

# AUDITORS' EXPERIENCE ON FINANCIAL STATEMENT FRAUD DETECTION: THE ROLE OF PROFESSIONAL SCEPTICISM AND IDEALISM

## ABSTRACT

*The number of financial misstatements globally and their correlation to auditors' roles to detect fraud raise questions about auditors' professionalism. This study aims to examine the relationship between the auditors' experience and how to detect fraud in financial statements through the auditors' professional scepticism and idealism. The sample consists of 446 auditors. Structural equation modelling (SEM) was used to test the research hypotheses. The empirical results indicate that auditors' experience positively affects professional scepticism and has a less significant impact on auditors' idealism. Furthermore, mediator variables, namely, auditors' professional scepticism and idealism, have a positive influence on fraud detection and fully mediate the relationship between auditors' experience and skill to detect fraud in financial statements. The limitations of this research lie in the research method, the time of the research, and the limited number of respondents who participated in the recent study.*

**Keywords:** Auditors' experience, professional scepticism, idealism, fraud detection, SEM  
**JEL Classification:** M41, O21, M42

## INTRODUCTION

Financial statement fraud has occurred in global companies, such as Enron and WorldCom. In financial statement context, an audit process designed to provide reasonable assurance to make sure that are not contain material misstatement for management accountability. The quality of an audit can be impacted by a number of elements, including experience, accountability, professional scepticism, idealism, and the ability (Francis, 2011; Oboh et al., 2020). In order to have great confidence in the audited financial statements and audit report users, the auditor trainer conducted by professional auditors (Fakhfakh and Jarboui, 2020; Nigrini, 2019). Because incompetent auditors' impediment the society trust. Furthermore, auditors must have adequate knowledge and skills before becoming autonomous. The accountability component, together with the competency factor, has an impact on how well auditors perform (DeZoort and Harrison, 2016). However, the competence and professionalism of the auditor are significantly impacted by the length of the auditor's workweek.

Despite the intuitive appeal of auditors' competencies positively impacting audit quality and helping to confirm financial reporting quality, prior empirical evidence is not as strong as intuition would suggest. For example, Abbott et al. (2011) used primary data from bank members. One potential result is how internal auditor competence influences financial reporting quality. In the public sector, the same pattern occurred, where auditor professionalism played an important role in

1 influencing accountability (Ismail and Yuhanis, 2018). Accountability is a social  
2 and psychological impetus that a person has to complete his or her obligations for  
3 which he or she will be responsible as a professional. Also, each auditor must  
4 always use moral judgement in all his activities. The responsibilities assigned to  
5 the auditor must be completed in conformity with the moral standards that apply  
6 to his line of employment. Professional auditor scepticism is a core tenet of  
7 auditors' guidelines for carrying out high-quality audits (Farcane et al., 2023;  
8 Hammond et al., 2022). The country's existence and economic growth are  
9 significantly influenced by accountants and auditors. They are in charge of  
10 upholding the public interest and guaranteeing sound management of both public  
11 and private finances.  
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15 Indonesia and some developing countries have faced the audit quality.  
16 There are some financial frauds due to conflicts of interest among stakeholders.  
17 The condition certainly has an impact on auditors' professional activities such as  
18 errors of audit process in recording the financial statements in one of the biggest  
19 public companies Kereta Api Indonesia and some insurance companies suffered a  
20 loss more than 200 billion dollar due to errors in recording or misstatement of  
21 financial statements due to a lack of audit quality. However, the audit process still  
22 has many drawbacks, namely that direct observation cannot be replaced,  
23 complicates the relationship between the auditor and auditee, lacks personal  
24 interaction, and opens up opportunities for fraud (Brennan, 2021; Wahidahwati  
25 and Asyik, 2022).  
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28 Previous studies conducted by Brennan (Brennan, 2021; Hamdi et al.,  
29 2022; Ismail and Rasheed, 2019) obtained different results with different  
30 approaches, even though they examined private companies; therefore, the  
31 researchers saw inconsistencies that occurred between the several studies. The  
32 current study attempts to uncover the role of auditors' experience, professional  
33 scepticism, and idealism on detection in financial statements. Furthermore, this is  
34 directly contributing to the government audit agenda to enhance audit quality,  
35 reduce financial misstatement because of fraud, and make professional scepticism  
36 in auditing one of the important focuses. The present study aims to investigate the  
37 effect of auditors' experience, professional scepticism, and idealism on audit  
38 quality and fraud detection by Indonesian public sector auditors. The unique  
39 contributions of this study are that it provides empirical evidence from some  
40 developing countries, and the findings are important to the government in fostering  
41 attitude and professionalism among public sector auditors.  
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## 44 LITERATURE REVIEW

