa, Nicholas, Solomon and Philomena (2022), an auditor is “a person who conducts an independent review of a company's financial statements with the intention of providing an independent opinion as to whether or not the financial statement is true and fair”.

Fraud: Fraud is defined as an illegal act committed on purpose by a person who breaks the law with the intent of enriching themselves while causing harm to others (Dali, Hadisantoso & Dharmawati, 2021).

Fraud Detection: Indrasti and Karlina (2020) define fraud detection as an activity that is carried out with the intention of discovering a number of signs of fraud that could alert fraud investigators that something is wrong.

Auditor Independence: Independence of auditor refers to the mentality of an auditor that upholds impartiality, integrity, professionalism, and ethics throughout the course of an auditing process by avoiding situations that could call into question the objectivity and integrity of third parties (Gracia & Kurnia, 2021).

Auditor Experience: The term "auditor experience" refers to the auditors' experience in evaluating financial accounts, and it can be measured in terms of both the amount of time that auditors have spent performing audits and the number of engagements that they have carried out. The assessment of the level of materiality in the financial statements will become more relevant with the auditor's increased level of experience (La Ode, Wahyuniati, Angela & Oktri, 2020).

Professional Skepticism: Auditor's professional skepticism is the mentality or attitude of auditors that always doubt the accuracy and completeness of audit evidence provided by a business organization or firm. This involves being aware to situations which might indicate a potential misstatement, whether they are affected by fraud or error, and possessing an attitude while undertaking audit assignments (Indrasti & Karlina, 2020).

Time Pressure: Time pressure refers to the situation in which the auditor is needed to make effective utilization of the time that is available for them in order to accomplish the audit assignment within the allowed amount of time. In a different sense, time pressure can be interpreted as referring to the deadline that has been set for the auditor to finish their auditing responsibilities. The indicators of time planning and audit time effectiveness are used to assess time pressure that is being experienced (Gracia & Kurnia, 2021).

1.8 Organisation of Research.

This study is organised into five separate chapters. In Chapter 1, the background of the study is explained. Subsequently, Chapter 2 reviews the relevant literature on fraud detection, auditor independence, auditor experience, professional skepticism, time pressure, and related theory, namely the fraud triangle theory. Chapter 3 describes the research methodology. Chapter 4 sets out and discusses the results derived from the analysis, and it concludes with findings and suggestions in Chapter 5.

CHAPTER 2

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT.

2.0 Introduction.

The overall topic of discussion for chapter two is the literature review as well as the formation of hypotheses. This chapter begins with a discussion of the definitions and conceptualizations of the independent and dependent variables that will be used in the study. The following section of this chapter presents reviews of prior research done by a variety of researchers on the independent and dependent variables involved. These variables include auditor independence, work experiences, professional skepticism, time pressure, and the auditor's ability on fraud detection. After that, the chapter goes on to discuss and demonstrate the formulation of hypotheses as well as the conceptual framework for both independent and dependent variables. Additionally, the underlying theory that is relevant to this area of study is presented. Lastly, the conclusion of the chapter is a summary of the chapter's content.

2.1 Definition and Conceptualization of Variables of Study.

2.1.1 Auditor's Ability on Fraud Detection.

Auditors' ability to spot fraud refers to the ability of an auditor to identify and point out false information or fraudulent reporting in a financial statement, as well as recognise and prove the occurrences of fraud (Indrasti & Sari, 2019). The ability to recognise fraud, as explained by Witjaksono and Yudatama (2021), is an endeavour to collect adequate early warning signs and symptoms of fraud while simultaneously making it harder for fraudsters to commit fraud. In addition, they point out that the auditor's capacity to discover fraudulent activity is a quality that must be possessed by the auditor in order to adequately explain the inadequacy of the financial statements that were produced by the company by locating and proving fraudulent activity. Meanwhile, according to Indrasti and Karlina (2020), the act of detecting fraud is an activity that is carried out with the intention of locating a number of signs of fraud that can serve as a warning for fraudulent activity. Also, the auditor needs to be able to recognise the warning signs of fraud in their earliest stages and the detection method cannot be applied universally to all instances of cheating. To be able to identify fraudulent activity, it is vital for auditor to have a comprehensive grasp of the various types of fraud that might occur within the organization. Since each type of fraud possesses its own unique features, awareness and understanding are required in order to spot fraud.

According to Takasenserang and Indarto (2021), one of an auditor's skills is the ability to spot fraudulent activity, which is essential when providing an explanation for discrepancies found in a company's financial records disclosed by the company, which is achieved through a process of recognising and proving fraud. Auditors are essential for determining whether or not a financial report is truthful and accurate, which is necessary to ensure that an organization’s financial statements fairly portray the current situation of the organization. Also, the public places a great deal of faith in auditors, so it is imperative that auditors possess trustworthy skills in performing audits, detecting fraud, and producing reliable audit reports. In addition to this, Afrizal, Putra and Yuliusman (2022) defined the ability on fraud detection as the ability to perceive and identify existing fraud indications. Management philosophy, incentives, organisational ethics, industry issues, relationships with external parties, financial stress, chances for fraud, justifications for fraud, accounting procedures, and financial data are all indicators of a potential fraud issue. Lastly, it has been claimed that it is possible to commit fraud in a number of ways, including through the publication of information that is either wholly or partially false, misleading, out of date, lacking in timeliness, or otherwise unreliable in some other way.

2.1.2 Auditor Independence.

Independence can be defined as a state of mind that is unrestricted and free from being bonded in any way to anyone in particular, and every auditor should possess the independence of thought and action in themselves (Wibowo & Dewi, 2022). In the meantime, Witjaksono and Yudatama (2021) define independence as a state of mind that is unaffected by external factors, is not subject to the authority of third parties, and is not reliant on the assistance of someone else. Also, independence implies that the auditor must be truthful in their assessment of the data and take impartial and objective factors into account while forming and delivering their opinion. Therefore, it is possible to draw the fact that independence refers to the attitude and mindset of an auditor who is unaffected by outside influences, maintains a neutral stance, and always looks out for the best interests of their clients while being objective in giving an opinion. Also, professional auditors should be trustworthy, unbiased, and unbound by any ties with their customers. According to Yessie (2020), the independence indicates that the auditor's judgement would not play favourites with any of the interested parties, even in the event that auditors uncover fraudulent activity or wrongdoing throughout the auditing process. The auditor is accountable for exposing wrongdoing or fraud, regardless of how burdensome it may be for one of the parties involved.

Asides that, independent is defined as the ability of an individual to act in a manner that is consistent with their integrity and objectivity, as stated by Faris, Said and Kartini (2021). Integrity and objectivity are two of the most fundamental qualities that an auditor needs to possess. An auditor is said to have integrity when they perform their work objectively, remain truthful, and disclose the findings in its true and original form. There are three indications that can be used to determine whether or not an auditor is independent including freedom from customer pressure, independence when carrying out audits, and independence when providing audit reports. The researchers also refer independence as a mental state that is unaffected by external forces, is not governed by the actions of third parties, and is not reliant on the participation of other individuals. In addition, independence necessitates that the auditor be truthful in their assessment of the information and take only objective and unbiased factors into account when forming and delivering their judgment. Moreover, Prameswari, Purwohedi and Respati (2022) point out that an auditor must also be held accountable for consistently sustaining mental independence as well as independence in appearance. According to the concept of independence, the auditor should be capable of conducting the auditing process, evaluating the results, and endorsing the audit report with an unbiased and objective mindset for the customer's benefit. Also, users of the audited financial statements are able to rely on the reports due to the auditor's ability to maintain his or her own independence, which helps boost the reliability of the audited financial statements.

2.1.3 Auditor Experience.

Auditor experience is the experience gained by an auditor in the course of performing a financial statement is based not only on the amount time spent on the job but also on the number of projects that have been successfully completed in the past (Indrasti & Sari, 2019). Besides that, the auditor's experience will improve proportionally to the number of audits conducted and it was discovered that the auditor's length of service and experience had a positive and strong correlation to both the quality of their work and the strength of the audit opinion that was produced. The auditors' alertness to signs of fraud will be influenced and strengthened as a result of the experience. And it is stated that when an auditor has a lot of experience, they are able to produce a wider variety of allegations in order to convey and justify the outcomes of the audit (Indrasti & Karlina, 2020). Moreover, Witjaksono and Yudatama (2021) also point out that the length of time an auditor has worked in the field and the number of audit engagements they have completed are both things that contribute to the level of experience an auditor holds in the field of financial statement auditing. So, the auditor's ability to convey and justify audit findings by making assumptions improves as experience in auditing grows.

Furthermore, auditing investigations conducted by inexperienced auditors tend to be less comprehensive, less detailed, and less consistent to detect indications of errors when compared to those conducted by experienced audit experts. It is said that the auditor's knowledge and awareness of the various sorts of faults or inaccuracies that are likely to be encountered during an audit are heavily influenced by the level of experience an auditor has in performing such audits (Pratiwi, Rizal, Indrianasari, Wiyono & Ifa, 2019). At the same time, Yessie (2020) asserts that only experienced auditors have the knowledge and skills to spot, analyse, clarify, and investigate the root causes of fraud. Also, it has been determined that an auditor with more experience will possess a greater understanding of fraud and errors, which will lead to improved performance. Besides that, as pointed out by Takasenserang and Indarto (2021), an auditor's level of experience can be gauged by looking at how long they've been in the profession and how many assignments they've performed. Work experience is a way for an individual to gain new knowledge, abilities, mindsets, and behaviours that will help them improve themselves in accordance with the shifts and transformations that have already taken place. In addition to this, it is added that different auditors would bring unique sets and different levels of experience to the table when it comes to carrying out the audit process and duties. This will also have an effect on the auditor's problem-spotting skills as well as the auditor's ability to draw conclusions from the outcomes of the audit of the inspected object, as evidenced through their viewpoint or opinion.

2.1.4 Professional Skepticism.

Professional skepticism is an attitude that involves having a mindset that is open to questioning, being alert to situations and events that point to the likelihood of a major misrepresentation created intentionally, and critically evaluating audit data. When performing auditing duties, an auditor possesses and maintains a healthy level of professional skepticism in order to protect themselves and their clients (Wibowo & Dewi, 2022). Asides that, the professional skepticism according to Indrasti and Sari (2019), is an essential attitude for auditors to have while evaluating the reliability and validity of statements or proof that has been gathered with the purpose of ensuring that, throughout every auditing process, auditors have a sufficient level of faith in the information they have obtained and also take into account the appropriateness and sufficiency of the evidence collected. Witjaksono and Yudatama (2021) also indicate professional skepticism as an attitude and mindset characterised by a constantly inquiring mind, being vigilant to circumstances and situations that may signal the likelihood of major misstatements that might have been made either intentionally or accidentally, and being analytical in its evaluation of collected audit data. On the basis of this perspective, it can be said that professional skepticism is a critical mindset of an auditor that cannot be easily manipulated or influenced by the evidence that was presented to them. The auditor needs to have this mindset and adopt it in order to generate a high-quality audit report so that the auditor may genuinely express an opinion for those who care and are interested in the audit report.

Apart from that, Takasenserang and Indarto (2021) express that an auditor must be professionally sceptical in order to successfully carry out the audit task that is assigned under their responsibility. Having a healthy dose of professional skepticism helps an auditor remain vigilant in their pursuit of audit proof, since the auditor is much more likely to catch any discrepancies between the statements and the information given by the client. It is also stated that professional skepticism on the part of auditors can be useful in proving the existence of fraud, ensuring that advice is given in accordance with established protocols, and learning as much as possible about the dependability of information and audit evidence that has been obtained. In the meantime, Prameswari, Purwohedi and Respati (2022) note that in audit activities, professional skepticism can refer to the reluctance of auditors to accept or be satisfied by evidence gathered during audits if they find it to be less than compelling. The auditor's skepticism is not a reflection of a lack of faith in management, rather, it implies that the auditor is in search of proof that reinforces the outcome of the audit findings in order to demonstrate that the gathered information can be verified to be accurate.

2.1.5 Time Pressure.

Time pressure refers to the obligation and pressure placed on auditors to accomplish their audit duties within the agreed-upon or specified time frame (Faris, Said & Kartini, 2021). Moreover, auditors who are required to perform tasks under time pressure will become less attentive to the detection of fraudulent activities because they will concentrate more on accomplishing their tasks than discovering the symptoms that trigger fraud (Pratiwi, Rizal, Indrianasari, Wiyono & Ifa, 2019). According to Iskandar, Ramadhan, Mansyuri and Ramadhan (2022), time pressure is a circumstance that might arise for auditors when they are tasked with performing their audit work under the boundaries of highly strict and tight time and budget constraints. Pressure caused by working under time constraints during audit activities can have a negative impact on auditors' motivation, attitudes, decision-making, and performance. The auditor will encounter a busy time due to the presence of time pressure, as they will be forced to adapt the duties that need to be accomplished first in order to fit them into the allowed amount of time.

As a result, auditors under time pressure are often less thorough and attentive to red flags that indicate fraud. They also have a tendency to ignore small issues or minor details that are deemed irrelevant and insignificant, which means that their skill to identify fraud is not utilised to its full potential. Meanwhile, Prameswari, Purwohedi and Respati (2022) assert that time is an essential component in the execution of audits. This is due to the fact that auditors who participate in the execution of the auditing process are tasked with and expected to make efficient use of their time. The auditor's performance and effectiveness in performing the audit process will be negatively impacted when they are only given a restricted amount of time to work with. Against expectations, time pressures have a significant effect on creative work. Many appear to believe that when auditor is competing against short deadlines, they are performing at their most inventive. However, the reality is just the opposite, as auditor are at their least creative when they are actually working under the constraint of a time limit.

2.2 Previous Study on Variables.

2.2.1 Auditor Independence.

In the context of carrying out an audit, auditor independence refers to both an attitude and a set of behaviours that aim to remain impartial toward anyone and unaffected by anyone. The auditor's capacity to detect fraud will rise in direct proportion to the degree to which the auditor is free from outside influence. An independent attitude is needed by the auditor to be free from any party's interests and pressure in order to uncover fraud in the entity that is being audited in the most effective manner.

