

The Effect of Identity Protection and Financial Reward on Whistleblowing Intention in Public Sector Organization: Experimental Study

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ABSTRACT

This study aims to determine the effect of identity protection and financial rewards on the intention to perform whistleblowing. The data collected in the form of primary data using a 2x2 factorial experimental research design involving 89 students of the Undergraduate Accounting Study Program Universitas Pendidikan Ganesha as participants. Hypothesis testing uses Two Way Anova analysis. The results of this study indicate that (1) individuals tend to perform whistleblowing when there is identity protection, (2) individuals tend to perform whistleblowing when there is financial reward, and (3) in the presence of identity protection and financial rewards, individuals will have a high intention to perform whistleblowing. Thus, it is necessary to consider mechanisms for implementing identity protection and providing financial rewards for whistleblowers as strategic policies to encourage the disclosure of known fraud.

Keywords: *Financial reward, Identity protection, Whistleblowing intention*

1. INTRODUCTION

Dysfunctional behaviors by manipulating financial reports based on the interests of individuals or groups could endanger organizations, including public sector organizations. Corruption, similarly, would threaten state finances. Kompas.com summarizes four cases of corruption that have gained much attention causing state losses of up to trillions of rupiah. First, in early February 2019, the Corruption Eradication Commission (hereinafter, KPK) assigned the Regent of Kotawaringin Timur as a suspect of abuse of authority in issuing mining business permits to three companies, estimated to have caused State losses of 5.8 trillion. Second, Bank Indonesia Liquidation Assistance (hereinafter, BLBI) cases caused state losses of up to 3.7 trillion rupiahs. Third, Corruption cases in the Electronic Identity Card project (hereinafter, e-KTP) caused state losses. Fourth, an alleged corruption case in the construction of Hambalang sports center in West Java, worth IDR 1.2 trillion, according to KPK resulted in state losses of IDR 706 billion. The large number of cases of fraud that have occurred, such as corruption, embezzlement of undisclosed funds, and other accounting fraud, have resulted in enormous losses to the state. Efforts are needed to minimize these cases. The Indonesian

government has taken various ways, including tracing and investigating several corruption cases, punishing parties involved in corruption, providing open access to the public to report when they find indications of fraudulent acts committed by government officials, and improving the supervision system [1].

An audit process has been carried out to investigate accounting fraud, but many of these frauds are not disclosed directly by external auditors, yet by individuals within the organization enabling manipulation of accounting information [2]. The disclosure action taken by this individual is known as whistleblowing. Reference [3] states that whistleblowing is related to actions taken by members or former members of an organization to report illegal, unethical, or illegal actions to people who are willing and able to correct these faults. It can be said that one way to prevent and minimize accounting fraud is by disclosing fraud by whistleblower or performing whistleblowing.

On the other hand, internal auditors hold important positions in organizations to prevent and detect accounting fraud, even though the role of this profession is often neglected [4]. Corruption cases and various forms of fraud that occur are rarely disclosed by internal

supervisors, as [1] states that 94% of government auditors are unable to detect corruption. This is probably due to wiliness to perform whistleblowing was considered challenging and risky. Reference [5] states that potential negative consequences and the absence of fairness perception are considered as the main factors affecting individual behaviour towards disclosing accounting frauds. The potential whistleblowers are afraid of the consequences that might be experienced if they make a report against their colleagues. Reference [6] states that individuals decide to remain silent when they find out that their colleagues are doing dysfunctional behaviours, since there is no support from the organization and the dread of retaliation. There is a need for legal rules to project these actions. Moreover, a good and high moral reasoning for whistleblowing need to be amplified. Reference [7] examines the level of moral reasoning and the threat of retaliation that will be received when individuals disclosing fraud. As the result, individuals with a high level of moral reasoning and are faced with a low threat of retaliation will encourage whistleblowing. Moreover, protection and avoidance of punishment may encourage individuals to perform whistleblowing. Reference [8] also states that corporate relations and legal protection can moderate the relationship between attitudes and the desire to perform whistleblowing.