### 45 Agency Theory

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47 Agency theory is based on economic theory, namely discussing how principals  
48 (owners or top management) supervise agents (lower employees or managers) to  
49 carry out efficient performance. The relationship between agency theory and the  
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1 detection of fraudulent financial statements by auditors is very close because  
2 agency theory will solve the problem of asymmetry between principals and agents  
3 by requiring an independent third party (an auditor) so that the resulting financial  
4 reports are fair. In the eyes of the public as stakeholders, reflecting on the above  
5 problems, the detection of fraud in financial statements has an impact on the quality  
6 of the audit produced by the auditor, which is indispensable in making economic  
7 decisions (Argilés Bosch et al., 2012).  
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10 The link between Agency Theory and current research is that this research  
11 will examine the abilities of auditors working at the audit of the Board of Public  
12 Accounts of Indonesia (BPK). The detection of fraud in financial statements can  
13 determine the quality of the audit produced by the auditor. Audit quality cannot be  
14 separated from agency conflicts, namely conflicts that occur due to conflicting  
15 interests between the two parties, namely principals and agents. When the principal  
16 surrenders decision-making authority to the agent, the agent has a wider range of  
17 information than the principal. This kind of thing will result in agents who report  
18 financial statements opportunistically for their personal interests. The quality of  
19 financial reports will be low, so an auditor is needed to mediate this matter, which  
20 of course has the ability to improve financial reports through auditing.  
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### 22 Attribution Theory

23  
24 Attribution theory can be interpreted as a process as a process of how someone  
25 seeks clarity on the causes of other people's behavior (Spilka et al., 1985).  
26 Attribution theory was first put forward by Haider (1958). This theory is used to  
27 develop explanations for the ways in which we judge individuals differently  
28 depending on the meanings we attribute to certain behavior. Basically, this theory  
29 posits that when observing an individual's behavior, we need to seek to determine  
30 whether the behaviour is caused internally or externally. Internal behaviour is  
31 behaviour that is believed to be influenced by an individual's personal control.  
32 Meanwhile, behaviour that is caused externally is considered a result of external  
33 causes; that is, the individual has behaved in a way that is caused by a certain  
34 situation (Morrison and Robinson, 1997). In the context of auditing, attribution  
35 theory is widely used by researchers to explain the auditor's judgment,  
36 performance appraisal, and decision-making. Attributions relate to judgements and  
37 explain how an auditor behaves. The auditor's ability to detect fraud is largely  
38 determined by internal attribution, where the factors that determine the ability to  
39 detect more come from within the auditor. Capability can be formed through one's  
40 efforts, for example, by seeking knowledge, maintaining independence, and  
41 increasing an attitude of professional scepticism (Nolder and Kadous, 2018).  
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### 46 Fraud

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48 In accounting, there are two types of errors: errors and fraud. The difference  
49 between these two types of errors is only distinguished by a very thin gulf, namely,  
50 whether or not there was an element of intent. The standard recognises that it is  
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1 often more difficult to detect fraud than mistakes because management or  
2 employees will try to hide the fraud. "Fraud is a fraudulent act that is carried out  
3 in such a way as to benefit oneself, a group, or harm other parties (individuals,  
4 companies, or institutions)" (Gleason et al., 2022).

6 From this understanding, it can be concluded that fraud or cheating is  
7 various kinds of human ingenuity that are planned and carried out individually or  
8 in groups to obtain benefits or advantages from other parties in an improper way  
9 that causes harm to other parties. In other words, fraud is intentional deception that  
10 is intended to take the assets or rights of others. The circumstances that create  
11 opportunities for fraud to occur are described by what is called the fraud triangle,  
12 namely, pressure, opportunity, and rationalisation (Achmad et al., 2022).