According to Mardijuwono and Subianto (2018), one crucial aspect of identifying fraud and generating a high-quality audit is the auditor's ability to maintain their independence. Higher quality audits and increased fraud detection are the result of a greater degree of independence held by the auditor. This research is supported by La Ode, Wahyuniati, Angela and Oktri (2020) which state that the auditors' abilities to detect fraud are significantly bolstered when they work in an environment free from outside influence, which is a factor that auditors value highly. They indicate that an auditor's ability to detect fraud may improve in proportion to the degree to which he or she is free from outside influences. In other word, the greater an auditor's independence, the greater their ability to detect fraud. Octavia, Saudi and Sinaga (2020) also agreed that a more independent auditor is better equipped to detect fraud and, in turn, reduce inconsistencies inside an organization.

A previous study (Afrizal, Putra & Yuliusman, 2022) indicates that independence influences the auditor's ability to detect fraud because auditors who are not subject to the influence of any other parties are more likely to conduct themselves in an objective manner when dealing with clients. In addition to this, the results of the research carried out by Umar, Erlina and Fauziah (2019); Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019); Meidawati and Assidiqi (2019); Gracia and Kurnia (2021) and many other researches are also in agreement with that the auditor's level of independence has a positive and considerable impact on their ability to spot fraud. They also point out that auditors that are able to maintain their independence while identifying fraudulent activity are capable of disclosing fraudulent conduct even when they're being pressured by many other parties. On contrary, Afrizal, Putra and Yuliusman (2022) point out that the auditor's abilities to recognize fraudulent activity are unaffected by their level of independence and claimed that auditor still has the ability to recognize fraud while carrying out audit procedures even the auditor is failing to retain his independence.

2.2.2 Auditor Experience.

It is generally agreed that the likelihood of auditors discovering fraud and perform their work efficiently is determined by their auditing experience. The auditor's experience becomes a critical indicator of an auditor's professional qualifications and it encompasses the entirety of the learning process that they have been through in order to enhance the quality of their work. When opposed to auditors who lack experience, those who have it will have a greater understanding of fraudulent activities and errors, which will allow them to perform more effectively when it comes to identifying fraud and error cases.

Agustina, Nurkholis and Rusydi (2021) reported that the auditor's abilities to spot fraud and their awareness of the likelihood that a similar error or fraud could reoccur in future audits will both improve as the auditor gains experience in a wider range of auditing activities and as their understanding of the causes of errors and fraud deepens. In addition to this, their research showed that auditors who have been engaged in the auditing profession for a longer period of time have more audit experience and are better equipped to spot fraud more quickly. This is due to the fact that the more audit experience one has, the greater the likelihood of encountering cases of fraud and, thus, the greater the likelihood of detecting fraud. Apart from that, research conducted by Narayana and Ariyanto (2020) found a positive correlation between audit experience and the ability of auditors to detect fraud where auditors who have a great deal of experience will not only be able to discover unusual errors or signs of fraud in the financial records, but they will also be able to provide a more comprehensive explanation of the results when compared to auditors who still have a very limited amount of experience. Yuniati and Banjarnahor (2019), in their research, stated that the auditor's ability to identify fraudulent practises is improved by the experience gained from uncovering previous instances of fraud.

Dali, Hadisantoso and Dharmawati (2021) expressed that when an auditor has a high level of experience, the thoughts and opinions that they have and responses that they give to the information that is enclosed in the financial statements are stronger. This is because auditors have performed a lot of their roles and responsibilities or even examined the financial statements a lot over the course of their careers. Furthermore, research by Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019); Arifuddin, Rahmawati and Indrijawati (2020); Dali, Hadisantoso and Dharmawati (2021); La Ode, Wahyuniati, Angela and Oktri (2020); and Gracia and Kurnia (2021) discovered that auditors with a great deal of audit experience are better equipped and influence the auditor's ability to recognise fraud. As a result, they reach the conclusion that the more years of experience an auditor has, the quicker and easier it will be for that auditor to identify instances of fraudulent activity that are discovered during the auditing process. Conversely, Indrasti and Sari (2019) argued that regardless of whether or not the auditor has a lot of experience, it will still be able to discover fraud. This is due to the fact that it is not always experience that is most crucial, as experience does not always lead to the positive results if an auditor unable to employ it, hence weakening the auditor's ability to identify fraud. Larasati and Puspitasari (2019), in their studies, also revealed that auditor experience had no effect on their ability to detect fraud.

2.2.3 Professional Skepticism.

During the course of an auditing assignment, auditors are expected to maintain a healthy level of professional skepticism, particularly in relation to their efforts to uncover and prevent fraudulent activity. The auditor will possess a critical mindset which will allow them to analyse and compare a variety of information collected, both in the form of documents and in written form, if they employ professional skepticism. Without exercising professional skepticism, the auditor only identifies inaccuracies that were caused by human mistake, and it will be difficult for them to find mistakes caused by fraud because the perpetrators of fraud will typically try to conceal their actions. So, for an auditor to conclude with confidence that fraud has been uncovered, they should have professional skepticism and also need to be able to determine whether or not the information they have gathered represents legal and valid audit evidence.

According to Khomsiyah, Wilson and Mulyani (2019), an auditor who engages in professional skepticism will truly be enabled to have a questioning attitude that pushes them to constantly gather relevant and sufficient audit evidence to prove that a fraud is suspected to have occurred or has actually occurred. It is believed that an increase in the level of professional skepticism held by auditors will result in an improvement in auditors' abilities to detect fraud. Moreover, Arifuddin, Rahmawati and Indrijawati (2020) study concludes that auditors' lack of professional skepticism was one of the factors that contributed to their inability to detect fraud, and having professional skepticism will make auditors more cautious when making choices and expressing opinions. In another study by Gracia and Kurnia (2021) reveals that professional skepticism of auditors and their ability to detect fraud is closely linked to each other because auditors who possess a strong level of skepticism tend to be cautious by nature and always search for the truth of the evidence that they receive, which makes it easier for them to identify cases of fraud.

Asides that, Indrasti and Sari (2019) also agree and came to the conclusion that a higher level of professional skepticism on the part of an auditor links to a higher level of that auditor's ability to discover fraud, which in turn decreases the likelihood of cheating. Bayuandika and Mappanyukki (2021) state that professional skepticism has an impact on one's ability to spot fraudulent activity. An auditor who approaches each task with the same level of professional skepticism will be in a better position to identify existing fraud. In addition, researches by Dali, Hadisantoso and Dharmawati (2021); Sari and Musyarofah (2020); Iskandar, Ramadhan, Mansyuri and Ramadhan (2022) and many others have revealed that auditors' professional skepticism positively and significantly impact their ability to spot fraud. Those findings contradict the findings of a study carried out by La Ode, Wahyuniati, Angela and Oktri (2020), who concluded that auditors' levels of professional skepticism had no impact on their ability to spot fraud. This result is also supported by Suryanto, Indriyani and Sofyani (2017), who argue and indicate that an auditor's level of professional skepticism does not influence or effect the auditor's ability to spot fraud.

2.2.4 Time Pressure.

In the context of auditing, time pressure is a pressure that arises and is faced by an auditor due to time constraints and limited resources available to accomplish a task in the allotted time. This kind of pressure might impair auditors' ability to uncover fraudulent activity and maintain control and stability over the working environment. It is possible to say that time pressure is an important factor for an auditor when performing an audit so that it can generate a quality audit report that is reliable and can discover fraud in the business entity at an earlier stage.

Research by Agustina, Nurkholis and Rusydi (2021) related to time pressure and the auditor's ability in fraud detection found that when performing detailed tasks under high time pressure, auditors stop paying attention to larger fraud signals, find fewer conflicts in audit case reports, and opt to analyse less evidence as auditors have to work quickly in order to keep up with the time pressure, which might lower audit quality. It has been asserted that auditors who are under time constraints have a greater likelihood of making mistakes in catching fraud signs as audits evidence. Adnan and Kiswanto (2017) also highlight this point, indicating that the auditor's worries, which are solely focused with the main purpose of gathering proof instead of identifying the presence of fraud and investigating the underlying causes of fraud on the financial records, are influenced by the amount of time pressure that is present. Apart from that, Gracia and Kurnia (2021) agree that time-stressed conditions will induce auditors to act dysfunctionally, like early signing off, relying too heavily on client clarifications and presentations, as well as neglecting to probe pressing issues, thereby hindering them from detection of fraud in organization accounts or reporting.

Similarly, Johari, Hairudin and Dawood (2022) claim that auditors' ability to analyse fraud signs may be hampered by the time gap created by the length of time required to perform audit work, leading to lower-quality audits overall. They conclude that auditors' ability to analyse fraud signs when performing audit works is decreased under greater time pressure. Nehme, Michael and Haslam (2021) also agreed that a high level of time pressure placed on auditors while they are performing their jobs can result in auditors being unable to detect fraud in a timely manner as well as lowered audit quality practices. Moreover, research performed by Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019); Meidawati and Assidiqi (2019); Iskandar, Ramadhan, Mansyuri and Ramadhan (2022) and other research also emphasize that the lower the auditor's time pressure, the higher the quality of their auditing work will be as well as their ability to detect fraud. It is said that high time pressure faced by auditors negatively affects their ability in fraud detection. On the other hand, Akrimi (2021), discovered that the amount of time pressure experienced by auditors had no impact on their abilities in fraud detection. Purba and Nuryatno (2019) also argue that an auditor's ability to spot fraud has nothing to do with the time pressure that they face.

2.3 Hypotheses Development.

2.3.1 The Effect of Auditor Independence on The Auditor's Ability in Fraud Detection.

Auditors should be able to perform their duties accurately and identify any discrepancies in the financial records without being subjected to any kind of pressure or interference from any other party. For auditors to carry out their jobs properly and find inconsistencies, this independence is crucial. The auditor's independence ensures that they are capable of serving the client's best interests by keeping an honest, fair minded mental attitude and providing unbiased opinions and advice during the course of carrying out the audit process, evaluating the findings, and providing recommendations in the audit report (Prameswari, Purwohedi & Respati, 2022). In addition, it is essential for auditors to maintain a degree of objectivity and independence when they are analysing the audit evidence. So that an auditor can carry out the audit work with a relatively high degree of independence from any claims or proof they have collected by assessing the appropriateness and applicability of the evidence that has been gathered (Pratiwi, Rizal, Indrianasari, Wiyono & Ifa, 2019). Furthermore, auditor independence and the auditor's capabilities in terms of fraud prevention and detection is strongly link to each other because independence includes an element of honesty on the part of the auditor in terms of uncovering truths while auditing (Lannai & Muslim, 2021).

It can be said that the auditor's ability to detect fraudulent activity is highly affected by the auditor's independence. This is proven in a number of studies that were conducted in the past, such as Faris, Said and Kartini (2021); Noch, Ibrahim, Akbar, Kartim and Sutisman (2022); Umar, Erlina and Fauziah (2019); La Ode, Wahyuniati, Angela and Oktri (2020). They discovered that the auditor's ability to spot fraudulent activity is much improved when the auditor maintains an independent mindset. This finding is supported by Wibowo and Dewi (2022) and Gracia and Kurnia (2021), which state that independence has a positive effect on the auditor's ability to detect fraud and demonstrate that the auditor's ability to detect fraud increases in direct proportion to the auditor's degree of independence. And an auditor who maintains a high level of independence throughout the audit work comes across with indicators of fraud, they will report their findings without advocating for either side. So, in this study, the following hypothesis can be formulated:

H1: Auditor independence has a positive effect on the auditor's ability in fraud detection.

2.3.2 The Effect of Auditor Experience on The Auditor's Ability in Fraud Detection.

The auditor's level of work experience is one of the elements that is thought to strengthen an auditor's ability to spot fraudulent activity. It is considered that an auditor's level of work experience might aid in the growth of greater abilities in detecting fraud in comparison to those who lack experience (Takasenserang & Indarto, 2021). In terms of discovering incidents of fraud, experienced auditors are more effective than inexperienced auditors because auditors with a high level of experience have much more information and are more familiar with common types of errors and fraud (Gracia & Kurnia, 2021). Iskandar, Ramadhan, Mansyuri and Ramadhan (2022) also agree that experienced auditors will have an easier time obtaining sufficient high-quality audit proof to uncover fraud compared to less experienced auditors. This is because, auditors with experience conduct a much more comprehensive, precise, and systematic investigation to spot signs of fraud while performing audit work compared to auditors with less experience. Additionally, La Ode, Wahyuniati, Angela and Oktri (2020) express that auditors who possess a significant degree of experience might discover more about the variety of audit challenges, and it will also be easier for auditors to stay consistent with incredibly challenging developments if they have a good level of experience. This demonstrates that auditors' ability to detect fraud will improve with their level of auditor experience, as increased experience leads to a more detailed review of the company's financial statements.

It can be said that the auditor's ability to detect fraudulent activity is highly affected by the auditor's experience in performing audit task. This has been proven to be the truth in a number of studies that have been carried out in the past years such as Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019); Gracia and Kurnia (2021), Wahidahwati and Asyik (2022); Widodo and Chariri (2021); Yessie (2020) and Takasenserang and Indarto (2021). They discovered that the ability of auditors to spot fraud is greatly enhanced by their level of experience. It is claimed that the greater an auditor's experience, the greater their abilities to discover frauds or wrongdoing during the process of auditing. This finding is supported by Arifuddin, Rahmawati and Indrijawati (2020), which state that the level of an auditor's ability in detecting fraud and inaccuracies in financial statements is closely related with the level of experience an auditor possesses. The greater the auditor's experience, the greater the auditor's abilities to spot fraud. So, in this study, the following hypothesis can be formulated:

H2: Auditor experience has a positive effect on the auditor's ability in fraud detection.

