Professional Skepticism and Financial Statement Fraud Detection among Malaysian and Indonesian Auditors: A Cross-Cultural Analysis

Sharifah Nazatul Faiza Syed Mustapha Nazri[1], Fazlida Mohd Razali[*2], Salwa Zolkaflil[3], Sharina Tajul Urus[4], and Ni Nyoman Alit Triani[5]

[1,4]Associate Professor, Faculty of Accountancy, Universiti Teknologi MARA, Puncak Alam, Selangor, Malaysia

[2,3]Senior Lecturer, Accounting Research Institute, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia

[5]Senior Lecturer, Universitas Negeri Surabaya, Surabaya, Indonesia

[*]Corresponding Author

ABSTRACT

Recent financial scandals highlight flaws in auditor quality, signalling a decline in professional skepticism, particularly in regions like Malaysia and Indonesia with diverse regulatory frameworks, cultures, and environments. This study examines the relationship between six professional skepticism traits and fraud detection by comparing Malaysian and Indonesian auditor utilising a questionnaire based on Hurtt's 30-item scale to assess auditors' professional skepticism. A purposive samples of 187 Malaysian auditors (MIA members) and 173 Indonesian auditors (IAPI members) was surveyed. Partial Least Squares Multi-Group Analysis (PLS-MGA) revealed significant differences between the two countries in two key traits: interpersonal understanding and suspension of judgment which weakened (improve) Malaysian (Indonesian) auditors' ability to detect fraud respectively. Indonesian auditors, on the other hand, may benefit from developing these traits to enhance fraud detection. The variance in skepticism traits is attributed to differences in professional environments, with Malaysian auditors primarily from Big 4 firms, while Indonesian auditors are predominantly from non-Big 4 firms. Targeted training for Indonesian auditors, focusing on interpersonal understanding and suspension of judgment, could enhance their fraud detection capabilities. This study contributes to the literature by identifying cultural and professional differences as key factors affecting skepticism, providing a basis for strategies to improve auditing practices in Indonesia.

Keywords: Financial Statement Fraud detection, Hurtt's Professional Skepticism, Attribution Theory, Auditor, Malaysia, Indonesia.

JEL Classification Codes: M430, G32

INTRODUCTION

The increasing number of financial scandals in recent years highlights a significant lack of professional skepticism among auditors (Law and Yuen, 2016: Popova, 2013; Kusumawati and Syamsuddin, 2018). An auditor is a party that bridges the management and users' interests on financial statements (Suryandari and Yuesti, 2017). Thus, professional skepticism is crucial in performing audit services (Said and Munandar,

2018), where they can perceivably enhance the audit quality and ultimately detect fraud (Puspitasari, Baridwan, and Rahman, 2019; Suryandari and Yuesti, 2017).

Cases such as Malaysia's Serba Dinamik, where auditors faced challenges in verifying transactions and third-party details, demonstrate a gap in the detection of fraud, despite the presence of auditing standards like ISA 200 and 240. This lack of skepticism can be linked to poor fraud detection (Hussin et al. 2019), where internal and external auditors have detected less than 20% of fraudulent activities (Report to the Nations: Asia-Pacific Edition, 2018). In the case of Serba Dinamik, the auditors faced legal actions, and several independent directors resigned, signifying a serious governance failure linked to insufficient skepticism (Ecovis Malaysia, 2021). Similarly, in Indonesia, the Garuda Indonesia scandal highlighted the auditors' failure to detect fraudulent reporting. The 2018 financial statements contained unrecognized income that should have been questioned, but the auditors did not apply sufficient skepticism (Tbk's Annual Financial Report, 2018), which allowed the fraud to go unnoticed (Biksa and Wiratmaja, 2016; Grenier, 2017). These cases highlight the critical need for enhancing professional skepticism among auditors in both Malaysia and Indonesia, where cultural and regulatory differences impact the approach to fraud detection (Endrawes, Leong & Matawie, 2021).

Recent studies, including those by Mcgillis (2020) and Dickey, Bell & Beldona (2022), stress the urgent need for empirical research to determine how varying regulatory environments influence professional skepticism traits and the auditors' ability to detect fraud. Malaysia's audit landscape, shaped significantly by the influence of international firms, adopts a more structured and conservative auditing approach, while Indonesia presents an opportunity for improving skepticism traits within its professional framework. Thus, this study aims to provide comprehensive study that could provide valuable insights into how these cultural and professional environments shape the influence of professional skepticism traits on fraud detection capabilities in both nations. This study used a questionnaire based on Hurtt's (2010) 30-item scale to assess auditors' professional skepticism. A purposive sample included 187 Malaysian auditors (MIA members) and 173 Indonesian auditors (IAPI members). A comparison between the two groups was conducted using Partial Least Squares-Multi Group Analysis (PLS-MGA).

The findings of the study highlights that in Malaysia, auditors, especially those affiliated with larger international firms, such as the Big 4, demonstrate a strong adherence to global auditing standards. Traits like interpersonal understanding and suspension of judgment are more emphasized, which strengthens their ability to detect fraud. Conversely, Indonesian auditors, who typically operate within non-Big 4 firms, are influenced by a more flexible and less formalized auditing environment. The differences in professional and organizational culture between the two countries directly affect how auditors approach risk and apply professional skepticism.

