

International Conference on Accounting Studies (ICAS) 2016
15-18 August 2016, Langkawi, Kedah, Malaysia

Dealing with Fraudulent Financial Statement in Business Organizations through Whistleblowing System and Staff Awareness of Fraud

Ach Maulidi*

Sheffield Hallam University, United Kingdom

Abstract

The main aim of this study is to deal with fraudulent financial statement in business organizations. This study suggests that whistleblowing system and staff awareness of fraud empirically can minimize and mitigate financial statement fraudulently reported. Apart from that, this study also finds several aspects that can help firms to establish effective whistleblowing system and effective reporting mechanisms that might encourage an individual to report malpractice or wrongdoing occurring in the firm. In other words, based on this study, the most effective factors that can run whistleblowing system effectively are proactive safety/protection program, easy accessibility of exposure for employees, followed up whistleblower's reports or complaints, and financial incentives (reward) program, and, this study also confirms that online forms constitute the most effective reporting mechanism to blow misstatement whether caused by fraud or error.

Keywords: Fraudulent financial statement, business organizations, whistleblowing system, staff awareness of fraud

1. INTRODUCTION

Fraud is an intentional deception, whether omission or co-omission, that causes its victim to suffer an economic loss and the perpetrator to obtain a gain (Kranacher et al. 2011). There are many types of fraud, and many ways to characterize and catalog fraud; however, those frauds could be distilled into three primary categories given by Association of Certified Fraud Examiner/ACFE namely asset misappropriation, corruption, and financial statement fraud.

Nowadays, the existence of fraudulent financial reporting in business organizations remains to be major problem for government officials, practitioners, investment communities and as well as academician societies compared with other types of fraud. According to a study conducted by ACFE in 2014, found that fraudulent financial statement only has 9% cases (the smallest number of cases than others), but those cases have the biggest economic effect on business cycles with an economic median loss of \$1 million. Surprisingly, that percentage of financial statement scandals slightly increases, approximately 9.6% (ACFE, 2016). Separately, official report released by KPMG, (2016) noted that private sectors in the United Kingdom constitute the most vulnerable sectors to be defrauded by perpetrator as evidenced by median loss of £332.1 million.

*Corresponding author. Tel.: +44 7746365622
E-mail: ach.maulidi@student.shu.ac.uk

Rachagan and Kuppusamy, (2013), documented that whistleblowers provide a potentially powerful vehicle for increasing the detection of illegal activities. However, Drew (2010), highlighted that whistleblowing system is undoubtedly very important but it is also very crucial. In his study it is also outlined that there is lack of case study material on whistleblowing, so it impacts on assessing the effectiveness of whistleblowing mechanism towards mitigating unlawful acts. Lehmann (2010), notes that many companies are interested in adopting and preserving good corporate governance standards and they decide to run their whistleblowing reporting mechanism. Nevertheless, employees are still reluctant to blow misconducts (Rachagan and Kuppusamy, 2013). Apart from that concern, Martin et al (2014) found that limited awareness of and training in identifying fraudulent activities also has greater contribution to the existence of fraud as proven by Home Equity Conversion Mortgage (HEMC) facing mortgage fraud.

Due to that situation, this study will examine empirically impact of whistleblowing system on fraudulent financial statement and how to establish it effectively within organization. This study also will assess the link between staff awareness of fraud and fraudulent financial statement, how to make it effective to fight against that kind of financial crime and what topics that might be important for employees. This study conducted in Indonesia because Government of Indonesia (GOI) consistently makes massive improvements in term of eradicating unlawful acts as suggested by a survey carried out by Transparency International (TI). In that report revealed that Indonesia corruption perception index, in 2012, stands at 118 from 174 countries with the level of cleanness score 32 from 100 (very clean), and that rank astonishingly in 2015 changes to be 88 with the level of cleanness score 36. Meanwhile, the scores of other countries documented in that report, even though they place at good position, are not consistent (fluctuated scores) during those periods.

2. RESEARCH QUESTION

The main research question in this study is “*how to deal with fraudulent financial statement in business organizations through whistleblowing system and staff awareness of fraud*”, however, to make easy for measuring and analysing, it is distilled into 2 testable hypotheses.

