

# Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

## Research Horizon

Volume: 06

Issue: 02

Year: 2026

Page: 917-932

## Citation:

Gayatri, P. A., Kurniawan, P.S., & Prayudi, M.A. (2026). The effects of whistleblowing and supervisory professionalism on fraud prevention with organizational culture as a moderating variable. *Research Horizon*, 6(2), 917-932.

## Article History:

Received: March 10, 2026

Revised: March 24, 2026

Accepted: April 27, 2026

Online since: April 30, 2026

# The Effect of Whistleblowing and Supervisory Professionalism on Fraud Prevention with Organizational Culture as Moderating Variable

Putu Anisa Gayatri<sup>1\*</sup>, Putu Sukma Kurniawan<sup>1</sup>, Made Aristia Prayudi<sup>1</sup>

<sup>1</sup> Universitas Pendidikan Ganesha, Buleleng, Indonesia

\* Corresponding author: Putu Anisa Gayatri ([anisa.gayatri@student.undiksha.ac.id](mailto:anisa.gayatri@student.undiksha.ac.id))

## Abstract

This research is motivated by the high potential and cases of fraud in Village Credit Institutions (*Lembaga Perkreditan Desa/LPD*) despite the implementation of various internal control mechanisms, so it is necessary to understand the factors that influence fraud prevention. This study aims to analyze the influence of the whistleblowing system and the professionalism of the supervisory board on fraud prevention, as well as to test the moderating role of organizational culture based on Tri Kaya Parisudha. The method used is a causal quantitative approach with a purposive sampling technique on 212 respondents. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that the whistleblowing system, the professionalism of the supervisory board, and organizational culture have a positive and significant effect on fraud prevention. However, organizational culture was not proven to moderate the relationship between the independent variables and fraud prevention. In conclusion, fraud prevention is more effectively achieved through a combination of formal mechanisms and a strong organizational culture, although the interaction of the two does not always significantly reinforce each other.

## Keywords

Fraud Prevention, Organizational Culture, Professionalism, Whistleblowing System.

## 1. Introduction

Fraud, defined as intentional deception for personal gain, is a critical issue in both public and private sectors. Despite the implementation of various control mechanisms, fraudulent practices persist and threaten organizational sustainability. Perpetrators often employ sophisticated schemes that are difficult to detect, resulting in substantial financial losses. According to Adib and Rahma (2024), fraud includes abuse of position, asset misappropriation, and the misuse of organizational resources for personal benefit (Anantawikrama & Daniel, 2019). High-profile cases such as Enron, PT Asuransi Jiwasraya, and Rapid Response Action (*Aksi Cepat Tanggap/ACT*) (Panuntun & Adristi, 2021; Idris, 2022; Gayatri et al., 2024) demonstrate severe consequences, including financial loss, reputational damage, and declining public trust.

In the local context, Village Credit Institutions (*Lembaga Perkreditan Desa/LPD*) in Bali represent a unique form of microfinance institution that plays a crucial role in supporting the economic welfare of traditional communities. Established under the Decree of the Governor of Bali Number 972 of 1984 and reinforced by Provincial Regulation Number 8 of 2012, LPD operates within the customary village system and is collectively owned by the community (Saputra et al., 2019). Despite its rapid growth, the quality of governance within many LPDs remains a concern. Various fraud cases, including asset misappropriation, financial statement manipulation, and corruption, have been reported across regions, particularly in Buleleng Regency (Utami, 2025). This condition reflects weaknesses in supervision and fraud prevention mechanisms within these institutions.

From a theoretical perspective, fraud can be explained using the Fraud Triangle, which consists of pressure, opportunity, and rationalization, and the Fraud Diamond, which adds capability as a critical factor (Cressey, 1953; Wolfe & Hermanson, 2004). Within this framework, the whistleblowing system and supervisory board professionalism emerge as key determinants of fraud prevention. A whistleblowing system serves as an internal reporting mechanism that enables individuals to disclose unethical or illegal activities, thereby facilitating early detection and deterrence of fraud (Widyawati et al., 2019; Setiyawan & Ayu, 2023). Meanwhile, supervisory board professionalism, characterized by dedication, independence, and social responsibility, plays an essential role in reducing opportunities for fraud through effective oversight (Arnanda et al., 2022; Arafah & Suparno, 2023).

However, prior empirical findings by Gede et al. (2017) and Saputra et al. (2023) regarding these relationships remain inconsistent. Some studies report that whistleblowing systems have a positive and significant effect on fraud prevention, whereas others find no significant influence, particularly in communities with strong social cohesion where reporting misconduct may be perceived as disrupting harmony. Similarly, the effect of supervisory board professionalism on fraud prevention has produced mixed results (Murti et al., 2019; Ervinia et al., 2021). These inconsistencies suggest the presence of moderating variables that may influence these relationships, one of which is organizational culture (Saputra & Sanjaya, 2019).

Organizational culture, particularly local wisdom such as *Tri Kaya Parisudha*, which emphasizes good thinking (*manacika*), good speech (*wacika*), and good conduct (*kayika*), is believed to promote ethical behavior within organizations (Dewi et al., 2022; Melinda et al., 2023). In the context of LPD, this cultural framework may shape how formal mechanisms such as whistleblowing systems and supervisory practices function in preventing fraud. However, studies integrating local cultural values as moderating variables remain limited. Munirah and Nurkhin (2018) found that *Tri Kaya Parisudha* can moderate certain relationships, although not consistently across all variables, while Natalia et al. (2020) demonstrated that

organizational culture can strengthen the effect of professionalism in other contexts. Therefore, a research gap exists regarding the moderating role of organizational culture in the relationship between whistleblowing systems, supervisory board professionalism, and fraud prevention, particularly within the unique socio-cultural setting of LPD in Buleleng.

