



The Influence Of Moral Character and Ethical Awareness of Internal Auditor Toward Internal Audit Effectiveness with Whistleblowing System as Moderating Variable

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ABSTRACT

This research was to determine how the influence of Moral Character and Ethical Awareness of Internal Auditor with Whistleblowing System Implementation as moderating variable (Empirical Study of Non Bank State-Owned Enterprises in Palembang). This study was associative research. The research datatype was primary and secondary data. The Population in this study was the internal auditor in the Non-Bank State-Owned Enterprise in Palembang as 35 respondents. The data collection techniques used in this research were questionnaire and interview. Data analysis method in this research was the quantitative analysis. The result showed that Moral character did not gave an influence on Effectiveness of Internal Audit, Effectiveness of Internal Audit was significantly and positive influenced by the Ethical Awareness, and Whistleblowing System Implementation quasi moderated Moral Character on Effectiveness of Internal Audit and Whistleblowing System Implementation did not moderated Ethical Awareness of Internal Auditor on Effectiveness of Internal Audit.

INTRODUCTION

Each company has their respective goals, to achieve these objectives, it is necessary to represent and supervise the activities carried out by inter-divisions. Internal auditors have important role in helping company to insure the procedures and policies of the company has been complied with, helping to improve planning, efficiency and finances on the procedure of organization activities, and internal auditors also help determine whether company used the internal control system properly or not. Internal audit activities in business entities such as state-owned enterprises are very important for the creation of a part of Good Corporate Governance (GCG), in accordance with the practice of internal auditors at the company is also more effective to improve internal audit quality.

Effectiveness was basically related to achieving goals. Effectiveness is the relationship between outputs with goals or objectives that must be achieved (Mardiasmo, 2018: 167). Based on that, the effectiveness is to do or doing the things right (Betri, 2019: 35).

Internal auditing are activity of assurance and independent, objective consultation which design to enhance and increase the operations of company. Internal auditing is helping company to reach their goal by bringing systematic approach, discipline to evaluating also increasing processes of risk management to more effective, control and corporate governance (Messier, et al, 2014: 318). Internal audit is an audit carried out within an organization in this case the Internal Audit Agency by internal auditors who were also employees themselves who have no legal responsibility to the public for what they do and report as findings (Betri, 2019: 6).

In general, Internal audit in company or organization have the function on the risk evaluation, compliance evaluation, also conducting financial auditing and extensive operational. Through this activity, internal auditors have contribute for good corporate governance in company, that included all procedures and policies that are implemented by management for control risks and control on operation in organization (Messier, et al, 2014: 322).

The effectiveness of internal audit must certainly be achieved by referring to the auditing standards set by the IAI. Standards are something that is determined by the person who have

authority, as the rule to rate quality, weight, areas, and value. If applied to auditing, auditing standards are measure of the implementation of actions that is a guideline for auditors in carrying out audit (Mulyadi, 2013: 16). The auditor must also be guided by code of conduct principles agreed by IIA, that are integrity, objectivity, competence and confidentiality (Messier et al, 2014).

Moral character consists of two words which is in Greek the meaning of character is impression and the meaning of moral is the soul of character (Sasongko, et al, 2018). There are 4 components of the person morality, that are moral decisions, moral sensitivity, moral motivation and moral character. The component first to third are important, but moral character is more important, without that person will going to be unethically. The most important from that follow by the honor of moral character, which is character strength that will allow a person to increase to be more integrity (Babeau et al, 1999).

Sometimes individual don't agree with some issue when they are faced on situation which have moral and ethical issue, which is individual have been effected to do something appropriate with that situations. Differences on something like that maybe caused by differences on fairness conception and opinions about doing the right thing in some circumstances. The choices of the ethics are hard to make because of the desire on self interest, that can obscure consideration about wrong and right. Other options are hard to make because have trouble in choose related issues and defining whether actions maybe appropriate or not to do (Messier, et al, 2014: 2017). Ethical understanding on person, is the most basic ethical limits in a person's actions personally. That included get a knowledge about the different of right and wrong, develop fairness, emphasize and also care to others, increase respect to others, and the basic integrity principle, also acting on ways that are stable with values as something that is true (Zimbelman, 2014: 399).