2.3.3 The Effect of Professional Skepticism on The Auditor's Ability in Fraud Detection.

Professional skepticism is one of the most important attitudes for an auditor to possess while carry out audit work and evaluating the evidence of an in-depth audit in order to achieve an adequate level of trust in the information that was gathered. Auditors who have a healthy dose of professional skepticism will examine any evidence that they come across and will continue to check for the truth which will enable them to uncover and identify any signs of fraudulent activity. As an auditor possesses a high level of professional skepticism, there is a lower chance of fraudulent activity going undiscovered in financial statements (Prameswari, Purwohedi & Respati, 2022). Apart from that, Iskandar, Ramadhan, Mansyuri and Ramadhan (2022) also added that professional skepticism on the part of auditors is essential for the creation of trustworthy audited financial reports, as it entails a habit of questioning everything, being on the lookout for red flags that can point to a mistake or fraud, and evaluating evidence with a sceptical eye. When presented with signs of fraud, an auditor who maintains a healthy degree of skepticism will be better able to identify fraudulent activity by initiating a search for a variety of other information that is relevant and connected. Hence, it can be said that auditors with a good level of professional skepticism are better equipped to identify cases of fraud due to their increased thoroughness, constant pursuit of the truth, and critical assessments of audit evidence. Asides that, a professional attitude of skepticism on the part of auditors causes them to be more cautious when carrying out auditing process, making decisions, and delivering opinions, (Arifuddin, Rahmawati & Indrijawati, 2020).

It can be said that the auditor's ability to detect fraudulent activity is highly affected by the auditor's professional skepticism. Multiple studies conducted over the past few years have proven that this is the truth such as Wibowo and Dewi (2022); Bayuandika and Mappanyukki (2021); Witjaksono and Yudatama (2021); Wahidahwati and Asyik (2022); Arifuddin, Rahmawati and Indrijawati (2020); and Gracia and Kurnia (2021). They discovered that the professional skepticism plays an extremely vital part in the auditing process and has a direct role in the ability of auditor to discover fraud. This finding is supported by Sari and Musyarofah, (2020), which state that the professional skepticism of auditors has a positive effect on an auditor’s ability to spot signs and evidence of fraud, because the greater the professional skepticism, the greater the auditors' ability to spot fraud. So, in this study, the following hypothesis can be formulated:

H3: Professional skepticism has a positive effect on the auditor's ability in fraud detection.

2.3.4 The Effect of Time Pressure on The Auditor's Ability in Fraud Detection.

Time pressure comes from beyond the auditor's control and is thought to be capable of influencing and affecting the auditor's ability to uncover fraud. The high degrees of stress that auditors experience as a result of the time pressure situations they confront when performing audit work could have an effect on auditors' attitudes, motives, and behaviour patterns. Moreover, the auditor is likely to experience a very hectic season due to the existence of time pressure, as they will prioritise their work and rearrange the activities and duties so that they can be accomplished in the allotted amounts of time (Iskandar, Ramadhan, Mansyuri and Ramadhan, 2022). Aside from that, Adnan and Kiswanto (2017) agree that auditors who are working under time pressure are typically less attentive and less alert to the signs of fraud. Also, auditor have a tendency to skip over minor details that are deemed insignificant, which means that their ability to identify fraud is reduced and not utilised to its full potential. It's been claimed that when an auditor is pressured for time, they will cut corners and neglect or pay less attention to the details on minor things that pertain to the audit evidence. Additionally, Prameswari, Purwohedi and Respati (2022) asserts that that auditor's performance will suffer as a direct result if they are only given a short period of time to complete the audit work, because auditors will struggle with time pressure to adjust and balance their time and work activities that need to be completed within time limits.

It can be said that the auditor's ability to detect fraudulent activity is highly affected by the time pressure faced by the auditor while performing audit work. A number of recent studies carried out over the course of the past few years have proven this, most notably the Faris, Said and Kartini (2021); Meidawati and Assidiqi (2019); Al-Qatamin (2020); Said and Munandar (2018); Gracia and Kurnia (2021) and Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019). They discovered that the auditor's ability to discover occurrences of fraudulent activity is hindered when time pressure is present. This is because a tight deadline might reduce an auditor's effectiveness at uncovering fraud. This finding is supported by Prameswari, Purwohedi and Respati (2022), which state that time pressure has a negative effect on the ability of auditors to spot fraud because auditors under time constraints will be less sensitive to the signals that indicate fraud and instead more concerned with getting the job done on time. It is said that greater the auditor's time pressure, the lower their fraud detection ability. So, in this study, the following hypothesis can be formulated:

H4: Time pressure has a negative effect on the auditor's ability in fraud detection.

2.4 Conceptual Framework.

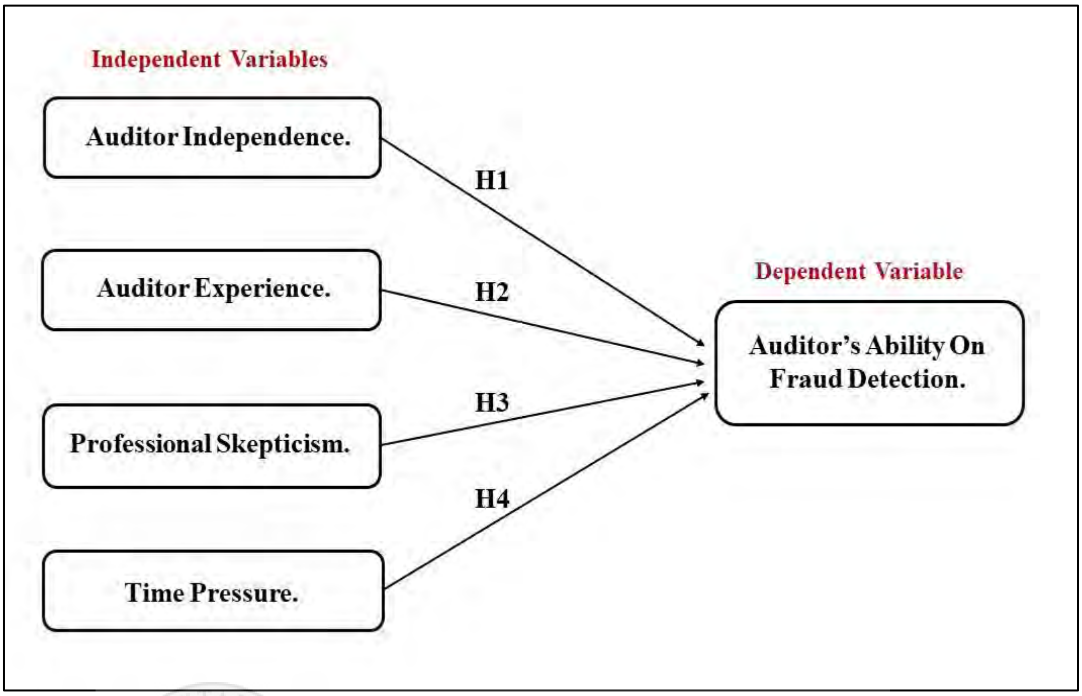

Figure 2.1: Conceptual Framework.

2.5 Underpinning Theory.

2.5.1 Fraud Triangle Theory.

Research carried out by Aripin, Mahmud, Sabli & Tapsir (2022) state that Cressey's model, which was originally developed in 1953, was the foundation for the creation of the fraud triangle theory. According to their research findings, fraud could take place when an individual is having financial troubles and is unable to reveal his situation. In general, fraud refers to any dishonest practise or behaviour that is carried out with the purpose of tricking, cheating, or manipulating others, and it's a continuous set of illegal actions performed by multiple people, both within and beyond the business, with the aim of gaining or producing direct and indirect financial gain. As a result, auditors may have trouble or be less effective in performing their work or responsibilities if they aren't well-versed on the types of fraud that commonly occur in the workplace (Wibowo & Dewi, 2022). Basically, the Fraud Triangle Theory explores the reasons that lead to fraud or fraudulent activity.

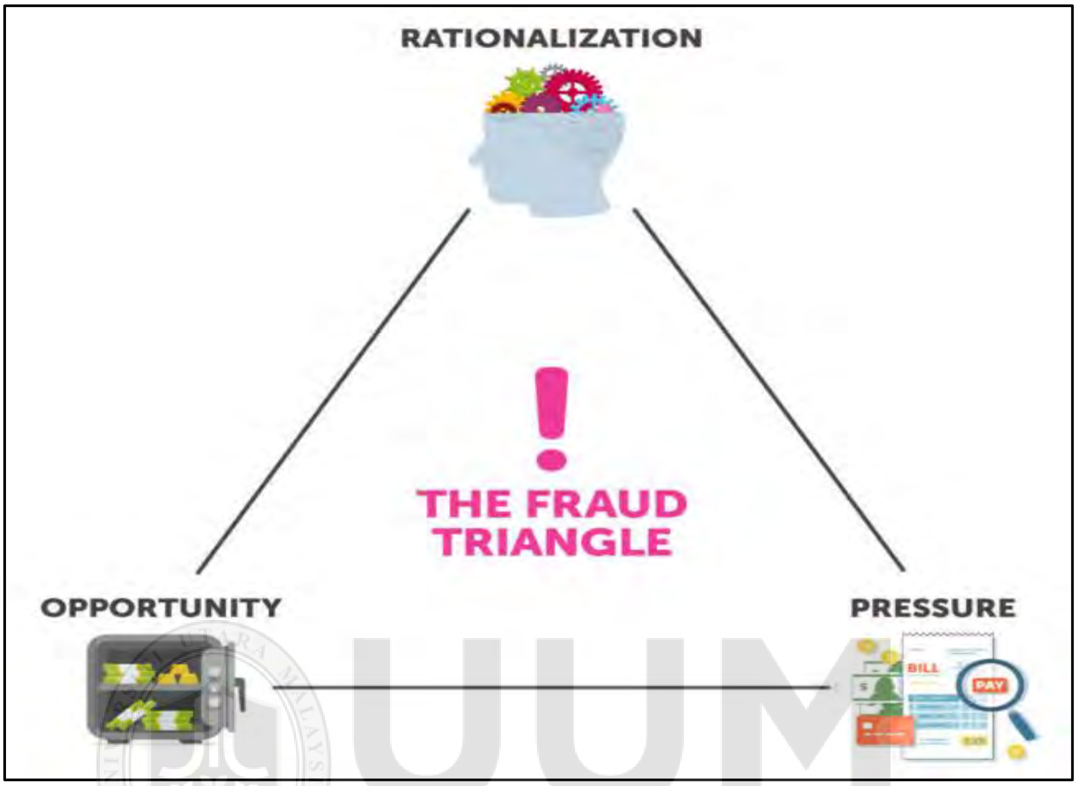

Figure 2.2: The Fraud Triangle Theory.

As shown in the Figure 2.2 above, the theory of the fraud triangle consists of three elements namely pressure, opportunity, and rationalisation. The first factor is pressure, which can come in the form of both financial and non-financial pressures. Financial pressure occurs when an individual seeks an adequate standard of living or material satisfaction whereas non-financial pressure motivates people to commit fraud as a means of covering up their bad performance (Arifuddin, Rahmawati & Indrijawati, 2020). In other words, pressure may occur if management feels tremendous pressure to satisfy the desires and needs of outside parties, such as the expectations of investment analysts and institutional investors over the direction of industry trends. So, individuals in these situations are more prone to engage in fraudulent behaviour or activity as a way of resolving and accommodating their own dissatisfaction or unhappiness (Mohd-Sanusi, Khalid & Mahir, 2015). Asides that, Wibowo and Dewi (2022) note that the amount of pressure that one feels to commit fraud can vary greatly depending on their specific circumstances. For instance, being faced with financial difficulties, a person's unhealthy habit of drinking and gambling, or possessing expectations or ambitions that are unrealistically high. Moreover, there was a correlation between the likelihood of fraud and the degree of pressure that a company was under regarding its financial health, leverage, and financial goals (Aripin, Mahmud, Sabli & Tapsir, 2022).

Opportunity is another element that is closely linked to the fraud. According to Wibowo and Dewi (2022), an opportunity to perpetrate fraud is contingent upon the circumstances under which the offender is presented with the object. In most cases, management within an organisation or firm is in a position to perpetrate fraud more easily than employees are. The opportunity elements, as noted by Arifuddin, Rahmawati and Indrijawati (2020), are typically brought about and caused by an individual who believes that the acts they undertake are going unnoticed or undetected by others. This opportunity can arise whenever an organization's control system is deficient, there is a lack of managerial oversight, or the organisation has insufficient procedures in place, all of which might produce fraud opportunities or present ideal conditions for fraud to happen. Apart from that, Mohd-Sanusi, Khalid and Mahir (2015) also point out the same opinion that this element relates to the lack of an adequate internal control system in a company, which results in the employee having the power or capability to manipulate, thereby making it feasible for fraud to occur. For instance, if there isn't a sufficient system of internal controls in place, an employee could potentially misappropriate funds allocated to the company due to insufficient supervision and a lack of segregation of duties. Next, due to the lack of an adequate internal control system, management might convey unjustified assurance over the integrity of the system process, which gives those committing fraud an opportunity. In addition, individuals are provided with the opportunity to commit fraud within organisations when those organisations are unable to establish effective internal controls to detect, prevent, and evaluate the quality of their performance (Aripin, Mahmud, Sabli & Tapsir, 2022).

The last element is rationalisation. An integral part of fraud, rationalisation is the process through which perpetrators or fraudsters try to justify their dishonest behaviour, and it is intrinsically linked to a person's psychology and behaviour. It is an attitude that enables people to rationalise or comprehend their participation in unlawful behaviour. For instance, if a company's financial health is under attack, its management might indeed attempt to engage in fraud on the financial statements in order to ensure the company appears to be capable of handling all of its resources effectively and receive favourable reactions from investors (Aripin, Mahmud, Sabli & Tapsir, 2022). Furthermore, Arifuddin, Rahmawati and Indrijawati (2020) also mention that a rationalisation is an explanation that is given by perpetrators for the crimes that they've committed by seeking for a variety of sensible reasons to justify their conduct. Moreover, it is also said that fraudsters who commit fraud often engage in rationalization, wherein they attempt to give justification for their actions, which is considered normal behaviour. This is ethically undesirable behaviour in a normal society, but the fraudsters still make the assumption or justification anyhow.

In conclusion, Wibowo and Dewi (2022) highlight the fact that this theory makes a close and strong connection between auditors' ability in detecting fraud and the concept of "red flags," which refer to circumstances that deviate significantly from the norm and that may contain hints concerning the presence of fraudulent activity. It is possible to say that the existence of the fraud triangle features aids auditors' ability to identify fraud, and guarantees that they will thoroughly evaluate any fraudulent practices, and any crucial control mechanisms that might be lacking. Lastly, this theory will provide auditors with a comprehensive picture of the reasons why an employee or company decides to execute fraud in the workplace, as well as the crucial characteristics that auditors themselves need to possess in order to spot and evaluate the risk of fraudulent activity in an organisation.

