

Strengthening Integrity and Introspection: Approaches to Safeguard Organization's Values from Fraud and Misconduct

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ABSTRACT

Organizations with more robust anti-fraud measures are more likely to maintain comprehensive, internal, external, and introspective integrity. Thus, a high degree of integrity presupposes a low level of corruption. A reasonable strategy would be to prevent employees from committing fraud before recognizing them, as we cannot do much once the harm has been done. Therefore, to improve evasion procedures, organizations need to have specific tactics and techniques in place to make them more understandable and visible to employees. This study aims to demonstrate the importance of integrity and introspection in preventing fraud in a business. The findings reveal several policy implications. First, corruption can be thwarted by vigorously enforcing integrity and introspection. Second, adopting these two variables alone is insufficient; we also require a strong political will to implement such measures.

Keywords: Fraud detection, Integrity, Introspection.

1. INTRODUCTION

Corruption is an immoral and unethical behavior that impacts multiple individuals, and it has become a pervasive dilemma in Indonesia, as well as throughout the world. The author of found that centralized authority, the existence of a monopoly system, and the absence of transparency and lack of controls or monitoring of the organization were all causes of corruption. Efforts to remove and reduce the amount of corruption in the country are intensifying. It was accomplished through the collaboration of government authorities,

including governors, regents, mayors, and ministries. It has not, however, been able to contain corruption, which continues to rise year after year.

An individual is tempted to perpetrate fraud if sufficient pressure, opportunity, and rationalization are present. Due to particular demands or related individual concerns, such as economic difficulties, an employee may become despondent and commit fraud on purpose. The author of found that insufficient internal control, lack of supervision in accessing information, the absence of audit procedures, and a lack

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of disciplinary attitudes all contribute to the possibility of fraud. Employees will commit fraud in a corporation if internal controls are inadequate and an oversight is lacking.

Along with internal control, integrity is an additional factor that can impact fraud prevention. Integrity is a state in which a person can act according to his or her heart's desires in any circumstance, according to the Institute of Internal Auditors (2012). Auditors must preserve integrity principles in carrying out their tasks and improving their performance. It must behave consistently by instilling ethical principles and obligations while complying with standardized criteria to create a community that can serve as a foundation for an effective decision-making. Integrity is required to conduct audits honestly and firmly to increase the quality of the examination outcomes.

Enhancing internal auditing performance and inspection report quality should be accompanied by a concerted effort to address fraud risks. In the author argues that an auditor must have a code of conduct that governs the connection between auditors, auditees, and communities as a moral guideline or a type of behavioral regulation. As a result, one code of ethics demands auditors to behave with integrity, fearlessness, wisdom, and accountability. A highly ethical auditor will always choose an appropriate course of action for the organization, which is fraud deterrence. The integrity manner of an auditor will affect their performance and quality inspection findings. According to some of these arguments, an employee who demonstrates a high organizational commitment is likely to remain. In other words, the employee will contribute constructively to the company's success.

This paper aims to find that Integrity and Introspection as a key to prevent fraud in an organization. This paper is structured: Section 2 contains a Problem Statement, Section 3 contains a Literature Review, and Section 4 contains the Methodology utilized to perform this research. Section

5 specifies Results and Discussion, and Section 6 summarizes the paper.

2. LITERATURE REVIEW AND HYPOTHESIS

Corruption and fraud cases are for most of the serious issues that most organizations face, which vary in sizes, areas, and ventures in this era. Even though we generally need to accept that our representatives are remarkably faithful to and buckling down to help the organization (and there may be the majority of them presumably are), there are numerous different reasons that can cause a worker to commit the crime of extortion.

Alluding to the 2020 Report to the Nation on Occupational Fraud and Abuse by the Organization of Certified Fraud Examiners, analysts have discovered that, by broad, 16% of occupational fraud occurred in government organizations, and the primary justification the explanation of this to happen is the worker misrepresentation. As this misfortune is expanding on a yearly premise and prompting monetary misfortune for an organization, there may be a few different ways to distinguish and halt these wrongdoings.

We generally hear that counteraction is superior to fix, and precisely the equivalent goes for this case also. Every business should have a plan in place to nullify these deceptions, as this is far easier than recovering from their misfortune after the frauds has been committed. However, frauds may come in such countless various types; however, these are separated into three improved general categories: debasement, resource misappropriation, and financial statement fraud.