An accountant checks about doing the right thing when accountants have something they doubt, and is not shame to ask to someone when something is wrong. That means accountants have ethical awareness, and also they have chance to make ethics decision (Türegün, 2018). Ethical awareness is a moral attitude possessed by auditors who are aware of professional ethics and other rules

relating to the auditor profession in carrying out their duties (Hermi, 2017).

This study uses a moderating variable, which becomes a moderating variable is whistleblowing system implementation. The *Institute of Internal Auditor* contains a statement that “internal auditor must support the effort of the management to create good culture on company” and also help management to evaluate a detection and prevent a fraud from internal control (Zimbelmen et al, 2014 :447). A good *whistle-blowing* program is a good prevention tool for fraud. When workers find out about associates that easily supervise each other and report suspected fraud, they will not be involved in fraud. There are 4 elements that must exist in the *whistleblowing system* in order to function effectively, that are anonymity, independence, access and follow-up (Zimbelman et al, 2014: 453).

Fraud occurs in State-Owned Enterprises (SOEs) in Indonesia, causing doubts over the ethical awareness possessed by an internal auditor and moral character, therefore internal audits are required to comply with audit standards and behave in accordance with established principles. Because in these BUMNs on average there are generally the same problems with the principle of auditor behavior in an SOE, in which an auditor's ethical awareness and moral character in a company are still low so that violations occur that make SOEs suffer losses.

Seeing the importance of the moral character and ethical awareness of internal auditors in SOEs, an internal auditor must always improve and maintain it in order to comply effectiveness of auditee company internal audits but with the moral character and ethical awareness of the auditor is low then this will also not be achieved. The application of the whistleblowing system is expected to strengthen the ethical awareness and moral character of an auditor, therefore the writer chooses the application of the whistleblowing system to be a moderating variable.

Based on the description, the research have purpose to determine the Effect of Moral Character and Ethical Awareness of Internal Auditor towards the Internal Audit Effectiveness with Whistleblowing System Implementation as Moderating Variable.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Contingency Theory

Contingency theory is a method to learning about behaviour of organization which is to explain how the factors of contingent influence to the design and function of the organization. There is no one kind of organization structure is the same that applies for all organization, this is the basis assumption of contingency theory. Effectiveness of organization also depends on the compatibility or suitability between types of technology, environmental volatility, organizational size, organizational structure features and information systems (Arfan, 2019: 546).

Contingency theory of management accounting can identify a number of different types of variables. According to this theory, three important things in uncertainty are environment, interdependence and internal factors. Two other variables related to technology and the environment (Arfan, 2019: 550).

Internal Audit Effectiveness

Effectiveness is output of an activity (operation) which has achieved its objectives in term of quality of the work, quantity of work and the deadline target. The level of effectiveness itself can be determined by the integration of overall organizational goals and activities, the adaptability of the organization toward its environment change (Betri, 2019: 32-35). The Internal audit effectiveness is something that must be achieved and realized. Effectiveness of internal audit is ability possessed by internal audit department for oversee the performance of an agency to work effectively and efficiently so that can achieve the goals of an organizational institution (Bernanda and Rudy, 2016).

Internal audit effectiveness indicators according to Government Regulation of the Republic of Indonesia No. 60 of 2008 Article 11 states that the manifestation of effective role of the government internal control apparatus as referred to in article 4 letter g at least have: give an adequate assurance on compliance, economic, efficiency, and effectiveness; give increase risk management

effectiveness; maintain and increase corporate governance quality on organize the task and agency functions.

provide adequate confidence in the observance, efficiency, efficiency and effectiveness of achieving the objectives of carrying out the tasks and functions of the agency; provide early warning and improve the effectiveness of risk management in carrying out the tasks and functions of the agency; maintain and improve the quality of governance in carrying out the duties and functions of agencies. The effectiveness of internal audit in this study depends on the connecting variables, namely moral character and ethical awareness, and whistleblowing system as moderation. The internal audit effectiveness on this research depends on connecting variables, namely moral character and ethical awareness, and whistleblowing system as moderation.

