

# SYSTEMATIC LITERATURE REVIEW ON IMPLEMENTATION OF WHISTLEBLOWING SYSTEM IN PREVENTING FINANCIAL ACCOUNTING FRAUD

MEIRYANI<sup>1</sup>, DANIEL<sup>2</sup>, SHI MING HUANG<sup>3</sup>, ASL LINDAWATI<sup>4</sup>, DIANKA WAHYUNINGTIAS<sup>5</sup>,  
AGUNG PURNOMO<sup>6</sup>, AGUSTINUS WINOTO<sup>7</sup>, MOCHAMMAD FAHLEVI<sup>8</sup>

<sup>1</sup>Accounting Program, School of Accounting, Bina Nusantara University  
Jakarta, 11480 Indonesia

<sup>2</sup>Accounting Program, School of Accounting, Bina Nusantara University  
Jakarta, 11480 Indonesia

<sup>3</sup>Accounting and Information Technology Department, National Chung Chen University, Taiwan

<sup>4</sup>Accounting Program, School of Accounting, Bina Nusantara University  
Jakarta, 11480 Indonesia

<sup>5</sup>Hotel Management Department, Faculty of Economics and Communication, Bina Nusantara University  
Jakarta, 11480 Indonesia

<sup>6</sup>Entrepreneurship Department, BINUS Business School Undergraduate Program, Bina Nusantara  
University Jl. K.H. Syahdan No. 9 Kemanggisian, Jakarta 11480, Indonesia

<sup>7</sup>Accounting Program, School of Accounting, Bina Nusantara University  
Jakarta, 11480 Indonesia

<sup>8</sup>Management Department, BINUS Online Learning, Bina Nusantara University  
Jakarta, 11480 Indonesia

E-mail: [meiryani@binus.edu](mailto:meiryani@binus.edu)

## ABSTRACT

The whistleblowing system is a part of internal control that has not been widely discussed in accounting research in Indonesia. This study aims to determine the influence of the factors that influence the implementation of the whistleblowing system in supporting the prevention of financial/accounting fraud in the corporate environment. In addition, this study wants to examine whistleblowing policy as a moderating variable on the relationship between the factors that influence the whistleblowing system and the implementation of good corporate governance and their relationship with the audit committee. This study uses a qualitative research approach using a systematic literature review to see if there is a pattern of relationship between the factors that influence the effectiveness of the whistleblowing system reporting and good corporate governance. The implication of this research is that companies need to ensure the safety of whistleblowers in the whistleblowing system.

**Keywords:** *Whistleblowing System, Internal Control, Good Corporate Governance, Reporting Fraud*

## 1. INTRODUCTION

Financial statements are a company mechanism to maintain relationships with stakeholders or stakeholders who have an influence on the availability of resources used for the running of the company's operational activities [1,15]. Financial statements contain information that will be used as the basis for making economic and corporate decisions, so that the integrity of financial statements is very important and crucial for companies that decide to go public and are listed on

the Indonesia Stock Exchange. Integrity in the process of preparing financial statements includes the following, that the financial statements are presented fairly; unbiased; and honestly convey relevant information [2, 16]. Information in financial statements can affect users of financial statements as a basis for decision making, therefore the information stated must be reliable, not confusing, free from errors, and trustworthy. However, in fact integrity has not grown well, this

is evidenced by the many cases of fraud that occur related to financial/accounting.

The results of the Indonesia Fraud Survey by the Association of Certified Fraud Examiners (ACFE) in 2019 stated that the most common fraud in Indonesia was corruption with a percentage of 64.4%, then Misuse of State and Company Assets/Wealth with a percentage of 28.9%, and followed by Fraud Reports Finance by 6.7%. Even though it seems small, financial statement fraud cannot be taken lightly, because this accounting fraud will result in losses to shareholders, investors, and the company [3, 17]. To be able to produce quality financial reports, namely reports that can present financial information correctly and with integrity, a full commitment from the company is needed.

The results of the Indonesia Fraud Survey by the Association of Certified Fraud Examiners (ACFE) in 2019 explained that the disclosure media for fraud reporting in Indonesia contributed the most, namely through media reports by 38.9%, then internal audit by 23.4%, followed by media - Other fraud disclosure media. The data explains that reports are the most contributing media in disclosing fraud, which shows that the majority of these reports come from company employees themselves [6, 25]. This result is consistent with the findings of SFI in 2016 and Report to The Nations in 2018 which stated that the main source of fraud was found from the reports of the company's employees themselves.

Through the results of various fraud surveys, it can actually be said that the whistleblowing system and internal management of the company are very important. The implementation of the whistleblowing system can help the process of integrity growth in the company, and the whistleblowing system can also support the implementation of good corporate governance, so that transparency within the company can be promoted properly. Furthermore, with the company's whistleblowing system, the company supports and provides protection for employees to report fraudulent acts that occur in the company to those who have the authority so that efforts to prevent and detect fraudulent practices within the company can run optimally, because this system is structured as an effort to prevent fraud and crime within the company. In implementing the whistleblowing system policy, the company is required to have a commitment to all employees as the most involved party, and the company must also

ensure the confidentiality and security of the whistleblower.