Addressing this gap, the present study offers novelty by integrating Tri Kaya Parisudha-based organizational culture as a moderating variable in the fraud prevention model within LPD. Tri Kaya Parisudha represents an ethical framework emphasizing the harmony of thought, speech, and action. This study examines the direct effects of whistleblowing systems and supervisory board professionalism on fraud prevention, as well as the moderating role of organizational culture in these relationships. The study contributes theoretically by enriching fraud prevention literature through the integration of formal governance mechanisms and local cultural values, and practically by providing insights for LPD management and policymakers in designing more effective and contextually relevant strategies.

## **2. Literature Review and Hypothesis Development**

### **2.1. The Effect of the Whistleblowing System on Fraud Prevention**

A whistleblowing system is defined as a structured mechanism that enables members of an organization to report suspected illegal, unethical, or harmful activities through secure and confidential channels, accompanied by protection for reporters and clear follow-up procedures. In the context of LPD, such a system is particularly important because these institutions manage community-based financial resources where trust, accountability, and social cohesion are fundamental. The existence of an effective whistleblowing system enhances transparency and strengthens internal control by allowing early detection of irregularities before they escalate into significant fraud cases. This preventive function is crucial in reducing information asymmetry and limiting opportunities for misconduct within the organization (Amyar et al., 2023; Putu & Wibawa, 2024; Putu et al., 2024).

Furthermore, whistleblowing is often conceptualized as a form of prosocial behavior, where individuals act in the interest of the organization and the broader community by reporting unethical practices. Empirical studies consistently demonstrate that the implementation of whistleblowing systems contributes positively to fraud prevention by fostering an ethical climate and encouraging accountability. Research conducted by Widyawati et al. (2019) and Saputra et al. (2023) confirms that whistleblowing mechanisms significantly reduce fraud risk in Balinese financial institutions, including LPD. These findings indicate that organizations with well-established reporting systems are better equipped to detect and prevent fraudulent activities at an early stage.

H1: The whistleblowing system has a positive effect on fraud prevention.

### **2.2. The Effect of Supervisory Board Professionalism on Fraud Prevention**

Supervisory board professionalism refers to the level of competence, independence, ethical integrity, and responsibility demonstrated by oversight bodies in carrying out monitoring, evaluation, and auditing functions within an organization. In LPD, supervisory roles are typically performed by customary leaders who hold authority in ensuring operational transparency and accountability. High levels of professionalism among supervisory board members enhance the effectiveness of internal control systems by ensuring that financial activities are conducted in accordance with established regulations and ethical standards. This, in turn, minimizes the likelihood of fraud by reducing opportunities for manipulation and misconduct (Sujana et al., 2019).

In addition, professional supervisory boards play a critical role in fostering a culture of accountability and discipline within the organization. Effective supervision involves not only monitoring compliance but also proactively identifying potential risks and implementing corrective measures. Empirical evidence suggests that strong oversight mechanisms significantly reduce fraud tendencies in village-based institutions. Sujana et al. (2019) found that supervisory professionalism improves fraud prevention by strengthening control quality, while Murti et al. (2019) highlighted that effective supervision reduces the risk of financial irregularities. These findings underscore the importance of competent and ethical supervisory boards in safeguarding organizational integrity and preventing fraudulent practices.

H2: Supervisory board professionalism has a positive effect on fraud prevention.

### 2.3. The Effect of Organizational Culture on Fraud Prevention

Organizational culture plays a crucial role in shaping ethical behavior and influencing decision-making processes within institutions. In the context of LPD, organizational culture based on *Tri Kaya Parisudha* emphasizes the alignment of thought (*manacika*), speech (*wacika*), and action (*kayika*) as fundamental ethical principles guiding individual and organizational conduct. This cultural framework promotes moral awareness and encourages individuals to act in a responsible and ethical manner. By internalizing these values, employees are more likely to avoid unethical behavior, thereby reducing the likelihood of fraud. Previous research indicates that strong ethical cultures significantly contribute to fraud prevention by reinforcing integrity and accountability (Dewi & Padnyawati, 2022).

The principles of *Tri Kaya Parisudha* emphasize that good behavior originates from pure thoughts, which subsequently influence speech and actions, thereby creating a harmonious and ethical organizational environment (Saputra & Sanjaya, 2019). This alignment fosters self-regulation among organizational members and strengthens internal moral controls, complementing formal governance mechanisms. Empirical findings support the argument that organizations with strong cultural values are more resilient to fraudulent behavior. Dewi and Padnyawati (2022) found that the implementation of *Tri Kaya Parisudha*-based culture reduces fraud tendencies by enhancing ethical awareness and promoting positive conduct. Therefore, organizational culture serves as a critical factor in strengthening fraud prevention efforts within LPD.

H3: Organizational culture has a positive effect on fraud prevention.

### 2.4. The Effect of Organizational Culture as a Moderator Variable

Organizational culture based on *Tri Kaya Parisudha* is expected to strengthen the relationship between the whistleblowing system and fraud prevention. This cultural value emphasizes ethical thinking, speech, and behavior, which may encourage individuals to view reporting misconduct as a moral responsibility rather than a disruption to social harmony. Wardah et al. (2022) argue that strong internalization of *Tri Kaya Parisudha* can enhance the effectiveness of whistleblowing systems by reinforcing ethical awareness. Dewi and Atmadja (2021) further support that this cultural framework directly reduces fraud tendencies through moral discipline. However, Saputra and Sanjaya (2019) note that in some traditional contexts, cultural emphasis on harmony may weaken formal reporting behavior.

In addition, organizational culture is also expected to strengthen the relationship between supervisory board professionalism and fraud prevention. When ethical values are deeply embedded within organizational practices, supervisory board members are more likely to perform their duties with integrity and accountability.