Moral Character

Character is a good objectivity of human quality (Lickona, 2016: 15-16). Walter Niggorski explain that a strong personal character should manifest itself in service to the organization and the community or society and in encouragement for public life. Type of good character are knowing, wanting, and doing the right things. These three things are needed to direct a moral life; and that three things form moral maturity). Good character includes 3 components, namely moral knowledge, moral feelings, and moral actions (Lickona, 2016: 79-84). Auditors often experience ethical pressure. It is important for auditors to deal with this by developing good moral character, so auditors can response appropriately in certain circumstances. Auditor who have a value or certain character is more able to follow a moral point of view than those who do not have it (Messier, et al, 2014: 220).

Ethical Awareness

Ethical behaviour is the basis of modern civilization, this supports functional success which is often exist in all aspect of life, such as family, health, business, and government. An ethical awareness is guiding person to assess more than personal interests and to admit also respect someone else interests. and to recognize and respect the interests of others. Ethical behaviour have three methods or overlapping theories which can analyze ethical problem on accounting. This theories are utilitarian-

approach, this theory states that individual who effected by decision making which is involving with trade off between alternative action that have benefit and the burden, it makes impact to some individual which have consequences of a particular action; rights-approach states assumption that every individual must respect about individual rights, and that makes decision maker which follow to this theory will take action when the decision does not violate other individual rights; and a fairness-approach that addresses issues concerning equality, fairness and non-alignment (Messier, et al, 2014: 216-218).

Whistleblowing System

Supervision extensively to facilitate early fraud detection. It will also prevent fraud because the subject who will do, realizes that "others see". The best way to prevent dishonest actions is monitoring by colleagues. Monitoring by colleagues is an effective way to catch dishonest actions, so Section 307 of the SOA 2002 required that the entire company have whistleblowing system to make employees or others are easy to report fraud activity. There are several elements so that the whistleblowing system can function effectively, namely anonymity, independence, access and follow-up. (Zimbelman et al., 2014: 453). People who report suspected fraud is a term for whistleblowers (Diaz, 2013: 208). Whistleblowing system is an activity to report to a media or to both internal and external authorities regarding activities that are illegal and unethical in the work environment, while the role of internal audit in this case aims to assist management in carrying out company activities to achieve certain goals by analyzing, provide an assessment, and suggest activities that are audited by internal auditors (Dina and Wiwit, 2019).

HYPOTHESIS DEVELOPMENT

Influence of Moral Character and Ethical Awareness of Internal Auditor Simultaneously Towards Internal Audit Effectiveness

Moral character consists of two words which is in Greek, the meaning of character is impression and the meaning of moral is the soul of character (Sasongko, et al, 2018). There are 4 components of the person morality, that are moral decisions, moral sensitivity, moral motivation and moral character. The component first to third are important, but

moral character is more important, without that, person will going to be unethically. The most important from that, followed by the honor of moral character, which is character strength will allow a person to increase to be more integrity (Babeau et al, 1999). Research conducted by Sasongko et al (2018) which states that moral character have impact to ehical decision making. Based on that, it means in this case auditor who have excelent moral character, expectedly that effectiveness of internal audit can be reached.

Türegün (2018) state the level of ethical awareness positively influences transparency. According on that, shows that the higher ethical awareness then be expected will increase effectiveness of internal audit. Themore high that effectiveness shows more higher ethical awareness of internal auditors.

H1: Moral Character and Ethical Awareness simultaneously influence towards Internal Audit Effectiveness.

Influence of Moral Character Toward Internal Audit Effectiveness

Effectiveness focuses on outcome, program, or activities which considered effective if the outcome can comply the purpose have been expected (Susanto dalam Betri, 2019: 35).Soh and Bennie stated internal audit have position which unique on assurance services who trust by the society and government and pushed by the current global financial crisis and the scandal of organization (Shamki and Thuraiya, 2017). Research conducted by Murphy (1999), Bebeau et al (1999), and Sasongko et al (2018) states that moral character can influence decision making on a problem that exists in a company, meaning that with good moral character auditors, audit effective-ness internal is also expected to be achieved.

H2a: There is positive influence on Moral Character toward Internal Audit Effective-ness.

Influence of Ethical Awareness of Internal Auditor Toward the Internal Audit Effectiveness.

