

CHAPTER I

INTRODUCTION

A. Background

In the development of digital era, there are many significant changes in various aspects of people's social life, the development of science. There are positive and negative effects of change in the field of technology and information. The positive effect that we can feel now is that the help of the internet makes it easy for us to access anything. However, the negative effect is that it has more opportunities to commit crimes, such as manipulating data, falsifying evidence, and so on. In accounting, the behavior of manipulating or falsifying data is usually referred to as fraud. Fraud is a deliberate deception committed that causes unwitting losses by the aggrieved party and provides benefits for the fraudster. Fraud usually occurs as a result of pressure to commit misconduct or encouragement to take advantage of existing opportunities and the existence of justification (generally accepted) for such actions.

Observing cases surrounding a country's whistleblowing is one of the ways to observe corruption cases. Based on the findings of Transparency International (2022) in the Corruption Perception Index (CPI) 2021, Indonesia is ranked 38th, which is an increase of 1 point from the previous year. Indonesia has made improvements in combating corruption but is hampered by high levels of corruption in the law enforcement and political sectors. A number of major corruption cases, such as Jiwasraya and Asabri,

have also colored the dynamics of anti-corruption law enforcement. Efforts to handle a number of scandals in major corruption cases during the pandemic contributed to the increase in the CPI in 2021. However, the important thing for the government and all stakeholders to pay attention to focus on more transparent and accountable law enforcement efforts, related to the return of assets due to corruption.

The Association of Certified Fraud Examination (ACFE) mentions fraud in accounting that can be categorized into three groups, namely fraud in financial statements, asset misuse and corruption. Acts of corruption, both minor corruption and big corruption, must always losses. Therefore, corruption must be eradicated. Tyas and Utami (2020) explained that whistleblowing is a disclosure of illegal practices, frauds, deviant actions, or unauthorized activities by a member of an organization under supervisor's policy to various parties who can follow-up this action. There have been many cases of fraud occurring in Indonesia and abroad this shown from Kominfo. One of them in Indonesia is the case of Djoko Tjandra, who falsified travel documents, alleged bribes related to the removal of 'red notices', and bribes related to the management of the Supreme Court fatwa that allegedly asked the Supreme Court not to be executed by services related to his actions. Furthermore, Gayus Tambunan faked his identity and disguised himself to run away from trouble for spending a lot of money from treasury funds. A similar case occurred in America, namely the Enron case. This case is a form of corporate financial statement fraud in order to attract

investors. Enron's Board of Directors has abused the trust of its shareholders and harmed the interests of its shareholders. This has led to public confidence in the professionalism, and ethical conduct of the accountant profession is currently questioned because of major scandalous cases of financial problems committed by large companies involving large accounting firms as well as accounting figures. The case of the Regent of Talaud, North Sulawesi Province, also abused his power by allegedly accepting bribes related to the work of revitalizing the Lirung market and parrot market in Talaud islands district in 2019, which requested luxury goods to contractors to get a job project in Talaud district. Not only these cases, according to “Tribun Boltim” in 2022 there were the market development corruption case carried out by the head of an agency of a local government in East Bolaang Mongondow Regency.

Many States Civil Servants may still be afraid to take action revealing cheating because of a lack of understanding, lack of security, or lack of courage. Therefore, based on the Surah Al-Maidah verse 8 in the Qur'an that explains honest and trustworthy behavior that reads:

هُوَ إِعْدِلُوا تَعْدِلُوا إِلَّا عَلَىٰ قَوْمٍ سَنَأُ يُجْرِمَنَّكُمْ وَلَا بِالْقِسْطِ شُهَدَاءَ لِلَّهِ قَوَّامِينَ كُفُّوا أَمْنُوا الَّذِينَ يَأْتِيهَا تَعْمَلُونَ بِمَا حَبِطَ اللَّهُ إِنَّ اللَّهَ وَاتَّقُوا لِلنَّفُوسِ أَقْرَبُ

Meaning: O you who have believed, be persistently standing firm for Allah, witnesses in justice, and do not let the hatred of a people prevent you from being just. Be just; that is nearer to righteousness. And fear Allah; indeed, Allah is [fully] Aware of what you do (Qs. Al-Maidah: 8).

Surah Az-Zumar verse 33:

الْمُتَّقُونَ هُمُ أُولَٰئِكَ بِهِ وَصَدَقَ بِالصِّدْقِ جَاءَ وَالَّذِي

Meaning: And the one who has brought the truth [i.e., the Prophet (ﷺ)] and [they who] believed in it - those are the righteous (Qs. Az-Zumar: 33).

Surah Al-Anfal verse 58:

الْحَابِئِينَ يُجِبُّ لَا إِلَهَ إِلَّا اللَّهُ إِنَّ سَوَاءٌ عَلَىٰ إِلَيْهِمْ فَأَنْتُمْ خِيَانَةٌ قَوْمٍ مِّنْ تَخَافَنَّ وَإِمَا

Meaning: If you [have reason to] fear from a people betrayal, throw [their treaty] back to them, [putting you] on equal terms. Indeed, Allah does not like traitors (Qs. Al-Anfal: 58).