Wayan (2022) found that organizational culture enhances the impact of professional oversight by creating a supportive environment for ethical decision-making. Warmita and Wati (2022) also demonstrated that *Tri Kaya Parisudha* reinforces the effectiveness of internal control systems in reducing fraud. Meliana and Sujana (2024) emphasized that a strong ethical culture promotes transparency and minimizes opportunities for misconduct. Within Fraud Diamond Theory, culture reduces rationalization and limits the misuse of capability.

H4: Organizational culture moderates the relationship between the whistleblowing system and fraud prevention.

H5: Organizational culture moderates the relationship between supervisory board professionalism and fraud prevention.

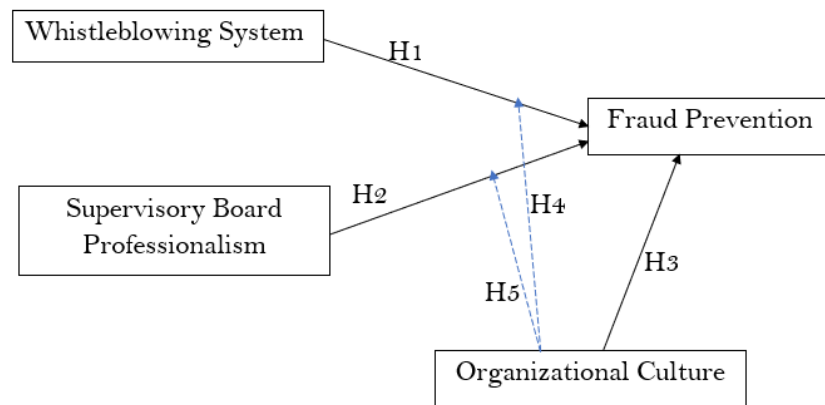


Figure 1. Conceptual Framework

Figure 1 presents the conceptual model of this study, which illustrates the relationship between the whistleblowing system, supervisory board professionalism, organizational culture, and fraud prevention in LPD Buleleng. The model indicates that the whistleblowing system (H1) and supervisory board professionalism (H2) are hypothesized to have a direct positive influence on fraud prevention, indicating that stronger reporting mechanisms and more professional oversight contribute to fraud risk reduction. Furthermore, organizational culture based on *Tri Kaya Parisudha* is proposed to have a direct positive influence on fraud prevention (H3), reflecting its role in shaping ethical behavior within the institution. Beyond this direct relationship, organizational culture is also positioned as a moderating variable, where it is expected to strengthen the influence of the whistleblowing system (H4) and supervisory board professionalism (H5) on fraud prevention, as indicated by the interaction paths in the model.

### 3. Methods

This study employs a causal associative quantitative approach to examine the relationships between variables. The design is suitable because the research aims to test the influence of the whistleblowing system and supervisory board professionalism on fraud prevention, as well as the moderating role of organizational culture in those relationships. A quantitative method was chosen since the data collected are numerical and can be analyzed statistically to draw clear conclusions about the hypothesized connections. The research was conducted at Village Credit Institutions (*Lembaga Perkreditasi Desa/LPD*) located across Buleleng Regency, Bali. Data collection focused on institutions that operate under traditional village governance and manage community financial resources.

The population comprised chairpersons, secretaries, treasurers, and employees from 169 LPD units in Buleleng Regency, totaling approximately 793 individuals. The sample was selected using purposive sampling, a non-probability technique based on specific criteria aligned with the research objectives. Respondents were required to have at least two years of work experience in LPD and a minimum education level of senior high school or equivalent, ensuring adequate understanding of operations, internal controls, and fraud risks. Sample size determination followed Hair et al. (2017), recommending five to ten times the number of indicators. With 20 indicators, the target sample was 200 respondents, and 212 valid responses were obtained after data screening.

Four main variables were examined in this research. Fraud prevention served as the dependent variable and was measured through four key aspects: implementation of anti-fraud policies, procedures for handling fraud prevention, internal control techniques, and staff sensitivity toward fraud indicators. Whistleblowing system and supervisory board professionalism acted as independent variables. The whistleblowing system was assessed using eight indicators covering perception of implementation, commitment, reporter protection, management structure, reporting channels, socialization, compensation for reporters, and system evaluation. Supervisory board professionalism was evaluated with five indicators, including dedication to the profession, social responsibility, independence, belief in the profession, and relationships with fellow professionals. Organizational culture, measured through the *Tri Kaya Parisudha* concept, functioned as the moderating variable and was captured by three indicators: good thinking (*manacika*), good speaking (*wacika*), and good acting (*kayika*). All variables were measured using a four-point Likert scale ranging from 1 (strongly disagree) to 4 (strongly agree) to avoid neutral responses and obtain clearer respondent tendencies.

Primary data were gathered through field research by distributing questionnaires directly to selected respondents. The questionnaires contained statements related to each variable, and respondents were asked to indicate their level of agreement. Secondary data were also collected through library research from books, journal articles, previous theses, and relevant online sources to support the theoretical foundation and instrument development. After data collection, the analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3 software. This method is particularly appropriate for this study because it does not require strict assumptions about data normality and can handle relatively small sample sizes effectively. The analysis included evaluation of the measurement model (outer model) for validity and reliability, as well as the structural model (inner model) to test the hypothesized relationships and moderating effects.

