

Examining the Influence of Locus of Control and Perceived Behavior Control on Fraud Prevention with Whistleblowing as an Intermediate Variable: A Case Study of PT. Lintang Kejora Semarang

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Article Information

Article history:

Accepted: January 2024

Approved: February 2024

Published: March 2024

Keywords:

locus of control,
perceived behavior control
personal cost
whistleblowing
fraud prevention

Abstract

This study investigates the intricate relationship between locus of control, perceived behavior control, and fraud prevention, with whistleblowing as a mediating construct. The research adopted a comprehensive sampling strategy known as a census approach, which encompassed the entirety of the employee population at PT. Lintang Kejora, comprising a total of 100 individuals, thereby ensuring their inclusion as research respondents. The data analysis methodologies employed in this study comprised two-stage least-squares regression and path analysis. The results of the data analysis indicate that locus of control and perceived behavior control exert a partially positive and statistically significant influence on whistleblowing. However, locus of control and perceived behavior control do not appear to have a significant impact on fraud prevention. Additionally, whistleblowing exhibits a positive and statistically significant influence on fraud prevention. Nevertheless, whistleblowing does not mediate the impact of locus of control and perceived behavior control on fraud prevention to a significant extent. These findings shed light on the multifaceted interplay between individual psychological attributes, whistleblowing, and fraud prevention within organizations. Addressing these implications can aid in the development of more effective strategies for preventing and managing fraud in organizational settings.

How to Cite: Andika, A., Martadi, N., Paramita, P., & Ratnawati, J. (2024). Examining the Influence of Locus of Control and Perceived Behavior Control on Fraud Prevention with Whistleblowing as an Intermediate Variable: A Case Study of PT. Lintang Kejora Semarang. *Jurnal Penelitian Ekonomi dan Bisnis*, 9(1), 1-14.
doi:<https://doi.org/10.33633/jpeb.v9i1.9515>

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ISSN

2442-5028 (print)

2460-4291 (online)

DOI: [10.33633/jpeb.v9i1.9515](https://doi.org/10.33633/jpeb.v9i1.9515)



INTRODUCTION

Acts of fraud across various sectors and management levels have garnered significant attention in contemporary discourse. Fraud poses a substantial challenge for organizations, as its unchecked proliferation, in the absence of robust countermeasures, can result in both moral and material losses. Broadly defined, fraud entails deceitful actions carried out by individuals seeking personal gain, often disregarding the well-being of others, thereby contravening legal statutes and societal norms (Husnawati and Handajani, 2017; Tuanakotta, 2013). Fraud manifests in diverse forms, including financial statement fraud, asset misappropriation, and corruption, often driven by motives such as conflicts of interest, bribery, or illegal gratification (Tuanakotta, 2014).

Fraud prevention, on the other hand, represents a concerted effort to thwart or reduce fraudulent activities perpetrated by employees, which can have deleterious consequences for the organization (Tuanakotta, 2013). It is a systemic approach designed not only to forestall fraudulent acts but also to deter potential perpetrators (Marciano et al., 2021). Fraud prevention plays a vital role in safeguarding the organization against fraudulent activities across all levels. Its multifaceted objectives encompass not only the deterrence of potential fraud attempts (deterrence) but also the constraint of the actions of would-be fraudsters (disruption). Additionally, it involves the identification of high-risk activities with inherent vulnerabilities (identification) and the establishment of a framework for internal investigations. Moreover, it prescribes the appropriate sanctions to be administered to individuals found guilty of fraud, tailored to the nature and severity of their transgressions (civil action prosecution) (Marciano et al., 2021).

Whistleblowing, also referred to as violation reporting, emerges as an effective means to combat fraud. Whistleblowing entails the disclosure or revelation of illicit activities within an organization that inflict direct or indirect harm and conflict with societal norms (Hala, 2020; Miceli and Near, 1989). Researchers have explored the relationship between whistleblowing and fraud prevention, yielding findings that corroborate the positive and significant impact of whistleblowing on fraud prevention (Arpani et al., 2022; Romadaniati et al., 2020). Nurrahma et al. (2022) likewise assert the positive and significant association between whistleblowing and fraud prevention. However, it is essential to note that some researchers contend that whistleblowing exerts no discernible influence on fraud prevention (Huba, 2020).

The emergence of fraud prevention measures can be predicated on individuals' locus of control and perceived behavior control. Locus of control reflects an individual's proclivity to manage life events, with internal attributions indicating personal control and external attributions suggesting external factors' influence (Aditya, 2018; Hala, 2020). The locus of control essentially refers to the belief that a person will be able to control and manage the events that occur in their life by using their own abilities and beliefs (Purnamasari et al., 2016; Hariani et al., 2013; Hala, 2020). The locus of control, being an element of personality, delineates an individual's confidence in directing their destiny and signifies that they base their expectations of success on controllable behaviors or external factors beyond their control (Bandiyono, 2022).