The rest of this paper is organized as follows: next section presents the theoretical background, literature, and research hypothesis; this is followed by the methodology, research design and measurement of variables; next section presents the results of the study; and last section is the discussion and conclusions.

LITERATURE REVIEW

Interpersonal Understanding and Financial Statement Fraud Detection

There are several inducements and opportunities for management to commit fraud and provide false information (Ciolek, 2017). The management frequently pursues their best financial interest and will mislead the information (Charron and Lowe, 2008). By having an interpersonal understanding, auditors must understand the motivations that can drive the client's behaviours (Dimitrova and Sorova, 2016). A study investigated professional skepticism characteristics that view earnings management actions as unethical (Farag and Elias, 2012). It was found that individuals with higher Interpersonal Understanding perceived this notion. In this case, the management intentionally produces financial statements that falsely presents a positive view of the company's business activities. Another study investigated the improvements in Hurtt's

professional skepticism among accounting undergraduates over four years (Ciolek and Emerling, 2019). The study indicated that the interpersonal understanding characteristics have changed significantly over the four years of education and that interpersonal understanding serves as a guide to auditors in audit services. Meanwhile, a notable investigation assessed the interpersonal understanding of the auditors' typical application to detect fraud (Gabryela's (2017), revealing that auditors apply interpersonal understanding by understanding their client's motive and integrity. In essence, auditors will make better audit decisions by understanding the behaviour of others. They can also apply suitable audit procedures and identify any irregularities. Based on the findings above, the hypothesis of this study would be as follows:

H1: Interpersonal understanding influence financial statement fraud detection among auditors in Malaysia and Indonesia.

The Questioning Mind and Financial Statement Fraud Detection

Auditors must possess skeptical behaviour that emerges in a continuous questioning of whether the gathered information and evidence indicate the presence of material misstatement due to fraud (Hussin and Iskandar, 2013). By having a significant curiosity level, auditors can assess audit evidence to detect irregularities in the financial statements (Mardijuwono and Subianto, 2018). For instance, a study investigated the effect between professional skepticism and audit quality in Indonesia (Puspitasari et al., 2019). The finding suggested that auditors' skeptical behaviour positively affects audit quality. It shows how the auditors' questioning mind is balanced against the audit service quality. For instance, Royaee et al. (2013) found a significant link between the auditors' questioning mind and their decision-making at the Audit Institutions of Iran Certified Accountant's Society. Another study employed a qualitative approach to explore the characteristics of the questioning mind among auditors to detect fraud (Gabryela, 2017). It was found that the auditors often question the reliability of their client's information, proving that these characteristics were employed to identify fraud. Based on the findings above, the hypothesis of this study would be as follows:

H2: Questioning the mind influences financial statement fraud detection among auditors in Malaysia and Indonesia.

Searching for Knowledge and Financial Statement Fraud Detection

The search for knowledge is equated with curiosity related directly to the suspension of judgment (Ciolek, 2017). Essentially, auditors pursue knowledge by collecting audit evidence, gaining a more comprehensive understanding of the issue before making critical decisions. Hence, auditors with a high skeptical behaviour are considered more profound and evident (Popkin and Stroll, 2002; Ciolek, 2017). Fullerton and Durtschi (2004) evaluated the relationship between the search for knowledge and the lookup for fraud signs. The findings suggested that auditors generally prefer to gather more information during the emergence of fraudulent signs. Meanwhile, a study examined the impact of accounting education on characteristics of professional skepticism (Fatmawati et al., 2018). It was found that auditors with formal education exhibited enhanced professional skepticism, indicating that knowledge pursuit shapes their behaviour and ability in fraud detection. Furthermore, another investigation applied a qualitative approach to search for knowledge in auditors (Gabryela, 2017), indicating that having an astute trait is essential in fraud detection. Thus, they must acquire sufficient knowledge when searching for errors or fraud in the clients' financial statements. Based on the findings above, the hypothesis of this study is indicated follows:

H3: Searching for knowledge influences financial statement fraud detection among the auditors in Malaysia and Indonesia.

Self-Confidence and Financial Statement Fraud Detection

Self-confidence is a requirement that enables auditors to stay independent while performing the audit (Ciolek, 2017). It can be seen as a characteristic of professional skepticism among auditors, allowing them to

withstand persuasion and challenge others' views (Hurtt, 2010). Yankova (2015) asserted that auditors with diminished self-confidence readily accept the client's position. They also ignore remaining concerns or unanswered questions that potentially jeopardise the audit's effectiveness. Notably, in Taiwan, Su et al. (2016) reported a significant link between the auditor's self-efficacy and performances. This phenomenon occurs because self-efficacy affects auditors' actions by encouraging them to overcome difficulties and improve audit performance. Meanwhile, a study highlighted the relationship between personality characteristics (i.e., self-confidence, optimism, and risk) and the accountants' perspectives on crucial elements which affect judgement and decision making (Bogdan et al., 2017). Accordingly, it was noted that the accountant's self-confidence is significant with these perspectives. Another study found a similar connection, investigating the link between individual self-confidence and fraud detection in Indonesia (Purnamawati, 2018). Overall, the idea suggests that self-confidence can help decide what people do with their skills and knowledge. Based on the findings above, the hypothesis of this study is indicated as follows:

H4: Self-confidence influences financial statement fraud detection among the auditors in Malaysia and Indonesia

Self-determining and Financial Statement Fraud Detection

The self-determining factor excludes external pressure or opinion, affecting the individuals' decisions. Thus, this characteristic represents their independence and self-reliance (Yonkova, 2015). Accordingly, this trait is recognised in the professional standards (Ciolek, 2017). Paragraph 14 of the International Standard on Auditing (ISA) 240 states that auditors must remain independent in assessing and decision-making upon receiving sufficient evidence. For instance, a study examined the independence effect on the auditors' ability in fraud detection (Hamilah, Denny and Handayani, 2019). In this context, their independence profoundly affected their ability to detect fraud, suggesting that auditors should maintain integrity and objectivity in their professional duties. Moreover, Hussin and Iskandar (2015) highlighted the effectiveness of Hurtt's professional skepticism framework in the Malaysian environment. The results suggested that self-determination may be considered a characteristic of Malaysia's professional skepticism. Frequently, auditors are skeptical as they do not simply accept client claims without further explanation prior to making audit decisions. Furthermore, Royaee et al. (2013) evaluated the association between the auditors' self-determination and decision-making in Iran using the modified Hurtt (2010) questionnaire. The findings reported that self-determination has a significant relationship with their decision-making, and thus the hypothesis is postulated as follows:

H5: Self-determining influence financial statement fraud detection among the auditors in Malaysia and Indonesia.

Suspension of Judgement and Financial Statement Fraud Detection

Suspension of judgement is a vital characteristic to consider in an audit (Ciolek, 2017), and it is challenging for individuals with skeptical behaviour to accept the perceived information (Bunge, 1991). The individuals habitually seek evidence before assuming the information. Essentially, auditors must delay their judgment until they acquire appropriate evidence, free from misstatement due to fraud or human error. For instance, a study showed a significant effect between suspension of judgement and auditors' skeptical judgements. This result shows that prior to the decision-making, auditors will spend more time assessing for asymmetries in financial statements (Quadackers, Groot, and Wright, 2009). Moreover, Agarwalla et al. (2017) examined the professional skepticism influence on an individual's ethical assessment related to earnings management decisions. The study found that postponing auditors' judgement could minimise unethical decisions. Furthermore, this result indicates that they perceive the different earnings management methods as reasonably unethical. on the other hand, a study investigated the utilisation of auditors' suspension of judgement characteristics in detecting fraud (Gabryela, 2017). The researcher found that the auditors delayed their judgement to the extent that evidence was deemed unnecessary to make an audit decision. It shows that

the auditors are calm, and nobody has influenced them in their duties. Based on the findings above, the hypothesis of this study is indicated as follows:

H6: Suspension of judgement influences financial statement fraud detection among the auditors in Malaysia and Indonesia.
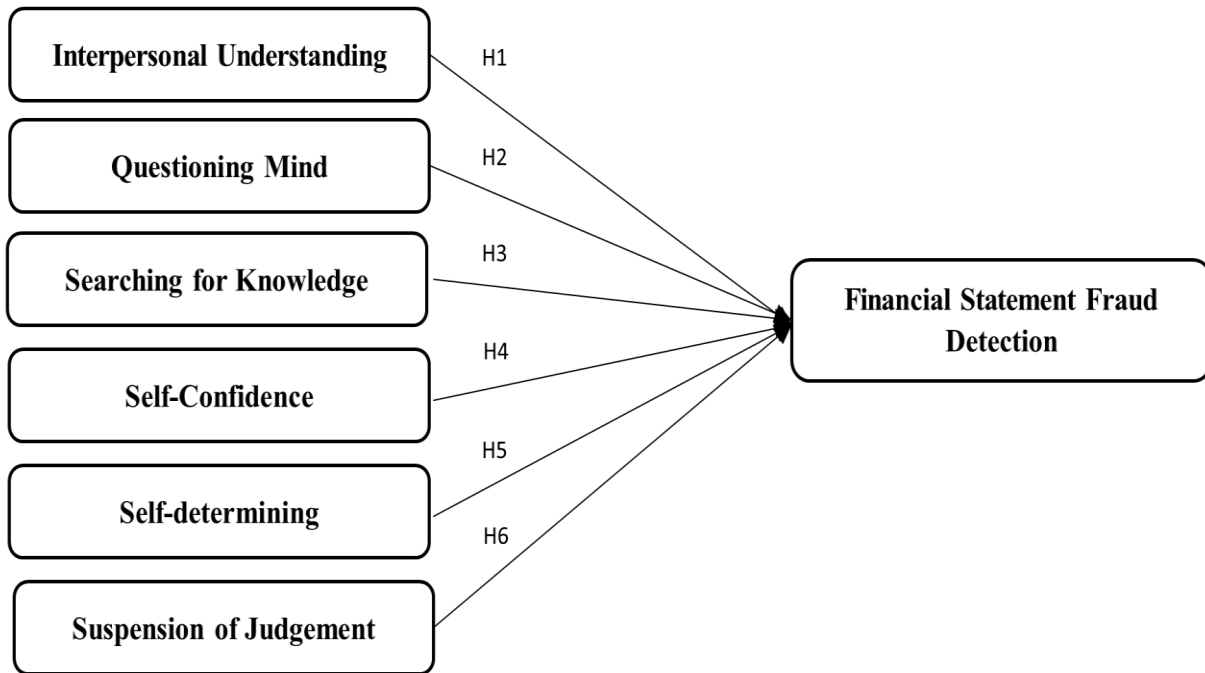
Conceptual Framework