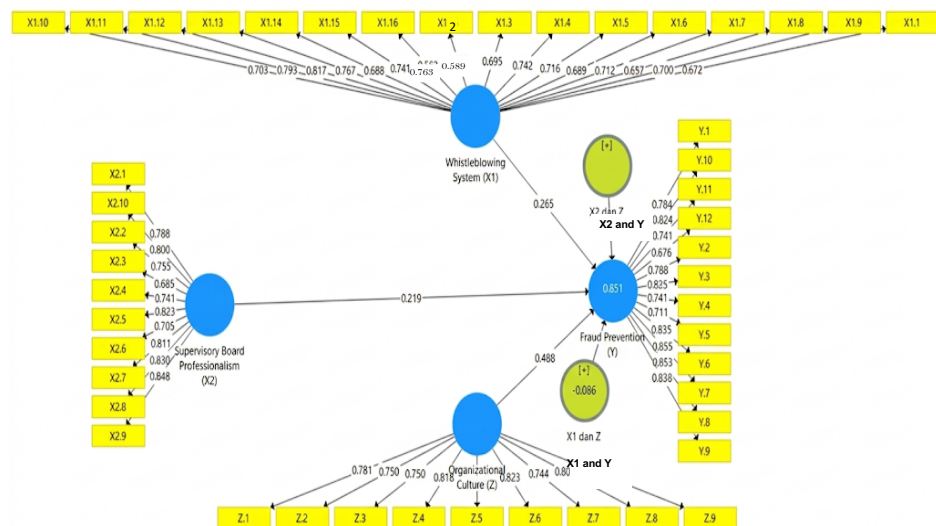
#### 4. Results

This section presents the findings of the study based on data collected from 212 respondents working in LPD across Buleleng Regency. The analysis begins with a description of the respondents' characteristics, followed by descriptive statistics of the research variables, evaluation of the measurement model, assessment of the structural model, and finally, the results of hypothesis testing. All analyses were performed using SmartPLS 3 software through the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach.

**Table 1.** Characteristics of Respondent

Characteristics	Classification	Frequency	Percentage
Age	≤ 20 years	0	0.0%
	21 – 30 years	34	16.0%
	31 – 40 years	58	27.4%
	41 – 50 years	74	34.9%
	> 50 years	46	21.7%
Gender	Male	126	59.4%
	Female	86	40.6%
Education Level	Senior High School/Vocational High School	114	53.8%
	Diploma	12	5.7%
	Bachelor's Degree	84	39.6%
	Master's Degree	2	0.9%
	Total		212

Table 1 presents the characteristics of respondents based on age, gender, education level, and years of work experience. In terms of age, the majority of respondents are in the 41–50 years group (34.9%), followed by those aged 31–40 years (27.4%) and over 50 years (21.7%), indicating a dominance of mature and experienced individuals. Regarding gender, respondents are predominantly male (59.4%) compared to female (40.6%). In terms of educational background, most respondents hold a senior high school or vocational high school qualification (53.8%), followed by bachelor's degrees (39.6%), diplomas (5.7%), and master's degrees (0.9%). With respect to work experience, the majority have 5–10 years of experience (60.4%), followed by less than 5 years (22.2%) and more than 10 years (17.5%). These findings suggest that the respondents are largely composed of individuals with considerable work experience and moderate to high educational backgrounds.



**Figure 2.** Structure Model

Figure 2 shows the analysis proceeded with the evaluation of the measurement model (outer model) to ensure the validity and reliability of the research instruments. Convergent validity was first assessed through outer loading values. The majority of indicators exhibited strong loadings above the recommended threshold of 0.70.

However, one indicator from the whistleblowing system variable (X1.2) showed a loading value of 0.589 and was therefore removed from further analysis. Following this adjustment, the remaining indicators demonstrated acceptable to strong loadings, with most exceeding 0.70 and several surpassing 0.80. Figure 2 presents the complete measurement model after the refinement of indicators.

**Table 2.** Validity and Reliability Test After Elimination

Variable	Items	Factor Loading	AVE	Cronbach's Alpha	Composite Reliability
Whistleblowing System	X1.1	0.642	0.530	0.936	0.944
	X1.2	0.691			
	X1.3	0.751			
	X1.4	0.714			
	X1.5	0.693			
	X1.6	0.713			
	X1.7	0.667			
	X1.8	0.709			
	X1.9	0.720			
	X1.10	0.803			
	X1.11	0.824			
	X1.12	0.778			
	X1.13	0.698			
	X1.14	0.742			
	X1.15	0.751			
	X1.16	0.642			
Supervisory Board Professionalism	X2.1	0.788	0.609	0.928	0.939
	X2.2	0.755			
	X2.3	0.685			
	X2.4	0.741			
	X2.5	0.823			
	X2.6	0.705			
	X2.7	0.811			
	X2.8	0.830			
	X2.9	0.848			
	X2.10	0.800			
Organizational Culture	Z.1	0.781	0.601	0.916	0.931
	Z.2	0.750			
	Z.3	0.750			
	Z.4	0.818			
	Z.5	0.670			
	Z.6	0.823			
	Z.7	0.744			
	Z.8	0.801			
	Z.9	0.825			
Fraud Prevention	Y.1	0.784	0.626	0.945	0.952
	Y.2	0.788			
	Y.3	0.825			
	Y.4	0.741			
	Y.5	0.711			
	Y.6	0.835			
	Y.7	0.855			
	Y.8	0.853			
	Y.9	0.838			
	Y.10	0.824			
	Y.11	0.741			
	Y.12	0.676			

Discriminant validity was evaluated using cross-loading and Average Variance Extracted (AVE) values. The cross-loading results indicate that each indicator loads highest on its respective construct compared to other constructs, confirming adequate discriminant validity. Furthermore, all AVE values exceeded the minimum threshold of 0.50, with the whistleblowing system at 0.530, supervisory board professionalism at 0.609, organizational culture at 0.601, and fraud prevention at 0.626.

Table 2 presents the outer loading values after the elimination of invalid indicators across all constructs, namely, whistleblowing system, supervisory board professionalism, organizational culture, and fraud prevention. The results indicate that most indicators exhibit loading values close to or above the recommended threshold of 0.70, demonstrating acceptable convergent validity. Several indicators, particularly within supervisory board professionalism and fraud prevention, show strong loadings exceeding 0.80, indicating high reliability in measuring their respective constructs. Although a few indicators in the whistleblowing system and organizational culture variables still display slightly lower loadings (around 0.64–0.69), they remain within acceptable limits for exploratory research. The refined measurement model can be considered valid and reliable for subsequent analysis.