Organizations are presently tracking down suitable approaches to defeat the entirety of the cheats and ensure that they never happen again. In this way, Integrity and Introspection is the solitary key factor to make it conceivable. These two can be carried out inside any organization and give such an environment liberated from a wide range of wrongdoings and fakes. To

start with, examine their strict implications to comprehend it all the more profoundly.

- a. **Integrity** – *possessing strong moral principles and, thus, the state of being truthful; and*
- b. **Introspection** – *gives someone access to considering her or himself, self-reflection allows someone to process new knowledge, and insights are the answers she or he comes up with, which she or he will influence.*

Now, let us see how we can implement Integrity and Introspection within an organization.

Implementing Integrity in an Organization

We need to clarify that honesty is one's quality, and it is one of the significant attributes of polished methodology. Each individual is educated with the feeling of honesty from the very youth to assemble individual uprightness inside their psyches. Having a feeling of integrity is crucial as it is anything but a productive workplace; however, improper and adverse conduct may likewise prompt an awkward workplace and, in this manner, brings about the sluggish working of the organization. Having high honesty prompts the development of our business also. For example, we purchase garments from the brand whose workers are known for their trustworthiness and great virtues, and they likewise have decent client assistance through which they have now more clients, and this can undoubtedly straightforwardly improve their business. Assuming we talk about the organization, any worker should be ordinary with specific abilities like excellent correspondence, awareness of what is funny, genuineness, discovering ideal arrangements, keeping a decent and expert relationship, and so on.

The author of explores there are a few reasons why integrity is crucial in the organization:

- a. Living, working, and leading in integrity means that we do not question ourselves. When we follow our hearts and do what is right, life becomes simple and peaceful. Our actions are

now transparent to all, and we are no longer required to conceal anything.

- b. When we operate from integrity, we gain the trust of other people, especially those we work with closely. This is crucial especially for those in positions of leadership. Others regard us as trustworthy and responsible for our actions. We gain trust, people feel secure in our presence, and we increase our influence activities.
- c. We become role models, whether we like it or not. Why? Because integrity is a defining characteristic of ethical leadership, businesses, clients, coworkers, stakeholders, communities, and families seek trustworthy leaders. When we act with integrity, we demonstrate to others that we can be trusted and respected.

Ways to Boost Integrity in the Workplace

These are few ways we will help integrity grow.

Be Thorough During the Hiring

While recruiting new hires, the interviewer should give them "consider the possibility that" situations and pose them some other uncovering inquiries while the interviewing may go on, which may furnish you with a thought of how solid their integrity is. Because of how they answer, we would then decide whether we would confide in them to act appropriately.

Make it Easy to Report Offenses or Problems

Administrators cannot be accessible wherever immediately; however, by making a basic framework for workers which highlights voice concerns and one can likewise report other people who are being rebellious, we have now up the chances that individuals will express their genuine thoughts and keep each other on the honest.

Work for Two-way Communication

A significant degree of straightforwardness can be there whenever we allow workers with an opportunity to converse with one

another and upper degrees of the board. This circumstance may likewise support the possibility that everybody is pursuing similar targets. Thus, paradoxically, just instructing representatives or setting out current realities through talk makes a “us-versus-them” environment.

Listen Actively

Misconceptions can, for the most part, happen in any event when there is exchange regularly occurring. Listening effectively ensures that we have been given a chance to talk, yet additionally that we have sincerely heard and prepared what has been said.

Give Rationales, not Judgments

While not everyone in our organization possesses the same set of abilities or level of involvement, this is acceptable. If we require trust, we do not have to fall into the trap of destroying others due to our individuality. Rather than justifying what another person says, thinks, or needs to do, acknowledge their methodology’s advantages and, if possible, express gratitude for the bits of knowledge or interest. Then, explain why we disagree and offer them specific alternative responses to talk. Reacting in this manner will undoubtedly help laborers feel like it is protected to shout out.

A Reward of Involvement

When workers take an interest in conversations, they are taking a specific level of risk of rejection by which they may face embarrassment too. However, if we show an appreciation to these risk-takers, workers will feel like they are getting something back for going the extra mile. The award can be a ‘thank you, or it may tend to be a monetary reward as well.

Implementing Introspection in an Organization

Following are the methods through which every individual can boost their introspection.