Figure 1. Conceptual Framework

MATERIALS AND METHODS

The study's sample population comprised 187 respondents from the Malaysian Institute of Accountants (MIA) employed in Malaysia's audit firms. This sample included 173 respondents from the Indonesian Institute of Certified Public Accountants (IAPI), also affiliated with the Public Accounting Firms. For the respondent's selection, the study utilised non-probability sampling, specifically purposive sampling, to form the sample. This technique is more convenient and simpler compared to probability sampling, which is complex and requires substantial time and effort (Sekaran and Bougie, 2016). The data was collected through a questionnaire distribution, answered by auditors who are members of the MIA and IAPI. In the auditing standards issued by MIA and IAPI, auditors should maintain their professional skepticism during the audit and be aware of potential errors or fraud. Thus, this idea becomes the rationale for selecting MIA and IAPI members as target populations.

The sample comprised 360 auditors from Malaysia (187 samples, 52%) and Indonesia (173 samples, 48%). Table 1 presents the respondents' selected demographic characteristics, with 165 (Malaysia: 78, Indonesia: 87) males and 195 (Malaysia: 109, Indonesia: 86) females. Meanwhile, there are 360 external auditors encompassing 163 (Malaysia: 70, Indonesia: 93) junior auditors, 130 (Malaysia: 77, Indonesia: 53) senior auditors, 49 (Malaysia: 40, Indonesia: 9) managers, and 18 (Malaysia: 0, Indonesia: 18) others. Notably, 48% and 30% of the respondents in Malaysia and Indonesia have more than five years of experience, respectively. In Malaysia, 43% of the respondents possessed a professional qualification (ACCA, CIMA, CPA, ACFE, ICAEW, and CIA Accountant). Meanwhile, 45% of the respondents in Indonesia acquired a professional certification (CPA, CA, and BKP), and the remaining had none.

Table 1. The Demographic Characteristics of the Respondents

Demographic	Details	Countries					
		Malaysia N = 187		Indonesia N = 173		Total N = 360	
		Frequency	Per cent	Frequency	Per cent	Frequency	Per cent
Gender	Male	78	42	87	50	165	46
	Female	109	58	86	50	195	54
Race	Malay	158	84	3	2	161	45
	India	8	4	6	3	14	4
	Chinese	20	11	1	1	21	6
	Others	1	1	7	4	8	2
	Balinese	-	-	127	73	127	35
	Batak	-	-	6	3	6	2
	Bugis	-	-	5	3	5	1
	Chinese	-	-	1	1	1	0
	Javanese	-	-	1	1	1	0
	Madurese	-	-	16	9	16	4
Position	Junior Auditor	70	38	93	54	163	45
	Senior Auditor	77	41	53	31	130	36
	Manager	40	21	9	5	49	14
	Others	-	-	18	10	18	5
Experience	Less than 1 year	20	11	17	10	37	10
	Two to five years	77	41	104	60	181	50
	Six to ten years	37	20	28	16	65	18
	More than 11 years	53	28	24	14	77	21
Professional Qualification	ACCA	45	24	-	-	45	13
	CIMA	1	1	-	-	1	0
	CPA	2	1	52	30	54	15
	ACFE	3	2	-	-	3	1
	ICAEW	7	4	-	-	7	2
	CIA	21	11	-	-	21	6
	CA	-	-	23	13	23	6
	BKP	-	-	3	2	3	1
	None of above	108	58	95	55	203	56
Membership	MIA/IAP	64	34	54	31	118	33
	NONE	123	66	119	69	242	67
Audit Firm	Big 4/Affiliate	90	48	48	28	138	38
	Non-Big 4/ Non-Affiliate	97	52	125	72	222	62

Measurement of Variables

For this study, the items for measuring the independent and dependent variables were fully adapted from previous studies. The dependent variable includes financial statement fraud detection, while the professional skepticism characteristics acted as an independent variable. Financial statement fraud detection is based on the discovery or determination process related to unlawful acts, potentially leading to intentional errors in financial statements (Widyastuti and Pamudji, 2009; Adnan and Kiswanto, 2017). Subsequently, the study employed Fullerton and Durtschi's (2004) approach to assess the auditors' financial statement fraud detection ability. The study also adapted Hurtt's (2010) thirty statements to measure their level of professional skepticism characteristics. Table 2 summarises the operationalisation of variables.