H1: A firm can mitigate and minimize financial statement fraudulently reported if an effective whistleblowing system is properly designed and implemented in that firm.

H2: A firm can mitigate and minimize financial statement fraudulently reported if staff awareness of fraud is effectively promoted for all of employees in that firm.

3. RESEARCH METHOD

This research employs questions with a 5-point Likert Scale, short answer questions and open-ended questions, and the research contexts in this study are leading public accountant firms operated in Surabaya city (second largest city in Indonesia). Before the questionnaires were spread to the real targeted respondents, the author carried out a pilot study by sending them to MSc Forensic Students and MSc accounting and finance students who have already taken “forensic accounting module” in the Sheffield Hallam University, United Kingdom and several Indonesia lecturers who are currently studying accounting in United Kingdom. They were asked to assess, correct, and propose refinements of the original draft of the questionnaires aimed to ensure that instruments employed in this study have already been appropriate to achieve the objectives of this study. Corrections are made in the final drafts submitted to participants. Furthermore, in relation to sampling method, this study uses nonprobability sampling, especially purposive sampling. All the data collected from the questionnaires is analysed by using Social Package Software System (SPSS version 20). The questionnaires analysed in this study are 78 in total.

Furthermore, in relation to the instruments to measure the variables of this study, the author adopts from prior studies, with several modification, such as Martin et al (2014), exploring HEMC counselors’ fraud awareness and training, and Sylvia and Bayu (2015), studying fraud awareness survey of private sector in Indonesia, in which those studies are employed to measure staff awareness of fraud, and Rachagan and Kuppusamy (2013), studying Malaysian whistleblowing system, and Richard (2005), exploring the role of whistleblowing in the fight against financial crimes are adopted in this study aimed to measure whistleblowing system variable. Hypotheses tests are conducted by multiple linear regression, with the following equation:

$$Y = a + b_1 X_1 + b_2 X_2 + e \quad (1)$$

Explanation:

Y : fraudulent financial statement

a : value of Y if $X_1, X_2 = 0$

b_1, b_2 : coefficients of regression

- X_1 : encouraging an effective whistleblowing system
 X_2 : promoting staff awareness of fraud
 e : residual value

4. FINDINGS AND DISCUSSION

4.1 Findings

4.1.1 Demographic respondents

Table 1: Demographic respondents

		Percentage
Qualification	CPA	44%
	CFE	6%
	CA	27%
	CMA	4%
	No qualification	19%
Experience	Less than 2 years	19%
	2-5 years	39%
	5-10 years	36%
	Up to 10 years	6%

Most of respondents filling the questionnaires came from individuals who are qualified in practical works as evidenced by number of CPA accounted by 44% and CA accounted by 27%, with average experience up to 2 years accounted by 81%. It means that the collected data in this study contains worth value to deal with fraudulent financial statement in business organizations because participants have assortment of expertise in practical sides as demonstrated in table 1.

4.1.2 Results of validity and reliability tests

The result of validity test for each item stated in the questionnaire suggests more than 0.8; meaning that all of data used in this study can be argued valid. Meanwhile, the result of reliability test shows that statements used to measure all of variable have already met a statistical reliability in the form of Cronbach alpha. (*an effective whistleblowing system*, 0.988; *Promoting Staff Awareness of Fraud*, 0.983; *fraudulent financial statement*, 0.978). Those figures are excellent reliability according to Hair et al. (2010).

4.1.3 Result of normality test

The result of *Kolmogorof-Smirnov* suggests that the value of *asymptotic significant* is 0,337 which is higher than alpha ($\alpha=0.05$); meaning that the analyzed data have normal distribution.

4.1.4 Result of test for coefficient of determination

Table 2: Result of test for coefficient of determination

Model summary

Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.913a	0.833	0.828	1.76388

a. Predictors: (Constant), *effective_whistleblowing_system*, *staff_awareness_of_fraud*
b. Dependent variable: fraudulent financial statement

According to the table 2, it demonstrates that the proportion of observed outcomes replicated by the models (*effective whistleblowing system*, and *staff awareness of fraud*) is considered as good figure, with value of adjusted R square 0.828 or 82.8% and Std. Error of the Estimate 1.76388. It means that the proportion of those models employed in this study can contribute effectively to mitigating fraudulent financial statement.