In Indonesia, the policy of reporting violations through the whistleblowing system can be said to be a reporting system that is still being implemented. Although the whistleblowing system policy is still relatively new in Indonesia, awareness of the importance of the whistleblowing system policy in companies continues to increase, because the whistleblowing system is proven to be able to prevent fraud in companies [4, 18]. In addition, the whistleblowing system is also considered to be a valuable key tool in the company's strategy in developing good corporate governance that can help maintain workplace security, as well as company profits and reputation. In Indonesia, several government and private companies have established and developed a whistleblowing system, including WIKA (PT. Wijaya Karya (Persero) Tbk.), Bank Indonesia, Sinar Mas, Pertamina, PT. Matahari Department Store, and others [5].

Previous studies regarding Whistleblowing System as follow research Yunawati (2018) did impact case studies Whistleblowing System implementation on internal fraud on PT. Bank Central Asia. Results his research shows that Whistleblowing System on entities banking is still not able reduce the level of fraud happening internally. Pamungkas et al (2017) obtained research results which is different namely Whistleblowing system has a significant influence on fraud prevention financial statements. Wilson et al (2018) suggest that one the key to successful implementation whistleblowing system is Source Human Power. Whistleblowing System won't work without it good integrity of the entity's HR itself (Peltier-Rivest, 2018). Good integrity is formed wrong one of which is independence. Latan et al., (2018) stated that Independence is key to objectivity and integrity So this factor plays an important role in increasing effectiveness implementation of the whistleblowing system in an entity. Previous research has shown that the whistleblowing system is one of the factors that influence fraud. Various studies shows that the whistleblowing system has a positive effect on fraud prevention (Agusyani et al., 2016; Gaurina et al., 2017; Islamiyah et al., 2020; Jayanti & Suardana, 2019; Maulida & Bayunitri, 2021; Puryati & Febriani, 2020; Sari et al., 2021; Sujana et al., 2020; Wahyuni & Nova, 2018; Wardana et al., 2017). By implementing a good whistleblowing system at one organization, then integrity and openness will be formed so that it can prevent fraud. However, other studies have shown that the

whistleblowing system has no effect on fraud prevention because it has not there is protection of data and identity of the reporter so that it affects employees in reporting acts of fraud (Sujana et al., 2020).

Based on the problem phenomena that have been described in the background, the purpose of this study is as follows:

To find out empirically and theoretically what factors influence the implementation of the whistleblowing system in preventing financial fraud and its relationship with good corporate governance.

This research paper contributes to providing information about the factors that influence the implementation of the effectiveness of the whistleblowing system in preventing accounting/financial fraud in organizations or entities. This research paper is unique because it is packaged using a systematic literature review as a research methodology, so that this research paper will be able to provide an overview of the factors that influence whistleblowing which is obtained from the results of literature studies through credible international journals and conferences.

## 2. LITERATURE REVIEW

### 2.1 Theory of Reasoned Action

According to Theory of Reasoned Action, a person's actions are influenced by their intention to perform the behavior, which depends on their attitude towards the behavior and subjective norms (Fishbein & Ajzen, 1975). Theory of Reasoned Action aims to explain the relationship between attitudes and behavior in human action. Primarily used to predict how individuals will behave based on their pre-existing attitudes and behavioral intentions [7, 24]. An individual's decision to engage in a particular behavior is based on the results the individual hopes will come as a result of performing the behavior [8]. Theory of Reasoned Action states that a person's intention to perform a behavior is the main predictor of whether they actually perform the behavior or not. In this case, the social normative component also contributes to the theory of reasoned action. According to the theory that the intention to perform a certain behavior precedes the actual behavior, this intention is known as behavioral intention, which arises from the belief that performing a behavior will lead to a certain result [9]. Theory of Reasoned Action suggests that stronger intention leads to increased

effort to perform a behavior, which also increases the likelihood of the behavior being performed.

The Theory of Reasoned Action makes the assumption that learned behavior is under volitional control, meaning that individuals think they have the ability to perform activities whenever they choose to do so [10]. Theory of Reasoned Action began to be applied more frequently to behavior analysis when the control factor became a factor. A subset, known as perceived behavioral control, was added to Theory of Reasoned Action to achieve this goal [11]. In fact, it is easy to see that this factor can substantially increase the generality of applying the model because there are many behaviors that require special skills or external facilities. Reasoned action theory recognizes that there are factors that limit the influence of attitudes on behavior. This theory predicts behavioral intention, but separates behavioral intention from behavior and also addresses the factors that limit influence on a person's behavior. Two important constructs for Theory of Reasoned Action are behavioral beliefs and attitudes toward behavior. Trust is a casual indicator that describes the latent variable while attitude reflects the operation of the latent variable. Overall, Theory of Reasoned Action consists of behavior, intention to perform behavior, attitudes, subjective norms, and external variables. These factors play an important role when it comes to recognizing the strength of an attitude over a behavior [12].