Table 2. Summarises of the Operationalisation of Variables

Variables	Operationalisation	Source
Financial Statement Fraud Detection	Six instrument items assess the respondent's ability in identifying symptoms of financial statement fraud. The respondents' scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree).	Fullerton and Durtschi (2004)
Interpersonal Understanding	Five instrument items identify the understanding of management motivation and integrity in providing audit evidence. The respondent's scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree).	Hurtt (2010)
Questioning Mind	Three instrument items identify the auditor's curiosity in questioning and seeking an explanation. The respondent's scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree), which is based on Hurtt (2010).	Hurtt (2010)
Search for Knowledge	Five instrument items identify the level of the auditor's curiosity in seeking more information. The respondent's scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree).	Hurtt (2010)
Self-confidence	Six instrument items identify the trust level in its abilities. The respondent's scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree).	Hurtt (2010)
Self-determining	Five items identify the ability to decide on the adequacy of the information as evidence, which renders an audit decision. The respondent's scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree).	Hurtt (2010)
Suspension of Judgement	Six instrument items identify the auditor's behaviour level in delaying judgement. The respondent's scores on a 5-point Likert scale ranged from one (strongly disagree) to five (strongly agree).	Hurtt (2010)

RESULTS AND DISCUSSION

The data analysis in this study was analysed using the Smart-PLS version 3.3.3 (Ringle et al., 2015). The PLS-SEM exhibited the added advantage of estimating the measurement and structural model and is favoured to perform multi-group analyses (Hair et al., 2017).

Measurement Model Assessment

Table 3 reveals the measurement validity and reliability, revealing that the average variance (AVE) and composite reliability (CR) for all the measurements were more significant than 0.5 and 0.7 respectively in both regions sample, indicating that the measurement used was valid and reliable in Malaysia and Indonesia. The measurement is valid if the AVE is more than 0.5, are reliable if the CR are more than 0.7, as suggested by Hair et al. (2020).

Table 3. Convergent Validity and Reliability

Construct	Malaysia		Indonesia	
	CR	AVE	CR	AVE
Financial statement fraud Detection (FD)	0.875	0.541	0.888	0.571
Interpersonal Undertaking (IU)	0.865	0.579	0.927	0.719
Questioning Mind (QM)	0.830	0.621	0.814	0.596

Search for Knowledge (SK)	0.853	0.500	0.937	0.713
Self Confidence (SC)	0.881	0.713	0.941	0.841
Self-Determination (SD)	0.867	0.570	0.950	0.792
Suspension of Judgement (SJ)	0.902	0.651	0.846	0.528

Before interpreting the results of structural models, measurement models' quality was evaluated and depicted in **Figure 1**.
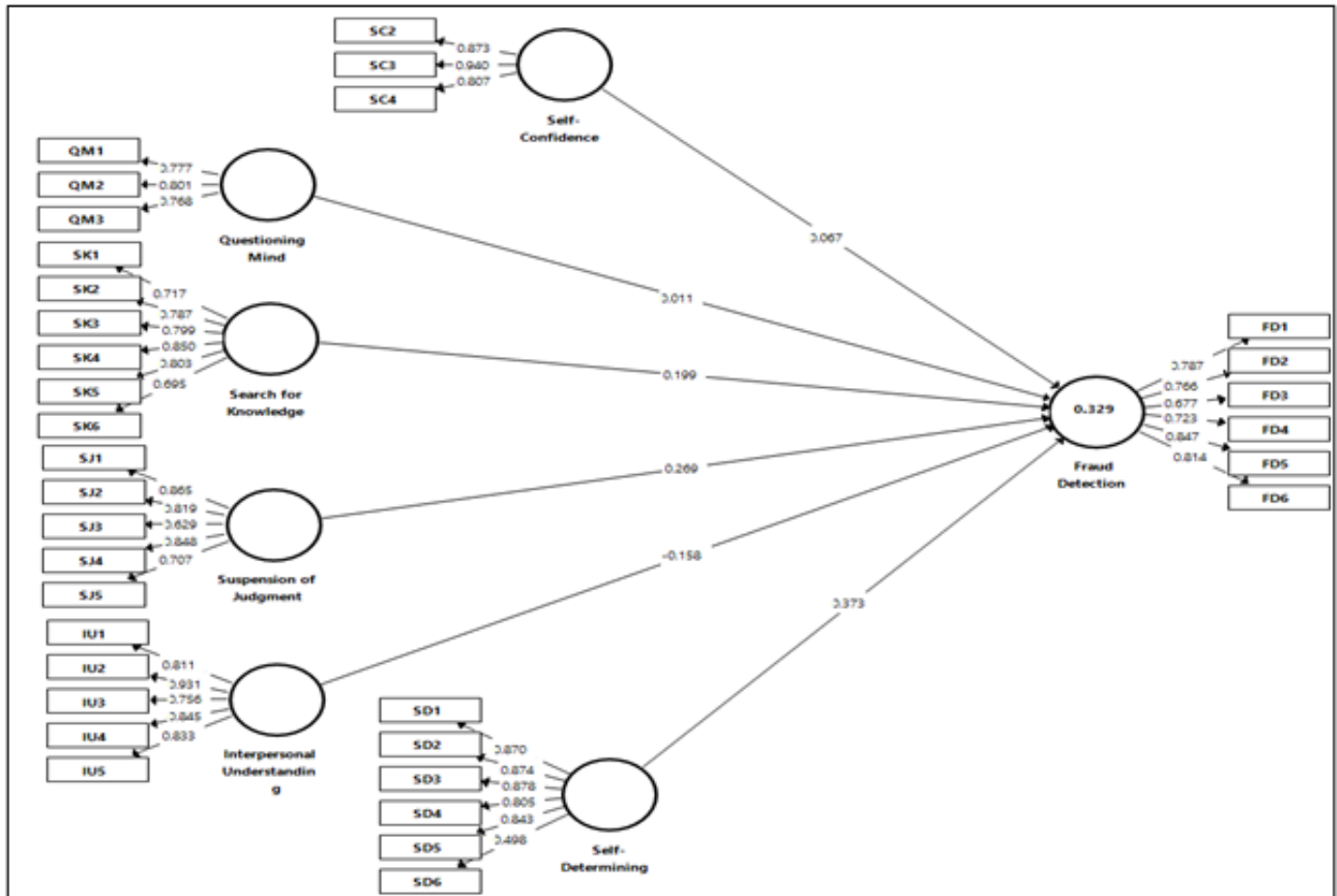