In a reporting system with a non-anonymous mechanism and no explicit protection from all forms of reporting risk, whistleblowers tend not to provide identified fraud reporting decisions. It means that the individual's intention to disclose fraud is weaker when the reporting system is non-anonymous [9]. Similarly, [10] found that in exposing fraud, anonymous reporting channels in the structural model are more effective than non-anonymous reporting channels. Reference [11] states that individual is willing to disclose fraud when the organization implements a closed reporting channel (without identity) with a reward model scheme in the form of protection. Reference [12] argue that it is also necessary to expand the need for knowledge related to improvements to the whistleblower protection system, the existence of a hotline for reporting errors, and a training program to create ethical management and to increase individual desire to do whistleblowing. Based on this literature, the existence of protected identity protection for whistleblowers will increase the intention of individuals to be willing to disclose existing frauds. However, [13] tested the identity format against the tendency to whistleblowing, namely by using three forms, including disclosed, protected, and anonymity forms of identity. The results showed that reporting fraud was significantly lower when the identity format was disclosed, while there was no significant difference between the anonymous identity format and the identity

that was protected against disclosure of fraud. The decision-making process for whistleblowing is very complex and involves a combination of many factors that are likely to influence the desire to act [14]. Intention is defined as the extent to which an individual is willing to perform certain behaviors, in which attitudes, subjective norms, and the existence of behavioral control are factors that motivate behavior, and these three factors have a positive influence on the desire to do whistleblowing [12].

The organization has attempted to increase its internal willingness to report accounting fraud, one of which is by providing motivation. The motivation related to increasing the possibility of internal organizations to disclose accounting fraud is the existence of financial incentives in accordance with the principles of Skinner's theory. Reference [15] states that to be able to encourage internal whistleblowing, one of which is by providing incentives or rewards for individuals who behave ethically. Reference [16] provide evidence that the desire to disclose financial reporting fraud is higher when financial incentives are available, in line with the research of [17] which explains that compensation in the form of limited shares can increase the likelihood that managers will report cheating when large rewards are available.

Reference [18] states that non-anonymous reporting lines are more effective in the reward model condition. Individuals tend to choose non-anonymous reporting paths in reporting wrongdoing when under conditions of the reward model. Reference [19] stated that internal auditors have a tendency to report wrongdoing to a greater authority if there is incentive provision. The results of the research by [20] suggest considering the mechanism for formulating and evaluating the organization's Whistleblowing System policy, particularly in relation to the protection, reward and punishment of whistleblowers within the organization, especially in the public sector. Reference [16] argues that jurisdictions must make strategic regulations by providing incentives and protection for whistleblowers to encourage disclosure of fraud to organizations.

Based on this explanation, this research aims to examine the effect of identity protection and financial rewards by using an experimental design and focusing on the scope of public sector organizations, especially government organizations. This different setting refers to data from Transparency International and the results of a national integrity survey conducted by the KPK conducted at Public Sector Organization in Indonesia, which shows that Public Sector Organization in Indonesia are synonymous with corruption and are attached to corrupt images. Thus, the researcher conducted this research on one of the public sector

organizations, especially government organizations in the context of the process of procuring government goods and services that are prone to fraud. Reference [21] explains that from data on the handling of corruption by type of case by the KPK as of July 2015 it shows that cases of corruption in the procurement of goods and services are the most cases handled by the KPK after bribery cases..

2. LITERATURE REVIEW

2.1 Theory of Planned Behavior

Theory of Planned Behavior (TPB) proposed by [22] is a psychological theory that attempts to explain the relationship between attitudes and behavior. Theory of Planned Behavior postulates that conceptually interest has three main factors that shape the intention (intention) in influencing an individual's behavior [22]. These three factors are: (a). Attitude Towards Behavior, which is something that is done by individuals in assessing or evaluating behavior, so as to produce decisions about the impact that will be obtained; (b) Subjective Norm, which is a decision to do or not to do a behavior based on social pressure or the absence of social pressure received; and (c) Perceived Behavior Control, which is a decision to do or not to do a behavior (behavior control) based on the ease or difficulty faced. The whistleblowing action is an action planned by the reporter or whistleblower. There are things that affect the whistleblower's intention to do whistleblowing. Therefore, the Theory of Planned Behavior (TPB) approach is one of the supporting theories to find out the things that encourage or influence a whistleblowing act. In this study, the two factors of Theory of Planned Behavior were used in research. It can be stated that identity protection is included in the subjective norm factor because it is to evaluate whether or not there is social pressure obtained on whistleblowing activities and financial rewards including attitudes towards behavior because it is to evaluate whether there are benefits or not rewarding behavior towards whistleblowing activities.

2.2 Prosocial Organizational Behavior

Reference [23] define prosocial organizational behavior as behavior carried out by members of an organization aimed at individuals, groups, or organizations with whom they interact while carrying out their roles in the organization or are carried out aimed at improving the welfare of the individual, group or organization. Reference [24] states that prosocial organizational behavior is a theoretical basis that supports whistleblowing. According to [25] that whistleblowing is a form of prosocial behavior because in

general whistleblowing will provide benefits to organizations and reporters of fraud.