2.5.2 Theory of Inspired Confidence and Work Stress Model Theory.

The other underpinning theory that this study is based on are the theory of inspired confidence and the work stress model theory. Research carried out by Owolabi & Olagunju (2020) state that the theory of inspired confidence was developed by Limperg in the year 1932. According to the theory of inspired confidence, the auditors' certification based on their expressed opinion following an auditing process provides the confidence to shareholders and other stakeholders in the validity and trustworthiness of a company's financial statements (Owolabi & Olagunju, 2020). This theory indicates that the auditor's ability in detecting any fraud or falsification in clients' financial statements is influenced by the auditor's individual factors (Johari, Hairudin & Dawood, 2022). These individual factors are reflected in this study by the independence of the auditor, work experience, and professional skepticism. The independent auditors are essential for gaining the confidence of users of financial reporting, especially when disclosing any errors or breaches that may have occurred in a client's organization. As a consequence of this, auditors need to be objective, knowledgeable, and experienced in order to provide an audit judgement that provides an acceptable assurance level. Through the use of a study, Ismail, Merejok, Dangi and Saad (2020) validated and provided evidence that supported the inspired confidence theory in relation to the working environment of auditors. It has been observed that the auditor's abilities in providing truthful audit opinions and the capability to obtain the confidence of users of the financial statements and audit reports improve in direct proportion to the auditor's level of independence, a healthy level of professional skepticism, and years of experience in the field.

In addition, the work stress model theory of Palmer, Cooper and Thomas (2003) was also used as a basis for the incorporation of a situational factor in this study, which is time pressure. This theory describes the relationship between possible work-related stress issues, individual and organisational stress symptoms, bad outcomes, and financial consequences as outlined in the Health and Safety Executive (HSE) publication. Apart from that, stress occurs when an individual's mental and physical resources are tested beyond what is reasonable, and their capacity to deal with that can be affected by a change in their surroundings or a request. In other words, stress is a condition in which a person's body and soul experience an excessive amount of pressure that exceeds their ability or capacity to handle at the time (Johari, Hairudin & Dawood, 2022). According to the findings of a study that was conducted by Kesuma and Dwirandra (2019), auditors who are tasked with completing audit work under strict time constraints or time pressure may experience stress, which may then lead to changes in their attitudes, thoughts, and behaviours in the implementation and performance of audit processes. As a consequence of this, it is acceptable to utilise this theory in order to provide support for the variables that are being investigated in this study.

2.6 Chapter Summary.

Chapter 2 reviewed the literature on auditor independence, work experiences, professional skepticism, and time pressure factors that could really affect the ability of an auditor on fraud detection. The review indicates that auditor independence, work experiences, professional skepticism, and time pressure are more influential than any other factors in determining an auditor's ability and effectiveness in detecting fraud. Following that, the hypotheses are generated, and a conceptual framework is constructed based on the literature reviews that were conducted on the variables that were being studied. This chapter also includes an insight into a few underlying theories that have a strong connection to this study, including the fraud triangle theory, theory of inspired confidence as well as work stress model theory. In the following chapter, the methodology approach that were used for this study will be discussed further.

CHAPTER 3

METHODOLOGY.

3.0 Introduction.

This chapter is divided into seven subsections that, taken as a whole, explain the research method used and go into great detail about how the study was put together. The first section of this chapter describes the research design of the study selected by the researcher. The next section discusses the population, sample, and sampling technique, and unit of analysis**.** The chapter then demonstrates the questionnaire design and, following that, explains the research measurement or instrument that has been used in this research. The data collection strategy used in this study is then discussed. Following that, this chapter illustrates the discussion on the data analysis technique and is finally followed by a summary of the chapter.

3.1 Research Design.

The aim of this research is to evaluate the relationship between independent variables, including auditor independence (INDP), auditor experience (EXPR), professional skepticism (SKEP), and time pressure (TIME), to dependent variables, that is, fraud detection ability (FDA). In order for this research to be successful in accomplishing its goals, a quantitative approach was selected in conducting this research and the data were collected through the use of questionnaire surveys. This quantitative approach entails carrying out an in-depth analysis, using scientific investigation of data and the relationships between them. Besides that, it is also used to create and test different mathematical models, theories, and hypotheses concerning fraud detection abilities. It is possible to say, in essence, that quantitative approach is utilised primarily for the purpose of testing or verifying hypotheses or explanations, determining the variables to be studied, relating variables in questions or hypotheses, utilising statistical standards of validity and reliability, and employing statistical procedures for analysis. According to Indrasti and Karlina (2020), quantitative approach is an investigation of social problems based on the theory test, which consists of several variables measured by the number and analysed statistically to determine if the prediction generalisations are true.

Next, the research design that was utilised is both explanatory and descriptive in nature. It involves the collection, analysis, and interpretation of data with the goal of analysing the factors influencing the auditor's ability to detect fraud in Malaysia. A research design is a plan that details the techniques and processes for gathering and interpreting information. Also, the purpose of the design is to guarantee that each and every piece of information obtained is relevant to the process of finding solutions to problems. In addition to that, it is a research study that tests a hypothesis, and the success of the hypothesis test will depend on the variables and the scale measurement. The term "hypothesis" refers to a method of reasoning that involves speculation about a possible connection between two or more variables in the form of a statement that may be tested and verified (Prameswari, Purwohedi & Respati, 2022). Overall, by looking at this research, it uses hypothesis testing in order to explain the relationship between auditor independence, auditor experience, professional skepticism, and time pressure as determining variables influencing auditors' ability to identify fraud in Malaysia.

3.2 Population, Sample, And Sampling Technique and Unit of Analysis.

A population is a comprehensive collection of items that have similarities but may be differentiated from one another based on their characteristics. Also, population is a broad area that is made up of things that have specific traits and features. These qualities and characteristics are specified by researchers so that they may study them and form conclusions about them. Moreover, a representative group is used to guarantee that data collection delivers accurate, appropriate, and near estimations of the characteristics of the population that is being sampled (Citranagari, 2022). This study uses primary data, which is data obtained by the researcher directly from the original source, and the population of this study is all auditors who work at accounting or audit firms in all regions of Malaysia and are registered with the Malaysian Institutes of Accountants (MIA). According to the membership statistics that are posted on MIA's website as of February 28, 2023, there are a total of 38,814 members who have registered with them. Among them are 38,416 chartered accountant (CA) members and 398 associate members (AM). This information is shown in Figure 3.1 below.

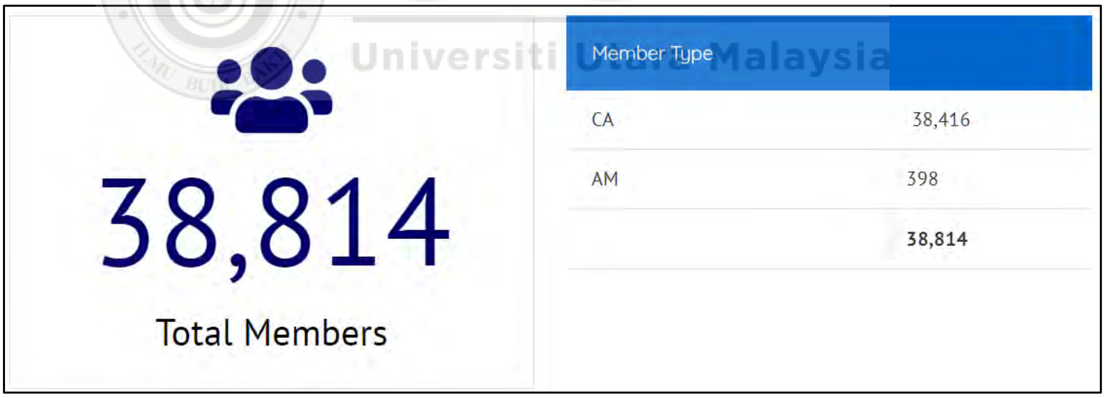

Figure 3.1: Membership Statistics from MIA's Website.

In addition, the auditing professionals who work at the randomly selected five accounting or audit firms that are registered with the MIA are included in the sample for this study. Only five accounting or audit firms were selected for this study because, initially, the researcher randomly selected 10 firms and tried to contact them, but only five firms responded and agreed to cooperate in answering the questionnaire. Hence, the researcher decided to limit the sample size of the study to just five firms. The firms involved are:

1. Alan Yoon Associates (Perak).
2. PriceWaterhouseCoopers Plt (Kuala Lumpur).
3. McMillan Woods Chew & Partners (Johor Bahru).
4. NK Associates (Selangor).
5. Grant Thornton Malaysia Plt (Penang).

A total of 200 questionnaires have been distributed to the individuals in this target group through the use of the Google form link. Asides that, the sampling technique associated with this study is the convenience sampling technique. This is a broad and general term that encompasses a wide range of different procedures for selecting respondents. The convenience sampling method is used because researcher has the freedom to quickly select the samples from population elements whose data are easily and readily obtained by researcher. The following are the criteria that are being employed in this technique of convenience sampling:

1. Auditors who work at the five randomly chosen accounting firms that are registered with the MIA.
2. Auditors who work at the five randomly chosen accounting firms that are registered with the MIA which can be accessed by researchers due to cost and time constraints.
3. Auditors who work at the five randomly chosen accounting firms that are registered with the MIA who are willing to receive and respond to the questionnaires.

3.3 Questionnaire Design.

This research makes use of dependent as well as independent variables, and the use of questionnaire functioned as the instrument for measuring all of the variables in this study. The following is the statement that is employed in the questionnaire for each dependent and independent variable which was taken from previously conducted research that was found to be relevant to this study. The statement used in Oklivia and Marlinah's (2014); Sukendra, Yuniarta and Atmadja's (2015); Hartan and Waluyo (2016); Rosadi and Waluyo (2017); Al-Qatamin (2020); and Gracia and Kurnia's (2021) studies were adopted and utilised in this research for each variable.

No	Variables	Statement	Sources
1	Auditor's Ability To Detect Fraud.	•As an auditor, I am able to assess the modes and techniques commonly used by perpetrators of fraud.	Hartan and Waluyo (2016). Gracia and Kurnia (2021).
		•I understand the characteristics of fraud inherent in every fraudulent act .	
		•A search for an auditee's history of fraud is an activity missed in an audit assignment.	
		•I include the steps of identifying indications of fraud in the audit program.	
		•I communicate the results of the fraud identification and provide recommendations to the auditee.	

Figure 3.2: Statement on The Auditor's Ability to Detect Fraud Variable Used in the Questionnaire.

No	Variables	Statement	Sources
2	Auditor Independence.	•Reporting is free from the obligation of other parties to influence the facts reported.	Oklivia and Marlinah (2014). Gracia and Kurnia (2021).
		•Reporting is free from the efforts of certain parties to influence the examiner's consideration of the contents of the audit report.	
		•Examination is free from personal interest or other parties to limit all inspection activities.	
		•Examination is free from managerial efforts to determine or appoint the activities being examined.	
		•The implementation of the examination must cooperate with the managerial in providing the documents needed during the examination process.	

Figure 3.3: Statement on The Auditor Independence Variable Used in the Questionnaire.

No	Variables	Statement	Sources
3	Auditor Experience.	•The longer you are as an auditor, the more you understand how to deal with the audit entity/object in obtaining the required data and information.	Oklivia and Marlinah (2014). Gracia and Kurnia (2021).
		•The longer you work as an auditor, the more you can find out relevant information to make judgment in decision making.	
		•The longer you work as an auditor, the more you can detect errors or fraud made by the object of examination.	
		•The longer the auditor work in a company, the easier to find the cause of the error or fraud and can provide recommendations to eliminate or minimize the causes.	
		•The many tasks received can give opportunity to improve the skills in detecting fraud and learn to perform work efficently from the failures and successes that have been experienced during audit work.	

Figure 3.4: Statement on The Auditor Experience Variable Used in the Questionnaire.

No	Variables	Statement	Sources
4	Professional Skepticism.	•I am diligent and careful in conducting audits.	Sukendra, Yuniarta and Atmadja (2015). Gracia and Kurnia (2021).
		•I do not simply believe the audit evidence provided by the auditee.	
		•I question the audit evidence whose validity is doubtful.	
		•I gathered sufficient audit evidence/details and evaluated the audit evidence.	
		•I asked for additional evidence to the auditee when I felt the evidence I got was not convincing enough.	

Figure 3.5: Statement on The Professional Skepticism Variable Used in the Questionnaire.

No	Variables	Statement	Sources
5	Time Pressure.	•Time pressure causes a decrease in the effectiveness and efficiency of auditing activities. •Time pressure interferes with the proper conduct of an audit. •Time pressure causes reduction in the ability of auditor to detect fraud or error. •Because of the time pressure that is necessary for the implementation of the audit process, where the time budget has been tighter over the past several years, I am unable to work as efficiently as I should be able to. •I don't test many transactions during my audit work when I feel high time pressure.	Rosadi and Waluyo (2017). Al-Qatamin (2020). Gracia and Kurnia (2021).

Figure 3.6: Statement on The Time Pressure Variable Used in the Questionnaire.

3.4 Research Measurement/Instrument.

In designing a plan for conducting research, it is necessary to make informed choices about the data sources, data collection method as well as the measurement or instrument that will be used in order to facilitate the process of forming conclusions about the subject being investigated. A questionnaire will be used in the survey research that will serve as the data gathering tool for this study, and the use of a questionnaire enabled a huge amount of data to be gathered in a relatively short period of time. In developing the questionnaire for this study, the research purpose, conceptual framework, hypothesis, and literature review were all taken into consideration. This research study utilises known and verified questionnaires to examine the factors influencing the auditor's ability to detect fraud from the perspective of auditors in Malaysia. These factors include auditor independence, auditor experience, professional skepticism, and time pressure. As mentioned in the preceding part, the questionnaires for this study were derived from the research that had previously been conducted and used in this study. Aside from that, respondents were asked to indicate their level of agreement with statements about the auditor's ability to detect fraud, auditor independence, auditor experience, professional skepticism, and time constraint using a scale.