Ethical awareness is an circumstances where someone face on situation that must consider moral, ethical and make good and right decision to do. The big problem of ethical awareness is self interest which should be public interest. Awareness of the profession, the auditor carry out responsibility who indicate how auditor must do or

behave corresponding ethics code and rules apply in audit. Importance of ethical awareness is to realize professional attitude of auditor, with ethical awareness owned by auditor, that means auditor understand professional standard. According on that, shows that the higher ethical awareness then be expected will increase the internal audit effectiveness especially when something goes wrong in the company as it should be (Hermi, 2017).

H2b: There is positive influence on Ethical Awareness of Internal Auditor toward the Internal Audit Effectiveness.

Whistleblowing System Implementation Moderate Influence of Moral Character Toward Internal Audit Effectiveness.

Internal auditor have certain position to get special rights on potential informatioon which can open deviant behavior from top management. Deviant behavior from top management can cause economy cost, social and big emotional from stakeholders who do not know about that and increase failure from many company. According on that, so stakeholders and internal auditor can identify right or wrong behaviour, where auditor must act for public interest in the whistleblowing system implementation, in this case auditor must be hero for stakeholder (Nurul et al, 2015). Whistleblowing system program which runs well is the best tool to prevent a fraud(Zimbelmen et al, 2014: 453). Internal auditor who have high moral character will prefer to choose behave to do the right thing so internal audit effectiveness will be achieved.

H3a: Whistleblowing System Implementation moderateInfluence of Moral Character toward Internal Audit Effectiveness.

Whistleblowing System Implementation Moderate Influence of Ethical Awareness of Internal Auditor Toward Internal Audit Effectiveness.

Ethical awareness is something useful for an auditor, because with high ethical awareness so it can help when auditor will make the right decision. Ethical awareness is behaviour which must prioritize public interest more then self interest. Basically when auditor make ethical desicion, both internal and external will face with pessure from various parties and self interest which will obscure consideration of right or wrong that ethical decision (Turegun,

2018). Ethical behaviour is also professionalism basis of an profession (Messier, 2014: 216). Internal audit cannot be detached from company control so that can detect if there is an illegal activities such as fraud. Internal audit also work with guidance on reports received from whistleblowing system. Internal audit will investigate from the reports received which indicated fraud. Internal audit effectiveness is something that must be achieved in a company (Luh et al, 2019).

H3b: Whistleblowing System Implementation moderate Influence of Ethical Aware-ness of Internal Auditor toward Internal Audit Effectiveness.

RESEARCH METHODS

This research type is associative to explain how influence of moral character and ethical awareness of internal auditor toward internal audit effectiveness with whistleblowing system implementation as moderating variable. Location and population in this research were internal auditor who work at 15 non-bank state-owned enterprise in Palembang. Sample used in this research is saturation sampling, that is a sample which represents the total population (Nurlina, 2017: 70), with 97 internal auditor and data returned as respondent are 35 repondent. Data used in this study were primary which obtained through questionnaires and secondary data. The data collection technique were:

Questionnaire. This data collected by researcher from respondents who was given questions or the answer of written statements. Interview. One instrument used to extract data orally. This is done in depth so that the data is valid and detailed (V. Wiratna, 2018: 118-121). The method of data analysis used in this research is quantitative analysis. Quantitative analysis used statistical test from questionnaire, than the test result explained into sentences (V. Wiratna, 2018: 11-12). Validity test used to test valid or not a questionnaire. A questionnaire said valid if r statistic (value of *Corrected item-Total Correction onoutput Cronbach alpha*) more than r table. Reliability test used to question item was stated valid. This test used for measure a questionnaire was part of variable. A questionnaire said reliable if *Cronbach Alpha* > 0,60 (V. Wiratna, 2018: 178). Analysis data technique was used to explain how factors that influence effectiveness of internal

audit in State-Owned Enterprise was multiple linear regression analysis and assisted by statistical program for special science (SPSS).

ESTIMATION MODEL

Multiple Regression Analysis Test

$$\text{Equation I} = Y = a + \beta_1 X_1 + \beta_2 X_2$$

Moderated Regression Analysis (MRA) Test

$$\text{Equation II} = Y = a + \beta_1 X_1 + \beta_1 X_3 + \beta_1 X_1 X_3$$

$$\text{Equation III} = Y = a + \beta_2 X_2 + \beta_2 X_3 + \beta_2 X_2 X_3$$

Information:

Y = Effectiveness of Internal Audit

X1 = Ethical Awareness

X2 = Moral Character

X3 = Application of the Whistleblowing System

X1X3 = Interaction Application of Whistleblowing System and Moral Character

X2X3 = Interaction between Ethical Awareness and Moral Character

a = Constant Value

β_1, β_2 = Regression coefficient of variable X.