In addition to locus of control, perceived behavior control contributes to the formulation of fraud prevention strategies. Perceived behavior control draws upon past experiences in surmounting obstacles that hinder action. The principle underlying this concept is that the more favorable the attitudes and subjective norms are toward a particular behavior, coupled with a heightened level of perceived behavior control, the more robust an individual's commitment becomes to undertake the contemplated behavior (Hala, 2020). Perceived behavior control pertains to the ease or difficulty an individual perceives in executing actions, drawing from past experiences to anticipate potential obstacles (Ajzen, 2005). Individuals possess control over their actions, including those relevant to fraud prevention.

Research related to the influence of locus of control on fraud prevention still produces varying findings. Research exploring the nexus between locus of control and fraud prevention has been undertaken by Bandiyono (2022) and Wakhidah & Mutmainah (2021), yielding affirmative findings indicating a positive and significant impact of locus of control on fraud prevention. However, other research conducted by Putri et al., (2024) actually showed different results, namely that locus of control did not have a significant effect on fraud prevention. Additionally, the existing body of research on the impact of perceived behavior control on fraud prevention has indeed made valuable contributions; however, it is worth noting that this area remains characterized by significant discrepancies in findings. While studies conducted by Nugroho and Kartika (2022) and Nadhim and Novianti (2021) yielded mixed results, with the former indicating no discernible impact and the latter reporting a positive and significant effect on fraud prevention, these disparities underscore the presence of a research gap that necessitates further exploration and scrutiny.

The existence of inconsistent research results regarding the influence of locus of control and perceived behavior control on fraud prevention provides an opportunity to conduct further research. These inconsistent research results provide a gap in the need for a mediating variable in the relationship between locus of control and perceived behavior control on fraud prevention. So this research chooses the Whistleblowing variable as a mediating variable. As explained by previous researchers, whistleblowing can play a role in mediating the relationship between locus of control and perceived behavior control on fraud prevention (Bandiyono, 2022; Wakhidah and Mutmainah, 2021; Nugroho and Kartika, 2022; Arpani et al., 2022).

This research focuses on PT. Lintang Kejora is a company operating in the real estate sector. Reasons for choosing PT. Lintang Kejora is the object of this research because based on the results of initial observations and interviews conducted by researchers, it shows that there are many common problems that occur in almost all employees at various levels of management. The most basic problem is that many employees are less involved in fraud prevention efforts at PT. Lintang Kejora. This situation suggests a deficiency in the company's extant fraud prevention initiatives. The research problem statement emerges as follows: *How does the management of PT. Lintang Kejora Semarang promote fraud prevention by motivating employees to engage in whistleblowing through the enhancement of perceived behavior control and locus of control?* The research objectives encompass assessing the partial impact of locus of control and perceived behavior control on whistleblowing and fraud prevention, exploring whether whistleblowing mediates the partial impact of locus of control and perceived behavior control on fraud prevention, and ascertaining whether whistleblowing amplifies the partial impact of locus of control and perceived behavior control on fraud prevention.

Hypothesis Development

A person possessing an internal locus of control is less inclined to engage in whistleblowing, primarily due to a preference for ethical behavior, a propensity to conform to societal norms and laws, and a desire to utilize established mechanisms that avoid harm to various stakeholders. Extensive research has explored the influence of locus of control on whistleblowing, yielding consistent findings indicating a positive impact (Kurniati et al., 2019; Sari et al., 2019; Rifki, 2018). Furthermore, studies conducted by Ridwan et al. (2021) and Hala (2020) affirm the presence of a positive and statistically significant effect of locus of control on whistleblowing. In contrast, Septianti (2019) asserts that locus of control exerts no discernible impact on whistleblowing. Drawing from the foundation laid by prior research, the initial research hypothesis is as follows:

H1: Locus of control has a positive and statistically significant impact on whistleblowing.

Perceived behavior control constitutes the ultimate determinant influencing an individual's decision to engage in or abstain from a specific behavior. It serves as a mechanism to govern an individual's conduct, especially when resources necessary for the execution of a particular behavior are constrained (Rochmawati, 2020). The perceived behavioral control wielded by a whistleblower emanates from the belief that organizational impediments exist, hindering the prevention of fraud exploitation. This underlying rationale elucidates why employees may exhibit reluctance towards whistleblowing (Nugroho and Kartika, 2022). Numerous researchers have probed the correlation between perceived behavior control and whistleblowing, consistently yielding results indicating a positive and statistically significant impact of whistleblowing on fraud prevention (Arpani et al., 2022; Romadaniati et al., 2020; Jayanti and Suardana, 2019). In contrast, research by Huba (2020) concludes that whistleblowing exerts no discernible influence on fraud prevention. Drawing from the precedent set by prior research, this study posits the second research hypothesis as follows:

H2: Perceived behavior control has a positive and significant impact on whistleblowing.

Locus of control constitutes a facet of an individual's personality that delineates their confidence in shaping their own destiny. It serves as an indicator of the extent to which individuals place their expectations of success on their behaviors or factors beyond their control (Alkautsar, 2014). Individuals exhibiting a high locus of control tend to be more inclined toward engaging in fraud prevention measures. Research exploring the influence of locus of control on fraud prevention has yielded consistent findings, with results indicating a positive impact of locus of control on fraud prevention (Bandiyono, 2022; Wakhidah and Mutmainah, 2021; Dewi and Rasmini, 2019). Nevertheless, the synthesis of conclusions from several prior studies prompts the formulation of the third research hypothesis as follows:

H3: Locus of control exerts has a positive and significant impact on fraud prevention.