Figure 1. Measurement Models' Quality

Table 4 (Malaysia) and **Table 5** (Indonesia) indicated that all the HTMT ratios were lower than 0.90 in both regions' data. In this context, Gold, Malhotra, and Segars's (2001) HTMT criterion were used to assess the discriminant validity. Accordingly, the respondents in both regions understood that the measurements were distinct.

Table 4. Hetereotrait Monotrait (HTMT) Criterion for Discriminant Validity (Malaysia)

	1	2	3	4	5	6
1. Financial statement fraud Detection (FD)						
2. Interpersonal Undertaking (IU)	0.250					
3. Questioning Mind (QM)	0.485	0.688				
4. Search for Knowledge (SK)	0.385	0.739	0.873			
5. Self Confidence (SC)	0.432	0.481	0.893	0.453		
6. Self-Determination (SD)	0.274	0.206	0.292	0.192	0.374	
7. Suspension of Judgement (SJ)	0.460	0.502	0.754	0.782	0.475	0.285

Table 5: Hetereotrait Monotrait (HTMT) Criterion for Discriminant Validity (Indonesia)

	1	2	3	4	5	6
1. Financial statement fraud Detection (FD)						
2. Interpersonal Undertaking (IU)	0.255					
3. Questioning Mind (QM)	0.296	0.550				
4. Search for Knowledge (SK)	0.353	0.395	0.728			
5. Self Confidence (SC)	0.267	0.249	0.480	0.313		
6. Self-Determination (SD)	0.247	0.072	0.196	0.158	0.071	
7. Suspension of Judgement (SJ)	0.388	0.616	0.829	0.820	0.417	0.154

Measurement Invariance

As shown in **Table 6**, all invariance test introduced by Henseler et al. (2016) was conducted to determine whether the construct measurement was similarly understood across regions. Firstly, configural invariance was established between both regions' datasets in the measurement model stage. Secondly, a permutation test was substantiated, where none of the c values was significantly different from one another. All the permutation c value results (=1) straddle the upper and lower bounds of a 95% confidence interval, establishing compositional invariance in the research model. Notably, the composite mean value difference and the variance ratio mostly did not fall between the upper and lower bounds of a 95% confidence interval. Thus, only partial measurement invariance was established in this study.

Table 6. Measurement Invariance Test Using MICOM

	c-value (=1)	CI	Partial Invariance	Mean			Variance			Full Invariance
				Diff	LL	UL	Diff	LL	UL	
FD	0.999	[0.995; 1.000]	Yes	0.818	[-0.176	0.169]	-0.325	[-0.256	0.268]	No
IU	0.889	[0.793; 1.000]	Yes	-0.156	[-0.172	0.166]	0.480	[-0.260	0.287]	No
QM	0.967	[0.950; 1.000]	Yes	0.024	[-0.176	0.175]	0.246	[-0.236	0.230]	No
SK	0.994	[0.989; 1.000]	Yes	0.299	[-0.174	0.165]	-0.295	[-0.232	0.232]	No
SC	0.993	[0.973; 1.000]	Yes	-0.330	[-0.187	0.178]	0.326	[-0.255	0.241]	No
SD	0.987	[0.983; 1.000]	Yes	1.011	[-0.172	0.154]	-0.139	[-0.192	0.191]	No
SJ	0.991	[0.988; 1.000]	Yes	0.466	[-0.160	0.162]	0.338	[-0.258	0.226]	No