RESULTS AND DISCUSSION

Validity and Reliability Test

Respondents in this research were 35 repondents. Variablemoral character, ethical awareness, whistleblowing system implementation, and internal audit effectiveness were valid and reliable because r statistic > r table and *cronbach's alpha* > 0.6, so data can use as research.

Classic Assumption Test

The classic assumption test results in this study show that the normality test expressed in normal distribution through the normal P-P plot plot, the point of spread around the diagonal line, then it comply the normality assumption. Multicollinearity test stated tolerance of each variable is more than 0,10 and value of VIF is smaller than 10.00, it means there is no multicollinearity between independent variables in this study. Heteroscedasticity test stated there is no clear pattern and the points below and above the number zero on the Y axis, it can concluded that there was no heterokedasticity. Based on that, it means that it comply the requirements and the regression model is proper to use.

HYPHOTHESIS TEST

Coefficient of Determination Test

The result of hypthotesis test based on table *Model Summary* obtained value of R Square (R^2) was 0,428 or 40,8%. That means 42,8% variable internal audit effectiveness influenced by moral character and ethical awareness of internal auditor while the remaining 57,2% (100%-42,8%) impacted by other factors were not in it, such as integrity, senior management support.

F Test (Simultaneously)

F test used to determine if there has simultaneously influence of independent variables moral character and ethical awareness of internal auditor towards internal audit effectiveness.

Table 1. F Test Result

Model	Sum of Squares	F	Sig.
Regression	126,718	11,985	,000
Residual	169,168		
Total	295,886		

Source : Processed Data, 2020

Moral Character and Ethical Awareness of Internal Auditor significantly and positive influenced toward effectiveness of internal audit, Based on table 1, value of F statistic > F table, F table for $\alpha = 5\%$ and numerator ($k=4$), so $k-1=3$ and df of denominator = $n-k-1 = 35-4-1 = 30$ is 2,922. Significant of F test result also shows 0,000, which means F Sig. (0,000) < α 0,05.

T Test (Partial)

T test used to determine if there has partially influence of independent variable whistleblowing system implementation and ethical awareness of internal auditor toward internal audit effectiveness.

Table 2. Result of t Test

Model	Unstandardized Coefficients (B)	t	Sig.
(Constant)	11,945	1,956	,059
X1	-,210	-1,108	,276
X2	,935	4,896	,000

Source : Processed Data, 2020

Based on table 1 above, the regression equation from the research model is follows.

$$Y = 11,945 - 0,210X_1 + 0,935X_2$$

Based on that equation, that constant is 6,935 with positive parameters shows if there is no significant between whistleblowing system and ethical awareness of internal auditor so effectiveness of internal audit is still maintained

Influence Moral Character did not influenced toward effectiveness of internal audit. Based on table 2, t statistik value is 1,108 < t table. Influence of Ethical Awareness significantly and positive have impact influence toward Effectiveness of Internal Audit, Based on table 2, value of t statistik is 4,896 < t table, Significant of t test result also shows 0,000, which means t Sig. (0,000) < α 0,05.

Moderation Test

Table 3. The result of Moderated Regression Analysis (MRA) Influence of Moral Character toward Internal Audit Effectiveness Moderated by Whistleblowing System Implementation

Model	Unstandardized Coefficients(B)	T	Sig.
(Constant)	17,548	2,095	,044
X1	,005	,021	,983
X3	,485	2,148	,039

Source : Processed Data, 2020

Table 4. The result of Moderated Regression Analysis (MRA) Influence of Moral Character toward Internal Audit Effectiveness Moderated by Whistleblowing System Implementation

Model	Unstandardized Coefficients(B)	T	Sig.
(Constant)	175,631	2,849	,008
X1	-5,746	-2,571	,015
X3	-,5698	-2,373	,024
M1	,225	2,585	,015

Source : Processed Data, 2020

Based on result of the two interactions show that the first interaction, there is moderating significant, based on table 3 which shows the value of significant < 0,05. The second interaction is moderating significant, indicate by value of significant < 0,05 in table 4, it means whistleblowing system implementation as quasi moderator for moral character and strengthens its relationship to internal audit effectiveness based on value of interaction M1 positive on second interaction.