Perceived behavior control also plays a pivotal role in fostering fraud prevention. Every individual retains control over the actions they choose to undertake, including the ability to prevent fraudulent activities. By leveraging their competencies, individuals can make informed decisions regarding their involvement in countering fraud (Ajzen, 2005). Research scrutinizing the influence of perceived behavior control on fraud prevention has been conducted by Nugroho and Kartika (2022) and Nadhim and Novianti (2021), with outcomes indicating that perceived behavior control exerts no discernible impact on fraud prevention. In contrast, Khanifah et al. (2017) contend that perceived behavior control wields a positive and statistically significant influence on fraud prevention. Drawing from the amalgamation of findings in prior studies, the fourth research hypothesis postulated as follows: H4: Perceived behavior control has a positive and significant impact on fraud prevention.

The relationship between whistleblowing and fraud prevention can be elucidated as follows: whistleblowing, often referred to as reporting violations, represents one of the effective measures for averting the occurrence of fraud. Whistleblowing is defined as the act of disclosing or exposing an illicit activity committed by an individual within an organization, an act that is materially or indirectly detrimental and in conflict with prevailing societal norms (Hala, 2020). Numerous researchers have explored the nexus between whistleblowing and fraud prevention, consistently yielding findings that substantiate the assertion that whistleblowing exerts a positive and statistically significant impact on fraud prevention (Nurrahma et al., 2022; Romadaniati et al., 2020; Jayanti and Surdana, 2019). Latifah and Purnamasari (2018) and Larasati et al. (2017) likewise arrived at the conclusion that whistleblowing has a significant influence on fraud prevention. However, it is essential to note that there are also researchers who posit that whistleblowing does not wield an impact on fraud prevention (Huba, 2020). Drawing from the composite insights garnered from previous studies, the fifth research hypothesis formulated as follows: H5: Whistleblowing has a positive and statistically significant impact on fraud prevention.

Locus of control is a reflection of an individual's inclination to manage events in their life; it can be categorized as either internal or external. When individuals possess an internal locus of control, they are inclined to believe that they can influence and manage events in their life. Conversely, an external locus of control suggests that individuals attribute the occurrence of events to external factors beyond their control (Aditya, 2018 in Hala, 2020). An internal locus of control tends to motivate individuals to engage in whistleblowing as a means of fraud prevention (Sulistomo and Prastiwi, 2012). Numerous researchers have explored the role of whistleblowing in mediating the impact of locus control on fraud detection (Bandiyono, 2022; Wakhidah and Mutmainah, 2021). Drawing from the findings of these prior studies, the sixth research hypothesis can be formulated as follows: H6: Whistleblowing serves as a mediating factor in the relationship between locus of control and fraud prevention.

An individual's possession of perceived behavior control enables them to regulate their actions, making choices based on the anticipated positive or negative outcomes of a particular behavior. For instance, in the context of fraud prevention, individuals with perceived behavior control are more inclined to engage in whistleblowing actions (Nugroho and Kartika, 2022; Clyde and Tjahjono, 2021; Rochmawati, 2020; Syafrudin et al., 2020). Several researchers have investigated the role of whistleblowing in mediating the impact of perceived behavior control on fraud detection (Nugroho and Kartika, 2022; Arpani et al., 2022). Drawing from the cumulative findings of prior research, the research hypotheses can be formulated as follows:

H7: Whistleblowing serves as a mediating factor in the relationship between perceived behavior control and fraud prevention.

The hypotheses developed in this study, particularly H1 to H7, will be integrated into the theoretical framework figure (see Figure 1) to provide a visual representation of the relationships between the variables under investigation.

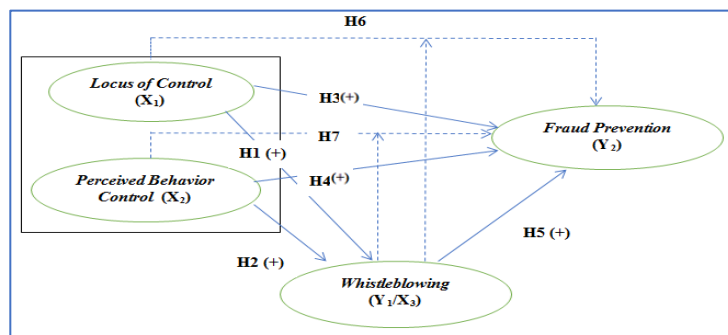


Figure 1. Theoretical Framework

METHOD

Several variables are employed in this study, including: (a) independent variables, namely locus of control (X1) and perceived behavior control (X2); and (b) dependent variables, namely fraud prevention (Y2) and whistleblowing (Y1). The study population comprises all employees working at PT. Lintang Kejora Semarang, totaling 100 individuals. Sampling was conducted using the census method, ensuring the inclusion of the entire employee population at PT. Lintang Kejora Semarang as respondents. Various data collection techniques were used, including: (a) interviews: posing verbal questions to the subjects under study (Indriantoro and Supomo, 2012); (b) observation: observing various phenomena within the research subject (Umar, 2013); and (c) questionnaires: distributing questionnaires to research respondents to obtain their responses (Umar, 2013). The employed data analysis techniques encompass two-stage least-squares regression and path analysis.