2.3 Whistleblowing

Reference [3] states that whistleblowing is related to actions taken by members or former members of an organization to report illegal, unethical, or illegal actions to people who are willing and able to correct these mistakes. It can be said that one way to prevent and minimize accounting fraud is to perform whistleblowing. Whistleblowing can help the management and improve not only management performance, but also the organization's performance [26]. If management does not believe in its advantages, the whistleblowing program would not work effectively [27]. Frauds often occur in developing countries with weak law enforcement conditions and lack of awareness regarding good governance. Accounting staff are aware of organizational codes of ethics that can encourage whistleblowing, but most of them seem unaware of the adequate mechanisms to protect the potential for whistleblowing [15]. The implementation of the external whistleblowing system does not appear to be driven by the perceived effectiveness, which supports the theory of legitimacy because its disclosure is symbolic, but the application of internal whistleblowing seems to be driven by power theory [27]. There are four obstacles to the whistleblowing system, including that regulatory agencies are less systematic and do not have adequate resources for whistleblowing cases, besides not understanding the strategic importance of whistleblowing cases, regulators are under systemic pressure from politicians to ignore whistleblowing cases and there is a high systemic risk for whistleblowers who disclose fraud [29].

2.4 The effect of Identity Protection on Whistleblowing Intentions

Identity protection is a reporting channel mechanism by ensuring the confidentiality of the reporter's identity. Reference [28] states that structural anonymity strengthens the relationship between the desire to do whistleblowing and whistleblowing behavior. Reference [27] explains that legal planning related to protection for whistleblowers is needed. The same thing is also explained by [30] that in order to provide an effective whistle-blowing system, permission is needed to conduct anonymous reporting and there is high support from the organization. Reference [6] explains that individuals decide to remain silent when they find out that their colleagues are doing dysfunctional actions because there is no support from the organization and the fear of reprisals.

In Indonesia, explicit protection for whistleblowers is regulated in Law of the Republic of Indonesia Number 13 of 2006 concerning Protection of Witnesses and Victims, in which a witness and victim receive protection for their personal safety, family and property, and are free from threats related to testimony to be, is being, or has been given. In the reporting system with a non-anonymous mechanism and low explicit protection from all forms of reporting risk, the individual's intention to disclose fraud is weaker [9]. In disclosing fraud, anonymous reporting channels in the structural model are more effective than non-anonymous reporting channels [18]. Reference [11] explained that individuals are willing to disclose fraud when the organization implements a closed reporting line (without identity) with a reward model scheme in the form of protection. In the scope of public sector organizations, [31] explain that through anonymous reporting channels, employee interest in reporting fraudulent acts in the process of procuring government goods and services will be higher than through non-anonymous channels. Based on this explanation, the existence of protected protection for whistleblowers will increase the intention of individuals to be willing to disclose existing frauds. Thus, the first hypothesis proposed in this study is as follows

H₁: Whistleblowing is more likely to be performed when there is a identity protection, compared with no identity protection

2.5 The effect of Financial Reward on Whistleblowing Intentions

Financial rewards are a reward model by providing incentives. The principle of giving gifts or what is known as Skinner's theory explains that if you want to form the expected behavior, there is a need for reinforcement in the form of giving gifts, namely positive consequences that can increase the likelihood that the behavior will be rewarded again [32] According to [33], reward is about how people are rewarded according to their values in an organization. This includes financial rewards or non-financial rewards. The reward system that an organization provides to employees is the organization's policy, where the process of making and practicing employees is made in accordance with their contribution values, skills and competences towards the organization. Reward is one of the factors related to whistleblowing, where generally one's intention is affected by the reward given for good actions taken. Likewise, this will affect the whistleblower, if the reward received while doing whistleblowing attracts enough attention, then the intensity of a person whistleblowing will increase.

The decision-making process for whistleblowing is very complex and involves a combination of many factors that are likely to influence the desire to act [14].

In accordance with the principles of Skinner's theory, the existence of financial incentives can also motivate individuals to disclose accounting fraud. Reference [18] explains that non-anonymous reporting channels are more effective in the reward model condition. Individuals tend to choose non-anonymous reporting paths in reporting wrongdoing when under conditions of the reward model. Reference [19] states that internal auditors have a tendency to report wrongdoing to a greater authority if there are incentives. Reference [16] provides evidence that the desire to disclose financial reporting fraud is higher when financial incentives are available, in line with the research of [17] which explains that compensation in the form of limited shares can increase the likelihood that managers will report cheating when large rewards are available.