4.1.4 Results of hypotheses test

Table 3: summary of hypotheses test

Variables	regression coefficient	t _{statistic}	critical value	p-value
Constant	0.921	3.212	1.72	0.009
An effective whistleblowing System	0.827	4.535	1.72	0.005
Promoting Staff Awareness of Fraud	0.671	2.867	1.72	0.023

Based on Table 3, it demonstrates the regression equation:

$$Y = 0.921 + 0.827X_1 + 0.671X_2 + e \quad (2)$$

That table shows that all of hypotheses are accepted as explained below:

1. The value of $t_{\text{statistic}}$ for variable of an effective whistleblowing system is 4,535 in which it is higher than critical value (1.72), and its p -value (0.005) is smaller than alpha (0.05). It means that a firm can mitigate and minimize financial statement fraudulently reported if an effective whistleblowing system is properly designed and implemented in that firm. and,
2. The value of $t_{\text{statistic}}$ for variable of promoting staff awareness of fraud is 2,867 in which it is higher than critical value (1.72), and its p -value (0.023) is smaller than alpha (0.05). It means that a firm can mitigate and minimize financial statement fraudulently reported if staff awareness of fraud is effectively promoted for all of employees in that firm.

4.2 Discussion

4.2.1 Encouraging an effective whistleblowing system and fraudulent financial statement

Because the hypothesis for this aspect is accepted "a firm can mitigate and minimize financial statement fraudulently reported if an effective whistleblowing system is properly designed and implemented in that firm", the next crucial question for further discussion is "How to create an effective whistleblowing system in order to push employees to report malpractice or fraud in the workplace". To answer that important question, this paper, thus, will suggest some aspects that can enhance the effectiveness of whistleblowing system based on empirical study conducted by author. Those aspects as mentioned that can establish an effective whistleblowing system will be depicted in the Table 4 below.

Table 4: Average responses to aspects affecting an effective whistleblowing system

Rank	A firm to establish whistleblowing system should	Effectiveness
1	Provide proactive safety/protection program	4.284
2	Provide easy accessibility of exposure for employees	4.194
3	Follow up whistleblower's reports or complaints	4.179
4	Use financial incentives (reward) to encourage reporting	4.164
5	Create a mechanism that whistleblowing system is managed by third-party provider	3.985
6	Allow multiple mechanisms for rising concern	3.791
7	Make an integral part of a firm's corporate compliance and Ethical program and whistleblowing system	3.716
8	Define sanctions for retaliation or harassments	3.597
9	Undertake effective awareness-rising programs	2.866

Notes: 1 – not effective; 5 – very effective

This paper will critically discuss the first four aspects that can establish an effective whistleblowing system to push employees to report malpractice or fraud in the workplace. The justification manufactured for that concern is due to the effectiveness of score for those aspects nearly close to very effective aspects (5) to establish an effective whistleblowing system in the organization.

To begin with, according to table 4, providing proactive safety/protection program constitutes the most effective aspect to make whistleblowing system work effectively. This study supports prior researches carried out by David and Sissel (2009) saying that safeguards of potential whistle-blowers are effective ways in practice in both persuading employees to rectify wrongdoing and encouraging disclosure, and Rachagan and Kuppasamy (2013), revealing that employees must be aware of the protection available for whistleblowing. There is a clear guarantee of reporter's identity protection that may be achieved by providing an anonymous complain pack. Potential whistle-blowers may be reluctant to report wrongdoing because they are fear of retaliation or harassment in various forms affecting their families or relatives safety. An empirical study reveals that high level of risks for whistle-blower occurred if it was related to concerns anonymously (Yeoh, 2014). Speaking up for many Indonesian people in the workplace may still seem dangerous or futile as showed substantially in the Century Bank scandals, where staffs ignored wrongdoing that were occurring until that bank collapse. The main concern from this aspect is "is there clear and comprehensive program/policy to protect employees who disclose suspected conducts of fraud or wrongdoing from retaliation and the harassment of potentially violent or bothersome confrontations?".