RESULT AND DISCUSSION

Validity and Reliability Test

In the realm of research, instrumental evaluation is indispensable and encompasses two critical facets: validity and reliability tests. The validity test serves the paramount purpose of ascertaining the robustness and appropriateness of the research questionnaire employed. Concurrently, the reliability validity serves as a pivotal undertaking to gauge the consistency and dependability of the research construct or variable (Arikunto, 2011). Table 1 delineates the outcomes derived from the validity test in this study. Based on the findings presented in Table 1, it is evident that all research variable indicators utilized exhibit a commendable level of validity. These indicators can reliably and accurately measure the data, as substantiated by the calculated correlation coefficient (r) values for each indicator, all of which surpass the critical table r value of 0.197.

Table 1. Validity Test

No.	Variables and Indicators	r Count	r Table	Validity
1	Fraud Prevention (Y2)			
	Y2.1	0.753	0.197	valid
	Y2.2	0.740		valid
	Y2.3	0.623		valid
	Y2.4	0.616		valid
	Y2.5	0.673		valid
2	Wistleblowing (Y1)			
	Y1.1	0.746	0.197	valid
	Y1.2	0.690		valid
	Y1.3	0.581		valid
	Y1.4	0.624		valid
	Y1.5	0.647		valid
3	Locus of Control (X1)			
	X1.1	0.595	0.197	valid
	X1.2	0.643		valid
	X1.3	0.590		valid
	X1.4	0.768		valid
	X1.5	0.670		valid
4	Perceived Behavior Control (X2)			
	X2.1	0.755	0.197	valid
	X2.2	0.647		valid
	X2.3	0.701		valid
	X2.4	0.401		valid
	X2.5	0.479		valid

Source: processed primary data, 2023

Apart from validity test, conducting reliability tests before regression analysis is a critical step to ensure that the data used in the analysis is of high quality, that measurement errors are minimized, and that the results of the

analysis are valid and interpretable. It helps researchers make informed decisions about variable selection and model specification, leading to more accurate and meaningful research findings. Table 2 shows that all research variables are reliable or reliable, with a Cronbach Alpha value > 0.7.

Table 2. Reliability Test

No.	Research Variables	Cronbach Alpha	Standard	Reliability
1.	Fraud Prevention (Y ₂)	0,793		reliable
2.	Whistleblowing (Y ₂)	0,788		reliable
3.	Locus of Control (X ₁)	0,787	0.70	reliable
4.	Perceived Behavior Control (X ₂)	0,773		reliable

Source: primary data processed, 2023

Classical Assumption Tests

Classical assumption tests in regression are crucial because violations of these assumptions can lead to biased or inefficient parameter estimates and incorrect inferences. The primary classical assumptions in linear regression are: normality test, multicollinearity, and heteroscedasticity test. The normality test, as described by Ghozali (2016), is utilized to assess whether both the dependent and independent variables in the regression model follow a normal distribution or not.

Table 3. Data Normality Test
Regression Model 1

One-Sample Kolmogorov-Smirnov Test				
		X1	X2	Y1
N		100	100	100
Normal Parameters ^{a,b}	Mean	19,8200	19,9300	19,9200
	Std. Deviation	2,88983	2,82219	2,87687
Most Extreme Differences	Absolute	,135	,090	,155
	Positive	,126	,083	,115
	Negative	-,135	-,090	-,155
Test Statistic		,135	,090	,155
Asymp. Sig. (2-tailed)		,000 ^c	,045 ^c	,000 ^c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Table 4. Data Normality Test
Regression Model 2

One-Sample Kolmogorov-Smirnov Test					
		X1	X2	Y1	Y2
N		100	100	100	100
Normal Parameters ^{a,b}	Mean	19,8200	19,9300	19,9200	19,8800
	Std. Deviation	2,88983	2,82219	2,87687	3,03275
Most Extreme Differences	Absolute	,135	,090	,155	,158
	Positive	,126	,083	,115	,104
	Negative	-,135	-,090	-,155	-,158
Test Statistic		,135	,090	,155	,158
Asymp. Sig. (2-tailed)		,000 ^c	,045 ^c	,000 ^c	,000 ^c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: processed primary data, 2023

Based on the information presented in Tables 3 and 4, it appears that the probability value for each research variable is greater than 0.05. Therefore, it can be concluded that the population follows a normal distribution.

Multicollinearity Test

The multicollinearity test is designed to determine whether there exists a correlation among some or all of the independent variables within the regression model (Gujarati, 2013).

Table 5. Multicollinearity Regression Test Model 1

No	Variabel Penelitian	Tolerance	VIF
1.	Locus of Control (X ₁)	0,540	1,853
2.	Perceived Behavior Control (X ₂)	0,540	1,853

Source: processed primary data, 2023

Table 6. Multicollinearity Regression Test Model 2

No	Variabel Penelitian	Tolerance	VIF
1.	Locus of Control (X ₁)	0,392	2,551
2.	Perceived Behavior Control (X ₂)	0,463	2,160
3.	Whistleblowing (Y ₁)	0,379	2,636

Source: processed primary data, 2023

If the VIF value of an independent variable is less than 10, and the tolerance value is greater than 0.10, it indicates that there is no correlation exceeding 0.90 between the independent variables. Consequently, it can be concluded that there is no multicollinearity among the independent variables within the regression model.