The verse above is related to whistleblowing because it serves as a reminder to people to convey honesty to those who have the right to know. So that the role of the State Civil Apparatus in carrying out whistleblowing actions should reveal the truth and reduce cases of fraud that are often carried out by irresponsible persons and uphold honesty in all aspects of life so that no party will feel disadvantaged.

With the rise of cases of fraud, the government issued the initiation of Law Number 20 of 2001 concerning the eradication of criminal acts of corruption, which is corruption is one of the acts of fraud. Fraud cases do not only occur in companies but also local government institutions. They were judging from the corruption cases of government officials that were revealed to the public and the forms of extortion cases. Extortion was usually done by someone before carrying out civil servant admission test by bribing 'insiders' in to pass the test. In order to pass the selection, they justify all means to achieve what they want. When this happens, two people will be to blame, the first being bribery and the second being the 'insider' who helped bribery. These insiders can include friends who work in the same agency or relatives who have positions in those agencies. In article 5 paragraph 1 of Law Number 20 of 2001 concerning criminal acts to those who give or promise something to civil servants or state officials because

of or related to something that is contrary to obligations, done or not done in their position. When many cases like this are revealed, the role of whistleblowing should exist in companies or agencies as a deterrent. This is in line with increasing effectiveness in public sector organizations, namely one of the tools to detect corruption is by empowering whistleblowers (Busra, Ahyaruddin, and Agustiawan, 2019). One of the public sector organizations in Indonesia that has implemented a whistleblower system is the Corruption Eradication Commission (KPK). The regulation regarding the whistleblower system is contained in Law of the Republic of Indonesia Number 30 of 2002. This system is expected to be a means to report alleged violations and report corruption crimes committed by a person to the Internal Control section at work.

Whistleblowing is the act of disclosing information from a private or public organization to open dangerous corruption cases to the public. One effective tool used to detect corruption is to empower whistleblowers. When a person commits fraud, it is possible that someone else or someone closest to him knows what he or she is doing. Although, there are some acts of cheating committed blatantly there are still many people who are afraid to report it and choose to be silent. Some view whistle-blowers as traitors who violate organizational loyalty norms. Others view whistleblowers as heroic protectors of values that are considered more important than loyalty to the organization. Conflicting views often result in potential whistleblowers being in the balance of decision-making. Whistleblowers play an important

role in opening unethical behavior in government and making government more transparent and accountable to the public. It is proven that whistleblowing complaints are more effective in disclosing fraud than other methods such as internal audit, internal control, or external audit. In particular, a state civil apparatus allows to become a whistleblower because the state civil apparatus is the closest resource to any act of fraud and is in the initial position to encounter illegal practices in the organization so that the investigation process can begin immediately when they provide relevant and reliable information.

An organization's commitment to whistleblowing is the level to which an individual takes sides with an organization and its goals and desires to maintain membership in that organization. Employees who have a high organizational commitment in him will cause a high sense of belonging, so it will not hesitate to do whistleblowing because it believes the actions, he did will protect the organization from destruction. Employees who are committed to the organization will try to carry out their responsibilities and have a high loyalty to the organization. Thus, the whistleblowing of an employee demonstrates a form of employee commitment to protect his organization from the threat of unethical or illegal things.

The second factor that also has an influence on whistleblowing actions is the perception of the seriousness of fraud. Whistleblowing is a complex process that also involves situational factors, such as the level of seriousness

of the violations that occur. The shaper of the perception about the seriousness of fraud, in addition to the amount of cheating value is also inseparable from the type of cheating that occurs. Cases of greater or higher perceptions of fraud tend to be reported by individuals rather than cases with relatively low perceptions of fraud. In this case, the individual is a member or employee of an organization that has a responsibility to protect the organization or institution from the danger or potential threat of fraud.

The third factor influencing the act of whistleblowing is a personal cost. Personal costs are reporting violations that occur in an organization with the view of employees, or members of the organization against the risk of retaliation or sanctions from other members of the organization will reduce the intention of employees to conduct whistleblowing. If the reporting action to be done can jeopardize its position, it will make the tendency of reporting to be minimal.

The last factor that can influence whistleblowing action is attitude. Attitude is the amount of confidence that employees have about the consequences of whistleblowing and subjective evaluation of those consequences. The greater the tendency of a person's attitude to whistleblowing should be, the greater the likelihood of increasing the whistleblowing intentions of the person. Thus, a person who wants to be a whistleblower must have a component of confidence that the actions taken will have a positive impact on the organization such as preventing things

that can harm the organization, control over corruption, as well as improving the public interest and organization.