### 2.2 Whistleblowing system

Whistleblowing system is a media provided by an agency/company/organization for someone (whistleblower) who has information related to an act of fraud and wants to report the fraud. Whistleblowing system is one part of internal control that is used to reveal violations that occur in the company. Whistleblowing system is a program that can receive complaints about fraud. In submitting a complaint of fraud, it is best done in secret, this aims to protect the reporter from threats or ostracism by the reporter's co-workers. So that disclosure of complaints was accepted in an anonymous manner, where the complainant did not provide his identity at all. Whistleblower is a term for someone who reports fraudulent practices that occur within a company or agency. Whistleblower is an employee or community member who reports fraudulent practices that occur within the company or government, where the report can be expressed directly by internal parties or external parties who are aware of fraudulent practices. Susmanschi (2012) added that the whistleblower phenomenon

arises when there are reports from employees who are suspected of making mistakes at work that need to be followed up by making disclosures in the public interest [14].

A whistleblower is often understood as someone who first discloses or reports actions that are considered illegal at work to the internal authorities of an organization or public monitoring institution. These disclosures are not always based on the good faith of the reporter, but the aim is to reveal crimes or irregularities that he knows (Semendawai, 2011). Becoming a whistleblower is not an easy thing to do, before a whistleblower decides to disclose or report fraudulent actions that he knows, he must first know the risks that will occur if he commits these actions. Therefore, a smart and strategic way is needed so that the whistleblower's decision to reveal fraud does not have a negative impact on his future, career, and family (Davine and Maassarani, 2011). There are at least two criteria for a whistleblower, namely the first criterion is that a whistleblower submits or discloses a report to the competent authority or the mass media. With the hope that the alleged crime can be uncovered and dismantled [18]. The second criterion is that the whistleblower is an insider, that is, a person who discloses alleged violations and crimes that occurred at his or her workplace. So that the whistleblower really knows the alleged violation or crime because he is in the place where he works. Reports obtained from whistleblowers need attention and follow-up, including the imposition of penalties or sanctions so that they can provide a deterrent effect for perpetrators of fraud and also for those who are thinking of carrying out the process of such action. Without a regulatory enforcement process, all the efforts made by the complainant will be in vain [13].

With regard to corporate governance, whistleblowers play a very important role in conveying violations or fraud which can assist companies in making the work environment safer, as long as the information conveyed has justification. In the whistleblowing system, a whistleblower may not carelessly tell his testimony to other people, other institutions, or the mass media when he has reported an alleged violation to the institution that handles whistleblower reports. The aim is that the witness protection agencies or whistleblowers can protect them, and the reports disclosed can be investigated further. By entering into the witness protection system, whistleblowers have the proper rights to receive [15].

Based on Komite Kebijakan Nasional Governance (2008:2), the benefits of implementing a good whistleblowing system include: a) the availability of ways to convey important and critical information for the company to related parties, b) the availability of a mechanism for reporting violations and an early warning system mechanism for possible problems resulting from a violation, c) reduce the risks faced by the organization as a result of violations, d) improve the company's reputation in the eyes of stakeholders; regulators; and the general public, e) the availability of opportunities to deal with violations internally first, before expanding into public violations, f) Providing input to the organization to look further at critical areas and work processes that have internal control weaknesses, and to design the necessary corrective actions [16].

### 2.3 Good Corporate Governance

The main objective of the company is to increase the value of the company through increasing the economic prosperity of shareholders and stakeholders. Firm value is strongly influenced by company performance, especially financial performance [17]. The perception of stock market participants on a company's financial ratios is one of the most important determinants of the ups and downs of a company's stock price. The share price is the main component in determining the value of the company, for example in the PBV (price per book value) ratio [19, 24]. For this reason, it is important for the harmony of stakeholders to jointly increase the value of the company by maintaining their respective roles and functions. In this case, corporate governance (Good Corporate Governance "GCG") is the company's efforts to create a pattern of conducive relationships between stakeholders in the company [20]. This conducive relationship between stakeholders is a prerequisite in realizing good company performance, which in turn supports the increase in company value. Corporate governance will provide added value to shareholders in a sustainable manner in the long term, while respecting the interests of other stakeholders, based on applicable laws and norms. Thus it is clear that corporate governance is closely related to corporate value and of course, the company's financial performance [21].