Second, providing easy accessibility of exposure for employees is one of considerable elements to increase the stability of corporate transparency in the work environment between employees. Many individuals may choose to keep silent towards malpractice or fraud because the suspected fraudster is someone sitting in the top line management. David and Tina (2007), studying a comparison of the impact of whistleblowing system protection in British and South African, found that the most important feature in implementing whistleblowing mechanism in both countries is that needs of workers protection when raising concerns about serious wrongdoing within an organization. To deal with this concern, a company should provide adequate internal reporting systems for whistle-blowers. An online whistle-blower hotline can become one of best ways to facilitate the disclosing of

wrongdoing, especially related to fraudulent financial statement. It is concretely demonstrated by the findings of ACFE stated in the report to *The Nation on Occupational Fraud and Abuse* (2014), show that the most effective reporting mechanism to combat fraud used hotlines by a tip. But, in relation to the telephone hotline, it cannot be undeniable that many employees still worry (fear of being identified) because they left an audible message. So, a better alternative approach to address this phenomenon is to choose and manage someone who will answer the whistle-blower's complaints, hopefully that complaint go directly to the head of company security. It will be better if that person is hired from external company in order that no one knows who is he (she), as consequence from this concern, he (she) works independently. The second aspect that can be taken into account is "are there effective and clear reporting channel mechanisms in place for escalating an individual's motivation to report unethical acts; fraud".

Third, using of financial incentives (reward) to encourage reporting. Near and Micheli (1986), found that the level of retaliation has a negative consequence of the potential whistle-blowers to make decision in reporting the likelihood of harmful acts or fraud. Job termination, for example, is one of the most common retaliation forms in societies against whistle-blowers. As evidenced in fact that many people are likely to position themselves at very substantial risk of losing their career when they blow the whistle on company's wrongful activity or even fraud. To deal with that problem, providing incentives is one of best alternative mechanisms to fight against retaliation. Using reward system has a positive impact on mitigating material misstatement whether caused by wrongdoing or fraud, because it will affirmatively encourage and motivate people to disclose potential misconduct to higher authorities in that company when significant monetary rewards or continuing employment contracts are offered as incentive. This study parallels with an empirical study carried out by Xu and Ziegenfuss (2008), investigating and exploring the impact of reward systems on the whistle-blowers behavior prediction. They found that the existence of cash reward and protection will enhance employees' enthusiasm to do the right thing. Therefore, an incentive whether it is monetary rewards or not, might generally be considered a best reinforcer for whistle-blower to behave appropriately in reporting wrongful activities. This term of incentive in this context constitutes the positive reinforcer to increase whistle-blowers' desired behavior in the company due to some human behaviors in the reality clearly prompted by specific stimuli. The research evidence reveals that individual satisfactory at workplace is much more modified by the actual incentives offered by an organization; the organization, of course, has a considerable amount of control over these incentives (Staw, 1995). The implication of this is that organization can influence employees' satisfaction to enhance the stability of corporate transparency by offering rewards.

The forth aspect, following up whistle-blower's reports or complaints. In this context, organization must listen and act when that concerns are raised. This study has similar findings to previous research conducted by David and Tina (2007), documenting that whistleblowing system will be effective if that organization provides a guarantee that every complaint will be considered or even followed up for further clarification. It is very important for corporation to form the independent and trusted service provider managing the organization reporting mechanism. It is only that person passing concerns and pieces of information delivered by whistle-blowers, each and every time to the top of organization with a high level of accuracy and consistency. Many Indonesian people still fail to speak up because they were ignored and they believe that nothing will be done. It is substantially evidenced by Bank Indonesia Liquidity Assistance scandals that are still continuing under Commission Corruption Eradication (Indonesian external Independent Investigator), because the investigators find some difficulties to dig major information from witnesses (Halim, 2014). There are some major commitments that should be considered with great attention by the authorized individuals (investigators) when carrying out investigation. First, they should always put the interests of the company and stakeholders in handling complaints of misconduct or fraud. Second, they should avoid actions, behaviors or actions that may give rise to conflicts of interest in addressing complaints of wrongful acts or frauds. Third, they should always be independent, professional, and objective and apply the principles of transparency, accountability, and fairness in dealing with process of complaints of misconducts or frauds.