Structural Model

A bootstrapping was run with 5000 resamples to test the hypotheses, generating the standard deviation, t-values, and p-values (Hair et al., 2020). **Figure 2** and **Figure 3** presents the structural model for Malaysia and Indonesia, respectively. In Malaysia sample, search for knowledge (ß = 0.216, p < 0.05), self-confidence (ß = 0.240, p < 0.05), self-determining (ß = 0.232, p < 0.05), and suspension of judgement (ß = 0.321, p < 0.05) were positive and significantly related to financial statement fraud detection. Meanwhile, questioning mind (ß = -0.120, p > 0.05) was not a significant predictor for financial statement fraud detection. Therefore, H3, H4, H5, and H6 were supported, while H2 was disregarded. Furthermore, interpersonal understanding (ß = -0.217, p < 0.05) was significant at 0.05, albeit it contradicts the proposed direction, thus H1 was not supported. Finally, all predictors exhibited an R^2 of 0.297 in fraud detection for Malaysia's external auditors.

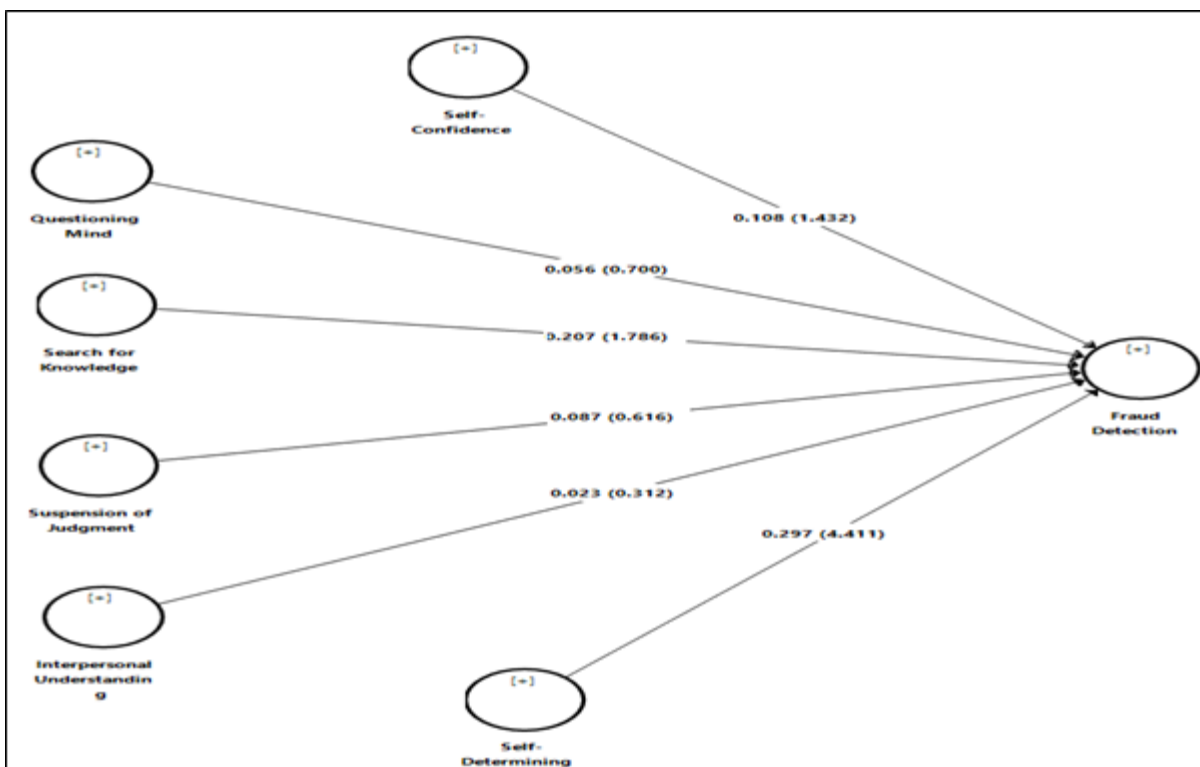Figure 2: Structural Model for Malaysia

Figure 3: Structural Model for Indonesia

In Indonesia sample, search for knowledge (ß = 0.207, p < 0.05) and self-determining (ß = 0.297, p < 0.05) are positive and significantly related to financial statement fraud detection. Notably, interpersonal understanding (ß = 0.023, p > 0.05), questioning mind (ß = 0.056, p > 0.05), self-confidence (ß = 0.108, p > 0.05), and suspension of judgement (ß = 0.087, p > 0.05) were not significant predictors for financial statement fraud detection. Therefore, H3 and H5 were supported, while H1, H2, H4 and H6 were not supported. Moreover, all predictors displayed an R^2 of 0.212 in fraud detection of Indonesia's external auditors.

In overall, an analysis at nation levels shows that Malaysian external auditors exhibit more characteristic of scepticism specifically Search for Knowledge (SK), Self Confidence (SC), Self-Determination (SD) and Suspension of Judgement (SJ) which has positive significant influence on their fraud risk judgment ability. On the other hand, an Indonesian external auditor exhibits only 2 characteristics of professional skepticism (Search for Knowledge (SK) and Self-Determination (SD) and it is proven to have positive impact of judgment quality. The model showed that Malaysia's sample indicated the most significant variance at 29.7%, followed by Indonesia's at 21.2%.