The questionnaire is divided into six sections with a total of 25 questions, as illustrated in Figure 3.2 through Figure 3.6, including the section on demographic factors (Section A). Section A consists of questions pertaining to the background of the respondents and are referred to as the demographic characteristics or personal information of the respondents. Following that, the auditor's ability to detect fraud is covered in Section B, while the auditor's independence is covered in Section C. Then, Section D and Section E addressed the auditor's experience and professional skepticism, respectively. Lastly, the time pressure is covered in Section F. Asides that, the Likert scale is the measurement and instrument scale that is used for these variables. The Likert scale is based on a five-point scale that starts from one to five and is meant to identify the extent to which respondents agree or disagree with some of the statements. Each statement item in the questionnaire relating to all variables that are being investigated will be measured through the use of an interval scale that gives a weight or score for each answer provided by respondents after completing the questionnaire, where score 1 stands for 'Strongly Disagree', score 2 stands for 'Disagree', score 3 stands for 'Neutral', score 4 stands for 'Agree', and lastly, score 5 stands for 'Strongly Agree'.

3.5 Data Collection Strategy.

This study's data was gathered through the collection of primary data from the target respondents where the auditors of all levels working at accounting firms registered with the Malaysian Institute of Accountants (MIA). The research data needed for this study was collected using a survey approach, and questionnaires were distributed electronically to the target respondent by sending a Google Form link containing a series of questions to auditors working at five randomly chosen accounting or audit firm that are members of the MIA. In light of the fact that this investigation was carried out just after the pandemic, questionnaires were distributed through the use of google form because many accounting firms were still employing the work-from-home (WFH) method, and some accounting firms preferred online survey questionnaires as these surveys enabled respondents to respond to the questions whenever and wherever they were, within a short amount of time, and at their convenience. Additionally, it is one of the most convenient ways, and there is a significantly lower cost involved, in the distribution of the survey questionnaire to auditors. The responses that were received through the use of these methods were taken into consideration in the relevant parts of this study.

For the purpose of conducting an online survey questionnaire for this study, the researcher first signed up for Google Form's free online survey service in order to develop the online survey. After the questionnaire has been created through the online survey, a URL address will be provided. Following that, an introduction message together with an invitation to take part in the survey and a link to the URL, was sent via e-mail and WhatsApp to the auditors who worked for the accounting firm that was registered with MIA. This online survey provides respondents with a degree of flexibility because, in order to answer the questionnaire, they only need to click on the "URL link," and they will be directed to the online questionnaire. Lastly, after answering all of the questions in the survey, participants were instructed to click the "Submit" button so that researchers could receive and store their responses in the survey database.

3.6 Data Analysis Technique.

The data that was collected from the field was edited to guarantee that the information that was gathered was coherent and consistent. After that, using SPSS (Statistical Product for Service Solution) Version 29, the revised data was then entered into the computer and this was later imported into the data software in order to perform analysis. In the course of this research, the technique of analysing the data that was utilised included validity test, reliability test, and hypothesis test. The validity and reliability tests, both of which are used to check the validity of the questionnaire itself as well as to examine an indicator of a variable or construct. In addition, a multiple linear regression analysis is performed in order to test and validate the hypothesis in this research. One of the reasons to use multiple linear regression analysis as compared to simple linear regression analysis is because multiple linear regression uses two or more independent variables to predict the outcome of the dependent variable, whereas simple linear regression only uses one independent variable to explain or predict the outcome of the dependent variable. The following is a further explanation of the technique that is used in this study to analyse the data.

3.6.1 Validity Test.

The validity test is a test used in this study to examine the validity of a research questionnaire or, to put it another way, to determine whether or not a research questionnaire is valid. In order for a questionnaire to be considered valid, the questions contained within it must be able to shed light on the aspects that will be examined by the questionnaire. In order for the statements to be valid, the correlation of Pearson or r arithmetic must be higher than the critical values of Pearson's r (r-table). In the event when the correlation of Pearson or r arithmetic is higher than the critical values of Pearson's r (r-table), then it can be said that the question is valid (Bayuandika & Mappanyukki, 2021).

3.6.2 Reliability Test.

The reliability test is performed in this study to evaluate the internal consistency of the instrument used in order to determine its level of reliability. A questionnaire is considered reliable if an individual's response to a question on a questionnaire is constant or unchanged throughout the course of a period of time. Asides that, Cronbach's alpha was used as a method to test and evaluate the research instrument's level of reliability (Bayuandika & Mappanyukki, 2021). With the following criteria:

i. If the value of Cronbach Alpha is greater than 0.6, the answer in the questionnaire is considered to be reliable.

ii. If the value of Cronbach Alpha is smaller than 0.6, the answer in the questionnaire is considered to be unreliable.

3.6.3 Hypothesis Test.

In this study, four independent variables and one dependent variable were used as variables, and the analytical method used to test the hypothesis is Multiple Linear Regression (MLR) analysis, also commonly referred to as multiple regression. The goal of multiple regression analysis is to model the linear relationship between the independent (explanatory) variables and dependent (response) variable. In its most basic form, multiple regression can be understood as an extension of ordinary least-squares (OLS) regression that takes into account more than one variable in the explanation process (Citranagari, 2022). Moreover, this analysis is employed here to examine the effect of two or more independent variables on the dependent variable, notably whether each independent variable has a positive or negative relationship with the dependent variable being studied. In the course of this study, the influencing factors such as auditor independence, auditor experience, professional skepticism, and time pressure on an auditor's ability to detect fraudulent activity is analysed**.** The multiple regression model used to test the hypothesis can thus be stated and explain as follows in light of this explanation:

$$\mathbf{Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e}$$

Description:

Y = Auditor's Ability to Detect Fraud

α = Constants

$\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$ = Regression coefficient

X1 = Auditor Independence

X2 = Auditor Experience

X3 = Professional Skepticism

X4 = Time Pressure

e = Error

In order to demonstrate that the hypothesis test is accurate, statistical analysis is performed on the results that are generated by multiple regression models. The following are some of the statistical tests:

A. Coefficient of Determination.

The coefficient of determination (R2) test is used to determine how well-behaved and patient the independent variable is when it comes to describing the dependent variable. In the SPSS output, the coefficient of determination can be discovered in the Model Summary table, and it is indicated and written as Adjusted R Square (Citranagari, 2022). The classification or interpretation of the value of R2 is as shown below:

i. If the value of R2 is 1, it indicates that the variations of the dependent variable can be completely explained by the independent variable and that the fluctuations of the dependent variable are not caused by any other factors that can be considered.

ii. If the value of R^2 ranges from 0 to 1, it indicates that the independent variable has a greater ability to explain fluctuations in the dependent variable.

B. Partial Regression Test (t test).

The t test was carried out in order to discover the impact that each independent variable, taken separately, had on the dependent variable. In the table labelled "Coefficients," the outcomes of the t-test that was performed on the SPSS output are listed. Besides that, comparing the p-values in the Sig column for each independent variable against a significance level of 0.05 allows it to ascertain whether or not there is an influence of each independent variable individually on the dependent variable being studied (Citranagari, 2022). The classification or interpretation of the p-value is as shown below:

i. If the p-value is lower than 0.05, then the hypothesis is accepted.
ii. If the p-value is higher than 0.05, then the hypothesis is rejected.

3.7 Chapter Summary.

Chapter 3 discussed how the researcher conducts the study and demonstrates the relationship between independent, and dependent variables. It describes the research design and how the researcher collected the data, which includes the population and respondents, the questionnaires and measurements employed, and ultimately, the data collection method as well as the technique used to analyse the data. Lastly, the analysis of the data and the findings will be discussed further in the following chapter.

CHAPTER 4

RESULTS AND DISCUSSION.

4.0 Introduction.

This chapter covers the findings and results of the research that was carried out. The significance of the assumptions predicted in this research is reflected in the results, which were analysed via SPSS software. Basically, this chapter is divided into several sections. In the first section, it presents descriptive statistical analysis for the variables in this research, followed by validity analysis. In addition to that, reliability analysis based on Cronbach's Alpha is also presented in this chapter. The next section covers the hypothesis test, which includes multiple linear regression, a coefficient of determination test, and a partial regression test to test the four hypotheses that were made for this research. Lastly, the discussion of research findings is presented in the final section, along with a summary of the chapter covered throughout the chapter.

4.1 Descriptive Analysis.

4.1.1 Demographic Data.

This research looked at how factors such as auditor independence, auditor experience, professional skepticism, and time pressure affected auditors' ability to detect fraud in Malaysia. As can be seen in Table 4.1, which can be found below, a total of 200 questionnaires were sent out using a Google form to the auditors working at five randomly chosen accounting or auditing companies that are members of the MIA. The distribution of 200 questionnaires to respondents resulted in only 110 (55%) questionnaires being returned, and approximately 90 (45%) questionnaires were not returned. This meant that only 110 data points from those surveys could be used and analysed for this research. The following table summarises its characteristics:

Table 4.1: Distribution and Return of Questionnaires.

Information	Total	Percentage (%)
Questionnaire Distributed	200	100%
Returning Questionnaire	110	55%
Questionnaire that does not return	90	45%

Following that, this research took into account information pertaining to gender, years of work experience, job position, and, lastly, five accounting or audit firms that were chosen at random. The demographics or characteristics of the sample respondents are broken down into proportional distributions and presented in Table 4.2 below.

Table 4.2: Characteristics of Respondents.

No.	Information		Respondent	Percentage (%)
1	Gender	Female	71	65%
		Male	39	35%
		Total	**110**	**100%**
2	Work Experience	Less Than 1 Year	14	13%
		1 Year - 5 Year	55	50%
		More Than 5 Year	41	37%
		Total	**110**	**100%**
3	Job Position	Audit Manager	6	5%
		Senior Auditor	40	36%
		Junior Auditor	64	58%
		Total	**110**	**100%**
4	Accounting/Audit Firm	Alan Yoon Associates.	23	21%
		Grant Thornton Malaysia Plt.	28	25%
		Mcmillan Woods Chew & Partners.	15	14%
		NK Associates.	12	11%
		PriceWaterhouseCoopers Plt.	32	29%
		Total	**110**	**100%**

According to the findings, the majority of the respondents are female auditors. There are 71 female auditors (65%) and only 39 male auditors (35%) who answered the questionnaire. As can be observed from the work experience, 55 auditors (50%) have between 1-5 years of work experience, followed by 41 auditors (37%), who have more than 5 years of work experience, and finally 14 auditors (13%), who have less than 1 year of work experience. Moving on to the job positions, it is evident that 64 junior auditors (58%) predominate in the position of auditor, 40 senior auditors (36%) are next, and as many as 6 auditors (5%) fill the position of audit manager. Last but not least, it has been determined, based on the accounting or audit firm, that majority of 32 responses (29%) are from PriceWaterhouseCoopers Plt, 28 responses (25%) are from Grant Thornton Malaysia Plt, 23 responses (21%) are from Alan Yoon Associates, 15 responses (14%) are from McMillan Woods Chew & Partners, and 12 responses (11%) are from NK Associates. Overall, it is possible to draw the conclusion that the majority of respondents who took part in this research are female auditors, with a majority of working experience ranging from 1–5 years, and the large proportion of them held the position of junior auditor. The audit firm PriceWaterhouseCoopers Plt provided the most responses out of all the companies surveyed.

4.1.2 Descriptive Statistical Analysis.

This descriptive statistical analysis has been undertaken with the goal of obtaining an overall picture of the distribution of the responses to the questionnaires that were distributed with regard to the research variables. Particular attention was paid to the dependent variable, which was the ability to spot fraud, as well as the independent variable, which consisted of four variables, including auditor independence, auditor experience, professional skepticism, and time pressure. In this research, descriptive statistics can be viewed at the minimum and maximum values, as well as the mean and standard deviation. The outcomes of descriptive statistical tests are shown in Table 4.3, as can be seen below.

Table 4.3: Descriptive Statistical Test Results.

No.	Variable	N	Minimum	Maximum	Mean	Std. Deviation
1	Fraud Detection Ability (FDA)	110	4	5	4.0545	0.22813
2	Auditor Independence (INDP)	110	4	5	4.2636	0.44262
3	Auditor Experience (EXPR)	110	4	5	4.2091	0.40852
4	Professional Skepticism (SKEP)	110	4	5	4.4636	0.50096
5	Time Pressure (TIME)	110	4	5	4.0455	0.20925

According to Table 4.3, the dependent variables that are being investigated in this research are the auditor's ability to detect fraud (FDA). This variable has a minimum value of 4, a maximum value of 5, an average value (mean) of 4.0545, and a standard deviation value of 0.22813. The first independent variable is known as auditor independence (INDP), and it has a minimum value of 4, a maximum value of 5, an average value (mean) of 4.2636, and a value of 0.44262 for its standard deviation. The second independent variable is auditor experience (EXPR). The minimum value for this variable is 4, while the maximum value is 5, with an average value (mean) of 4.2091 and 0.40852 serving as the standard deviation. The following independent variable is professional skepticism (SKEP), which has a minimum value of 4 and a maximum value of 5, a value of 4.4636 for the average value (mean), and a value of 0.50096 for the standard deviation. The last independent variable is time pressure (TIME), and it has a minimum value of 4, a maximum value of 5, an average value (mean) of 4.0455, and a standard deviation value of 0.20925.

Therefore, it is possible to draw the conclusion from this descriptive statistical test that the minimum value of the 5 research variables displays a value of 4.00. This indicates that the respondent's lowest answer is centred on the viewpoint of "agree" with the statement stated in the survey. In the meantime, the maximum value for all variables is 5.00, which corresponds to the "strongly agree" response to the statement on the questionnaire. In addition, the average value of all variables is more than 4, indicating that the majority of the respondents who responded to the survey selected "agree" as their response to the statement that was provided. This is in line with the results of the tests, which demonstrate that a wide range of independent factors can affect the auditor's ability to detect fraud.

4.2 Validity Test.

Table 4.4: Validity Test Results.