### 15 **Detection Fraudulent Financial Statement**

17 Financial statement fraud, according to the American Institute of Certified Public  
18 Accountants (1998), is an intentional act or omission that results in a material  
19 misstatement that misleads the financial statements. In addition, according to  
20 Australian Auditing Standards (AAS), financial statement fraud is an intentional  
21 omission or misrepresentation of a certain amount or disclosure in financial  
22 reporting to deceive users of financial statements (Brennan and McGrath, 2007).  
23 The two sources above define financial statement fraud from the same point of view.

25 Pohlmann et al. (2020) define financial statement fraud from a different  
26 point of view. According to him, financial statement fraud is management fraud,  
27 that is, intentional fraud perpetrated by management that harms investors and  
28 creditors through material misdirection. Thus, the terms management fraud and  
29 financial statement fraud are often used interchangeably, but in general, fraud is an  
30 intentional act to harm another party.

32 Financial reporting that contains elements of fraud can result in a decrease  
33 in the integrity of financial information and can affect various parties. Apart from  
34 investors and creditors, auditors are victims of financial statement fraud because  
35 they may suffer financial losses and/or lose their reputation (Rezaee, 2016).  
36 Therefore, the auditor must understand the ways in which certain parties practise  
37 fraud on financial statements. According to SAS No.99, financial statement fraud  
38 can be carried out by: (a) manipulation, falsification, or alteration of accounting  
39 records or supporting documents from prepared financial statements; (b) intentional  
40 errors or omissions in information that are significant to the financial statements; (c)  
41 committing willful misuse of principles relating to amounts, classification, manner  
42 of presentation, or disclosure. Valery G. Kumaat (2011: 156) states that "detecting  
43 fraud is an effort to obtain sufficient early indications of acts of fraud, as well as  
44 narrowing the space for the perpetrators of fraud" (ie, when the perpetrators realise  
45 the practise has been known, it is too late to dodge).

### 48 **Auditors' experience**

1 The attribution hypothesis was first developed by Fritz Heider in 1958. This theory  
2 explores how people interpret events and the motivations behind their behaviour  
3 (Luthans, 1998). According to Fritz Heider, a person's actions are influenced by both  
4 internal and external factors. An individual's personality, character, attitude, talent,  
5 expertise, and effort are all examples of internal strengths that can influence how  
6 well he performs and behaves. In contrast, pressure is an example of an external  
7 force that is beyond the individual's control (Duska, 2005). An auditor's experience  
8 in an audit is dependent on how many tasks they have accomplished over the course  
9 of time. The organisation may face fraud, and auditors with extensive expertise will  
10 be able to identify it and explain it more effectively than auditors with limited or no  
11 experience. Additionally, as the number of audits of financial statements conducted  
12 by auditors rises, so does the level of professional scepticism held by auditors. Even  
13 seasoned auditors may not always be able to conclusively identify fraud in the  
14 organisation. Results from research by Dimitrijevic et al. (2021) and Wahidahwati  
15 and Asyik (2022) demonstrate the value of auditors' experience in detecting fraud.  
16 These results imply that a performing auditor must have extensive audit expertise.  
17 Experienced auditors are better equipped to comprehend many audit issues in  
18 greater detail and will also discover that tracking developing circumstances that get  
19 more complex is easier.  
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21 Instead, the ethical idealism perspective would look at how the workplace  
22 and how public auditors use it can be used to create and modify circumstances and  
23 interactions that enable, enhance, and promote ethically beneficial outcomes for the  
24 members of the professionalism organisation, including chances for their members'  
25 empowerment and flourishing. This approach to auditor ethics views the  
26 relationships between experience and idealism as a system that either facilitates,  
27 encourages, or obstructs interactions that could lead to both individual and group  
28 ethically dubious behaviour among auditors. It does this by using idealism as a  
29 parallel to auditors' idealism. Based on the description above, the following  
30 hypothesis is formulated:  
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33 H1: Auditor experience has a positive effect on professional skepticism