Table 7. Hypothesis Testing Direct Effect

Hypo	Relationship	Path Coefficient		BC Interval		Path-Coefficient		
		Malaysia	Indonesia	Malaysia	Indonesia	Differences	p-value	Decisions
H_1	IU → FD	**-0.217**	**0.023**	**(-0.450, -0.056)**	**(-0.100, 0.145)**	**-0.240**	**0.053***	**Yes**
H_2	QM → FD	-0.120	0.056	(-0.317, 0.117)	(-0.076, 0.183)	-0.175	0.126	No
H_3	SK → FD	0.216	0.207	(0.017, 0.396)	(0.021, 0.399)	0.009	0.480	No
H_4	SC → FD	0.240	0.108	(0.109, 0.438)	(-0.021, 0.227)	0.132	0.151	No
H_5	SD → FD	0.232	0.297	(0.101, 0.344)	(0.166, 0.386)	-0.064	0.249	No
H_6	SJ → FD	**0.321**	**0.087**	**(0.186, 0.475)**	**(-0.154, 0.312)**	**0.233**	**0.082***	**Yes**

*p-value < 0.10

Table 7 summarises the key differences from the results of the two-country comparison. In this process, the PLS-MGA assesses whether the path-coefficient was more prominent in the first group (i.e., Malaysia) compared to the second group (i.e., Indonesia). The table showed a significant difference across regions (Malaysia and Indonesia) in two hypothesised relationships. These differences include (a) interpersonal understanding and financial statement fraud detection (Differences = - 0.240, p < 0.10) and (b) suspension of judgement and financial statement fraud detection (Differences = 0.233, p < 0.10).

Furthermore, we compared the bootstrapping results using PLS-MGA to assess the difference between the regions' path coefficients. For the interpersonal understanding and financial statement fraud detection in Malaysia (ß = -0.217) presented a more robust path coefficient than Indonesia (ß = 0.023). Similarly, Malaysia (ß = 0.321) indicated a more significant path coefficient than Indonesia (ß = 0.087) concerning suspension of judgement and financial statement fraud detection. The variance in skepticism traits is attributed to differences in professional environments, with Malaysian auditors primarily from Big 4 firms, while Indonesian auditors are predominantly from non-Big 4 firms.

CONCLUSIONS

The occurrence of fraud has disappointed and shocked different parts of society, which has brought substantial implications. These predicaments have raised public concern about professional skepticism among auditors. In response, the need for professional skepticism during the audit and be aware of potential errors or fraud should be maintained by the auditors, as stipulated under the guideline. Hence, this study aims to investigate the relationship between auditor's professional skepticism characteristics and fraud detection through a comparative study of Malaysian and Indonesian auditors, using attribution theory as the underpinning theory. This study refers to the professional skepticism characteristics under the Hurtt's professional skepticism framework, which are interpersonal understanding, suspension of judgement, questioning mind, search for knowledge, self-confidence, and self-determining.

This research provides empirical evidence that Malaysian external auditors exhibit a broader range of skepticism traits, notably Search for Knowledge, Self-Confidence, Self-Determination, and Suspension of Judgment, which significantly enhance their fraud risk judgment. In contrast, Indonesian auditors demonstrate fewer skepticism traits, though these still positively influence judgment quality. The stronger

path coefficients in Malaysia, particularly in areas like interpersonal understanding and suspension of judgment, further justified the variance in professional skepticism. These differences are largely attributed to the professional environments, with Malaysian auditors primarily from Big 4 firms, whereas Indonesian auditors are mostly from non-Big 4 firms, reflecting the impact of firm affiliation on auditing quality.

The result of the study will benefit many agencies such as the professional bodies, regulatory bodies, the audit firm specifically as it provides an insight on the important traits of a successful auditor. It highlights the need for organisations to conduct training on professional skepticism (such as interpersonal understanding and suspension of judgment) among the auditors as an initiative to improve the auditor's ability in detecting fraud. In addition, this study will also highlight to the auditors on the importance of professional skepticism when conducting audit procedures. This will eventually help auditors to uphold their skepticism when dealing with the auditees or clients, as a means to safeguard themselves from any unforeseen events.

However, the results are limited to the context of the study, which are the auditors in Malaysia and Indonesia, which may have similar culture, Asean culture. Data from other region may produce different result, especially the developed country such as United States of America (USA) dan United Kingdom (UK). Therefore, future study may look the characteristics of professional skepticism among auditors in those developed countries and conduct a comparative study between auditors in the developed (US and UK) and developing countries (Malaysia and Indonesia).

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study since it is voluntary basis and the statement is included in the first page of the questionnaire.

Data Availability Statement: The data is limited to the confidentiality agreement between the authors and respective respondents and institution. However, it may presented in this study are available upon request from the corresponding author and subject to approval from the institution. Due to restrictions, they are not publicly available.

Conflicts of Interest: The authors declare no conflict of interest.

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