Table 2 presents the results of the validity and reliability tests for all research variables, namely organizational culture, fraud prevention, supervisory board professionalism, and the whistleblowing system. In addition, the Cronbach’s Alpha and Composite Reliability values for all variables are above 0.70, with very high ranges of 0.916–0.945 and 0.931–0.952. These results indicate strong internal consistency and high reliability of the measurement instruments. Therefore, all constructs in this study are confirmed to be valid and reliable, making them suitable for further analysis.

**Table 3.** Cross Loading

Variable	Items	Z	Y	X2	X1	
Whistleblowing System (X1)	X1.10	0.463	0.562	0.605	0.720	
	X1.11	0.618	0.667	0.708	0.803	
	X1.12	0.603	0.652	0.731	0.824	
	X1.13	0.547	0.607	0.676	0.778	
	X1.14	0.532	0.557	0.595	0.698	
	X1.15	0.547	0.595	0.670	0.742	
	X1.16	0.633	0.639	0.685	0.751	
	X1.1	0.617	0.636	0.600	0.642	
	X1.3	0.577	0.635	0.664	0.691	
	X1.4	0.547	0.561	0.634	0.751	
	X1.5	0.537	0.566	0.570	0.714	
	X1.6	0.443	0.512	0.590	0.693	
	X1.7	0.540	0.590	0.621	0.713	
	X1.8	0.444	0.523	0.568	0.667	
	X1.9	0.499	0.568	0.619	0.709	
	X1.10	0.463	0.562	0.605	0.720	
	Supervisory Board Professionalism (X2)	X2.1	0.590	0.627	0.788	0.666
		X2.10	0.645	0.676	0.800	0.724
		X2.2	0.589	0.644	0.755	0.640
X2.3		0.534	0.576	0.685	0.569	
X2.4		0.644	0.638	0.741	0.640	
X2.5		0.658	0.694	0.823	0.710	
X2.6		0.653	0.690	0.705	0.611	
X2.7		0.641	0.700	0.811	0.745	
X2.8		0.674	0.715	0.830	0.734	
X2.9		0.688	0.718	0.848	0.782	
Z.1	0.781	0.722	0.757	0.658		

Variable	Items	Z	Y	X2	X1
Organizational Culture (Z)	Z.2	0.750	0.649	0.687	0.640
	Z.3	0.750	0.640	0.678	0.670
	Z.4	0.818	0.689	0.680	0.630
	Z.5	0.670	0.552	0.552	0.548
	Z.6	0.823	0.755	0.623	0.577
	Z.7	0.744	0.668	0.565	0.504
	Z.8	0.801	0.720	0.578	0.515
	Z.9	0.825	0.716	0.549	0.524
	Fraud Prevention (Y)	Y.1	0.759	0.784	0.702
Y.10		0.698	0.824	0.723	0.695
Y.11		0.663	0.741	0.625	0.612
Y.12		0.617	0.676	0.600	0.642
Y.2		0.661	0.788	0.650	0.631
Y.3		0.741	0.825	0.729	0.673
Y.4		0.643	0.741	0.690	0.684
Y.5		0.624	0.711	0.556	0.558
Y.6		0.744	0.835	0.676	0.625
Y.7		0.758	0.855	0.710	0.655
Y.8		0.707	0.853	0.713	0.681
Y.9		0.717	0.838	0.751	0.723

Table 3 shows the results of the cross-loading analysis, indicating that each indicator has the highest loading on its respective construct compared to other constructs. For instance, indicator X1.12 exhibits a loading value of 0.824 on the whistleblowing system construct, which is higher than its loadings on other constructs. Similarly, indicator X2.9 shows the highest loading on the professionalism construct at 0.848, indicator Y.7 on the fraud prevention construct at 0.855, and indicator Z.9 on organizational culture at 0.825. Therefore, these findings suggest that the indicators used in this study satisfy the criteria for discriminant validity based on cross-loading, as each indicator demonstrates the strongest association with its intended construct compared to others.

**Table 4.** R-Square and Q-Square

Test Statistics	Value
Dependent Variable	Fraud Prevention
R-Square	0.849
Adjusted R-Square	0.845
Q <sup>2</sup>	0.520

Table 4 presents the results of the R-square, adjusted R-square, and Q-square values for the fraud prevention variable. The R-square value of 0.849 indicates that 84.9% of the variance in fraud prevention can be explained by the independent variables included in the model, while the remaining 15.1% is influenced by other factors not examined in this study. The adjusted R-square value of 0.845 shows a slight adjustment after considering the number of predictors, confirming the robustness of the model's explanatory power. Meanwhile, the Q-square value of 0.520 indicates that the model has a strong predictive relevance, as values above zero suggest that the model is capable of effectively predicting the endogenous construct. These results demonstrate that the research model has a strong explanatory and predictive capability in explaining fraud prevention.

**Table 5.** F-square

Variable	F-Square
Organizational Culture	0.530
Supervisory Board Professionalism	0.062
Whistleblowing System	0.080

Table 5 presents the results of the effect size test, which indicates the magnitude of each independent variable’s contribution to fraud prevention. Organizational culture exhibits an F-square value of 0.530, which falls within the large effect category, indicating that this variable has a dominant influence in explaining fraud prevention. Meanwhile, supervisory board professionalism and the whistleblowing system show F-square values of 0.062 and 0.080, respectively, both of which are classified as small effects, suggesting relatively weak contributions to fraud prevention. These findings indicate that organizational culture is the most influential factor in the model compared to the other variables.