Heteroscedasticity Test

The heteroscedasticity test employs the Glejser test, with the initial step involving the regression of the independent variables against their respective residual absolute values (Gujarati, 2013).

Table 7. Heteroscedasticity Test Regression Model 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,613	,824		3,171	,002
	X1	-,153	,051	-,399	-3,021	,003
	X2	,090	,052	,229	1,737	,086

a. Dependent Variable : Absresid

Table 8. Heteroscedasticity Test Regression Model 2

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,269	,876		2,591	,011
	X1	-,148	,060	-,378	-2,471	,015
	X2	,077	,057	,198	1,361	,177
	Y1	,024	,062	,061	,393	,695

a. Dependent Variable : Absresid

Source: processed primary data, 2023

The findings obtained from the Glejser test, as presented in Tables 7 and 8, indicate that the p-values associated with all independent variables under investigation exceed the threshold of 0.05. Consequently, it can be inferred that there is no evidence of heteroscedasticity within the dataset.

Two-Stage Least-Squares Regression

Stepwise linear regression analysis is employed for the purpose of scrutinizing the potential presence of mediating variables that may interpose between the independent variables and the dependent variables, as elucidated by Ghozali (2016). The internal analysis, on the other hand, was conducted through the utilization of two models or the Two Stage Least Square (2SLS) method.

Table 9. Model 1 Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,818	1,379		2,043	,044
	X1	,513	,085	,515	6,048	,000
	X2	,348	,087	,342	4,015	,000

a. Dependent Variable: Whistleblowing

Table 10. Model 2 Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,565	,775		-,729	,468
	X1	,049	,055	,047	,903	,369
	X2	,053	,052	,049	1,027	,307
	Y1	,924	,056	,877	16,547	,000

a. Dependent Variable : Fraud Prevention

Source: processed primary data, 2023

- Regression equation table 9: $Y1 = 2.818 - 0.153X1 + 0.348 X2 + e$
- Regression equation table 10: $Y2 = -0.565 + 0.049 X1 + 0.053 X2 + 0.924 X3 + e$

Goodness of Fit Test

The Goodness of fit test is employed to gauge the precision of the sample regression function in estimating genuine values. The initial evaluation of this test is predicated on the utilization of the t-statistic and the coefficient of determination as measurement criteria.

Table 11. Significance test for Individual Regression Parameters Model 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,818	1,379		2,043	,044
	X1	,513	,085	,515	6,048	,000
	X2	,348	,087	,342	4,015	,000

Source: processed primary data, 2023

The calculated t-value for the locus of control is 6.048, which exceeds the critical t-table value of 1.66055 at a significance level (α) of 0.00 (one-tail). Furthermore, the calculated t-value is in the positive direction. Therefore, we accept the first hypothesis (H1) that asserts a positive and significant impact of locus of control on whistleblowing.

The calculated t-value for perceived behavior control is 4.015, which exceeds the critical t-table value of 1.66055 at a significance level (α) of 0.05 (one-tail). Additionally, the calculated 't' value is 0.000, indicating a positive direction. Consequently, we accept the second hypothesis (H2) which posits that perceived behavior control has a positive and significant impact on whistleblowing.

Table 12. Significance Test of Individual Regression Parameters Model 2

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,565	,775		-,729	,468
	X1	,049	,055	,047	,903	,369
	X2	,053	,052	,049	1,027	,307
	Y1	,924	,056	,877	16,547	,000

Source: processed primary data, 2023

The computed 't' value for the locus of control, at 0.903, falls below the critical 't' table value of 1.66071 at a significance level (α) of 0.05 (one-tail). Furthermore, the calculated 't' value of 0.369 exceeds the predetermined significance level. Consequently, we accept the third hypothesis (H3), which posits that locus of control does not exert a significant impact on fraudulent behavior.

The calculated 't' value for perceived behavior control, specifically 1.027, falls below the critical 't' table value of 1.66071 at a significance level (α) of 0.05 (one-tail). Additionally, the calculated 't' value of 0.037 is less than the specified significance level. Consequently, we accept the fourth hypothesis (H4), which asserts that perceived behavior control does not exert a significant influence on fraud prevention.

The computed 't' value for the count of whistleblowing incidents, notably 16.547, exceeds the critical 't' table value of 1.66071 at a significance level (α) of 0.05 (one-tail). Furthermore, the calculated 't' value of 0.000 indicates statistical significance in the positive direction. Consequently, we accept the fifth hypothesis (H5), which posits that whistleblowing has a positive and statistically significant impact on the prevention of fraud.