Based on this explanation, the existence of a financial reward for the whistleblowers will increase the individual's intention to be willing to disclose the existing frauds. Thus, the second hypothesis proposed in this study is as follows:

H₂: Whistleblowing is more likely to be performed when there is a financial reward, compared with no financial reward.

2.6 Interaction Effect

In accordance with Maslow's theory of needs, every individual needs a sense of security. When an employee feels a threat when reporting fraud in the procurement of goods and services that he knows about, this will make the employee feel insecure so that he will try to avoid threats by being less likely to be interested in reporting the fraud. This condition is also in accordance with what has been explained by [22], through his Theory of Planned Behavior (TPB), that one of the factors influencing a person's interest is the social pressure that is felt when he wants to take an action. However, if an employee is still interested in reporting fraud that he knows about, it can be said that the employee's behavior includes organizational prosocial behavior [23].

When an employee remains interested in reporting the fraudulent act, he tends to prefer reporting channels that ensure the confidentiality of his identity in submitting his report. This is because the reporting channel with a protected identity can guarantee the confidentiality of the reporter's identity even though he does not receive a financial reward. However, in accordance with Skinner's theory which explains that if you want to form the expected behavior, it is necessary to strengthen it in the form of giving rewards, namely positive consequences that can increase the likelihood that the behavior will be repeated. Reward or appreciation is a response to a behavior that can increase the likelihood of the behavior

returning. giving rewards or rewards can motivate someone to take the expected action. In this case, the provision of incentives can motivate a person's intention to do whistleblowing. Reference [18] found that non-anonymous reporting lines are more effective in reward model conditions, where individuals tend to choose non-anonymous reporting paths in reporting wrongdoing when under reward model conditions. This description leads to the assumption that the individual's intention to do whistleblowing in the absence of identity protection and financial reward will be higher than in the absence of identity protection and no financial reward. Thus, the third hypothesis proposed in this study is as follows:

H₃: There is a significant interaction between identity protection and financial rewards

3. METHOD

3.1 Research Design and Research Subjects

This study used a 2x2 between-subject experimental design with 2 manipulated variables (identity protection and financial rewards). Identity protection is manipulated at two levels, namely protected and unprotected, while financial rewards are manipulated at two levels, namely given financial incentives and without financial incentives. The following is the experimental matrix in this study (Table I).

Based on the experimental design 2 (financial rewards) x 2 (identity protection), participants were divided into 4 different groups. The division of the groups is explained as follows:

- 1) In group 1: Intention to do whistleblowing in conditions of identity protection and financial rewards
- 2) In group 2: Intention to do whistleblowing in the absence of identity protection and financial rewards
- 3) In group 3: Intention to do whistleblowing when there is identity protection and no financial reward
- 4) In group 4: Intention to do whistleblowing in a condition where there is no identity protection and no financial reward

The sample selection was carried out by non-probability sampling method, namely purposive sampling using certain criteria. The criteria in determining this sample are students of the Undergraduate Accounting Study Program who have taken Auditing, Government Accounting and Public Sector Accounting courses. The sample used was 120 participants who get different treatments and the manipulation group placement would be randomized. Determination of the sample is based on the theory rule of thumb that the minimum sample is 30 research subjects in each research group.

3.2 Experimental Task

The assignment in this experimental research is that each participant will be given a research instrument in the form of a case explanation. Each participant will get one of the four available cases. In each case, the participant will act as a Civil Servant in a Regional Apparatus Organization that is implementing a goods and service procurement project. There are four possible scenarios that participants will get in this experiment. Each case will contain information on indications of corruption in the procurement of goods and services in the Regional Apparatus Organization (*Organisasi Pemerintah Daerah*). This study uses an experimental task with a case scenario adapted from the research scenario of Andon et al. (2016) and Putri (2012) and adapted to the context of public sector organizations in goods and services procurement projects.

3.3 Manipulation Check

Before checking the manipulation, the first thing to do is to check the participants' understanding and basic knowledge of whistleblowing, it will be checked through 5 multiple choice questions. Participants are said to understand if the correct answers are at least 3 out of 5 existing questions.

3.4 Independent and Dependent Variables

- 1) Identity protection indicates conditions that can encourage individuals to disclose fraud using an identity format that is protected or guaranteed the confidentiality of their identity. identity protection instruments adapted from [13] and [18].
- 2) Financial rewards indicate conditions that can motivate individuals to disclose fraud by providing incentives. Instruments related to financial rewards were adapted from research by [16] and [18].
- 3) Intention to perform whistleblowing is the dependent variable in this study which indicates an individual's intention to disclose accounting fraud, in which instruments related to the desire to do whistleblowing were adapted from research conducted by [16] and [18].