No.	Variable	Statement Items	Pearson Correlation	r Table	Decision
1	Fraud Detection Ability (FDA)	FDA 1	0.692	0.187	Valid
		FDA 2	0.760	0.187	Valid
		FDA 3	0.480	0.187	Valid
		FDA 4	0.634	0.187	Valid
		FDA 5	0.651	0.187	Valid
2	Auditor Independence (INDP)	INDP 1	0.776	0.187	Valid
		INDP 2	0.798	0.187	Valid
		INDP 3	0.868	0.187	Valid
		INDP 4	0.909	0.187	Valid
		INDP 5	0.858	0.187	Valid
3	Auditor Experience (EXPR)	EXPR 1	0.819	0.187	Valid
		EXPR 2	0.816	0.187	Valid
		EXPR 3	0.907	0.187	Valid
		EXPR 4	0.871	0.187	Valid
		EXPR 5	0.745	0.187	Valid
4	Professional Skepticism (SKEP)	SKEP 1	0.843	0.187	Valid
		SKEP 2	0.947	0.187	Valid
		SKEP 3	0.942	0.187	Valid
		SKEP 4	0.935	0.187	Valid
		SKEP 5	0.951	0.187	Valid
5	Time Pressure (TIME)	TIME 1	0.854	0.187	Valid
		TIME 2	0.872	0.187	Valid
		TIME 3	0.826	0.187	Valid
		TIME 4	0.623	0.187	Valid
		TIME 5	0.640	0.187	Valid

In the course of this research, the Pearson Correlation test was utilised in order to examine the validity of the data. This was accomplished by doing a test of significance using a significance level criterion of 0.05 and also by comparing the r count with the r table, which yielded a value of 0.187. This validity test was carried out on a total of 110 respondents. After running the validity test and analysing the results, it was determined that each of the statement items that evaluate an auditor's ability to detect fraud, auditor independence, auditor experience, professional skepticism, and time pressure were all valid. This was the conclusion reached after the validity test was carried out. This occurs due to the fact that all of the statement items generate a correlation value that is greater than r table of 0.187, as demonstrated in Table 4.4 above.

4.3 Reliability Test.

A reliability test is a type of measurement that is used to evaluate a questionnaire that serves as an indicator of the variables being studied. In addition, a reliability test was performed to guarantee the reliability, consistency, and stability of the questionnaire used in the research. Moreover, the Alpha Cronbach method is typically used in carrying out reliability tests. This method is based on a clause in Cronbach's Alpha, which states that an indicator is considered reliable if its coefficient value is greater than 0.60.

Table 4.5: Reliability Test Results.

No.	Variable	No.of Item	Cronbach's Alpha	Alpha	Decision
1	Fraud Detection Ability (FDA)	5	0.653	0.60	Reliable
2	Auditor Independence (INDP)	5	0.898	0.60	Reliable
3	Auditor Experience (EXPR)	5	0.889	0.60	Reliable
4	Professional Skepticism (SKEP)	5	0.957	0.60	Reliable
5	Time Pressure (TIME)	5	0.818	0.60	Reliable

According to the findings of the reliability test, which are summarised in Table 4.5, it is possible to draw the conclusion that all of the variables that were put through the reliability test, including the auditor's ability in fraud detection, auditor independence, auditor experience, professional skepticism, and time pressure, can be considered reliable. This is due to the fact that the Cronbach's alpha value of the statement in the questionnaire for all variables has a value higher than the standard coefficient alpha value, which is 0.60.

4.4 Hypothesis Test.

4.4.1 Coefficient of Determination.

The coefficient of determination is a statistical tool that attempts to quantify how well one variable, the independent variable, explains the variation of another, the dependent variable. The information shown in Table 4.6 demonstrates that the adjusted R Square value, also known as the coefficient of determination (R2), is 0.468. This indicates that the auditor's independence, auditor experience, professional skepticism, and time pressure all contribute 46.8% to the fraud detection ability variables. The rest, 53.2%, are affected by other factors that are not accounted for in this research. Overall, the R2 value shows that the value is in the range of 0 to 1, which means that the independent variable has a greater ability to explain fluctuations in the dependent variable.

Table 4.6: Coefficient of Determination Test Results.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.698 (a)	0.488	0.468	1.08191

(a) Predictors: (Constant), Auditor Independence, Auditor Experience, Professional Skepticism, Time Pressure.
(b) Dependent Variable : Fraud Detection Ability.

4.4.2 Partial Regression Test (t test).

Table 4.7: Partial Regression Test (t-Test) Results.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	p -Value	Decision
	B	Std.Error	Beta				
(Constant)	10.675	1.985		5.378	<0.001		
H1 : Auditor Independence (INDP)	0.205	0.057	0.286	3.596	<0.001	0.05	H1 Accepted
H2 : Auditor Experience (EXPR)	0.181	0.059	0.249	3.085	0.003	0.05	H2 Accepted
H3 : Professional Skepticism (SKEP)	0.267	0.053	0.413	5.029	<0.001	0.05	H3 Accepted
H4 : Time Pressure (TIME)	-0.169	0.079	-0.162	-2.217	0.036	0.05	H4 Accepted

*Dependent Variable : Fraud Detection Ability (FDA)

According to the t-test results presented above in Table 4.7, the first hypothesis (H1), that focuses on auditor independence, reveals that auditor independence does, in fact, have a positive effect on the auditor's ability in fraud detection. This is due to the fact that the sig value of auditor independence is <0.001, which is less than the p value of 0.05. Hence, it is possible to draw the conclusion that H1 is accepted.

The result of the second hypothesis (H2) which focus on auditor experience states that auditor experience has a positive effect on the auditor's ability in fraud detection. This is because the sig value of auditor experience is 0.003, which is lower than the p value of 0.05. So, it is reasonable to conclude that H2 is also accepted.

Next, the result of the third hypothesis (H3) that concentrates on professional skepticism demonstrates that professional skepticism has a positive effect on the auditor's ability in fraud detection. The reason for this is that the sig value for professional skepticism is <0.001 which is lower than the p value of 0.05. As a result, it seems fair to conclude that H3 is accepted.

Last but not least, the result of the fourth hypothesis (H4), that centres on time pressure, shows that time pressure has a negative effect on the auditor's ability in fraud detection. The reasoning for this is that time pressure has a sig value of 0.036, which is less than the p value of 0.05. As a consequence of this, it is reasonable to draw the conclusion that H4 is accepted as well.

4.5 Discussion of Research Findings.

4.5.1 The Effect of Auditor Independence on The Auditor's Ability in Fraud Detection.

According to the results of this research, it reveals that auditor independence significantly and positively affects an auditor's ability in fraud detection. Hence, hypothesis 1 (H1) is accepted. This indicates that an auditor's ability to detect fraudulent activity depends heavily on their level of independence. For an auditor to be considered independent, it is necessary for them to be truthful in their examination of the facts as well as to take into account matters that are objective and unbiased while forming and expressing their opinions or judgements. Furthermore, an auditor's ability to detect fraud increases when he or she maintains an attitude of independence, because such a person is more likely to be impartial, truthful, and fair in their dealings with all parties involved, which reduces the likelihood for fraud to occur.

Also, in order to generate high-quality audits, an auditor needs to possess a strong level of independence and confidence in a statement or the evidence that has been gathered by analysing the appropriateness and applicability of the information obtained. If there is a lack of independence among auditors, it will be impossible for them to identify fraudulent activity because the auditor believes and accepts as true the declarations made by management despite the absence of any evidence to back up the management's claims. Apart from that, the auditor's high level of independence actually contributes to the increased reliability of the quality of audits delivered. When auditors maintain a high level of independence, the likelihood of fraudulent activity occurring without being discovered decreases, making it more likely that they will be able to spot fraudulent activity. The results of this study are in line with those of studies that have been carried out by La Ode, Wahyuniati, Angela and Oktri (2020), Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019), as well as Gracia and Kurnia (2021), all of which came to the conclusion that the independence of auditors has a positive and significant effect on their ability to identify instances of fraud.

4.5.2 The Effect of Auditor Experience on The Auditor’s Ability in Fraud Detection.

According to the results of this research, it reveals that auditor experience significantly and positively affects an auditor's ability in fraud detection. Hence, hypothesis 2 (H2) is accepted. According to these results, it shows that experienced auditors are clearly able to recognise, comprehend, and even locate the root cause of the emergence of fraud in an organization. The auditor's professional experience further contributes to the overall improvement of the auditor's performance and effectiveness. If auditors have greater experience, then their performance in identifying instances of fraud will be more appropriate. Besides that, an auditor with a significant amount of work experience will always have benefits in a number of ways, including the ability to recognise fraud, comprehend the fraud, and hunt for the root causes of fraud. An auditor who has a significant amount of experience, particularly in auditing activities, possesses a greater number of things that can help them increase their knowledge, skills, and abilities to detect fraud. When an auditor has worked in the profession for a longer period of time, they will have been exposed to a greater variety of companies, tasks and situation, which will result in a greater understanding and depth of knowledge that will enhance the auditor's sensitivity and ability to recognise errors and detect fraudulent activity.

It should not come as a surprise, if we link it to the context of the performance of audits, because experienced auditors who are tasked with undertaking fraud audits tend to be better at spotting fraudulent activity. This is due to the fact that auditors with more experience frequently possess a strategy that is more effective than others, which may be discovered based on the experience that an auditor has gained while working in the pitch. Additionally, experienced auditors will never take evidence at face value. Instead, they will always investigate the evidence they obtain and assess it closely in order to identify any instances of fraud. In the meantime, if the auditors lack sufficient experience in the field of auditing, it will be difficult for them to identify abnormalities or indicators of fraud in the financial statements that are provided as well as in the audit evidence that is acquired. This research's findings are in line with those obtained from research carried out by Iskandar, Ramadhan, Mansyuri and Ramadhan (2022), Arifuddin, Rahmawati and Indrijawati (2020), Lannai and Muslim (2021) and Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019), which state that auditors can learn to recognise different types of fraud and find solutions when confronted with fraud situations through their work experience. It is generally accepted that experienced auditors have a greater ability to identify instances of fraud than auditors with less experience.

4.5.3 The Effect of Professional Skepticism on The Auditor's Ability in Fraud Detection.

According to the results of this research, it reveals that professional skepticism significantly and positively affects an auditor's ability in fraud detection. Hence, hypothesis 3 (H3) is accepted. This research result pointed in a positive direction, which reveals that the auditor's abilities to discover fraud increase in direct proportion to the auditor's level of professional skepticism, and as a result, the likelihood of fraud occurring decreases. Auditors who possess a high level of professional skepticism seem to be more likely to discover instances of fraud. This is because such auditors are less likely to blindly trust the proof and are more inclined to get involved in critical inspections of the sufficiency and relevancy of audit information and evidence. In addition, one of the skills that an auditor needs to have in order to successfully complete the audit assignment for which they are accountable is a healthy dose of professional skepticism. When an auditor adopts a professional skepticism mindset, they are more likely to pay closer attention to any information and audit proof that they receive from their clients. Apart from that, auditors who employ professional skepticism effectively will continue to investigate every piece of evidence presented to them, which enables the auditor to learn more specifically about the circumstances surrounding their clients, making it much simpler for the auditor to find any fraudulent activity that their clients may have tried to hide.

In addition, auditors who have a healthy dose of professional skepticism will boost their ability to spot fraudulent activities by expanding their data gathering strategies whenever confronted with the signs of fraud. Also, they will always search for further proof and details in order to figure out the degree to which the audit evidence that'll be used in evaluating the financial statements is accurate, reliable, and free from all types of misrepresentation. Skepticism will make it easier for the auditor to spot fraud since the auditor possesses a sharp thinking and a strong sense of curiosity, which increases the likelihood that the auditor will be far more attentive to the indications of fraud. If the auditor did not apply their professional skepticism, they would just uncover inaccuracies created by mistakes, and it'd be extremely hard to identify inaccuracies caused by fraud due to the fact that the person who committed the crime would typically try to conceal their fraudulent tendencies. This result is in line with the findings of Adnan and Kiswanto (2017), Arifuddin, Rahmawati and Indrijawati (2020), and Takasenserang and Indarto (2021) all of which concluded that auditors' professional skepticism positively influences their abilities to recognise fraud.

4.5.4 The Effect of Time Pressure on The Auditor's Ability in Fraud Detection.

According to the results of this research, it reveals that time pressure significantly and negatively affects an auditor's ability in fraud detection. Hence, hypothesis 4 (H4) is accepted. The research's results indicated that the identification of fraud by an auditor is impacted by time pressure. This is due to the fact that working under time pressure impairs an auditor's abilities to accurately evaluate the information and evidence that was obtained. Aside that, due to the disparity between the number of tasks that need to be completed and the amount of time available to do them, auditors under time pressure experience increased stress, dysfunctional behaviour, and a decline in their ability to focus and analyse, all of which can have a negative impact on their professional ethics and performance as well as result in poor audit quality. Audits that are not carried out properly will not be able to offer the best possible results in detecting fraudulent activities.

Other than that, time pressures have an effect on the process when the auditor assesses relevant evidence, which in turn will have an effect on the decision. Whenever auditors are under time pressure, they are more likely to turn out to be more cautious with the data at hand and become less effective in their actions. As a consequence of this, there will be a void that contributes to a decline in the level of work performance achieved by auditors and numerous transactions might be overlooked or not checked, which, in turn, will impair the auditors' abilities to identify instances of fraud. Apart from that, the time pressure to finish the audit in a timely manner had an impact on the performance of the auditors, particularly if they only had access to the provided information and were not given the opportunity to review the audit evidence. So, it can be said that auditors who are under a lot of pressure to complete their audit work quickly opt to review less evidence. The results presented in this research are consistent with those of Pratiwi, Rizal, Indrianasari, Wiyono and Ifa (2019), Agustina, Nurkholis and Rusydi (2021) and Faris, Said and Kartini (2021), all of whom claim that time pressure has a negative influence on the auditors' ability to spot fraud.

4.6 Chapter Summary.

In this chapter, the findings and a discussion of the results are presented. The information has been organised into tables for the purpose of making it easier for readers to comprehend. According to the findings of the research, the auditor's ability to detect fraud is significantly influenced by auditor independence, auditor experience, professional skepticism, and time pressure. This is because, the sig value that was obtained for all four independent variables was significantly lower than the 0.05 level. In conclusion, the following Chapter 5 is the final chapter of this research, and it consists of recommendations for future research, as well as limitations and implications of the research itself.