Table 5. The Test Result of Moderated Regression Analysis (MRA) Influence of Ethical Awareness of Internal Auditor toward Internal Audit Effectiveness Moderated by Whistleblowing System

Model	Unstandardized Coefficients (B)	T	Sig.
(Constant)	6,935	1,261	,217
X2	,858	3,900	,000
X3	,057	,264	,793

Source : Processed Data, 2020

Table 6. The Test Result of Moderated Regression Analysis (MRA) Influence of Ethical Awareness of Internal Auditor toward Internal Audit Effectiveness Moderated by Whistleblowing System

Model	Unstandardized Coefficients (B)	T	Sig.
(Constant)	34,945	-,829	,414
X2	2,483	1,517	,139
X3	1,694	1,028	,312
M1	-,063	-1,002	,324

Source : Processed Data, 2020

Based on result of the two interactions show that the first interaction, there is no moderating significant, based on table 5 which shows the value of significant $> 0,05$. The second interaction did not have a significant moderating which was indicated by the sig value. $> 0,05$ in table 6, it means that the conclusion that the implementation of the whistleblowing system is not a moderator for the ethical awareness of internal auditors.

DISCUSSIONS

Influence of Moral Character and Ethical Awareness of Internal Auditor toward Internal Audit Effectiveness.

Hypothesis test result in this research showed that Ha1 has accepted and Ho1 has rejected, it means moral character and ethical awareness of internal auditor have influence toward effectiveness of internal audit.

The research result is also consistent with Babeau et al (1999), Sasongko et al (2018), Murphy (1999) which states that if moral character is not exist on person, a person will act unethically. Moral character is the power in character which is able to become something to more perfect moral integrity. Auditors must work professionally and continue to carry out their duties independently. The ability to do this not only requires expertise in the field, but also

requires character of moral and excellent mental to deal with pressures in every way.

The result of research is also consistent with Messier et al (2014) explained ethical awareness cannot be separate from professionalism as auditor, where auditor will find difficult ethical issues and pressure and temptation so auditor who have high ethical awareness will not think about self interest which can obscure consideration of right and wrong. This result is also supported by Hermi (2017), Türegün (2018), Hasmanidar and Eny (2014), Uyar and Ozer (2011), Ade and Dicky (2011), Yuneita et al (2011), Amilin and Andi (2009), Hoo and Yeing (2008), Reynolds (2006), Umi and Nur (2001), and Shafer et al (2001) who stated that ethical awareness of auditor is a response and or attitude to accept of auditor on event such as certain moral through process that determine in complex manner by auditor so auditor can make a decision what will have to do on certain situation.

H1: Moral Character and Ethical Awareness of Internal Auditor simultaneously influence toward Internal Audit Effectiveness.

Influence of Moral Character toward Internal Audit Effectiveness.

Hypothesis test have result showed that Ho2a has accepted and Ha2a has rejected, it means moral character did not gave influenced effectiveness of internal audit.

This research result is consistent with Banker et al (2003), Maher et al (1992), Nurul et al (2015), Sheleifer (2004), Choi and Zeghai (1999), and Wolk et al (2001) states that Low moral character is caused by the high intensity of competition in carrying out his duties as an auditor so that it has an influence on very strong pressures to be able to stay afloat in an organization.

The result of this research is different with Libby and Thorne (2007), Sasongko et al (2018), Babeau et al (1999), Murphy (1999), Windsor and Ashkanasy (1995), and Lord and Dezoort (2001) which state that character of moral is important because auditor have main role to guard all parties who have an interest. The character of moral quality on auditor is important factor in carrying out his duties as a professional, also ethics decision making which appropriate on expectations in the auditor's evidence for the public.

H2a: Moral Character have Positive Influence toward Internal Audit Effectiveness.

Influence of Ethical Awareness of Internal Auditor toward Internal Audit Effectiveness.

This research result showed Ho2b has rejected and Ha2b has accepted, it means ethical awareness of internal auditor positive and significant influence toward internal audit effectiveness.