3.5 Data Analysis

In analyzing the data, this study uses the Analysis of Variance (ANOVA) technique. ANOVA is an analytical tool to observe various phenomena of causality, especially in research using experimental methods [34]. Hypothesis testing criteria in ANOVA using f-count and p-value. If $f\text{-count} > f\text{-table}$ then it is declared significant and the hypothesis is accepted, then by using p-value, if

Table 1. Experimental matrix

Identity Protection	Financial Reward	
	<i>Given Incentives</i>	<i>Without Incentives</i>
Protected	Group 1	Group 3
Unprotected	Group 2	Group 4

Table 2. Manipulation check results

Participant	Type of Case				Amount
	1	2	3	4	
Class 2019 Students of S1 Accounting Study Program	33	32	27	28	120
Filled Does not pass the manipulation check	10	9	5	7	31
The amount of participant data obtained	23	23	22	21	89
Processed data	23	23	22	21	89

Source: Processed Data, 2020

Table 3. Participant Descriptive Statistics

Variable	Grup Treatment	Category	N	Percentage	Total
Gender	Group 1	Male	9	39,13%	Male = 43(48,31%) Female =46 (51,69%)
		Female	14	60,87%	
	Group 2	Male	13	56,52%	
		Female	10	43,48%	
	Group 3	Male	12	54,54%	
		Female	10	45,45%	
	Group 4	Male	9	42,86%	
		Female	12	57,14%	

Source: Processed Data, 2020

Table 4. Randomization Test

	Sum of Squares	Df	F	Sig.
Gender	2.847	1	0.879	0.351

Source: Processed Data, 2020

p-value <0.05 then it is declared significant and the hypothesis is accepted.

4. RESULT AND DISCUSSION

4.1 Manipulation Check

Manipulation checks are carried out by testing participants to determine whether they are right or wrong with five questions. The first question is about the participant's task as a civil servant in OPD X. The second question is about the party who commits fraud. The third question is about the meaning of whistleblowing, the fourth question is related to the availability of reporting

channels for OPD X, and the fifth question is related to the availability of financial rewards at OPD X. The results of the manipulation check analysis (Table II) show that of the 120 participants, only 89 participants (74.167%) passed the manipulation check, so that the participants who did not pass the manipulation check were as many as 31 people (25.83%).

4.2 Participant and Randomization Test

Randomization is a prerequisite for a true experiment that aims to make all subjects have the same opportunity to accept the given manipulation. Randomization is said to be effective when there is no influence of demographic

factors on the dependent variable (whistleblowing intention). Testing the success of randomization with One-Way ANOVA.

It is known that the randomization test results show that the gender of the participant is based on the test value $F = 0.879$ ($p = 0.351$). Table IV shows that there is no effect of demographic factors (gender) on the intention to disclose fraud. Thus, randomization is said to be effective and only protection of identity and financial reward causes the intention to do whistleblowing.

4.3 Test of Normality

Before performing ANOVA testing, the normality assumption was tested. The normality test aims to test whether the primary data to be processed is normally distributed. Researchers conducted a normality test using the one-sample Kolmogorov-Smirnov normality testing technique, namely by using a two-sided test and a significance level of 0.05. The results of normality testing show that the Asymp. Sig. = 0.082 (above 0.05) and with Shapiro-Wilk Sig. = 0.066 (above 0.05), with these results it can be said that the data is normally distributed so that it meets one of the ANOVA assumptions.

4.4 Test of Homogeneity

Hypothesis testing using the Analysis of Variance (ANOVA). Before doing the ANOVA test, the homogeneity assumption was tested. Homogeneity test as a prerequisite test before testing the hypothesis using ANOVA (Analysis of Variance). Researchers tested homogeneity using Levene's test of homogeneity of variance with a significance value greater than or equal to 0.05. The homogeneity test is used to ensure that the participants who are research subjects have the same variant in order to fulfill the ANOVA assumption. As can be seen from table 6, the value of Levene Statistic = 2.160 and Sig. = 0.099. This shows that each group of participants meets the same variance ($0.099 > 0.05$). Therefore, it can be concluded that the data has met the requirements for the ANOVA test.

4.5 Hypothesis Test

The data analysis technique to test the hypothesis in this experimental study used Two Way Anova. The criterion of significance can be seen if P_{value} is less than equal to 0.05 or if F_{count} is greater than F_{table} , then the proposed hypothesis can be accepted or supported. Meanwhile, if the value of significance is > 0.05 or if

F_{count} is less than F_{table} , then the hypothesis is rejected or not supported.