34 H2: Auditor experience has a positive effect on idealism  
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### 36 **Auditors' professional skepticism**

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38 Beasley et al. (2001) and DeZoort and Harrison (2016) found a significant  
39 correlation between professional scepticism and the capacity to identify fraud  
40 through audit preparation (2022). Auditors must practise professional scepticism, or  
41 a mindset that involves a sceptical mind and an unbiased assessment of the quality,  
42 competency, and applicability of the evidence. Francis (2011) and Hurtt (2010)  
43 discovered that the auditors' ability to detect fraud is positively impacted by their  
44 professional scepticism. The more professional scepticism an auditor possesses, the  
45 more ready or driven they are to search for signs of fraud surrounding the audit  
46 process. Fullerton and Durtschi (2011) found that auditors with high scepticism will  
47 increase their ability to recognise fraud by developing more information searches  
48 when presented with evidence of it. This result is supported by research from Tang  
49 and Karim (2016) and Farag and Elias (2016). A professional sceptic attitude is  
50 essential for an auditor to adopt when doing audit activities, especially given the risk  
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of fraud, even though fraud does not always occur. Auditors that take a sceptical attitude to their work won't take the management's claims at its value. Auditors will continually look for more information and supporting documentation that can be used to support management's assertions. In addition to being more cautious, auditors who approach choices and opinions with a professional scepticism will look for more information and proof to make sure the financial statements under audit are accurate in all respects. The findings of research by (DeZoort & Harrison, 2016; Hoos et al., 2019; Nigrini, 2019) also showed evidence that professional scepticism has a favourable impact on an auditor's capacity to see fraud since the more an auditor's level of scepticism, the greater their capacity to spot fraud. Based on the description above, the following hypothesis is formulated:

**H3:** Auditors' professional skepticism has a positive effect on idealism

**H4:** Auditors' professional skepticism has a positive effect on detecting fraud in financial statements

### Auditors' idealism

Referring to the Professional Standards for Public Accountants (SPAP) SA section 350 paragraph 01, audit sampling is defined as follows: "Placement of audit procedures for less than one hundred percent of the elements in an account balance or group of transactions with the aim of assessing some of the characteristics of the account balance of the transaction group. The objective of the auditor is to select a sample from a population according to Arens et. al., (2021) is to obtain a representative sample. A representative sample is a sample that has the same characteristics as the population. This means that the part that is sampled is the same as the part that is not sampled. Auditors' idealism can be applied both to perform tests of controls as well as substantive tests. Nevertheless, auditors' idealism usually applies to testing procedures in the form of asking questions or debriefing, observation, and analytical procedures.

**H5:** Auditors' idealism has a positive influence on Detection of Fraud in Financial Statements

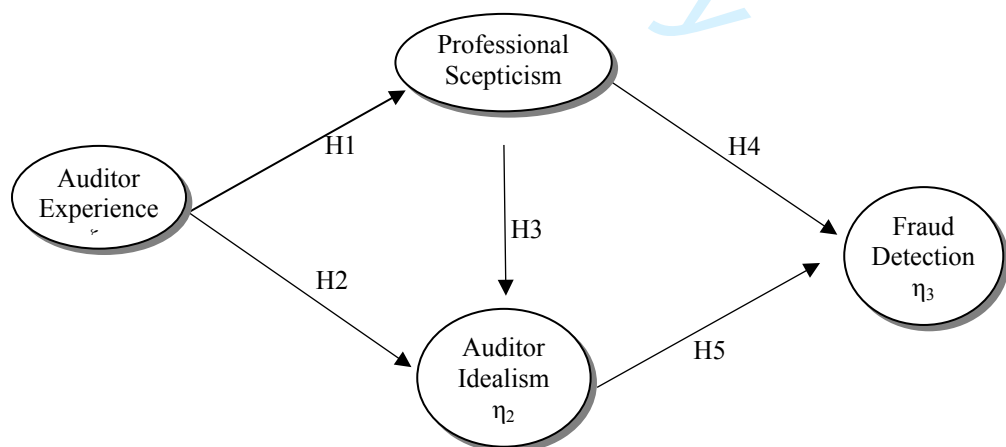


Figure 1: Research proposed framework

## METHODOLOGY

### Research design

This quantitative study collected primary data by distributing questionnaires filled out. The auditors who worked at the audit of the Republic of Indonesia (BPK) were invited to fill out an online survey to filter out unqualified participants. Data collected during March 1 to April 30, 2022 and obtained 487 samples, these respondents were invited by email and social media platform and asked about their real work before fill the questionnaires. We also attached a formal letter to the auditor offices to make sure that all the participants were government auditors. This study rejected 41 samples due to the unsuitability (and non-consistency) of the samples, and the respondent rate was 93.43%. Thus, nonresponse bias should not be a concern.