Good Corporate Governance (GCG) is the principle that directs and controls the company in order to achieve a balance between the strengths and authority of the company in providing accountability to shareholders and stakeholders. Good Corporate Governance (GCG) contains the

principles applied by the company to maximize corporate values, improve company performance and contribution, and maintain the company's sustainability in the long term. Good Corporate Governane (GCG) is a system designed to direct professional company management based on the principles of transparency, accountability, responsibility, independence, fairness and equality [Muh. Arief Effendi (2016:3)]. Meanwhile, according to Wahyudin Z (2008:36) the notion of Good Corporate Governance is a regulation that regulates various interested parties (stakeholders), especially shareholders, the board of commissioners and the board of directors for the creation of corporate goals. Meanwhile, according to Bambang Rianto Rustam (2017:294) the notion of Good Corporate Governance is a series of linkages between the board of commissioners, directors, interested parties, and company shareholders. Corporate governance creates a structure that assists companies in setting goals, carrying out daily business activities, paying attention to stakeholder needs, ensuring the company operates in a safe and healthy manner, complying with laws and other regulations, and protecting customer interests. Based on the understanding of several experts above, the researchers concluded that Good Corporate Governance (GCG) is a system, process and a set of rules that are used to regulate the relationship between various interested parties so as to encourage the company's performance to work efficiently, produce long-term sustainable economic value for shareholders and the surrounding community as a whole [22].

The principles of Good Corporate Governance are Transparency, Accountability, Responsibility, Independence and Fairness. Which can be explained as follows:

#### a. Transparency

In order to maintain objectivity in conducting business, companies must provide material and relevant information in a way that is easily accessible and understandable to stakeholders. Companies must take the initiative to disclose not only issues required by laws and regulations, but also important matters for decision making by shareholders, creditors and other stakeholders.

#### b. Accountability

Able to account for their performance in a transparent and fair manner. For this reason, the company must be managed properly, measurably

and in accordance with the interests of the company while taking into account the interests of shareholders and other stakeholders. Accountability is a prerequisite needed to achieve sustainable performance.

#### c. Responsibility

Comply with laws and regulations and carry out responsibilities towards society and the environment so that long-term business continuity can be maintained and recognition as a good corporate citizen.

#### d. Independency

The company believes that independence is a must for the company can work well and be able to make good decisions for company. Each organ of the company will carry out its duties in accordance with applicable laws and regulations and GCG principles. Besides company organs should not have any parties that can interfere company management.

#### e. Fairness

Fairness implies that there is equal treatment of all shareholders, including foreign investors and minority shareholders, that is, all shareholders of the same class must receive the same treatment thing.

### 3. RESEARCH METHODOLOGY

This research is a qualitative research. The research methodology used in this paper is a Systematic Literature Review. Systematic Literature Review is a term used to refer to a particular subject of research or research and development methodology conducted to collect and evaluate research related to a particular topic of focus [23]. Literature review can make it easier for researchers to identify gaps that occur between a theory and the relevance of reality to research results (Bettany-Saltikov in Cahyono et al., 2019). Arikunto (2009: 195) states that qualitative research is descriptive research because this research seeks to describe data with words or sentences separated by category to obtain conclusions. Based on the background of the problem in the introduction, the problem selection in this study is as follows :

(1) The increasing cases of fraud in the world in general and in Indonesia in particular have resulted in corporate losses and bankruptcy. 2. There is still

a lack of awareness among employees in implementing the whistleblowing system so that most employees are still reluctant to report violations they know, so it is necessary to study the factors that influence the implementation of the whistleblowing system in preventing financial fraud in systematic literature review for companies in Indonesia. This research is intended to describe the factors that influence the effectiveness of the whistleblowing system in preventing fraud and its relationship with corporate governance through a literature study.

Source	Founded Studies	Studies Selected
Emerald	23	4
ACM Digital Library	7	2
Science Direct	7	3
Springer Link	9	2
Taylor and Francis	13	2
JSTOR	15	3
	74	16

Table 1: Number studies in selected sources

### 3.1 Literature Review Source Data Search Process

In order to be able to support the data search process using a qualitative descriptive literature review method, and to obtain relevant sources in this study, the research literature review search process was carried out using a search engine with the website address as follows:

- Emerald Insight ([emerald.com](http://emerald.com))
- ACM Digital Library ([dl.acm.org](http://dl.acm.org))
- Science Direct ([sciencedirect.com](http://sciencedirect.com))
- Springer Link ([link.springer.com](http://link.springer.com))
- Taylor and Francis ([tandfonline.com](http://tandfonline.com))
- JSTOR ([jstor.com](http://jstor.com))

### 3.2 Literature Criteria

This stage is carried out to decide whether the data found is suitable for use in a Systematic Literature Review or not. A study is eligible to be selected if it meets the following criteria:

- Data obtained through the [emerald.com](http://emerald.com) website; [dl.acm.org](http://dl.acm.org); [sciencedirect.com](http://sciencedirect.com); [link.springer.com](http://link.springer.com); [tandfonline.com](http://tandfonline.com); and [jstor.com](http://jstor.com)

- The data used only relates to the factors that influence the implementation of the Whistleblowing system and correlates with corporate, organizational or entity governance.