Table VII shows that in group 1, there were 23 participants who chose to disclose most of the fraud with a mean value of 6.39 and a standard deviation of 0.783. In group 1, there is the highest mean value when compared to other groups, so that group 1 with the condition of identity protection and financial reward is a condition in which the largest research subjects choose to disclose most of the frauds found (whistleblowing intention). While in group 3 there were 22 research subjects who chose to disclose the fraud that was found with an average value of 5.09 and a standard deviation of 1.231. In Group 3, there is a condition where there is identity protection and no financial reward, but the research subjects still choose to disclose most of the fraud. This shows that with identity protection even though there is no financial reward, the whistleblowing behavior of research subjects is still willing to reveal most of the frauds found. In group 2, there were 23 research subjects who chose to disclose fraud found with an average value of 4.70 and a standard deviation of 1.105. In Group 2, there is a condition that there is no identity protection and there is financial reward, but the research subjects still choose to disclose most of the errors found. This shows that with the existence of financial rewards but no identity protection, the whistleblowing behavior of research subjects is still willing to reveal most of the frauds found. Group 4 with 21 research subjects who chose not to disclose the frauds with an average value of 2.43 and a standard deviation of 1.326, this value is the lowest when compared to other groups, with an average value. So group 4 with conditions of no identity protection and the absence of financial rewards is a condition in which the research subjects have the lowest willingness to disclose the fraud that was found or do not want to disclose the fraud that was found.

The first hypothesis states that whistleblowing is more likely to be performed when there is identity protection, compared with no identity protection. From Table 8, it can be seen that there is an effect of identity protection on the intention to report fraud in government procurement of goods and services, with a value of $F = 83,562$ and $p\text{-value} = 0,000$ (less than 0.05). Differences in employee intentions to report fraud (whistleblowing intention) in government procurement of goods and services can be seen from the average value (mean) in Table 7. The total value of the average interest in reporting fraud in a condition where identity protection is present is 5.76 (group 1 and group 3), which is greater than the total average value of interest in reporting fraud in conditions of absence of identity protection, the average is 3.61 (group 2 and group 4). Thus it can be concluded that the first hypothesis can be accepted.

Table 5. Test of Normality

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Standardized Residual for WI	0.088	89	0.082	0.974	89	0.066
a. Lilliefors Significance Correction						

Source: Processed Data, 2020

Table 6. Test of Homogeneity

Levene's Test of Equality of Error Variances ^{a,b}					
		Levene Statistic	df1	df2	Sig.
Whistleblowing Intention	Based on Mean	2.160	3	85	0.099
	Based on Median	1.414	3	85	0.244
	Based on Median and with adjusted df	1.414	3	81.287	0.245
	Based on trimmed mean	2.090	3	85	0.108

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

^a Dependent variable: Whistleblowing Intention

^b Design: Intercept + PI + FR + PI * FR

Source: Processed Data, 2020

Table 7. Group Descriptive Statistics

Protection Identity	Financial Reward	Mean	Std. Deviation	N
Protected	Incentive	6.39	.783	23
	No Incentive	5.09	1.231	22
	Total	5.76	1.209	45
Unprotected	Incentive	4.70	1.105	23
	No Incentive	2.43	1.326	21
	Total	3.61	1.660	44
Total	Incentive	5.54	1.277	46
	No Incentive	3.79	1.846	43
	Total	4.70	1.799	89

Source: Processed Data, 2020

The second hypothesis states that whistleblowing is more likely to be performed when there is a financial reward, compared with no financial reward. From Table 7, it can be seen that the total average value (mean) of interest in reporting fraud in the treatment group with financial rewards is 5.54 (group 1 and group 2) higher than the average value of the treatment group without financial rewards is 3,79 (group 3 and group 4). Statistically, Table VIII also shows that the p-value for the financial reward variable is significant, namely with a value of $F = 55.996$ and a p-value = 0.000 (less than 0.05). Thus it can be concluded that the second hypothesis can be accepted.