Table 5: Average responses to possible effective reporting mechanism

Rank	Types of mechanism	Effectiveness
1	Anonymous letter/channel	4,532
2	Online forms	4,224
3	A telephone hotline	4,179
4	A dedicated email address	4,164
5	A dedicated fax number	3,985
6	A dedicated mail address	3,791
7	In-person reporting/ direct approach	2,940

Notes: 1 – not effective; 5 – very effective

Furthermore, Table 5 portrays that anonymous letter are considered as an effective reporting mechanism with effective reporting mechanism 4.532 and followed by online forms (4.224) and a telephone hotline (4.179).

Astonishingly, the mechanism for In-person reporting places the last rank with effective reporting mechanism 2,940. This finding is similar to the survey carried out by Sylvia and Bayu (2015) in Indonesia that anonymous letter is the most effective reporting system.

Additionally, it indicates that anonymity of whistle-blowers might help organizations to eliminate wrongdoing through hiding whistle-blowers' identities in order to avoid retaliation; it is because whistle-blowers protection regulations prevailing in particular areas, for example, cannot always prevent harassment or even retaliation from suspected perpetrator. This study is consistent with a research conducted by Lehman (2010), stating that anonymous whistleblowing mechanisms would not work in Malaysia or anywhere else for that matter, is simply not true and is really not a good enough reason for choosing not to have one. It also parallels with Johansson and Carey's (2015) study revealing that anonymous reporting channels were positively associated with reported fraud and the number of frauds reported. It means that if anonymous whistleblowing is allowed to be implemented, it might encourage more employees to report fraudulent activities. In contrast, however, Near and Miceli (1995) argued that if the whistle-blowers' identity remains anonymous, it adversely may affect credibility of the reported concerns. On the other hands, concrete evidence, in the practice world, shows that anonymous reporting obviously has great contribution of fighting against misconducts which is evidenced by regulation promulgated by Indonesia finance ministry in 2012 that allows potential whistle-blowers to hide their identities when blowing unlawful acts (Kemenkeu, 2016). Through that regulation, the number of complaints goes to the Indonesia finance ministry remains stable in each year as depicted in Table 6.

Table 6: Comparison between number of complaints through anonymity and investigation

Description	complaints/ cases		
	2014	2013	2012
Number of complaints were received	477	952	411
Complaints of alleged fraud	154	281	118
Complaints were non-fraud	323	671	293
Being processed at the Inspectorate General	-	56	108
Complaints were completed and acted upon	342	547	168
Complaints were at follow up stage	135	349	135

Source: Indonesia Finance Ministry's annual report (2014, 2013, 2012)

According to table 6, therefore, anonymous reporting can be viewed as one of the most effective reporting channels to encourage individuals to participate in reducing wrongdoing or fraud. In other words, if the encouragement of individual to report concerns and the greater responsiveness to indicators of trouble become one of business programs, the attention to, and awareness of the increasing level of wrongdoing in the workplace will be higher and it eventually will threaten perpetrators. Through providing anonymous channel, thereby, employees can be beneficial to organization to reduce unlawful acts. However, this reporting channel should be reinforced by clear and precise procedure regarding what type of concerns should be reported and how to report.

4.2.2 Promoting Staff Awareness of Fraud and fraudulent financial statement

Fraudsters are very creative and will come up with various ways to achieve their objectives. Staffs including managers require to think the unthinkable ways and to be as creative as the fraudsters. Because fraud occur at some level and in some ways, managers should use the risk assessment process to identify vulnerable areas, after that they should make decision about what are appropriate measures to deal with that type of fraud. Generally speaking, it is accepted that an organization cannot stop wrongdoing through anti-fraud policy standing alone. Thus, an authorized position within organization should appropriately embed an understanding of reinforcing a supportive work environment based on adequate controls, and proper risk management activities.

Fraud can be perpetrated by people from different educational and social backgrounds and different levels of an organization. One of best possible approaches that can be implemented easily by organization to enhance the stability of operation with a high level of accountability is an increase of fraud awareness for all of staff levels, regardless of their position. Training of fraud awareness for staffs and managers should be established by their positions of authority because it is considered as a pivotal component of well-rounded program for detecting and preventing fraud. Properly providing fraud awareness training and educating staffs and managers about fraud can help to prevent and detect material wrongdoing at early stage, and can also eliminate (minimize) the possibility of the negative consequence of misstatement on work environment. In the table 5 below reveals the rank of topics associated with promoting fraud awareness training.