### Measures

The all-measurement items in this study were conducted from dimensions developed by previous studies. A seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly agree") was used for auditor experience scales with seven items: length of work, number of examination tasks, career development, task intensity, and field (Tubbs, 1992). Professional scepticism comprises six items and refers to Hurtt (2010) and Krambia-Kapardis (2002), namely auditors' behavior, critical thinking, professionalism, assumptions, accuracy in examining the government's financial statements, and skill about the audit evidence collection process. Auditors' idealism, referring to Francis (2011), namely audit performance, the existence of professional auditing, the number of audits training programmes, solving audit dilemmas, and maintaining the conflict-of-interest Audit skills to detect fraud in financial statements comprise five items, referring to Abbott et al. (2016) and Krambia-Kapardis (2002), namely how to know about internal control systems, audit methods, fraud audit tasks, audit documentation, and testing.

## RESULTS

### Participants demography

Table 1 provides information on the details of the socio-demographic participants' profiles. The total number of male respondents was greater than that of female respondents, with 52.7% women and 47.3% men. In addition, the most significant number of participants were over 40 years old (34.5%), followed by those under 26 years old (33.4%). The highest number of respondents completed a bachelor's degree (52.9%), while the second-highest finished a master's (47.1%). Furthermore, the majority of the participants have experience as professional auditor 6-15 years (35.0%), followed by below 5 years (33.6%) and the lowest over 15 years (31.4%). We also applied a critical selection technique as part of the

purposive sampling strategy in the absence of a complete list of professional auditors.

Table 1  
*Respondent demographics*

Demographic Items	Frequency	Percentage (%)
<b>Gender</b>		
Male	235	52.7
Female	211	47.3
<b>Age</b>		
Under 26 years old	149	33.4
26~40 years old	143	32.1
Over 40 years old	154	34.5
<b>Education</b>		
Bachelor	236	52.9
Master	210	47.1
<b>Time period of as auditor</b>		
Below 5 years	150	33.6
6~15 years	156	35.0
Over 15 years	140	31.4

Table 2  
*Correlation matrix for measurement scales*

Constructs	Mean	SD	AE	PS	AI	FD
AE	5.41	1.04	<b>0.771</b>			
PS	5.05	1.41	0.521**	<b>0.725</b>		
AI	5.11	1.22	0.633**	0.591**	<b>0.785</b>	
FD	5.21	1.25	0.571**	0.521**	0.635**	<b>0.764</b>

**Note:** AE: Auditor experience, PS: Professional scepticism, AI: Auditor idealism, FD: Auditor skill/fraud detection

SD: standard Deviation

Diagonal elements are the square roots of the AVE for each construct

Pearson correlations are shown below the diagonal

Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

### Measurement model

The result of the CFA model reproduces the covariance matrix of the observed variables with a good fit. The model fit and Cronbach's  $\alpha$  for all constructs indicate excellent convergent validity and reliability for all measurement items and constructs. Furthermore, the result of the measurement model (CFA) showed all the constructs have a good fit (Hair Jr *et al.*, 2019). Table II indicates the adequate discriminant validity of this study.