Table 8. Hypothesis Test Result

Tests of Between-Subjects Effects					
Dependent Variable: Whistleblowing Intention					
Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	177.500 ^a	3	59.167	46.866	0.000
Intercept	1923.009	1	1923.009	1523.227	0.000
PI	105.494	1	105.494	83.562	0.000
FR	70.693	1	70.693	55.996	0.000
PI * FR	5.191	1	5.191	4.112	0.046
Error	107.309	85	1.262		
Total	2248.000	89			
Corrected Total	284.809	88			

a. R Squared = .623 (Adjusted R Squared = .610)

Source: Processed Data, 2020

The third hypothesis states that there is a significant interaction between the presence of identity protection and financial rewards. In the presence of identity protection and financial rewards, individuals will have a high intention to perform whistleblowing. To see the effect of this interaction, first see whether there is an influence of the interaction between identity protection and financial rewards on the intention to do whistleblowing. The results of statistical calculations in Table 8 show that there is an interaction effect between identity protection and financial rewards on the intention to whistleblowing on government procurement of goods and services. This can be seen from the p-value = 0.046 (less than 0.05). The average value for whistleblowing on government procurement of goods and services in the absence of identity protection and no financial reward (group 4) is 2.43 the lowest among other groups, so it can be concluded that the third hypothesis is acceptable, which is in the presence of protection of identity and financial rewards, individuals will have high intentions to do whistleblowing.

4.6 Discussion

The results of testing the first hypothesis found that there was an effect of identity protection on employee intentions to report fraud in government procurement of goods and services. The mean value of intention to report fraud with identity protection for the whistleblower is 5.76 higher than the average in the absence of identity protection. The results of this study indicate that in the presence of identity protection there tends to increase the individual intention to do whistleblowing, that is, individuals are willing to disclose fraud when the organization implements an identity protection policy in the form of guaranteeing the confidentiality of the whistleblower's identity and can submit his report using a pseudonym (anonymous reporting channel). This

indicates that employees who are aware of fraud will feel safer to submit reports related to the fraud if the reporting channel provides identity protection, namely a reporting channel that can ensure the confidentiality of the reporter's identity. Security is one of the hierarchies of needs as suggested by [35] in the Hierarchy of Needs Theory. This is because whistleblowers face retail (threats) from the perpetrators of fraud [7]. In the absence of identity protection, the identity of the reporter will be known by other people, which causes concern or fear for the reporter due to consequences in the form of threats or retaliation from the party who committed the fraud. Reference [36] explains that the confidentiality of the whistleblower's identity will reduce the threat (retaliation) that will be received by the whistleblower. In addition, the results of this study also indicate that employees will tend to behave in a prosocial organization (prosocial organizational behavior) as suggested by [23], which is trying to protect organizations from acts of violation or fraud by reporting the fraud if it is in the reporting channel existing in the organization can ensure the confidentiality of the whistleblower's identity.

For this reason, a mechanism that can be built as an effort to prevent these problems is the need for strategic policies that can control the disclosure of fraud, namely by protecting the identity of the whistleblower. This mechanism can encourage individuals in the organization to have the courage to disclose a known fraud. This study is in line with research by [21], [11], [31] which states that there is an effect of the mechanism for disclosing violation reporting lines on the intention of employees to report known fraud. Reference [9] explains that in a non-anonymous reporting system condition and does not have explicit protection from all forms of reporting risk, whistleblowers tend not to make identified fraud reporting decisions, meaning that the individual's intention to disclose fraud is weaker if the reporting

system conditions are non anonymous. Thus, in the presence of identity protection for whistleblowers it will increase the individual's intention to disclose fraud. Security guarantees for whistleblowers are the main factor for them to dare to convey information about the existence of fraud to the head of the organization, in which the fraud disclosure system needs to consider mechanisms that provide identity protection for whistleblowers.

The results of testing the second hypothesis found that there was an effect of financial rewards on employee intentions to report fraud in government procurement of goods and services. The mean value of intention to report fraud in the presence of financial rewards for whistleblowers is 5.54 higher than the average when there is no financial reward. The results of this study indicate that individuals tend to do whistleblowing when there is a financial reward than when there is no financial reward. The results of this study are in line with the research of [19] which states that internal auditors have a tendency to report wrongdoing to an authority if there is incentive provision. This study also strengthens the research results of [16], [33], [32] which explains that the desire to disclose fraudulent financial reporting is higher when financial incentives are available. Reference [17] also explains that compensation in the form of limited shares can increase the likelihood that managers will report fraud when large rewards are available.

The results of this study indicate that through giving rewards or incentives can motivate someone to take the expected action. In this case, with the provision of incentives, it can motivate someone's intention to do whistleblowing. This research is also supported by the Principle of Giving Gifts or what is known as Skinner's Theory which explains that if you want to form the expected behavior, it is necessary to reinforce it in the form of giving rewards, which are positive consequences that can increase the likelihood that the behavior will be repeated. Reward or appreciation is a response to a behavior that can increase the likelihood of the behavior returning.