CHAPTER 5

CONCLUSION AND RECOMMENDATION.

5.0 Introduction.

This last chapter provides a summary of the results and brings the entire study to a close. There are four different sections included in this chapter. The first section of the report includes a discussion of the study's findings in relation to the purpose of the research. The second section highlights the implications of this study. The following section highlighted the limitations of the study followed by recommendations for further research. The recommendation consisted of a series of ideas on how present research can be improved, as well as give insights as to how future researchers who desired to examine the same issue could benefit from this research. Lastly, a summary of the chapter will be presented in the conclusion.

5.1 Discussion.

The aim of this research is to examine the connection between independent variables, including auditor independence, auditor experience, professional skepticism, and time pressure, and the resulting dependent variable, which is fraud detection ability. The findings of the data analysis from this research, which compared independent variables with dependent variables, demonstrate that auditor independence, auditor experience, and professional skepticism each have a positive influence and connection on the auditor's ability to recognise fraud. Meanwhile, time pressure has a negative influence and connection on the auditor's ability to spot fraudulent activity.

Auditor independence is one of the qualities of auditors that can have an impact on their ability to identify fraudulent activity. When an auditor has a high level of independence, the quality of audits that are performed is more dependable, and the likelihood that fraud will be discovered increases (Pratiwi, Rizal, Indrianasari, Wiyono & Ifa, 2019). From the findings of this research, it is clear that auditors who have a high level of independence will expose their findings in the event that they discover fraud during the course of their auditing work, and they will do so without putting a strain on their client relationships. It is possible to say, in a general sense, that an auditor's ability to maintain their independence during the course of their work is one of the most important factors that defines how successful they are at uncovering fraudulent activities.

Apart from that, the level of fraud that may be detected by an auditor is directly influenced by their level of experience, making it one of the key aspects in the process of detecting fraud. According to the findings in this research, it is possible to explain why auditors with more years of experience have a greater tendency to identify fraudulent activity more quickly. This is due to the fact that those with more experience in auditing have a greater likelihood of coming across instances of fraud and are better able to spot inaccuracies as well as any information that isn't pertinent to the situation. Also, experienced auditors will possess a greater comprehension of the factors that lead to the occurrence of inaccuracies or fraud, whether they are human errors that are unintended or purposeful errors that indicate fraud, in comparison to auditors with less experience (Iskandar, Ramadhan, Mansyuri & Ramadhan, 2022). Hence, the auditors' performance in identifying fraudulent activity is improved with increased levels of experience.

In addition to this, auditors with a healthy dose of professional skepticism are more likely to uncover fraudulent activity because they are less likely to blindly trust the evidence and are more likely to engage in critical assessments of the sufficiency and relevancy of audit data and evidence. Asides that, auditors with a higher level of professional skepticism are better capable of recognising fraud and are more inclined to seek the kind of data that will result in the detection of fraud, thereby decreasing the likelihood of fraud occurring (La Ode, Wahyuniati, Angela & Oktri, 2020). In line with the findings of this research, professional skepticism will retain critical assessment and query the reliability of the audit evidences that have been obtained in order to ensure that auditors are able to provide rationale for each and every fraudulent symptom in the course of their audit activities. Basically, it is reasonable to say that auditors who maintain a professional attitude of skepticism in their work will find it easier and better able to spot signs of fraud that may occur both during their auditing process and in the audited financial statements.

Lastly, the presence of time pressure makes the auditor to be more focused on finishing the audit assignment and missed the little details that could have pointed to the occurrence of fraudulent activity. This showed that auditors were becoming much less sensitive to their jobs, which could affect their ability to spot fraudulent activity. Moreover, auditors who are under a significant amount of time pressure, will have an adverse effect on their ability to identify fraudulent activity and may produce an unsatisfactory performance overall. As a result of the intense and consistent time pressures under which they work, auditors have a tendency to place more importance on the information and assertions provided by the entity being audited. This will cause a reduction in the quality of the results they produce, which will result in numerous transactions being overlooked or not checked (Faris, Said & Kartini, 2021). So, it is proven from this research that auditors who are under a great deal of time pressure will have a detrimental effect, mostly on their ability to identify fraud, and they are likely to act less professionally and choose to investigate fewer sources of evidence. In summary, auditor independence, auditor experience, professional skepticism, and time pressure are all closely related and play a role in the auditor's ability to recognise fraud.

5.2 Implications of The Study.

The results of this research have contributions towards both theoretical and practical implications, which is in keeping with a number of research activities that have been conducted. This research makes a significant contribution to the existing body of knowledge. In terms of the theoretical implications, it is anticipated that somehow this research will yield content or a source that could really contribute to the improvement of scientific knowledge, in particular within the fields of accounting and auditing. In addition, it is further believed that this research will serve as an additional and useful reference for future investigations on the abilities of accounting professionals in the area of fraud detection or spotting fraudulent activity. Along with that, it is possible that this research may aid in the advancement of and help acquire more appropriate and applicable knowledge about the detection of fraudulent activity in theory development, specifically in the literature pertaining to auditing and accounting.

This study also has a contribution to make regarding a certain group of people as well as involving audit practises. For the practical implication, this research might assist the auditor, primarily during the audit work, in better understanding numerous aspects that are capable of enhancing the auditor's ability to spot fraud. This, in turn, aids in improving the effectiveness of the work that is done in detecting fraudulent activity. Asides that, the findings of this study may also be useful to accounting or auditing firms in the establishment of good audit procedures and the utilisation of extensive auditors' experience in the development of policies associated with the financial fraud detection approach in order to boost auditors' awareness and capabilities. Moreover, this research may aid auditors in becoming more attuned to red flags, focus their attention more frequently on persons in the organisation being audited who exhibit an authoritative leadership style, and always keep a close eye on any transactions that are particularly material, uncommon, or great in complexity in the organisation being audited. Lastly, this research might encourage auditors in enhancing their investigative capabilities and improving their comprehension of information technology problems pertaining to scenarios they are presented with, as well as encourage the auditors to preserve a state of mind during the investigation that is unaffected by any third parties so that they are able to give opinions that are free from bias.

5.3 Limitation of The Study.

It is important to highlight a few of the limitations that could have hampered one's comprehension of discoveries made throughout the research. Also, it’s essential to identify the limitations that necessitate the research in order to ensure that future researchers will be able to make the most of the constraints and utilise them as an opportunity to highlight the need for further study. To begin with, this research only makes use of a total of four independent variables. These variables are auditor independence, auditor experience, professional skepticism and time pressure. While in reality, there are still numerous variables that influence the auditor's ability to identify fraud, such as auditor workload, auditor competence, whistleblowing, and many others that were not taken into account in this research. The second limitation of this research would be that the primary data was collected through questionnaires that solely examined and focused on auditors' perceptions. Therefore, it is challenging to comprehend the auditors' real lives in terms of their responsibilities to identify fraudulent activity based just on their views.

The next limitation is that the questionnaires were distributed between the months of December to February, which is considered to be peak season. This is because it's the time of year when auditors and respondents are extremely busy carrying out their audit jobs. Therefore, this creates a bit of a challenge for respondents when it comes to filling out the questionnaire that has been designed for this research. Asides that, only five accounting or auditing firms that are registered with the MIA are selected at random for the distribution of questionnaires in order to serve as a research sample. These firms are Alan Yoon Associates, PriceWaterhouseCoopers Plt. McMillan Woods Chew & Partners, NK Associates, and Grant Thornton Malaysia Plt. Because of this, the findings of this study cannot be generalised to all auditors working in accounting or audit firms in Malaysia that are registered with the MIA. Also, the findings of this research might not be very strong and can only be generalised to a limited extent. The last limitation of this research is that it gathers its information using a quantitative approach and uses a questionnaire model that contains statements. The fact that this research relied on a normative questionnaire is a significant limitation, as it introduces the risk of bias towards the responses provided by the respondents. This occurs as a result of the respondents' inaccuracy when filling out or giving replies to the questionnaires. The respondent's choice of answer does not reflect the actual situation, but the respondent thinks that his choice of answer is the best. Therefore, there is a significant possibility that the variables are not assessed accurately.

5.4 Recommendation for Future Research.

In light of the limitations of the research, this research provides few recommendations on the directions that future research should take. It is recommended that future researchers broaden the scope of their investigations by including and making use of various research variables that were not present in this research. If they do so, the findings of their investigations may provide a clearer interpretation of the factors that influence auditors' abilities in the area of fraud detection. Some of the research variables that could be employed in later research include factors like auditor workload, auditor competency, audit risk, whistleblowing, accountability, and professional ethics, amongst many other factors. Apart from that, future research may also collect primary data via a questionnaire connected to various perceptions, such as management and public perceptions in addition to auditors' perceptions. This is because it may serve as a proxy for identifying respondents from larger public accounting firms in Malaysia that are not registered with the MIA in order to examine the connection between auditor independence, auditor experience, professional skepticism, and time pressure on auditors' ability to identify fraud.

For future research, it will be advantageous and best to distribute questionnaires at times when respondents are not experiencing busy periods or peak season. This will allow for a greater number of responses or data to be gathered, as well as an expansion of the scope of the research sample, which will allow for the findings of the research to be generalised across a wider range of contexts. It is recommended that future researchers distribute questionnaires at the right time in order to prevent delays in the return of the questionnaires or the loss of data from respondents. Aside from that, it is also recommended that, in future research, the number of research samples should be increased by collecting data from a greater number of accounting or audit firms that are registered with the MIA. For example, selecting a Big Four company or perhaps selecting large accounting or audit firms from each state in Malaysia would be some of the examples of how this could be done. One of the reasons for suggesting this method of conduct is that increasing the number of research samples would result in improved and greater research outcomes, portray the real situation, as well as allow for more accurate data processing. Last but not least, it is also recommended to future researchers that if they intend to conduct research that is similar to this research, they could perhaps utilise various research methods, such as qualitative research methods or mixed methods that combine qualitative and quantitative research methods.

5.5 Conclusion.

In conclusion, this research examined how auditor independence, auditor experience, professional skepticism, and time pressure influenced auditors' abilities in identify fraudulent activity. In light of the issues, aims, findings of the analysis, and discussion that have been carried out throughout the course of this research, it can be concluded that independence of the auditor has a positive effect on the auditor’s ability in fraud detection. This means that the auditor will have a greater ability to detect fraud as their level of independence increases. Besides that, the amount of experience an auditor has is correlated favourably with the auditor's ability to detect fraud. That is, the auditor's abilities to detect fraud will improve proportionally to the level of work experience the auditor possesses, and the auditor's work performance will also be further enhanced as the auditor gains more work experience. Generally, auditors with more years of experience are better able to spot fraud more quickly. This is due to the fact that the more audit experiences an auditor has, the greater the likelihood that the auditor would encounter fraud-related cases. In addition, professional skepticism positively affects an auditor's ability to discover fraud. This signifies that the auditor's abilities to fraud detection would improve along with the auditor's level of professional skepticism, as well as the number of fraud detection outcomes that will become apparent. Apart from that, it is also discovered that the auditor's ability to uncover fraud is hindered when they are working under time pressure. Time pressure can possibly cause individuals to become stressed and behave dysfunctionally, which, in turn, can have an impact on an auditor's performance as well as their ability to detect fraud.

As discovering instances of fraud is one of an auditor's core responsibilities, this research will be of great benefit to the profession, and more specifically to those who work in the auditing profession. This study establishes a baseline for future research that plans to investigate the same subject matter connected to the factors that may influence auditors' abilities to spot fraud. In addition, the researcher described a number of limitations faced in this research, and the disclosure of limitations was done with the intention of rendering this research more understandable and providing an interpretation that does not mislead future researchers. However, it was suggested that future researchers try a different method or at least improve the metrics that were used in this particular research in order to get a more varied set of results. In a nutshell, the findings of this research are of great benefit to auditors, considering that one of their primary responsibilities is to identify instances of fraud. All four variables examined in this research are relevant to the auditor's profession, and the auditor can use these variables as a foundation for them in identifying fraudulent activity while performing audit process.

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7.0 APPENDICES.

Appendix 1: Questionnaire.

2/26/23, 10:17 AM Survey On Factors Impacting Auditor's Ability To Detect Fraud (Malaysia).

Survey On Factors Impacting Auditor's Ability To Detect Fraud (Malaysia).

The focus of this survey is to investigate the influencing factors that have an effect on the auditor's ability to detect fraudulent activity. Among the factors that will be focused on in this survey are auditor independence, auditor experience, professional scepticism, and time pressure.

Your participation in answering this questionnaire and your feedback will be much appreciated. Thank you in advance for your time.

ragaventhini594@gmail.com (not shared) Switch account

* Required

SECTION A: PERSONAL INFORMATION.

Instruction: The following item are related to personal information. Please answer the following items. Your personal information will be kept confidential.

Name. *

Your answer

Gender. *

- ○ Female
- ○ Male

Work Experience. *

- ○ Less Than 1 Year.
- ○ 1 Year - 5 Year.
- ○ More Than 5 Year.

Job Position. *

- ○ Audit Manager.
- ○ Senior Auditor.
- ○ Junior Auditor.
- ○ Other:

https://docs.google.com/forms/d/e/1FAIpQLScfBR2VXHY00m1TZZDQszHDxrsLoxkrRGJdWEcDzS6H_81AJQ/viewform 1/7

Accounting/Audit Firm. *

- Alan Yoon Associates.
- Grant Thornton Malaysia Plt.
- Mcmillan Woods Chew & Partners.
- NK Associates.
- PriceWaterhouseCoopers Plt.

SECTION B: AUDITOR'S ABILITY TO DETECT FRAUD.

Instruction: The following item are related to the ability of auditor in detecting fraud. Please indicate your degree of agreement by selecting one of five response categories indicated in the scale of 1 to 5 (1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5= Strongly Agree). Please SELECT the number that best suits with your conditions.