Do not Obsess

Individuals do not have to consider themselves all the time as it will not satisfy them. Instead, they will become unhappy, which is something to contemplate. Those individuals who invest most of their energy in introspecting themselves end up having more tension issues. Along these lines brings about more negative mentality and more negative social encounters, which is going off the course. Along these lines, do not get fixated on ourselves; instead, evaluate different exercises.

Ask Correct and Proper Questions

At the point when we begin introspecting, we typically begin with inquiring as to “Why” questions which may be pretty much as essential as, “For what reason do I feel as such?” this is because once we inquire as to why then our mind straightforwardly highlights the first plausible answer. That is because the majority of our motives are not conscious. Then, pondering alone is insufficient to bring root reasons to the surface. We are prone to gravitate toward responses that feel accurate at the moment, yet these simple answers are typically incorrect.

As an instance: suppose we present a proposition at work. One of the individuals from the assessment panel sits on the past board of trustees that decided on one among our thoughts, and he dismissed it. Out of nowhere, we are confident our present proposition will fall flat. Why? Because we believe that somebody attempted something in conjunction with our recent loss, but we lack evidence to support this. This type of thinking undermines our perception of reasonableness at work.

“Why” questions will make us thoroughly consider our issues increasingly more, which may prompt more prominent uneasiness and also manifestations of misery.

Ask the Correct Self-Reflection Question

Rather than asking “Why”, we need to ask questions that will help us stay focused on our aims. That is the reason we should take a stab at posing what questions. All things being equal, pose questions like, “What am I feeling at present?” This kind of reasoning will help us to call our feelings, which has been displayed to diminish negative sentiments and perspectives.

Workers should try not to ask themselves issue-focused inquiries like “What trouble am I confronting at present?” Instead, outline the questions around an objective, as in, “What might I lean toward my relationship with my manager to appear to be somewhat of a month from now?” Employees feel great by the arrangement-centered questions, while the issue-centered inquiries cause them to feel less fulfilled.

3. METHODS

Qualitative methods would be most appropriate for addressing the problem statement at hand. The author utilizes the *Literature Review* approach in this paper by searching for, understanding, meaning-making, and evaluating available literature on Integrity and Introspection, as well as their relationship to fraud prevention. Further, the author highlights that a literature review can broadly be described as a more or less systematic way of collecting and synthesizing previous research. Additionally, the author incorporates his personal and professional experiences, as well as his knowledge, into the research.

The author follows a few steps in constructing this paper: designing and conducting the review and analyzing and writing up. Let us go over each step in detail.

Designing and Conducting the Review

The author first conducts a preliminary scan of the topic to account for previous literature reviews, to estimate the number of studies to be evaluated, and to support in defining the review’s purpose, scope,

and problem statement. After defining the problem statement and considering an overall review strategy, a search strategy for locating relevant literature must be established. This includes determining appropriate search terms and databases. Author uses search terms “integrity in preventing fraud”, “introspection in preventing fraud”, and “integrity and introspection in fraud prevention” in online publication platforms such as Google Scholar, Science Direct, JSTOR, as well as articles from reputable websites in finding articles. Other restrictions during the search are (i) the year of publication (2011-2021) and (ii) the language of the articles (English). Once the results of the search are yielded, the author then conducts the review in stages, beginning with scanning abstracts and making selections, followed by full-text articles prior to make final selections of articles.

Analyzing and Writing Up

Following the review of the literature and selection of a final sample, the author sets a strategy to perform an appropriate analysis. Extracted data from the sample can be a descriptive information (authors, publication dates, subject, or type of study) or factual findings. The facts and findings pertaining to fraud are further synthesized in order to ascertain the perpetrator’s motif. Each information is then classified into a few categories and plotted to determine its proximity to the problem statement. The pertinent information is then to be used as the “central idea” around which the narrative and writing will revolve. Most importantly, this paper properly references and cites the work of other authors on the subject of integrity and introspection in fraud prevention.

4. RESULTS AND DISCUSSION

It is significant for an organization to have a fraud counteraction plan set up. We simply envision that what sort of misfortune the organization could endure with having a worker being engaged with submitting extortion for such a long time. In any case,

fortunately, we have approaches to limit these extortion events just by carrying out the accompanying techniques.