**Table 6.** Hypothesis Testing

Variable	Original Sample	Sample Mean	Standard Deviation	t-statistic	p-value
Whistleblowing System → Fraud Prevention	0.240	0.226	0.092	2.618	0.009
Supervisory Board Professionalism → Fraud Prevention	0.234	0.224	0.080	2.917	0.004
Organizational Culture → Fraud Prevention	0.499	0.524	0.092	5.402	0.000
Whistleblowing System*Organizational Culture → Fraud Prevention	-0.076	-0.061	0.108	0.707	0.480
Supervisory Board Professionalism*Organizational Culture → Fraud Prevention	0.027	0.019	0.087	0.305	0.760

Table 6 presents the results of hypothesis testing using the bootstrapping method. The findings show that the whistleblowing system has a positive and significant effect on fraud prevention ( $\beta = 0.240$ ;  $t = 2.618$ ;  $p = 0.009$ ), indicating that the hypothesis is supported. Similarly, supervisory board professionalism also has a positive and significant effect on fraud prevention ( $\beta = 0.234$ ;  $t = 2.917$ ;  $p = 0.004$ ), and organizational culture shows the strongest positive and significant influence ( $\beta = 0.499$ ;  $t = 5.402$ ;  $p = 0.000$ ), confirming that all direct effect hypotheses are accepted. However, the interaction effects of organizational culture with both the whistleblowing system ( $\beta = -0.076$ ;  $t = 0.707$ ;  $p = 0.480$ ) and supervisory board professionalism ( $\beta = 0.027$ ;  $t = 0.305$ ;  $p = 0.760$ ) are not significant, as their p-values exceed 0.05. This indicates that organizational culture does not moderate the relationships between the independent variables and fraud prevention in this study.

### 5. Discussion

The findings of this study provide important insights into the factors influencing fraud prevention in Village Credit Institutions (*Lembaga Perkreditan Desa/LPD*) in Buleleng Regency. The whistleblowing system was found to have a positive and significant effect on fraud prevention. This result indicates that when LPDs implement a clear reporting system with appropriate channels, protection for whistleblowers, and effective follow-up procedures, the likelihood of fraud occurrence decreases. In general, respondents perceived that the whistleblowing

system within their institutions functions effectively, supporting the notion that accessible and trustworthy reporting mechanisms can create a stronger deterrent effect. According to Widyawati et al. (2019), a well-functioning whistleblowing system serves as an effective internal control mechanism that promotes transparency and enables early detection of irregularities in village financial management. These findings are consistent with previous studies conducted in similar Balinese microfinance contexts, confirming that whistleblowing contributes positively to reducing fraud opportunities, as explained in Fraud Diamond Theory.

Supervisory board professionalism also demonstrated a positive and significant influence on fraud prevention. This suggests that when members of the supervisory board perform their monitoring and auditing responsibilities with high dedication, independence, and adherence to professional standards, they are able to effectively limit opportunities for misconduct. In the LPD context, where oversight often relies on customary leaders rather than external auditors, the role of a professional supervisory board becomes particularly critical. According to Utama and Rahajeng (2023), higher levels of supervisory board professionalism reduce tendencies toward accounting fraud by strengthening internal control systems and ensuring more objective decision-making. Similarly, Suyono and Farooque (2019) found that professional oversight enhances fraud prevention efforts in rural financial institutions. These results support the capability and opportunity dimensions of Fraud Diamond Theory, indicating that competent and ethical supervision can counterbalance the advantages that capable individuals might otherwise exploit.

Organizational culture based on *Tri Kaya Parisudha* was also found to have a positive and significant direct influence on fraud prevention. This indicates that stronger internalization of ethical values based on correct thinking (*manacika*), correct speech (*wacika*), and correct action (*kayika*) significantly improves fraud prevention within LPDs (Dewi et al., 2022; Melinda et al., 2023). These values foster moral awareness, discipline, and ethical behavior among employees, thereby reducing the likelihood of fraudulent acts. These results imply that organizational culture plays a significant role as an internal moral control mechanism that directly shapes individual behavior in financial management practices.

Organizational culture based on *Tri Kaya Parisudha* did not moderate the relationship between the whistleblowing system and fraud prevention, nor between supervisory board professionalism and fraud prevention. Although the organizational culture variable exhibited the strongest direct positive effect on fraud prevention, its interaction effects with both independent variables were not statistically significant. This suggests that, while *Tri Kaya Parisudha* values contribute directly to fostering an ethical environment, they do not necessarily strengthen or weaken the effectiveness of formal mechanisms such as whistleblowing systems and supervisory board professionalism in this context. According to Natalia et al. (2020), the moderating role of *Tri Kaya Parisudha* may vary depending on the extent to which these values are internalized in daily organizational practices. The non-significant moderating effects in this study may indicate that formal systems within LPDs operate relatively independently of cultural influences, or that the implementation of *Tri Kaya Parisudha* has not yet fully translated into behavioral changes affecting these relationships.

The results highlight both the strengths and limitations of relying on formal and cultural factors in community-based financial institutions. The high explanatory power of the model (84.5 percent) indicates that the whistleblowing system, supervisory board professionalism, and organizational culture collectively form a meaningful framework for understanding fraud prevention in LPDs. However, the absence of moderating effects suggests that strengthening formal mechanisms and reinforcing ethical culture should be pursued as parallel rather than interdependent strategies.

## 6. Conclusion

The results showed that both the whistleblowing system and supervisory board professionalism have positive and significant effects on fraud prevention. Organizational culture also demonstrated a strong direct positive influence on fraud prevention. However, it did not moderate the relationships between the whistleblowing system and fraud prevention or between supervisory board professionalism and fraud prevention. These findings indicate that formal mechanisms such as reporting systems and professional oversight play important roles in reducing fraud, while a strong ethical culture contributes directly to creating a more honest working environment in LPD, even though it does not strengthen the effects of the other two variables in this context.