### 3.3 Literature Screening Criteria

This study is a literature review study conducted with the following stages: (1)

- determine the formulation of the problem and research questions with use

PICO method (Problem, Intervention, Comparison, Outcome), (2) do

article/publication search based on appropriate inclusion and exclusion criteria

already determined, (3) perform analysis and synthesis of the articles that have been

collected. Search on various databases using several keywords such as

"fraud", "prevention", "cheating", "corruption", "Whistleblowing", Whistleblowing system", and "reporting system", and "good corporate governance".

### 3.4 Data Analysis

Research data analysis consists of three stages, namely data reduction, data presentation, research conclusions (Miles et al., 2014).

## 4. RESEARCH RESULTS AND DISCUSSION

### 4.1 Demographic and Trend Characteristics

Publishing outlets. From the data search process, there is some quality data obtained from many studies in various conferences and journals. In this paper study, researchers found 16 papers from conferences and journals, as summarized in Table 2 below. Sources of research data come from various countries, namely America (USA), countries in Europe, and several countries in Asia.

Journal/Conference	Journal/Conference Name	Amount
Journal	European Journal of Management and Business Economics	1
Journal	Accounting, Auditing, & Accountability Journal	1
Journal	Asian Journal of Accounting Research	1
Journal	RAUSP Management Journal	1
Conference	International Conference on E-Business	1
Conference	International Conference on Theory and Practice of Electronic Governance	1
Journal	International Journal of Advances in Accounting	1
Journal	Journal of Economic Behavior & Organization	1
Journal	European Economic Review	1
Journal	Journal of Business Ethics	1
Journal	Journal of Corporate Whistleblowing Regulation	1
Journal	Journal Accountability in Research: Ethics, Integrity and Policy	1
Journal	Asia Pacific Journal of Public Administration	1
Journal	Journal of The Accounting Review	1
Journal	Journal of Transparency International	1
Journal	Journal of Business Ethics	1
<b>Total source of publication</b>		<b>16</b>

Table 2: Publication Source

#### 4.2 Factors Influencing the Whistleblowing System in Preventing Financial/Accounting Fraud

The results of the systematic literature review found that the implementation of the whistleblowing system was influenced by two main factors, namely the intention to do whistleblowing

and the factor of corporate governance. Which of these two matters will be discussed in more depth regarding the factors that influence the implementation and effectiveness of the whistleblowing system in preventing financial/accounting fraud. Mapping of the factors that influence the whistleblowing system in preventing financial/accounting fraud, which can be seen in Table 3 below.

Particulars	Factors
<b>Intention of Whistleblowing</b>	- Organizational Commitment
	- Attitude towards Whistleblowing
	- Personal Cost
	- Subjective Norm & Moral Intensity
<b>Good Corporate Governance</b>	- Audit Committee
	- Internal Control

Table 3: Mapping Factors

##### 4.2.1. Intention of Whistleblowing

According to research by Near and Miceli (1985) in Husniati (2017) suggests that individual intentions to take whistleblowing actions are actions that can be taken in reporting both internal and external violations. The intention to carry out whistleblowing is one of the important and main factors in influencing the effectiveness of whistleblowing implementation in companies/agencies, because basically a whistleblowing system can be implemented due to the initiation of an individual (whistleblower) to report fraud. There are several factors that can support a person's intention to do whistleblowing, which are as follows:

- Organizational Commitment

The results of the systematic literature review analysis show that organizational/company commitment to supporting an effective whistleblowing implementation process is important and influential in the intention to carry out whistleblowing. These results are consistent with the concept of prosocial organizational behavior and the concept of organizational commitment, namely that whistleblowing action is a positive social behavior that can provide benefits to the organization in the form of protecting the organization/company from the dangers of fraud. This study draws the same conclusion that the higher the organizational/company commitment, the higher the intention to report through the whistleblowing system.

- Attitude towards Whistleblowing

The results of the systematic literature review analysis show that the attitude tendency in supporting whistleblowing actions can increase individual interest in reporting fraudulent acts through the whistleblowing system. If an internal auditor and a whistleblower have confidence that whistleblowing actions can have a positive impact and see that a positive impact is necessary, then an auditor and a whistleblower will have a tendency to have a positive attitude towards the implementation of whistleblowing.

- Personal Cost

According to Schultz's research (1993), personal cost is an employee's perspective on the risk of retaliation or sanctions by members of an organization or company that can influence employees' interest in reporting fraud. This result is in line with the intention to do whistleblowing, because if an employee has personal costs, then the employee will also have a high intention and desire to do whistleblowing to report fraud that occurs in the organization or company.