Know Your Employees

It is vital for an organization, and particularly the administration inside it, to engage with their workers and attempt to become more acquainted with them however much as could be expected. This situation should be possible by investing energy with them, watching their conduct, and seeing how they respond to specific things. Additionally, this scenario may reveal inner concerns that require attention. For instance, if a worker feels unappreciated by the entrepreneur or is outraged by their boss, they may submit deception as a form of retaliation. Any change in disposition should prompt us to give careful attention to a representation. This situation may mitigate a catastrophe caused by misrepresentation and improve the organization's effectiveness and morale through more pleasant representatives. Paying attention to employees may also reveal other indicators.

Set up Reporting System and Make Employees Aware of It

Every employee is impacted by mindfulness. Each member of the organization should be informed of the extortion risk arrangement, which incorporates all forms of dishonesty and their associated repercussions. This structure ensures that when an employee intends to submit extortion, they will always be aware that someone is watching them, which may cause their perspective to shift.

Implement Internal Controls

These are the planned and carried out plans to secure our organization's resources, guarantee the respectability of its bookkeeping records, and dissuade and distinguish misrepresentation and robbery. Isolation of obligations is a critical component of control, as it reduces the likelihood of misrepresentation occurring. For example, a trade foundation may

have a single registered employee, one salesperson, and one chief. One worker should count the money and record revenues, another should prepare the store slip, and the third should transport the store to the bank. This configuration might assist in identifying any irregularities within the assortments.

Inside control, programs should be consistently checked to guarantee that they are successful and viable with future innovation and advances. Additionally, a specialist should be hired to dissect the organization's plans and processes, suggest appropriate initiatives, and assist with implementation.

Monitor Vacation Balances

Individuals may be taken aback by reps who have not missed a single day of work in such a long time. While these may appear to be loyal employees, bramble this could suggest that these employees have something to conceal and are fearful that their extortion will be discovered if they are absent from work. A decent practice is to move employees to different positions within an organization, which may reveal any fraud being committed by that employee, as it provides a larger space for the subsequent representative to survey all of the activities of the principal employee being set up before.

Hire Trustworthy Experts

Among individuals who are working for our organization, there are additionally some Certified Fraud Examiners (CFE) and Certified Public Accountants (CPA) can assume an essential part in setting up anti-fraud strategies and methods. While hiring bookkeepers, fraud analyzers, and other master professionals who will handle sensitive organization data such as financial records figures, it is critical to ensure that these organizations or individuals have a reputation for providing high-quality service as well as dependability.

Live the Corporate Culture

A positive work environment is one way to deter employees from submit-

ting to extortion. There should be an uncomplicated organizational structure, well-considered approaches and methodologies, and good rehearsals. Additionally, the open-entryway model provides an exceptional foundation for evading extortion by providing workers with an accessible means of communication with the board. Entrepreneurs and the senior administration should show others how it is done and hold each worker accountable for their activities, regardless of position.

Keep the Novelty of the Anti Fraud Policies

A decent approach is to stop the workers from committing fraud before identifying them since we cannot do anything now as the harm has been done, so to upgrade the evasion procedures, organizations should have some strategies and techniques to make them understood and noticeable to workers. According to the Organization of Certified Fraud Examiners (ACFE) research, the permeability of these measures serves as the most significant deterrent to deceiving behavior. It is necessary to monitor and update our fraud detection policies.

Nowadays, organizations are committed to preventing such frauds and crimes, and as a result, they use the measures outlined in the preceding sections. Based on the statistics, it can be seen that there is a big difference in the cases reported initially and now in 2021, which directly tells us that Integrity and Introspection play a crucial factor in preventing fraud in any organization, whether of small scale or large scale. These two factors are highlighted in the eyes of every organization as they do not require many resources and are very cost-effective as well.

5. CONCLUSION

This research hypothesizes that organizations with more robust anti-fraud measures are more likely to maintain comprehensive, internal, external, and introspective integrity; thus, a high

level of integrity implies a low amount of corruption. Additionally, the size of organizations and their susceptibility to corruption are strongly correlated. However, these outcomes are inconsistent with employees' perceptions and experiences, which may differ from citizens' perceptions and experiences. Additionally, the study demonstrates some approaches that can be used and greatly influence reducing fraud within firms. It is critical for a company, particularly management, to engage and learn about its people. This situation can be accomplished by spending time with them, studying their behavior, and observing their reactions to various stimuli.

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