This study aims to empirically prove the factors that influence the intention of the State Civil Apparatus (ASN) in conducting whistleblowing actions in the government environment of East Bolaang Mongondow Regency. These factors are organizational commitment to whistleblowing, perception about the seriousness of fraud, personal cost, and attitude. The locus chosen is the area of origin and the rise of corruption cases in the government environment, so researchers are interested to know what factors influence the phenomenon in their own area.

Evidence from previous research shows that the organization's commitment positively affects the interests of civil servants conducting whistleblowing (Aida, Helmy, and Setiawan, 2019). In contrast, the different results were also shown by Abdullah and Hasma (2018) that the organization's commitment has a negative and insignificant effect on the intention of auditors to conduct whistleblowing actions. Therefore, there are still inconsistent results among previous studies in which there is confusion between the influence of organizational commitment to the intention of conducting whistleblowing.

This research is a replication of the research of Aida, Helmy, and Setiawan (2019), which finds the factors that affect the interest of civil servants to conduct whistleblowing actions. The difference between this research with the research of Aida, Helmy, and Setiawan (2019) is as

follows. First, the place to conduct research on previous research was conducted in the scope of Padang State University, while this research conducted in the regional government office of Bolaang Mongondow Timur district. Second, the population used in previous research was all education personnel and civil servant lecturers of groups two to four, while this study used the population by specifying in all staff working in the finance department.

Findings of previous research relating to factors influencing the intention to commit whistleblowing actions has uncovered some determinants. Research conducted by Aida, Helmy, and Setiawan (2019) findings the framework of a theory of planned behavior to findings the individual factors that makeup whistleblowing intentions. According to the study, one of these individual factors is attitudes towards whistleblowing, which has a positive influence on whistleblowing intentions. There are still many accounting studies in the field of ethics that encourage researchers to review whether these factors influence a person's intention to whistleblowing or there are other factors that are more likely to influence such activities.

Based on the background that has been discussed above and previous studies, the author was also interested in conducting a study entitled **"FACTORS THAT AFFECT THE INTENTION OF THE STATE CIVIL APPARATUS IN CONDUCTING WHISTLEBLOWING ACTIONS"**.

B. Research Questions

As for problem formulation in this study as follows:

1. Does organizational commitment have a positive effect on state civil apparatus intention to conduct whistleblowing?
2. Does perception about the seriousness of fraud have a positive effect on state civil apparatus intention to conduct whistleblowing?
3. Does personal cost have a negative significant effect on state civil apparatus intention to conduct whistleblowing?
4. Does attitude-behavior have a positive effect on state civil apparatus intention to conduct whistleblowing?

C. Research Objectives

Based on the formulation of the research problem above, the purpose of this research is as follows:

1. To obtain empirical evidence about the positive influence of organizational commitment to state civil apparatus intention to take whistleblowing action in the Local Government.
2. To obtain evidence about the positive influence of perception about the seriousness of fraud to the intention of state civil apparatus to take whistleblowing action in the Local Government.
3. To obtain empirical evidence about the negative influence of personal costs on a state civil apparatus's intention to take whistleblowing action in the Local Government.

4. To obtain empirical evidence about the positive influence of behavior attitudes towards state civil apparatus intention to take whistleblowing action in the Local Government.

D. Significance of Study

1. Theoretical Benefits

This research is expected can add to the accounting literature in the field of public sector related to the importance of whistleblowing for the economy of an agency in Indonesia. Not only that, it is also expected that this research can reduce cases of fraud that often occur in Indonesia, especially in Local Government Agencies where there is a lot of extortion or illegal levies carried out by unscrupulous people who embarrass the name of the agency. Some previous research has discussed a lot about whistleblowing but different entities. Therefore, from this research, we know the application of whistleblowing actions that are usually applied in a company to government agencies and can be used as a reference in the assessment related to the intention of the state civil apparatus in conducting whistleblowing actions on other research related to the same topic which contains new things.

2. Practical Benefits

a. For the Government

This research can provide input to various parties, especially for the local government of Bolaang Mongondow Timur district related to

factors that influence the intention in conducting whistleblowing actions, namely personal or individual factors including organizational commitment, perception about seriousness, personal cost, and attitude to the intention of the state civil apparatus in conducting whistleblowing actions. These factors are expected to be utilized to the maximum by the state civil apparatus involved in tertiary institutions to be more vigilant and avoid actions that harm all parties, thus reducing cases of fraud that occur in the local government and become a consideration in making decisions.

b. For the Community

This research is expected to be a means of information for the public related to whistleblowing actions with empirical evidence and as a reference for local governments in implementing whistleblowing systems so that their implementation can be more effective and efficient.

c. For Researchers

Of course, the benefit for researchers is that it can add many new insights and also train the ability to think critically related to organizational commitment, perception about seriousness, personal cost, attitude to the intention in conducting whistleblowing actions.