This research result supported by Turegun (2018), Hoo and Yeing (2008), Ade and Dicky (2012), Türegün (2018), Hasmanidar and Eny (2014), Uyar and Ozer (2011), Ade and Dicky (2011), Yuneita et al (2011), Amilin and Andi (2009), Hoo and Yeing (2008), Reynolds (2006), Umi and Nur (2001), and Shafer et al (2001) stated ethical awareness of internal auditor have influence toward internal audit effectiveness, where ethical awareness is basis of consideration of individual value and belief, moral awareness, which have important role while make final decision. Accountants would be faced to any kind of ethical issues in the daily lives, their unethical awareness can destruct all interests parties, an for this reason, accountants have to adaptable with quick change on accounting standard to develop professionalism and accountants ethics. This result of this research is different with Andi et al (2015) stated that ethical awareness did not gave influence toward internal audit effectiveness.

H2b: Ethical Awareness of Internal Auditor have positive influence toward Internal Audit Effectiveness.

Influence of Moral Character toward Internal Audit Effectiveness moderated by Whistleblowing System Implementation.

The result of this research showed Ha3a has accepted and Ho3a has rejected, it means moral character as quasi moderator of whistleblowing system implementation toward internal audit effectiveness.

Whistleblowing system is disclosure tool by organization member from illegal practice, and immoral which that will impact to someone or organization (Mesmer-Magnus and Viswesvaran, 2005). Internal audit should be applied by each companies, which internal audit aims to help management of company carry out its duties by providing analysis, assessment, advice about activities audited by internal auditor, for that reason, whistleblowing system expected can give improvement to management so that can be

maximal (Dina and Wiwit, 2019). The result of this research supported by Lickona (2016) stated character is good objectivity of human quality, good character is knowing, wanting, and doing the right things that can direct into moral life.

The results of this research is consistent with Libby and Thorne (2007), Sasongko et al (2018), Babeau et al (1999), Murphy (1999), Windsor and Ashkanasy (1995), and Lord and DeZoort (2001) which state that character of moral is important cause auditor have main role to guard all parties who have an interest. The character of moral quality on auditor is important factor in carrying out his duties as a professional, also ethics decision making which appropriate on expectations in the auditor's evidence for the public.

H3a: Moral Character have Positive Influence toward Internal Audit Effectiveness moderated by Whistleblowing System Implementation.

Influence Ethical Awareness of Internal Auditor toward Internal Audit Effectiveness moderated by Whistleblowing System Implementation.

Hypothesis test results in this study indicate that Ho3b is accepted and Ha3b is rejected, meaning that whistleblowing system implementation is not a moderator of the ethical awareness of internal auditor toward effectiveness of internal audit.

This research result is different with Hermi (2017), Hasmanidar and Eny (2014), Yuneita et al (2011), Amilin and Andi (2009), Reynolds (2006), Umi and Nur (2001), and Shafer et al (2001) stated ethical awareness is moral attitude of auditors who are aware to professional ethics and other rules relating to auditor profession in carrying out their duties to improve efficiency and effectiveness. The result of this research is consistent with Andi et al (2015) stated ethical awareness of auditor did not dominated the audit findings in the field which must notified and provided recommendations objectively.

H3b: Ethical Awareness of Internal Auditor have Positive Influence toward Internal Audit Effectiveness moderated by Whistleblowing System Implementation.

CONCLUSION

This research objective is to test how influence of moral character and ethical awareness of internal auditor toward internal audit effectiveness with whistleblowing system implementation as

moderating variable, from the result of this research and discussions can be concluded that:

Simultaneously (F test) variable of moral character and ethical awareness internal auditor simultaneously influence toward internal audit effectiveness. Partially (t test) variable moral character does not give any influence toward internal audit effectiveness and ethical awareness give significantly and positive impact toward effectiveness of intern audit. On moderation (MRA test) whistleblowing system implementation as quasi moderator of moral character toward internal audit effectiveness and whistleblowing system implementation is not moderator of ethical

awareness of internal auditor toward internal audit effectiveness.

Based on conclusions that have explained, the researcher give an suggestions:

1. For Companies
It is recommend for companies, this research should use as internal auditor review to produce an appropriate and better internal audit effectiveness.
2. For Further Research
Future research are expected to broaden the scope of research to obtain general conclusions so that better result can be obtained and can understand what variables affect and moderate the internal audit effectiveness.

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