Table 3

## Measurement results

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlation (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's $\alpha$
Auditor Experienc				0.906	0.616	0.785
AE1	0.752	0.434	0.566			
AE2	0.816	0.334	0.666			
AE3	0.858	0.264	0.736			
AE4	0.789	0.377	0.623			
AE5	0.708	0.499	0.501			
AE6	0.777	0.396	0.604			
Professional Scepticism				0.921	0.625	0.790
PS1	0.823	0.323	0.677			
PS2	0.797	0.365	0.635			
PS3	0.843	0.289	0.711			
PS4	0.801	0.358	0.642			
PS5	0.761	0.421	0.579			
PS6	0.742	0.449	0.551			
PS7	0.761	0.421	0.579			
Auditor Idealism				0.914	0.681	0.825
AI1	0.808	0.347	0.653			
AI2	0.909	0.174	0.826			
AI3	0.746	0.443	0.557			
AI4	0.841	0.293	0.707			
AI5	0.813	0.339	0.661			
Auditor Skill/Frau				0.912	0.635	0.797
AS1	0.720	0.482	0.518			
AS2	0.857	0.266	0.734			
AS3	0.813	0.339	0.661			
AS4	0.841	0.293	0.707			
AS5	0.751	0.436	0.564			
AS6	0.790	0.376	0.624			

Fit statistics (N = 446)

CMIN = 698.13, DF = 224,  $\chi^2/df = 3.117$ , Goodness-of-Fit Index (GFI) = 0.907, Nonnormed fit index (NFI) = 0.897, Comparative Fit Index (CFI) = 0.906, Incremental fit index (IFI) = 0.911, and Root Mean Square Error of Approximation (RMSEA) = 0.073

**Structural model**

The auditors’ experience has a considerable and favourable impact on professional scepticism ( $\gamma_{11} = 0.202, p < 0.001$ ), negative effect on auditors’ idealism ( $\gamma_{21} = 0.056, p > 0.05$ ) which H1 is supported and H2 is unsupported, additionally auditors’ professional scepticism having a favourable and important impact to support auditors’ idealism and H3 ( $\beta_{21} = 0.152, p < 0.05$ ). This study further confirms that auditors’ professional scepticism and idealism positively affect auditors’ skill to detect fraud in financial statements ( $\beta_{31} = 0.273, p < 0.001, \beta_{32} = 0.216, p > 0.001$ ). H4 and H5 are supported. Table 4 shows the results of the research hypotheses.

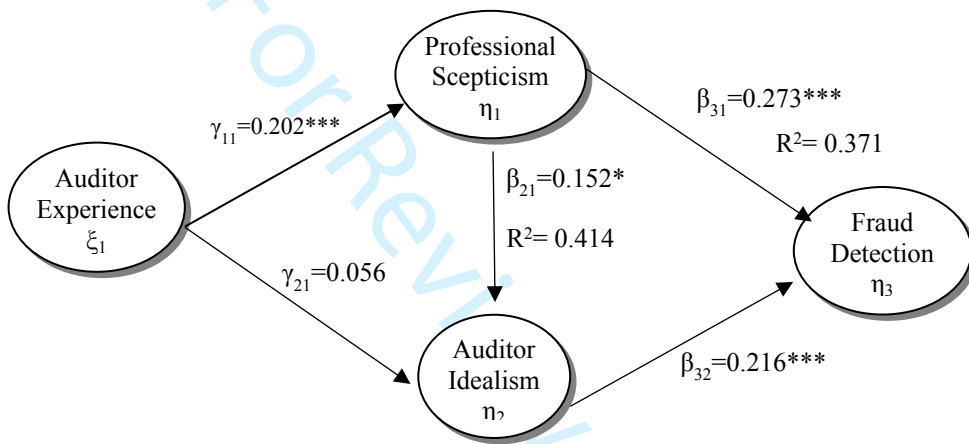


Figure 2 Structural result

Table 4  
Proposed model results

Hypotheses	Symbol	Path	Coefficients	Test results
H1	$\gamma_{21}$	Auditor experience → Professional	0.202***	Supported
H2	$\gamma_{11}$	Auditor experience → Auditors’ idealism	0.056	Unsupported
H3	$\beta_{21}$	Professional → Auditors’ idealism	0.151***	Supported
H4	$\beta_{31}$	Professional → Fraud detection	0.273***	Supported
H5	$\beta_{32}$	Auditors’ idealism → Fraud detection	0.216***	Supported

Note: Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

**Mediating effect**

Table V showed that auditors’ professional scepticism has a partial role in mediating the relationship between auditors’ experience and auditor idealism, as well as the capability to detect fraud in financial statements. Moreover, auditors’ idealism also has a positive role in bridging the relationship between auditor experience and the auditors’ quality to complete the task. implies that auditor

experience, professional skepticism, idealism, and fraud detection are indispensable.