- Subjective Norm & Moral Intensity

The results of systematic literature review analysis show that subjective norms and moral intensity have a positive influence on the intention to do whistleblowing in an organization/company. This result is in accordance with the Theory of Reasoned Action put forward by Ajzen (1991), which states that if an individual is given a perception by his role model to do whistleblowing, then the individual will have a positive perception of the whistleblowing action. Individuals who have a positive perspective on whistleblowing will tend to have a higher level of intention to do whistleblowing. In addition, according to Mapuasari (2014), someone who has high moral reasoning can suppress feelings of discomfort by choosing the most appropriate work decisions, so this result is in accordance with the theory, because if an individual has high integrity moral reasoning, then the individual level to doing whistleblowing will also be high.

#### 4.2.2. Good Corporate Governance

According to the Turnbull Report (Muh Arief Effendi, 2009:1), governance (governance) is defined as a company's internal control system which has the main objective of managing

significant risks to fulfill its business objectives through securing company assets and increasing shareholder investment value in the long term. Agoes (2011) defines the notion of corporate governance as a governance system that is transparent and regulates the roles of directors, shareholders and other types of stakeholders, with the aim of achieving company goals. Zakaria (2015) states that whistleblowing is an important element in accounting and internal control that functions as a mechanism to prevent illegal, immoral and illegitimate practices in any organization, including illegal practices in presenting financial statements.

The results of the systematic literature review analysis, apart from the intention to carry out whistleblowing, corporate governance factors are also important, because basically the whistleblowing system is part of good corporate governance which is used to convey irregularities and violations that occur within an organization or company, including irregularities in matters preparation of Financial Statements. So, with the existence of a whistleblowing system policy in a company, of course it will help and support the function of oversight in the governance carried out by an organization or company to become more conducive. There are several factors that influence to be able to improve corporate governance to support the implementation of whistleblowing, which are as follows:

- Audit Committee

Neuman (1970. p. 7) states that a company's audit committee is a committee formed from the board of directors to work directly with both independent and internal auditors with representatives of accounting activities and other related activities. The company's audit committee serves to strengthen the audit function in the company and increase protection for directors, shareholders and other stakeholders. The results of the systematic literature review analysis state that the whistleblowing system can strengthen a positive relationship between the expertise of audit committee members in accounting and the integrity of financial statements. So that with a quality audit committee, the effectiveness of the implementation of the whistleblowing system will also be positively affected to support the process of reporting fraud in organizations/companies.

- Internal Control

From the results of the systematic literature review analysis, it is also stated that internal control within the company is also one of the important factors that can positively influence the effectiveness of the implementation of the whistleblowing system. If a company has internal controls with integrity, then the whistleblowing system by itself will also be effective in preventing fraud in the organization/company. With good internal control, the working atmosphere will be more conducive, thus enabling whistleblowers to be able to report acts of fraud that occur. Because with an atmosphere of conducive internal control, whistleblowers will be able to safely report acts of fraud, and fraud in financial reporting can be prevented.

The Critique of this study so that it can be used as material for further research, namely (1) the variables of the implementation of the whistleblowing system in this study were measured using a systematic literature review; (2) disclosure of the whistleblowing system is voluntary so that the data obtained is limited to companies that make disclosures of the whistleblowing system; (3) The ethical environment, high moral intensity must be maintained and further enhanced among the company's employees so that it can further increase the employee's intention to carry out whistleblowing.

## 5. CONCLUSION

The whistleblowing system is a very important component for entities in supporting a clean and fraud-free work environment. The whistleblowing system functions as a means of preventing and disclosing fraud in entities. In its implementation, the whistleblowing system must be supported by conducive environmental conditions from the entity, the entity must be able to ensure the security of the mechanism for conveying information in the whistleblowing system. In terms of data, the whistleblowing system has proven to be able to have a positive impact on entities. The 2019 Association of Certified Fraud Examiners (ACFE) Survey shows that the whistleblowing system method is a fraud prevention tool that is widely considered effective as an anti-fraud control with a percentage of 22.6% (ACFE Indonesia Chapter, 2020). Therefore, increasing the supporting factors for whistleblowing is important.

Fraud and corruption are still the main problems for this nation, an appropriate mechanism is needed to minimize fraud and corruption. Whistleblowing system as a tool to detect and prevent acts of fraud. Whistleblowing is an action taken by employees to report fraud or violations committed by the company or other employees. People who reveal an action that is considered a violation of the rules by employees or indicate a breach of regulations or fraud are referred to as a Whistleblower. Whistleblowing system is a system for processing complaints/providing information submitted either directly or indirectly in connection with acts that violate laws and regulations, regulations/standards, codes of ethics and policies as well as other similar actions in the form of direct threats to the public interest such as corruption, collusion and nepotism (KKN). Based on the results of a systematic literature review, it shows that attitudes towards Whistleblowing, organizational commitment, personal costs, the seriousness of fraud, and personal responsibility affect employee interest in taking Whistleblowing actions. However, partially attitudes towards Whistleblowing, organizational commitment, seriousness level of fraud, and personal responsibility do not affect employee interest in taking Whistleblowing actions. It's just the personal cost factor, which has a negative and significant effect on employee interest in taking Whistleblowing actions. Through the whistleblowing system, it is easier for the auditor to find fraud, thus enabling the auditor to find and report fraud.