Path Analysis

Path analysis serves as the methodological framework for assessing the potential influence of the mediation dimension (intervention) of the whistleblowing variable within the research model. The determination of 'e_1' is derived from the R-squared determination value as follows:

Regression Model 1:

$$'e_1' \text{ is computed as } \sqrt{(1 - R^2)} = \sqrt{(1 - 0.621)} = \sqrt{(0.379)} = 0.616.$$

The corresponding structural equation is represented as:

$$Y1 = 2.818 - 0.153X1 + 0.348X2 + 0.616.$$

Regression Model 2:

'e₂' is calculated as $\sqrt{(1 - R^2)} = \sqrt{(1 - 0.898)} = \sqrt{(0.102)} = 0.319$.

The corresponding structural equation is expressed as:

$$Y2 = -0.565 + 0.049X1 + 0.053X2 + 0.924Y1 + 0.319$$

The Influence of Locus of Control on Fraud Prevention

a. Direct Effect (X1Y2) = 0.049

b. Indirect Effect (X1*Y2) = (0.049) * (0.924) = 0.045276

The Influence of Perceived Behavior Control on Fraud Prevention

a. Direct Effect (X2Y2) = 0.053

b. Indirect Effect (X2*Y2) = (0.053) * (0.924) = 0.048972

The direct effect of locus of control on fraud prevention, which stands at 0.049, surpasses the indirect effect of locus of control on fraud prevention mediated through whistleblowing. As such, we can accept the sixth hypothesis, positing that whistleblowing does not serve as a mediating factor in the relationship between locus of control and fraud prevention.

Similarly, the direct effect of perceived behavior control on fraud prevention, amounting to 0.053, exceeds the indirect effect of perceived behavior control on fraud prevention mediated through whistleblowing. Therefore, we can accept the seventh hypothesis, suggesting that whistleblowing does not function as a mediating factor in the influence of perceived behavior control on fraud prevention.

Table 14. Summary of Hypothesis Testing Results

Hypothesis	Relationship Between Variables	Information
H1	Locus of control → Whistleblowing	Accepted
H2	Perceived behavior control → Whistleblowing	Accepted
H3	Locus of control → Fraud prevention	Rejected
H4	Perceived behavior control → Fraud prevention	Rejected
H5	Whistleblowing → Fraud prevention	Accepted
H6	Locus of control → Whistleblowing → Fraud prevention	Accepted
H7	Perceived behavior control → Whistleblowing → Fraud prevention	Rejected

Source: processed primary data, 2023.

Based on the table of hypothesis testing results, it can be explained that the accepted hypotheses include hypothesis 1, hypothesis 2, hypothesis 5 and hypothesis 6. Meanwhile hypothesis 3, hypothesis 4 and hypothesis 7 were rejected.

The Effect of Locus of Control on Whistleblowing

Locus of control is a psychological concept that refers to a person's belief about the degree to which they have control over the events in their life. Individuals with an internal locus of control tend to believe that they have control over their fate and life outcomes, while individuals with an external locus of control tend to believe that events are influenced by external factors or luck. The relationship between locus of control and reporting violations can be explained as follows: Individuals with an internal locus of control tend to be more inclined to report violations because they believe that their actions can influence the outcome. They feel responsible for uncovering the truth and correcting inappropriate situations. On the other hand, individuals with an external locus of control may be less inclined to report violations because they may feel that their actions will have no impact or that the responsibility is not solely theirs. Therefore, locus of control can be an important factor influencing a person's decision to report a violation or not. A person possessing an internal locus of control is less inclined to engage in whistleblowing, primarily due to a preference for ethical behavior, a propensity to conform to societal norms and laws, and a desire to utilize established mechanisms that avoid harm to various stakeholders. Studies conducted by Ridwan et al. (2021) and Hala (2020) affirm the presence of a positive and statistically significant effect of locus of

control on whistleblowing. In contrast, Septianti (2019) asserts that locus of control exerts no discernible impact on whistleblowing.

The Effect of Perceived behavior control on Whistleblowing

Perceived behavior control is a concept that refers to a person's perception of his ability to carry out a certain action or behavior in a certain situation. In the context of reporting violations, perceived behavior control can influence a person's decision to report a violation. When someone feels that they have the control or ability to report violations easily and effectively, they are more likely to do so. Factors such as access to clear reporting channels, trust in the reporting process, and organizational support can influence a person's perceived behavioral control regarding reporting violations. Individuals who believe that they can report violations easily and that their actions will be appreciated or taken seriously by authorities are more likely to report. Conversely, if someone feels that reporting a violation will be difficult or that their actions will not be recognized, they may be reluctant to report. Thus, perceived behavior control has a significant relationship with individuals' decisions to report violations because their perception of their ability and control in carrying out these actions influences their behavior. Perceived behavior control constitutes the ultimate determinant influencing an individual's decision to engage in or abstain from a specific behavior. It serves as a mechanism to govern an individual's conduct, especially when resources necessary for the execution of a particular behavior are constrained (Rochmawati, 2020). The perceived behavioral control wielded by a whistleblower emanates from the belief that organizational impediments exist, hindering the prevention of fraud exploitation.