Table 5  
*Mediation effects*

IV	M	DV	IV->DV	IV->M	IV+M->DV		Bootstrapping 95% CI		
			(c)	(a)	IV (c')	M(b)	Percentile method	Bias-corrected method	
AE	PS	AI	0.018	0.166**	0.070	0.073	[0.048, 0.050]	[0.059, 0.061]	
			Standard Error	0.089	0.041	0.065	0.067		
AE	PS	FD	0.392***	0.166**	0.179**	0.114	[0.070, 0.110]	[0.086, 0.136]	
			Standard Error	0.091	0.041	0.071	0.034		
AE	AI	FD	0.240***	0.070	0.180**	0.162**	[0.100, 0.110]	[0.123, 0.136]	
			Standard Error	0.058	0.065	0.071	0.070		

Note: AE: Auditors' experience, PS: Professional scepticism, AI: Auditors' idealism, FD: Fraud detection  
Significant at \*:  $p < 0.05$ , \*\*:  $p < 0.01$ , \*\*\*:  $p < 0.001$

## DISCUSSION

### Key findings

According to this study, there is a significant relationship between auditors' experience and behaviour through professional scepticism and idealism, which in turn affects how committed they are to their responsibilities and jobs. Auditors' professional scepticism and idealism have become mediators between the length of work and useful to the task and how to detect financial misstatement. These are novel discoveries that, to my knowledge, have not been made by earlier research. Particularly, the findings demonstrate that auditors' work standards and time period are consistent with their desire to do their best with professionalism. Additionally, it supports the idea that auditors' kinds of tasks have been crucial in bridging capacity and credibility regarding ethics and the prevalence of fraud.

Although an auditor's professional organisation launched a clear code of conduct for its members, However, it doesn't guarantee that auditors have the capacity to detect fraud during the audit process. There is evidence that the attribution theory can explain auditors' actions and behaviour toward a sense of responsibility, which subsequently influences their skill (Abdallah et al., 2016; Faraq and Elias, 2016; Ismail and Yuhanis, 2018). Based on the results of the data analysis carried out, the results of the study show that five of the existing hypotheses are accepted except for the second hypothesis, namely, the auditors' experience with idealism (H2). This is assumed to occur due to a lack of frequent tasks so that it can influence audit quality. This is in accordance with agency theory, which discusses the problem of asymmetry between principals and agents by requiring independent third parties (auditors) so that the resulting financial reports are fair in the eyes of the public as stakeholders. This is in accordance with the prior studies, which revealed that in order to enhance the audit quality, sufficient auditor experience is needed (Abbott et al., 2016; Christensen et al., 2015; Tubbs, 1992).

The results of the research analysis show that auditors' experience has a positive effect on the professional scepticism at workplace, this is due to the large

1 number of auditors task frequency and training so that the detection of fraud in  
2 financial statements. It is in accordance with theory prior studies which concluded  
3 in order to enhance auditors' professionalism has strong correlation to  
4 professionalism and ability to prevent fraud through implementing existence of  
5 professional audit. Hence, H1 is supported. In the recent study, H3 was accepted  
6 and significant; these results are supported by Nigrini (2019) and Rezaee (2016),  
7 which found auditors' professional scepticism is in line with the auditors' idealism,  
8 subsequently having an effect on fraud detection. The better the task has crucial role  
9 to enhance audit quality and fraud detection. Hence, H4 is accepted, and the  
10 significant results of this study are in accordance with the preliminary studies (Tang  
11 & Karim, 2019), which say that professional scepticism can be used to detect fraud  
12 in financial statements through the selection of appropriate audit sampling. The  
13 implications of this study show that practically, this study provides input regarding  
14 sampling techniques that can be used to detect fraud in financial statements. Lastly,  
15 auditors' idealism proves to have a positive and significant influence on factors that  
16 influence audit quality, such as the internal control system, audit method, fraud audit  
17 task, audit documentation, and testing. Hence, H5 is supported. It is in line with  
18 prior studies by Abbott et al. (2016), Francis (2011), and Wahidahwati and Asyik  
19 (2022), who revealed that audit quality depends on the audit process.  
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## 22 **Conclusions**