It is very essential for staffs and managers to get an understanding of what fraud is and the types of fraud, the consequences of fraud, who perpetrates fraud and why, how to report fraud, how to respond any warning

suspicious, how to identify fraud, and fraud red flags or symptoms and fraud risks. In other words, the cost of fraud within organization, by introducing and applying an effective awareness program, can be significantly reduced. Therefore, all of employees within company should be mandated to get involved in anti-fraud education and a training of fraud awareness program, and trained in the specific certain alarmed symptoms and prevention and detection methods that are pertinent with their department's functions.

Table 7: Average response to topics associated with promoting fraud awareness training

Rank		Importance
1	Internal control system and fraud deterrence	3.970
2	Understanding of fraud; <i>What is and the types of fraud, who commits fraud, how fraud hurts organization and employees, how to identify fraud red flags/symptoms and fraud risks, how to report and respond any warning suspicions.</i>	3.940
3	Ways to maintain staff morale	3.821
4	Criminal business	3.791
5	Situations allowing perpetrators commit dishonest acts	3.567
6	Symptoms of profit-motivated crime	3.537
7	Dynamics of organized financial crime	3.522
8	Data analysis and monitoring	3.403
9	Punishment for fraudulent conducts	2.851

Notes: 1 – not important; 5 – very important

Sylvia and Bayu (2015) noted that, in today's business world it will be better if enterprises also be proactively applying fraud risk management process. According to KPMG's survey (2006) as mentioned in a study conducted by Sylvia and Bayu (2015), some of the areas which are decent for enhancing fraud risk management process should cover a sound ethics policy and code of conduct, a well-defined whistleblowing system, periodic fraud risk assessment, a good internal audit function, and pre-employment screening. In this study, author also requires participants to number those fraud risk management process.

Table 8: average response to fraud risk management process

Rank		Importance
1	a sound ethics policy and code of conduct	4.452
2	periodic fraud risk assessment	3.759
3	a well-defined whistleblowing system	3.657
4	a good internal audit function	3.587
5	pre-employment screening	2.451

Notes: 1 – not important; 5 – very important

Table 8 shows that a sound ethics policy and code of conduct are the most important activity related to fraud risk management process and this finding is consistent with previous table (table 6) that something associated with internal system is very pivotal aspect within organization to raise concerns about serious wrongdoing. However, these findings as depicted in table 7 are not similar to a survey undertaken by Sylvia and Bayu (2015). In other words, it has different rank for fraud risk management process.

5. IMPLICATIONS OF THIS STUDY

5.1 Academics implication

This study seeks to provide additional worth insights and knowledge to the ongoing researches in accounting and auditing and the existing literatures in fraud examination and forensic accounting specifically in terms of fighting against fraudulent financial statement in business organizations. This study covers and offers important aspects in forensic accounting world and it opens further ideal challenging studies.

5.2 Practical implication

This study is beneficial for the private entities that are facing difficulty to fight against fraudulent financial statement because this study is not only to test hypotheses but also to provide additional important subjects that make those results of hypotheses test works in practical situation. Additionally, there are several factors and reporting mechanisms that can be helpful for establishing effective whistleblowing system and important topics/programs that relate to promoting staff awareness of fraud. Those might be possible best solutions to impoverish the existence of fraudulent financial statement.

6. CONCLUSION AND RECOMMENDATION

This study confirms that effective whistleblowing system has positive relationship with mitigating financial statement fraudulently reported by corporate employees or management. The most pivotal aspects that should be taken into account by an enterprise when implementing whistleblowing system are proactive safety/protection program, easy accessibility of exposure for employees, followed up whistleblower's reports or complaints, and financial incentives (reward) program. Apart from that concern, it is very important for an enterprise to know that anonymous latter/reporting is the most effective reporting mechanism based on this study. This study also reveals that a firm can mitigate and minimize financial statement fraudulently reported if staff awareness of fraud is effectively promoted for all of employees in that firm. Thus, it is reasonable to argue that, according to this empirical study, employees are a valuable source of discovering unlawful acts especially financial statement fraudulently reported.