The Effect of Locus of control on Fraud prevention

Locus of control is a psychological concept that refers to individuals' beliefs about the degree to which they have control over their lives and the events that occur around them. In the context of fraud prevention, locus of control can influence individual attitudes and behavior towards prevention efforts. Individuals with an internal locus of control tend to believe that they have the ability to influence outcomes and events around them, including identifying and preventing fraud. They may be more proactive in making inquiries, tracking suspicious patterns, and reporting unusual or questionable activity. In contrast, individuals with an external locus of control are more likely to blame external factors, such as luck or circumstance, for fraud incidents and may feel that prevention efforts will be ineffective. Therefore, locus of control may influence the extent to which individuals feel responsible and motivated to engage in fraud prevention. It is important for organizations to understand the role of locus of control in fraud prevention efforts and develop strategies that motivate individuals to take an active role in protecting the organization from fraud risks. Locus of control constitutes a facet of an individual's personality that delineates their confidence in shaping their own destiny. It serves as an indicator of the extent to which individuals place their expectations of success on their behaviors or factors beyond their control (Alkautsar, 2014). Individuals exhibiting a high locus of control tend to be more inclined toward engaging in fraud prevention measures. Research exploring the influence of locus of control on fraud prevention has yielded consistent findings, with results indicating a positive impact of locus of control on fraud prevention (Bandiyono, 2022; Wakhidah and Mutmainah, 2021; Dewi and Rasmini, 2019).

The Effect of perceived behavior control on fraud prevention

Perceived behavior control, in the context of fraud prevention, is a concept that refers to an individual's or organization's perception of their ability to prevent or reduce the risk of fraud. The level of perceived behavior control can influence how effective fraud prevention efforts are. When individuals or organizations believe they have sufficient controls to identify, stop, and report potential fraud, they are more likely to take proactive steps in fraud prevention. Factors such as clear policies and procedures, adequate training, and access to necessary technology and resources can increase perceived behavior control in the context of fraud prevention. In addition, an organizational culture that encourages transparency, accountability and open communication can also strengthen perceived behavior control against fraud. Conversely, if individuals or organizations feel that they do not have enough controls or do not have the right tools to prevent fraud, they may be less likely to be proactive in fraud prevention. Therefore, perceived behavior control plays a key role in the success of fraud prevention efforts by influencing the attitudes and actions of individuals and organizations in facing potential fraud risks. Perceived behavior control also plays a pivotal role in fostering fraud prevention. Every individual retains control over the actions they choose to undertake, including the ability to prevent fraudulent activities. By leveraging their

competencies, individuals can make informed decisions regarding their involvement in countering fraud (Ajzen, 2005). Research scrutinizing the influence of perceived behavior control on fraud prevention has been conducted by Nugroho and Kartika (2022) and Nadhim and Novianti (2021), with outcomes indicating that perceived behavior control exerts no discernible impact on fraud prevention.

The Effect of Whistleblowing Influence of Fraud prevention

Whistleblowing has a very important role in fraud prevention. When individuals or members of an organization feel comfortable and permitted to report violations, either internally or through external channels, they become additional eyes and ears to detect suspicious behavior or potential acts of fraud. Whistleblowing provides an opportunity for individuals to express their concerns without fear of repression or reprisal. Additionally, whistleblowing can create an environment where transparency, accountability, and integrity are emphasized, which in turn can help prevent fraud. Through breach reporting, information about potential breaches or fraudulent acts can be immediately identified and addressed before it becomes a bigger problem. Therefore, promoting a culture where whistleblowing is encouraged and treated seriously is a key step in effective fraud prevention efforts. Organizations that place emphasis on the importance of active whistleblowing can strengthen their defenses against potential fraud threats and promote integrity and compliance at all levels of the organization. The relationship between whistleblowing and fraud prevention can be elucidated as follows: whistleblowing, often referred to as reporting violations, represents one of the effective measures for averting the occurrence of fraud. Whistleblowing is defined as the act of disclosing or exposing an illicit activity committed by an individual within an organization, an act that is materially or indirectly detrimental and in conflict with prevailing societal norms (Hala, 2020). Numerous researchers have explored the nexus between whistleblowing and fraud prevention, consistently yielding findings that substantiate the assertion that whistleblowing exerts a positive and statistically significant impact on fraud prevention (Nurrahma et al., 2022; Romadaniati et al., 2020; Jayanti and Surdana, 2019). Latifah and Purnamasari (2018) and Larasati et al. (2017) likewise arrived at the conclusion that whistleblowing has a significant influence on fraud prevention.

The role of Whistleblowing in mediating the relationship between Locus of control and Fraud prevention

Violation reporting plays an important role in mediating the influence of locus of control on fraud prevention. Locus of control reflects an individual's beliefs about the extent to which they have control over events in their life. Individuals with an internal locus of control tend to believe that they have the ability to influence outcomes and events around them, including identifying and preventing fraud. On the other hand, individuals with an external locus of control may be less inclined to take initiative in fraud prevention because they may feel that events are beyond their control. Whistleblowing serves as a mechanism that mediates differences in locus of control by providing a channel through which individuals with varying levels of locus of control can report potential fraud. By facilitating effective whistleblowing, organizations enable individuals with an internal locus of control to contribute to fraud prevention by responding to and resolving suspicious situations. Additionally, establishing a culture where whistleblowing is encouraged and treated seriously can help reduce feelings of mistrust or inadequacy that individuals with an external locus of control may experience. In this way, whistleblowing serves as a bridge to connect individuals from various locus of control backgrounds with fraud prevention efforts, ensuring that everyone can play an active role in protecting the organization from potential fraud threats. Locus of control is a reflection of an individual's inclination to manage events in their life; it can be categorized as either internal or external. When individuals possess an internal locus of control, they are inclined to believe that they can influence and manage events in their life. Conversely, an external locus of control suggests that individuals attribute the occurrence of events to external factors beyond their control (Aditya, 2018 in Hala, 2020). An internal locus of control tends to motivate individuals to engage in whistleblowing as a means of fraud prevention (Sulistomo and Prastiwi, 2012).