The interaction effect test is used to find conditions that trigger the intention to do whistleblowing, specifically by interacting the independent variable of identity protection with the independent variable of financial rewards. The results of the Two-Way ANOVA test in Table VII show that identity protection significantly affects the whistleblowing intention. Financial rewards also influence whistleblowing intentions. Likewise, the results of the interaction between identity protection and financial rewards affect the intention to do whistleblowing (significance 0.046). The test results show that identity protection causes the intention to do whistleblowing when there is a financial

reward. The results of testing the third hypothesis found that in the presence of identity protection and financial rewards, individuals will have a high intention to do whistleblowing, namely the intention of employees to report fraud in government procurement of goods and services. The mean score of intention to report fraud with the presence of identity protection and financial rewards for the reporter (Group 1) was 6.39 higher than the average no identity protection and no financial reward (group 4).

Comparison of the mean group 3 (5.09) and group 4 (2.43) shows that there is a significant difference between group 3 and group 4. Individuals who are in organizational conditions apply identity protection policies (identity protected) (Group 3) are more likely to disclose fraud than individuals who are in a condition where the organization does not implement an identity protection policy (identity protected) (Group 4) in the absence of financial incentives or rewards. In a situation where there is identity protection in an organization, individuals are more likely to disclose known fraud than in conditions where there is no identity protection, regardless of whether there is financial reward. This is in accordance with Maslow's Hierarchy of Needs Theory [35] which explains that security is one of the hierarchies of needs that must be met. Employees who are aware of fraud will feel safer to submit reports related to the fraud if the reporting channel provides identity protection, namely a reporting channel that can ensure the confidentiality of the reporter's identity. The results of this study support the research of [11] which found that individuals are more oriented towards feeling safe for themselves. Thus, if there is an element of identity protection, he will be willing to disclose fraud because the element of the need for security is fulfilled in accordance with Maslow's theory of needs.

The comparison of the mean group 2 (4.70) and group 4 (2.43) also shows that there is a significant difference between group 1 and group 2. This means that individuals who are in a condition of no identity protection and are given financial rewards (Group 2) are more likely to disclose fraud than individuals who are in a condition of no identity protection and are not given financial rewards (Group 4). This study shows that individuals in condition their identity are not protected and the provision of financial rewards in the form of incentives can encourage individual intentions to take whistleblowing or disclose known fraud. This is in accordance with Skinner's theory that reinforcement in the form of reward is a positive consequence that can increase the likelihood that the behavior will be repeated. This study strengthens the results of [18] study which found that non-anonymous reporting channels are more effective in reward model conditions, namely individuals

tend to choose non-anonymous reporting paths in reporting wrongdoing when under the reward model condition. Thus, in the presence of identity protection and financial rewards, individuals will have a high intention of whistleblowing.

5. CONCLUSION

Disclosure of fraud by internal organizations is necessary. This study aims to examine the effect of identity protection and financial rewards on whistleblowing intentions. Based on data analysis and discussion, the existence of identity protection can encourage individuals to disclose known fraud. Identity protection can create a sense of security for whistleblowers, this is due to the assurance of the confidentiality of whistleblowers' identities, so whistleblowers will not worry about threats or retaliation because their real identities will not be known. Individuals are willing to disclose fraud when the organization implements an identity protection policy in the form of guaranteeing the confidentiality of the whistleblower's identity and can submit his report using a pseudonym (anonymous reporting channel). This indicates that employees who are aware of fraud will feel safer to submit reports related to the fraud if the reporting channel provides identity protection, namely a reporting channel that can ensure the confidentiality of the whistleblower's identity. In addition, giving financial rewards can also encourage individuals to disclose known fraud. Giving financial rewards in the form of incentives can motivate individuals to do something as expected. Reward or appreciation is a response to a behavior that can increase the likelihood of the behavior returning. Then, in the presence of identity protection and financial rewards, individuals will have a high intention of whistleblowing. Furthermore, this study shows that in a condition where identity protection exists, individuals are more likely to disclose fraud than in a condition where there is no identity protection. This research also shows that financial reward mechanisms are effective in situations where there is no identity protection.

This research has implications for policy makers to consider protection mechanisms and incentives for whistleblowers. As a material to improve the limitations of this study, here are some suggestions that can be made for further research: (1) further research can examine the materiality factor of the incentives given, whether the nominal is material, the individual's intention to do whistleblowing is also different, (2) this research takes place in government organizations, further research can take different settings in the scope of other public sector organizations.

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