The results of the systematic literature review (Systematic Literature Review) of this paper show that in general it turns out that the topic regarding factors influencing the implementation of the Whistleblowing system is not only tied to accounting journals or conferences, but also includes other journals and conferences such as E-Business, Business Ethics, Public Administration, and others. This implies that the topic of factors affecting the Whistleblowing system is not only around the field of Accounting & Finance, but in journals or disciplinary conferences more generally. In its implementation, the whistleblowing system is influenced by several factors, through the results of a systematic literature review, it can be concluded that the factors that influence the effectiveness of the implementation of the whistleblowing system are the intention to carry out whistleblowing and corporate governance factors. Researchers through this paper found that the intention to do whistleblowing is influenced by organizational

commitment factors, attitude towards whistleblowing, personal costs, and subjective norms & moral intensity. The intention to carry out whistleblowing is an important factor because if there is no initiation in reporting fraud, then the whistleblowing system will not be able to run optimally. Furthermore, governance factors are also important because entities must be able to ensure whistleblower safety and create transparent & conducive governance to be able to increase the effectiveness of the implementation of the whistleblowing system.

## 6. IMPLICATION AND LIMITATION & SUGGESTION

### 6.1 Research Implication

Systematic literature reviews are important for a number of reasons. In this paper, the researcher provides demographic data and information about sources of literature publications on the topic of Whistleblowing Systems. By identifying and analyzing demographics and trends about the source of literature publications, one can use the information to collaborate and/or exploit several interesting research topics from different sources. Based on the results of the summary of the factors that influence the effectiveness of the implementation of the whistleblowing system, the implication of this research is that companies need to ensure the safety of whistleblowers in the whistleblowing system. Entities or companies need to ensure whistleblower safety and create transparent and conducive corporate governance.

This study can provide descriptive information in a summary of the factors that influence the effectiveness of the implementation of the whistleblowing system in preventing accounting/financial fraud. Through an understanding of the importance of the factors that influence the implementation of whistleblowing, academics; practitioner; and policy makers can understand how to prevent, detect, and investigate accounting/financial fraud in entities or companies.

### 6.2 Research Limitation & Suggestion

As with other systematic literature reviews, this study was limited to a discussion of how previous studies were conducted and what results were available. The limitations that researchers experienced were time constraints so that researchers were unable to analyze in depth further regarding the factors that influence the implementation of the whistleblowing system in preventing accounting/financial fraud. In addition,

researchers also experience limited topics related to the sources that researchers use to conduct literature studies using the Systematic Literature Review. Researchers' suggestions for future studies, namely future studies can analyze the factors that influence the implementation of the effectiveness of the whistleblowing system in preventing accounting/financial fraud in crucial and dynamic sectors such as banking sector. Future research can empirically test the implementation of the whistleblowing system and further researchers can add other variables such as the moderating variable of rewarding legal protection for reporters to further increase the influence of whistleblowing intentions.

### REFERENCES:

- [1] Jubb, Peter B. (1999). Whistleblowing: A Restrictive Definition and Interpretation. *Journal of Business Ethics*, 21, 77-94.
- [2] Devitt, John K. (2015). WHAT IS WHISTLEBLOWING?. *Transparency International Journal*, pp. 5-7).
- [3] Heacock, Marian V., & Gail W. McGee. (1987). Whistleblowing: An Ethical Issue in Organizational and Human Behavior. *Business & Professional Ethics Journal*, Vol. 6(4), pp. 35-46.
- [4] Ng, Keith Yong Ngee. (2020). The moderating role of trust and the theory of reasoned action. *Journal of Knowledge Management*, Vol 24 Issue 6, ISSN: 1367-3270.
- [5] Ajzen, Icek. (2012). Martin Fishbein's Legacy: The Reasoned Action Approach. *The Annals of the American Academy of Political and Social Science*, Vol. 640, pp. 11-27.
- [6] Chang, Man Kit. (1998). Predicting Unethical Behavior: A Comparison of the Theory of Reasoned Action and the Theory of Planned Behavior. *Journal of Business Ethics*, Vol. 17(16), pp. 1825-1834.
- [7] Donaldson, Thomas., & Lee E. Preston. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *The Academy of Management Review Journal*, Vol.20(1), pp. 65-91.
- [8] Mkhaimer, Ibrahim M., Kareem M. Selem, Ali Elsayed Shehata, Kashif Hussain, & Marta Perez Perez. (2022). Can hotel employees arise internal whistleblowing intentions? Leader ethics, workplace virtues and moral courage. *European Journal of Management and Business Economics*, ISSN: 2444-8494.