The practical implications of this research suggest that LPD management should focus on improving the quality and accessibility of whistleblowing systems and enhancing the professionalism of supervisory boards through continuous training and clear standards. Although organizational culture did not act as a moderator, its significant direct effect highlights the importance of consistently promoting *Tri Kaya Parisudha* values to support ethical behavior among staff and leaders. This study has several limitations, including its focus only on LPD in Buleleng Regency, which may limit the generalizability of the findings to other regions in Bali or different types of institutions. Future research could expand the sample to cover more districts, incorporate additional variables such as internal control effectiveness or individual moral values, and use mixed methods to gain a deeper understanding of how cultural factors interact with formal systems in preventing fraud within community-based financial organizations.

## References

- Adib, N., & Rahma, M. (2024). Financial reporting in the perception of heptagon fraud theory. *Jurnal Ilmiah Manajemen Kesatuan*, 12(6), 2559–2568.
- Amyar, F., Rahma, A., Azis, N., & Suwarno, S. (2023). The effect of auditor's professional skepticism and whistleblowing system on fraud detection: Evidence from Indonesian public sector audit. *Research Horizon*, 3(4), 477–486.
- Anantawikrama, T. K., & Daniel, D. (2019). Proactive fraud audit, whistleblowing and cultural implementation of Tri Hita Karana for fraud prevention. *European Research Studies Journal*, 22(3), 201–214.
- Arafah, F. N., & Suparno, S. (2023). Apakah profesionalisme, kompetensi, dan pengalaman auditor berperan dalam mendeteksi kecurangan?. *Jurnal Ilmiah Akuntansi dan Keuangan*, 8(3), 302–310.
- Arnanda, C. R., Purba, V. D., & Putri, A. P. (2022). Pengaruh kompetensi, profesionalisme, beban kerja, pengalaman auditor terhadap kemampuan auditor dalam mendeteksi kecurangan. *Jurnal Akuntansi*, 6(7), 769–780.
- Cressey, D. R. (1953). Other people's money; a study of the social psychology of embezzlement. *Psychne*, 1(1), 1–12.
- Dewi, L. P., Sunaryo, K., & Yulianti, R. (2022). Pengaruh kompetensi aparatur, moralitas individu, budaya organisasi, praktik akuntabilitas, dan whistleblowing terhadap pencegahan fraud dalam pengelolaan dana desa (Studi empiris pada desa di Kecamatan Prambanan, Klaten). *Jurnal Akuntansi Trisakti*, 9(2), 327–340.
- Dewi, N. L. G. K., & Padnyawati, K. D. (2022). Pengaruh whistleblowing system, good government governance dan efektivitas pengendalian internal terhadap pencegahan kecurangan dalam pengelolaan dana desa (Studi empiris pada desa se-Kecamatan Denpasar Utara). *Hita Akuntansi dan Keuangan*, 3(4), 334–344.
- Dewi, P. N. A., & Atmadja, A. T. (2021). Pengaruh konsep Tri Kaya Parisudha, keefektifan pengendalian internal, persepsi kesesuaian kompensasi dan implementasi good corporate governance terhadap kecenderungan kecurangan (fraud) pada Lembaga Perkreditan Desa di Kabupaten Karangasem. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi)*, 12(3), 852–864.