ACKNOWLEDGEMENT

The author is indebted to the LPDP for financing my study at Sheffield Hallam University and three anonymous reviewers for giving their comments on earlier drafts are also greatly acknowledged.

REFERENCES

- Association of Certified Fraud Examiners/ ACFE (2014). Report to the nations on occupational fraud and abuse.
- Association of Certified Fraud Examiners/ ACFE (2016). Report to the nations on occupational fraud and abuse.
- David, L., & Tina, U. (2007). Protecting whistleblowers at work. *Managerial Law*, 49 (3), 76-92.
- David, L., & Sissel, T. (2009). Protecting whistleblowers in Norway and the UK: a case of mix and match?. *International Journal of Law and Management*, 51 (6), 374-388.
- Drew, K. (2003). Whistle blowing and corruption an initial and comparative review. Retrieved April 17, 2016, from www.lcgtf.org.
- Halim, H. (2014). KPK targets more tycoons in BLBI scandal, [online], The Jakarta Post, Jakarta | National. 14 December 2014.
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E. and Tatham, R.L. (2010). *Multivariate Data Analysis*, (7th ed.). Prentice-Hall: Upper Saddle River, NJ.
- Indonesia Finance Ministry (2016). Whistleblowing system, available at, <https://www.wise.kemenkeu.go.id/>
- Indonesia Finance Ministry (2014). Annual report, available at, <http://www.kemenkeu.go.id/Page/laporan-tahunan-kementerian-keuangan>
- Indonesia Finance Ministry (2013). Annual report, available at, <http://www.kemenkeu.go.id/Page/laporan-tahunan-kementerian-keuangan>
- Indonesia Finance Ministry (2012). Annual report, available at, <http://www.kemenkeu.go.id/Page/laporan-tahunan-kementerian-keuangan>
- Johansson, E and Carey, P (2015). Detecting Fraud: The Role of the Anonymous Reporting Channel, *Journal of Business Ethics*, 1-19
- KPMG (2015). Fraud barometer: a snapshot of fraud in the UK.
- Kranacher, M.J., Riley, R.A., & Well, J.T. (2011). *Forensic accounting and fraud examination*. JohnWiley & Sons, Inc.
- Lehmann, D. (2010). Whistle blowing won't work in Malaysia, Deloitte Kassim Chan.
- Martin, C.S., Andrew T.C., Melissa, W., & Lloyd G. Z (2014). Exploring HECM counselors' fraud awareness and training. *Journal of Financial Crime*, 21 (4), 484 - 494.
- Near, J.P. & Miceli, M.P (1995). Effective whistle-blowing, *Academy of Management Review*, 20 (3), 679-708.
- Near, J., & Miceli, M. (1986). Retaliation against whistle blowers: Predictor and effects. *Journal of Applied Psychology*, 71 (1), 137-145.
- Rachagan, S., and Kuppusamy, K., (2013). Encouraging Whistle Blowing to Improve Corporate Governance? A Malaysian Initiative. *Journal of Business Ethics*, 2013, 115 (2), 367-382.
- Richard, A. (2005). The role of whistleblowers in the fight against economic crime. *Journal of Financial Crime*, 12 (2), 131-138.
- Staw, B, M (1995). *Psychological dimensions of organizational behavior*, 2nd edition, New Jersey: Prentice Hall, Inc.
- Sylvia, V.S., & Bayu, T. (2015). Fraud awareness survey of private sector in Indonesia. *Journal of Financial Crime*, 22 (3), 329-346.
- Transparency International (2012). Corruption index report. Retrieved April 17, 2016, from <http://www.transparency.org/cpi2012/results>.
- Transparency International (2015). Corruption index report. Retrieved April 17, 2016, from <http://www.transparency.org/cpi2012/results>.
- Xu, Y., & Ziegenfuss, D. (2008). Reward Systems, Moral Reasoning, and Internal Auditors' Reporting Wrongdoing. *Journal of Business and Psychology*, 22 (4), 323-331.
- Yeoh, P. (2014). Whistleblowing: motivations, corporate self-regulation, and the law. *International Journal of Law and Management*, 56 (6), 459-474.