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24 The findings, which are supported by the attribution and agency theories,  
25 demonstrate the auditors' dedication to the company through the intensity of audit  
26 tasks and frequent idealism, which mediates their personal experience and audit  
27 quality. Despite the fact that certain studies came to the conclusion that  
28 organisational culture is crucial to individual attitudes and behaviours because each  
29 participant has a different understanding of the job description and level of task in  
30 different offices and regions, It might also help to sustain the bond between the  
31 company's executives and staff, which in turn affects everyone's devotion to the  
32 company. The findings show that auditors' professional scepticism and idealism,  
33 particularly involving the auditors and their organisation, is the central concept of  
34 the attribution theory in this setting. Additionally, the auditors' ethics dimension  
35 significantly and favourably influences both the auditors' idealism and audit quality.  
36 Additionally, it shows that work standards and auditors' behaviour have both direct  
37 and indirect effects on auditors' ability to detect fraud in financial statements. This  
38 is due to the large number of auditors who have experience and training so that the  
39 detection of fraud in financial.  
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## 42 **Theoretical implications**

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44 The most current study offers satisfaction and makes some ethical contributions. A  
45 greater understanding of auditors' ethical and decision-making processes is first  
46 provided by the research model, which simultaneously evaluates the impact of  
47 professionalism, skepticism, and idealism. This study came to the conclusion that  
48 personal attitude and ethics are significantly influenced by one another by one's level  
49 of experience. Auditors who are deeply invested in their professionalism are more  
50 likely to feel a sense of commitment and belonging. It suggests that the current study  
51 also explains how auditors' attitudes and behaviours toward peers and groups are  
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1 influenced by their experience and task frequency. As a result, it offers a strong  
2 foundation for further investigations by outlining the function of the individual in  
3 mediating the development of commitment and ethics as well as the reduction of  
4 moral hazard in accounting and financial fields. Additionally, it implies that morals,  
5 idealism, and the auditors' commitment must be developed at the foundational level.  
6 It helps to establish auditors' decision-making procedures in a methodical way.  
7 Finally, this research improves the attribution and stakeholder theories to anticipate  
8 variables (such as the love of money, ethical belief, and ethical ideology) that affect  
9 a personal attitude and conduct. Another significant implication is that the business  
10 and finance sectors should continue to be directed by the goal of comprehensive  
11 auditors' professionalism, which is supported by an ethical worldview, moral  
12 philosophy, and the professional auditors' principles of fairness and altruism.  
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### 15 16 **Practical implications**

17 This study suggests academics and professional organisation leaders or members  
18 discuss a clear code of conduct. Furthermore, The results of this study and  
19 discussion regarding implementation of audit professionalism process on fraud  
20 detection in financial statements. It discusses the importance of the code of conduct.  
21 Besides, the stakeholders also need to enhance ethical standards. There are  
22 important topics regarding the auditors' organisation rules, which strongly correlate  
23 with the auditors' ethics and commitment to the organization. This finding implies  
24 that the auditors' organisation leader needs to describe the rules. It implies that  
25 auditors' ability to detect fraud depends on their ethics experience and training,  
26 which provide pivotal value to enhance audit quality. The implications of this study  
27 show that practically, this study provides input regarding auditors' work procedures  
28 that can be used to detect fraud in financial reports and implement risk-based audits.  
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### 31 **Limitations and future research directions**

32 This study has limitations on the accuracy of the answers to the questionnaire given  
33 by the auditor because the data collection method uses a questionnaire, and the  
34 questionnaire has several weaknesses, namely, that the respondent can answer  
35 questions based on the condition of the respondent's feelings, and the researcher  
36 cannot see a direct response from the respondent when filling out the questionnaire.  
37 Therefore, the further study needs to collect data using the interview method so that  
38 the results of the answers obtained are more accurate and conduct research outside  
39 of the auditor's busy time.  
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