The role of whistleblowing in mediating the relationship between perceived behavior control and fraud prevention

Perceived behavior control is an important factor in the success of fraud prevention efforts, which reflects an individual's or organization's perception of their ability to prevent, identify and report fraudulent acts. The role of reporting violations in mediating the influence of perceived behavior control on fraud prevention is very significant. When individuals or organizational members feel that they have sufficient control to report violations

easily and effectively, they are more likely to take proactive steps to prevent and mitigate fraud. Whistleblowing provides a clear channel for individuals to raise their concerns and provide feedback about suspicious behavior without fear of negative consequences. Thus, whistleblowing creates an environment where transparency, accountability, and integrity are emphasized, which in turn strengthens perceived behavior control towards fraud prevention. By providing a secure and encouraged platform for reporting breaches, organizations can incentivize proactive behavior in addressing potential fraud risks, thereby protecting the organization from financial and reputational losses that may arise from fraudulent acts. Therefore, whistleblowing acts as a link between perceived behavior control and the effectiveness of fraud prevention efforts, ensuring that individuals feel capable and encouraged to engage in protecting the organization from the threat of fraud. An individual's possession of perceived behavior control enables them to regulate their actions, making choices based on the anticipated positive or negative outcomes of a particular behavior. For instance, in the context of fraud prevention, individuals with perceived behavior control are more inclined to engage in whistleblowing actions (Nugroho and Kartika, 2022; Clyde and Tjahjono, 2021; Rochmawati, 2020; Syafrudin et al., 2020).

Coefficient of Determination (R Square)

The coefficient of determination (R-squared) essentially measures the extent to which the model can account for variations in the dependent variable.

Table 15. Coefficient of Determination Regression Model 1

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.788 ^a	.621	.613	1,79022	2,130
a. Predictors: (Constant), X2, X1					
b. Dependent Variable: Y1					

Table 16. Coefficient of Determination Regression Model 2

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.948 ^a	.898	.895	,98477	2,041
a. Predictors: (Constant), Y1, X2, X1					
b. Dependent Variable: Y2					

Source: processed primary data, 2023

The adjusted R-squared for Regression Model 1 is 0.613, signifying that 61.3 percent of the variation in the dependent variable, whistleblowing, can be accounted for by the internal variables, namely locus of control and perceived behavior control, while the remaining 38.7 percent is influenced by other external variables not included in the regression model.

For Regression Model 2, the adjusted R-squared is 0.895, indicating that 89.5 percent of the variation in the dependent variable, fraud prevention, can be explained by the internal variables, namely locus of control, perceived behavior control, and whistleblowing. The remaining 10.5 percent is attributed to external variables not accounted for in the regression model.

CONCLUSION AND RECOMMENDATION

This study reveals that locus of control and perceived behavior control both positively impact whistleblowing, emphasizing their roles in encouraging individuals to report unethical behavior. Surprisingly, neither locus of control nor perceived behavior control directly affect fraud prevention, suggesting other factors may be at play. Notably, whistleblowing plays a crucial role in enhancing fraud prevention. However, it does not mediate the relationship between locus of control or perceived behavior control and fraud prevention, indicating that these factors influence fraud prevention independently. These findings shed light on the complexities of individual beliefs, control perceptions, and whistleblowing in the context of ethics and fraud prevention within organizations.

These findings contribute valuable insights into the complex interplay between individual psychological factors, whistleblowing behavior, and the prevention of fraudulent activities within organizational contexts. Understanding these relationships can inform the development of more effective strategies for promoting ethical behavior and preventing fraud in various professional settings. Further research may delve deeper into the mechanisms and contextual factors underlying these relationships to refine organizational policies and practices aimed at enhancing ethical conduct and fraud prevention.

Several essential recommendations come to the fore. Firstly, it is advisable to create a specific management policy within P.T. Lintang Kejora aimed at encouraging employee participation in both whistleblowing and fraud prevention endeavors. Secondly, there is a need to establish an effective whistleblowing system that continuously monitors employee reports, concurrently nurturing a corporate culture rooted in strong ethical and legal principles. Lastly, the adoption of comprehensive Good Corporate Governance practices is essential to provide the Board of Directors and Managers with the tools and authority needed to protect external investments by promptly addressing actions that might adversely affect the company.

The limitation of this study includes a relatively small sample of 100 individuals from a single organization (PT. Lintang Kejora). This limited sample size may affect the generalizability of the findings to a broader population or other organizational contexts in different industries or regions.

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