- Ervinia, P. N., Kusumawati, N. P. A., & Karyada, I. P. F. (2021). Pengaruh kecerdasan spiritual, kecerdasan emosional, dan penerapan budaya Tri Hita Karana terhadap kecenderungan kecurangan akuntansi (fraud) pada organisasi perangkat daerah Kabupaten Buleleng. *Hita Akuntansi dan Keuangan*, 2(1), 200-225.
- Gayatri, P. A., Ayu, G., Rencana, K., Dewi, S., & Ekonomi, J. (2024). Pengaruh penerapan green accounting dan kinerja lingkungan terhadap kinerja keuangan (Studi empiris pada perusahaan Indeks Kompas100 yang terdaftar di Bursa Efek Indonesia periode 2018-2022). *Jurnal Ekonomi*, 2(9), 969-979.
- Gede, A. K., Sujana, E., & Wahyuni, M. A. (2017). Pengaruh pengendalian internal, whistleblowing system moralitas aparat terhadap pencegahan fraud pada Dinas Pekerjaan Umum Kabupaten Buleleng. *E-Journal S1 Akuntansi*, 8(2), 1-10.
- Hair, J. F., Hult, G. T. M., & Ringle, C. M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Thousand Oaks: Sage Publications.
- Idris, B. (2022). *Kasus ACT, ini fakta-fakta dugaan penyelewengan dana masyarakat*. Retrieved on July 5, 2025, from <https://www.tempo.co/politik/kasus-act-ini-fakta-fakta-dugaan-penyelewengan-dana-masyarakat-327875>.
- Meliana, K. L., & Sujana, E. (2024). Pengaruh kesesuaian kompensasi, keefektifan pengendalian internal, dan budaya etis organisasi terhadap kecenderungan kecurangan (fraud) pada Lembaga Perkreditan Desa (Studi kasus pada LPD se-Kecamatan Kubutambahan). *Jurnal Ilmiah Akuntansi*, 14(2), 152-165.
- Melinda, D., Nurhayati, E., & Purnama, D. (2023). Pengaruh budaya organisasi, pengendalian internal, proactive fraud audit dan whistleblowing system terhadap pencegahan fraud dalam pengelolaan dana BOS. *Jurnal Riset Keuangan dan Akuntansi*, 9(1), 196-206.
- Munirah, A., & Nurkhin, A. (2018). Pengaruh faktor-faktor fraud diamond dan GONE theory terhadap kecurangan akademik. *Economic Education Analysis Journal*, 7(1), 120-139.
- Murti, N. W., Sujana, E., & Kurniawan, P. S. (2019). Pengaruh sistem pengendalian internal, profesionalisme badan pengawas, moralitas individu, dan keadilan prosedural terhadap kecenderungan kecurangan (fraud) (Studi empiris pada LPD se-Kecamatan Susut Kabupaten Bangli). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi)*, 9(2), 31-45.
- Natalia, N. M. D., Putra, I. M. W., & Datrini, L. K. (2020). Pengaruh profesionalisme, pengawas badan, moralitas individu, kompensasi, dan budaya organisasi terhadap kecenderungan kecurangan akuntansi. *Jurnal Riset Akuntansi Warmadewa*, 1(3), 27-31.
- Panuntun, B., & Irfan Adristi, F. (2021). The Jiwasraya and Asabri scandal: A description analysis & prevention solutions from investment political economic perspective. *International Journal of Economics, Business and Management Research*, 5(10), 71-99.
- Putu, N., & Wibawa, P. N. (2024). Moderate of organizational culture: Independence, integrity, professionalism and experience of internal auditors on fraud prevention. *Jurnal Ekonomi dan Bisnis*, 7(7), 184-195.
- Putu, N., Windika, T., Gde, C., Putra, B., & Muliati, N. K. (2024). Peran konsep Tri Kaya Parisudha dalam memoderasi pengaruh pengendalian internal dan asimetri informasi terhadap kecenderungan kecurangan (fraud). *Jurnal Akuntansi*, 9(2), 113-123.
- Saputra, I. P. E., Yuniasih, N. W., & Putra, I. P. D. S. (2023). Pengaruh whistleblowing system, proteksi awig-awig dan implementasi good corporate governance terhadap kecenderungan kecurangan (fraud). *Hita Akuntansi dan Keuangan*, 4(2), 84-97.
- Saputra, K. A. K., & Sanjaya, I. K. P. W. (2019). Whistleblowing and Tri Hita Karana to prevent village fund fraud in Bali. *International Journal of Religious and Cultural Studies*, 1(2), 68-73.
- Saputra, K. A. K., Trisnadewi, A. A. A. E., Anggiriawan, P. B., & Kawisana, P. G. W. P. (2019). Kebangkrutan Lembaga Perkreditan Desa (LPD) berdasarkan analisis berbagai faktor. *Jurnal Ilmiah Akuntansi*, 4(1), 1-23.
- Setiawan, I. P. A. A., & Ayu, C. P. (2023). Pengaruh ketaatan aturan akuntansi, asimetri informasi, dan whistleblowing terhadap kecurangan akuntansi (fraud) pada Lpd Se-Kecamatan Pupuan Tabanan. *Hita Akuntansi dan Keuangan*, 4(3), 239-249.
- Sujana, E., Yasa, I. N. P., & Wahyuni, M. A. (2019). Testing of fraud diamond theory based on local wisdom on fraud behavior. *Advances in Economics, Business and Management Research*, 69(1), 12-15.
- Suyono, E., & Farooque, O. A. (2019). Auditors' professionalism and factors affecting it: Insights from Indonesia. *Journal of Asia Business Studies*, 13(4), 543-558.

- Utama, P. N. P., & Rahajeng, D. K. (2023). Analisis persepsi pegawai terhadap deteksi occupational fraud melalui new fraud star theory (Studi kasus pada PT XYZ). *ABIS: Accounting and Business Information Systems Journal*, 11(3), 347–358.
- Utami, N. K. Y. (2025). *Peneliti Undiksha: 62 LPD di Buleleng berstatus kurang dan tak sehat*. Retrieved on July 19, 2025, from <https://bali.idntimes.com/news/bali/peneliti-undiksha-62-lpd-di-buleleng-berstatus-kurang-dan-tak-sehat-00-pfsg1-z5fysh>.
- Wardah, Z., Carolina, A., & Wulandari, A. (2022). Pengaruh whistleblowing system, internal control, leadership dan budaya organisasi terhadap fraud prevention. *Jurnal Akuntansi*, 11(2), 233–247.
- Warmita, I. W., & Wati, N. W. A. E. (2022). Pengaruh profitabilitas, harga saham, likuiditas dan ukuran perusahaan terhadap nilai perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2018-2020. *Hita Akuntansi dan Keuangan*, 4(1), 88–99.
- Wayan, Y. (2022). Pengaruh whistleblowing dan penerapan hukum Karma Phala pada pencegahan kecurangan dengan moderasi moralitas di LPD se-Kota Denpasar. *Jurnal Bisnis dan Kewirausahaan*, 18(2), 175–184.
- Widyawati, N. P. A., Sujana, E., & Yuniarta, G. A. (2019). Pengaruh kompetensi sumber daya manusia, whistle blowing system, dan sistem pengendalian internal terhadap pencegahan fraud dalam pengelolaan dana BUMDes. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi)*, 10(3), 368–379.
- Wolfe, D. T., & Hermanson, D. R. (2004). *The fraud diamond: Considering the four elements of fraud*. Kennesaw: Kennesaw State University.

### ***Acknowledgment***

We gratefully acknowledge the contributions of individuals who supported the completion of this article.

### ***Funding Information***

This research did not receive any funding.

### ***Conflict of Interest Statement***

The authors declare that there is no conflict of interest.

### ***Ethical Approval and Originality Statement***

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

### ***Data Disclosure Statement***

The data that support the findings of this study are available from the corresponding author upon reasonable request.



Copyright: © 2026 by the authors.

This work is licensed under the terms and conditions of the Creative Commons Attribution-ShareAlike 4.0 International License

(<https://creativecommons.org/licenses/by-sa/4.0/>).