- [9] Iwai, Tatiana., Luciana Yeung, & Rinaldo Artes. (2021). Voice or silence: antecedents of whistleblowing intentions. *RAUSP Management Journal*, Volume 56 Issue 2, ISSN: 2531-0488.
- [10] Okafor, Oliver Nnamdi., Festus A. Adebisi, Michael Opara, & Chidinma Blessing Okafor. (2020). Deployment of whistleblowing as an accountability mechanism to curb corruption and fraud in a developing democracy. *Accounting, Auditing & Accountability Journal*, Volume 33 Issue 6, ISSN: 0951-3574.
- [11] Rajeevan, Shanmugavel. (2019). Building a bulletproof whistleblowing environment: an accountant's perspective. *Asian Journal of Accounting Research*, Vol 5 Issue 1, ISSN: 2459-9700.
- [12] Handoko, Bambang Leo., & Roifah Amelia. (2021). Implementation of Good Corporate Governance, Internal Audit, Whistle-Blowing System for Fraud Prevention in State-Owned Enterprise. 12th International Conference on E-Business, Management and Economics, 305-310, <https://doi.org/10.1145/3481127.3481144>.
- [13] Coutinho no Nascimento, Barbara Luiza., & Alexandre Rodrigues de Oliveir. (2020). Enabling anonymous whistleblowing through online reporting mechanisms in Brazil. 13th International Conference on Theory and Practice of Electronic Governance, 783-786, <https://doi.org/10.1145/3428502.3428620>.
- [14] Brink, Alisa G. (2021). He wouldn't, but I would: The effects of pronoun-induced language vividness in whistleblowing policies. *Advances in Accounting Journal*, Vol 54, <https://doi.org/10.1016/j.adiac.2021.100545>.
- [15] Antinyan, Armenak., Luca Corazzini, & Filippo Pavesi. (2020). Does trust in the government matter for whistleblowing on tax evaders? Survey and experimental evidence. *Journal of Economic Behavior & Organization*, Vol 171, 77-95, <https://doi.org/10.1016/j.jebo.2020.01.014>.
- [16] Choo, Lawrence., Veronika Grimm, Gergely Horvath, & Kohei Nitta. (2019). Whistleblowing and diffusion of responsibility: An experiment. *European Economic Review Journal*, Vol 119, 287-301, <https://doi.org/10.1016/j.eurocorev.2019.07.010>.
- [17] Mesmer-Magnus, Jessica R., & Chockalingam Viswesvaran. Whistleblowing in Organizations: An Examination of Correlates of Whistleblowing Intentions, Actions, and Retaliation. *Journal of Business Ethics*, 62, 277-297.
- [18] Brand, Vivienne. (2020). The Ethics of Corporate Whistleblowing Rewards. *Corporate Whistleblowing Regulation*, pp 37-63.
- [19] Jensen T. Mecca M. S., et al. (2013). Perspectives on Whistleblowing: Faculty Member Viewpoints and Suggestions for Organizational Change. *Journal of Ethics, Integrity and Policy*, Vol 21(3), 159-175, <https://doi.org/10.1080/08989621.2014.847735>.
- [20] Cooper, Christopher A. (2021). Encouraging bureaucrats to report corruption: human resource management and whistleblowing. *Asia Pasific Journal of Public Administration*, Vol 44(2), 106-130, <https://doi.org/10.1080/23276665.2021.1894955>.
- [21] Wilde, Jaron H. (2017). The Deterrent Effect of Employee Whistleblowing on Firms' Financial Misreporting and Tax Aggressiveness. *The Accounting Review Journal*, Vol 92(5), 247-280, <https://www.jstor.org/stable/26551271>.
- [22] Resimić, Miloš. (2021). Institutional arrangements for whistleblowing: Challenges and best practices. *Transparency International*, <https://www.jstor.org/stable/resrep32877>.
- [23] Mesmer-Magnus, Jessica R., & Chockalingam Viswesvaran. Whistleblowing in Organizations: An Examination of Correlates of Whistleblowing Intentions, Actions, and Retaliation. *Journal of Business Ethics*, Vol 62(3), 277-297, <https://www.jstor.org/stable/2512366>.
- [24] Susanto, Azhar., Meiryani. (2018). The Influence of Business Process and Risk Management on The Quality of Accounting Information Systems. *Journal of Theoretical and Applied Information Technology*, 96(9), pp.2626-2637.
- [25] Meiryani, Handoko, B.L., Sabrina, S., Hendra, E. (2018). The Influence of Leadership Styles on Accounting Information Systems Quality and its Impact on Information Quality Survey on State-Owned Enterprises. *International Conference on Communication Technology Proceedings, ICCT, 2018, 2017-October*, pp. 1989-1993.