*

	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
As an auditor, I am able to assess the modes and techniques commonly used by perpetrators of fraud.	○	○	○	○	○
I understand the characteristics of fraud inherent in every fraudulent act .	○	○	○	○	○
A search for an auditee's history of fraud is an activity missed in an audit assignment.	○	○	○	○	○
I include the steps of identifying indications of fraud in the audit program.	○	○	○	○	○
I communicate the results of the fraud identification and provide recommendations to the auditee.	○	○	○	○	○

SECTION C: AUDITOR'S INDEPENDENCE.

Instruction: The following item are related to the auditor's independence. Please indicate your degree of agreement by selecting one of five response categories indicated in the scale of 1 to 5 (1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5= Strongly Agree). Please SELECT the number that best suits with your conditions.

*

	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
Reporting is free from the obligation of other parties to influence the facts reported.	○	○	○	○	○
Reporting is free from the efforts of certain parties to influence the examiner's consideration of the contents of the audit report.	○	○	○	○	○
Examination is free from personal interest or other parties to limit all inspection activities.	○	○	○	○	○
Examination is free from managerial efforts to determine or appoint the activities being examined.	○	○	○	○	○
The implementation of the examination must cooperate with the managerial in providing the documents needed during the examination process.	○	○	○	○	○

SECTION D: AUDITOR'S EXPERIENCE.

Instruction: The following item are related to the auditor's experience. Please indicate your degree of agreement by selecting one of five response categories indicated in the scale of 1 to 5 (1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5= Strongly Agree). Please SELECT the number that best suits with your conditions.

*

	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
I am diligent and careful in conducting audits.	◯	◯	◯	◯	◯
I do not simply believe the audit evidence provided by the auditee.	◯	◯	◯	◯	◯
I question the audit evidence whose validity is doubtful.	◯	◯	◯	◯	◯
I gathered sufficient audit evidence/details and evaluated the audit evidence.	◯	◯	◯	◯	◯
I asked for additional evidence to the auditee when I felt the evidence I got was not convincing enough.	◯	◯	◯	◯	◯

SECTION F: TIME PRESSURE.

Instruction: The following item are related to the time pressure. Please indicate your degree of agreement by selecting one of five response categories indicated in the scale of 1 to 5 (1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5= Strongly Agree). Please SELECT the number that best suits with your conditions.

*

	1 - Strongly Disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly Agree
Time pressure causes a decrease in the effectiveness and efficiency of auditing activities.	○	○	○	○	○
Time pressure interferes with the proper conduct of an audit.	○	○	○	○	○
Time pressure causes reduction in the ability of auditor to detect fraud or error.	○	○	○	○	○
Because of the time pressure that is necessary for the implementation of the audit process, where the time budget has been tighter over the past several years, I am unable to work as efficiently as I should be able to.	○	○	○	○	○
I don't test many transactions during my audit work when I feel high time pressure.	○	○	○	○	○

Thank you for your kind participation.

Submit

Clear form

Appendix 2: Frequency Table for Demographic Data Analysis.

Frequency Table

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	71	64.5	64.5	64.5
	Male	39	35.5	35.5	100.0
	Total	110	100.0	100.0	

Work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Than 1 Year.	14	12.7	12.7	12.7
	1 Year - 5 Year.	55	50.0	50.0	62.7
	More Than 5 Year.	41	37.3	37.3	100.0
	Total	110	100.0	100.0	

Job Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Audit Manager	6	5.5	5.5	5.5
	Senior Auditor	40	36.4	36.4	41.8
	Junior Auditor	64	58.2	58.2	100.0
	Total	110	100.0	100.0	

Accounting/Audit Firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Alan Yoon Associates.	23	20.9	20.9	20.9
	Grant Thornton Malaysia Plt	28	25.5	25.5	46.4
	Mcmillan Woods Chew & Partners.	15	13.6	13.6	60.0
	NK Associates.	12	10.9	10.9	70.9
	PriceWaterhouseCoopers Plt.	32	29.1	29.1	100.0
	Total	110	100.0	100.0	

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 3: Statistics Table for Descriptive Statistical Analysis.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FDA	110	4.00	5.00	4.0545	.22813
INDP	110	4.00	5.00	4.2636	.44262
EXPR	110	4.00	5.00	4.2091	.40852
SKEP	110	4.00	5.00	4.4636	.50096
TIME	110	4.00	5.00	4.0455	.20925
Valid N (listwise)	110				

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 4: Validity Test Table for Dependent Variable (Fraud Detection Ability).

Correlations

		As an auditor, I am able to assess the modes and techniques commonly used by perpetrators of fraud.	I understand the characteristics of fraud inherent in every fraudulent act .	A search for an auditee's history of fraud is an activity missed in an audit assignment.	I include the steps of identifying indications of fraud in the audit program.	I communicate the results of the fraud identification and provide recommendations to the auditee.	Total_FDA
As an auditor, I am able to assess the modes and techniques commonly used by perpetrators of fraud.	Pearson Correlation	1	.501**	.075	.163	.484**	.692**
	Sig. (2-tailed)		<.001	.438	.089	<.001	<.001
	N	110	110	110	110	110	110
I understand the characteristics of fraud inherent in every fraudulent act .	Pearson Correlation	.501**	1	.441**	.198*	.308**	.760**
	Sig. (2-tailed)	<.001		<.001	.038	.001	<.001
	N	110	110	110	110	110	110
A search for an auditee's history of fraud is an activity missed in an audit assignment.	Pearson Correlation	.075	.441**	1	.326**	-.149	.480**
	Sig. (2-tailed)	.438	<.001		<.001	.120	<.001
	N	110	110	110	110	110	110
I include the steps of identifying indications of fraud in the audit program.	Pearson Correlation	.163	.198*	.326**	1	.345**	.634**
	Sig. (2-tailed)	.089	.038	<.001		<.001	<.001
	N	110	110	110	110	110	110
I communicate the results of the fraud identification and provide recommendations to the auditee.	Pearson Correlation	.484**	.308**	-.149	.345**	1	.651**
	Sig. (2-tailed)	<.001	.001	.120	<.001		<.001
	N	110	110	110	110	110	110
Total_FDA	Pearson Correlation	.692**	.760**	.480**	.634**	.651**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	110	110	110	110	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 5: Validity Test Table for Independent Variable (Auditor Independence).

Correlations

		Reporting is free from the obligation of other parties to influence the facts reported.	Reporting is free from the efforts of certain parties to influence the examiner's consideration of the contents of the audit report.	Examination is free from personal interest or other parties to limit all inspection activities.	Examination is free from managerial efforts to determine or appoint the activities being examined.	The implementation of the examination must cooperate with the managerial in providing the documents needed during the examination process.	Total_INDP
Reporting is free from the obligation of other parties to influence the facts reported.	Pearson Correlation	1	.717**	.518**	.508**	.560**	.776**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
Reporting is free from the efforts of certain parties to influence the examiner's consideration of the contents of the audit report.	Pearson Correlation	.717**	1	.524**	.603**	.540**	.798**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
Examination is free from personal interest or other parties to limit all inspection activities.	Pearson Correlation	.518**	.524**	1	.896**	.698**	.868**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001	<.001
	N	110	110	110	110	110	110
Examination is free from managerial efforts to determine or appoint the activities being examined.	Pearson Correlation	.508**	.603**	.896**	1	.800**	.909**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001
	N	110	110	110	110	110	110
The implementation of the examination must cooperate with the managerial in providing the documents needed during the examination process.	Pearson Correlation	.560**	.540**	.698**	.800**	1	.858**
	Sig. (2-tailed)	<.001	<.001	<.001	<.001		<.001
	N	110	110	110	110	110	110
Total_INDP	Pearson Correlation	.776**	.798**	.868**	.909**	.858**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	110	110	110	110	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 6: Validity Test Table for Independent Variable (Auditor Experience).

Correlations

		The longer you are as an auditor, the more you understand how to deal with the audit entity/object in obtaining the required data and information.	The longer you work as an auditor, the more you can find out relevant information to make judgment in decision making.	The longer you work as an auditor, the more you can detect errors or fraud made by the object of examination.	The longer the auditor work in a company, the easier to find the cause of the error or fraud and can provide recommendations to eliminate or minimize the causes.	The many tasks received can give opportunity to improve the skills in detecting fraud and learn to perform work efficently from the failures and successes that have been experienced during audit work.	Total_EXPR
The longer you are as an auditor, the more you understand how to deal with the audit entity/object in obtaining the required data and information.	Pearson Correlation	1	.920**	.673**	.520**	.319**	.819**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
The longer you work as an auditor, the more you can find out relevant information to make judgment in decision making.	Pearson Correlation	.920**	1	.741**	.475**	.282**	.816**
	Sig. (2-tailed)	<.001		<.001	<.001	.003	<.001
	N	110	110	110	110	110	110
The longer you work as an auditor, the more you can detect errors or fraud made by the object of examination.	Pearson Correlation	.673**	.741**	1	.745**	.606**	.907**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001	<.001
	N	110	110	110	110	110	110
The longer the auditor work in a company, the easier to find the cause of the error or fraud and can provide recommendations to eliminate or minimize the causes.	Pearson Correlation	.520**	.475**	.745**	1	.864**	.871**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001
	N	110	110	110	110	110	110
The many tasks received can give opportunity to improve the skills in detecting fraud and learn to perform work efficently from the failures and successes that have been experienced during audit work.	Pearson Correlation	.319**	.282**	.606**	.864**	1	.745**
	Sig. (2-tailed)	<.001	.003	<.001	<.001		<.001
	N	110	110	110	110	110	110
Total_EXPR	Pearson Correlation	.819**	.816**	.907**	.871**	.745**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	110	110	110	110	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 7: Validity Test Table for Independent Variable (Professional Skepticism).

Correlations

		I am diligent and careful in conducting audits.	I do not simply believe the audit evidence provided by the auditee.	I question the audit evidence whose validity is doubtful.	I gathered sufficient audit evidence/details and evaluated the audit evidence.	I asked for additional evidence to the auditee when I felt the evidence I got was not convincing enough.	Total_SKEP
I am diligent and careful in conducting audits.	Pearson Correlation	1	.717**	.652**	.819**	.700**	.843**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
I do not simply believe the audit evidence provided by the auditee.	Pearson Correlation	.717**	1	.928**	.822**	.907**	.947**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
I question the audit evidence whose validity is doubtful.	Pearson Correlation	.652**	.928**	1	.831**	.945**	.942**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001	<.001
	N	110	110	110	110	110	110
I gathered sufficient audit evidence/details and evaluated the audit evidence.	Pearson Correlation	.819**	.822**	.831**	1	.842**	.935**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001
	N	110	110	110	110	110	110
I asked for additional evidence to the auditee when I felt the evidence I got was not convincing enough.	Pearson Correlation	.700**	.907**	.945**	.842**	1	.951**
	Sig. (2-tailed)	<.001	<.001	<.001	<.001		<.001
	N	110	110	110	110	110	110
Total_SKEP	Pearson Correlation	.843**	.947**	.942**	.935**	.951**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	110	110	110	110	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 8: Validity Test Table for Independent Variable (Time Pressure).

Correlations

		Time pressure causes a decrease in the effectiveness and efficiency of auditing activities.	Time pressure interferes with the proper conduct of an audit.	Time pressure causes reduction in the ability of auditor to detect fraud or error.	Because of the time pressure that is necessary for the implementation of the audit process, where the time budget has been tighter over the past several years, I am unable to work as efficiently as I should be able to.	I don't test many transactions during my audit work when I feel high time pressure.	Total_TIME
Time pressure causes a decrease in the effectiveness and efficiency of auditing activities.	Pearson Correlation	1	.713**	.610**	.365**	.436**	.854**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
Time pressure interferes with the proper conduct of an audit.	Pearson Correlation	.713**	1	.699**	.383**	.371**	.872**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	<.001
	N	110	110	110	110	110	110
Time pressure causes reduction in the ability of auditor to detect fraud or error.	Pearson Correlation	.610**	.699**	1	.319**	.302**	.826**
	Sig. (2-tailed)	<.001	<.001		<.001	.001	<.001
	N	110	110	110	110	110	110
Because of the time pressure that is necessary for the implementation of the audit process, where the time budget has been tighter over the past several years, I am unable to work as efficiently as I should be able to.	Pearson Correlation	.365**	.383**	.319**	1	.837**	.623**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001
	N	110	110	110	110	110	110
I don't test many transactions during my audit work when I feel high time pressure.	Pearson Correlation	.436**	.371**	.302**	.837**	1	.640**
	Sig. (2-tailed)	<.001	<.001	.001	<.001		<.001
	N	110	110	110	110	110	110
Total_TIME	Pearson Correlation	.854**	.872**	.826**	.623**	.640**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	110	110	110	110	110	110

**. Correlation is significant at the 0.01 level (2-tailed).

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 9: Reliability Test Table for Dependent Variable (Fraud Detection Ability).

Reliability

Scale: ALL VARIABLES

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.653	.648	5

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 10: Reliability Test Table for Independent Variable (Auditor Independence).

Reliability

Scale: ALL VARIABLES

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.898	.897	5

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 11: Reliability Test Table for Independent Variable (Auditor Experience).

Reliability

Scale: ALL VARIABLES

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.889	.889	5

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 12: Reliability Test Table for Independent Variable (Professional Skepticism).

Reliability

Scale: ALL VARIABLES

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.957	.957	5

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 13: Reliability Test Table for Independent Variable (Time Pressure).

Reliability

Scale: ALL VARIABLES

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.818	.835	5

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 14: Coefficient of Determination Test Table.

Model Summary[b]

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.698[a]	.488	.468	1.08191	.488	24.977	4	105	<.001

a. Predictors: (Constant), Total_TIME, Total_EXPR, Total_INDP, Total_SKEP

b. Dependent Variable: Total_FDA

(Source: Primary Data Processed (SPSS Version 29, 2023).

Appendix 15: Partial Regression Test (T-test) Table.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	10.675	1.985		5.378	<.001
	Total_INDP	.205	.057	.286	3.596	<.001
	Total_EXPR	.181	.059	.249	3.085	.003
	Total_SKEP	.267	.053	.413	5.029	<.001
	Total_TIME	-.169	.079	-.162	-2.127	.036

a. Dependent Variable: Total_FDA

(Source: Primary Data Processed (SPSS Version 29, 2023).