The role of auditor in whistleblower system: The cases in Indonesia

Nurul Hasanah Uswati Dewi[1], Djuwito[2], Romanus Wilopo[3]

[1, 2, 3] STIE Perbanas Surabaya, Nginden Semolo Street 34-36, Surabaya, 60118, East Java, Indonesia

A B S T R A C T

In 2012, the Association of Certified Fraud Examiners stated that 43% of frauds are detected by tip money. The role of tips for the people is a crucial factor in disclosing frauds. Most often, company frauds are revealed by a whistle blower. This study attempts to observe the dimensions of the existence and role of the organization of internal auditors and the witness protection agency as external factors influencing an internal auditor to become a whistle-blower. It also explores the effects of the internal auditor competencies, the moral attitude of the internal auditor, and the ethical behavior of company's internal auditors as internal factors influencing an internal auditor on being a whistle-blower. The independent auditors are considered as the population as they are often connected with the internal auditors. They need the information from the internal auditor about fraud or abuse in the company. Questionnaires were mailed to them and analyzed using Partial Least Squares. It showed that only the ethical behavior of company's internal auditors influenced them to be whistle blowers coupled by a witness protection program. To develop sound corporate governance in Indonesia, a whistle blower system is needed with emphasis on a strong witness protection. At present, Indonesia does not have the whistle blower act.

A B S T R A K

Pada 2012, the Association of Certified Fraud Examiners menyatakan bahwa 43% dari kecurangan terdeteksi melalui uang tip. Peranan tip ini merupakan faktor penting dalam mengungkapkan kecurangan. Paling sering, kecurangan perusahaan diungkapkan oleh whistle blower. Penelitian ini mencoba mengamati dimensi keberadaan dan peran organisasi internal auditor dan lembaga perlindungan saksi sebagai faktor eksternal yang mempengaruhi internal auditor untuk menjadi whistle-blower. Di samping itu, penelitian ini juga mengeksplorasi pengaruh kompetensi internal auditor, sikap moral internal auditor, dan perilaku etis internal auditor perusahaan sebagai faktor internal yang mempengaruhi auditor internal untuk menjadi whistle-blower. Auditor independen dianggap sebagai populasi yang sering dihubungkan dengan internal auditor. Mereka membutuhkan informasi dari internal auditor tentang kecurangan atau penyalahgunaan dalam perusahaan. Kuesioner didistribusikan kepada mereka dan dianalisis menggunakan Partial Least Squares. Hasilnya menunjukkan bahwa hanya perilaku etis internal auditor perusahaan mempengaruhi mereka untuk menjadi whistle blower dengan program perlindungan saksi. Untuk mengembangkan tata kelola perusahaan yang sehat di Indonesia, sistem whistle blower sangat dibutuhkan dengan penekanan pada perlindungan saksi yang kuat. Saat ini, Indonesia tidak memiliki tindakan whistle blower.

1. INTRODUCTION

In Indonesia, the law no. 25, 2003 about money laundering describes that the financial service institutions must report the suspicious transactions. This is due to the method and operation of the money laundering, which are more and more sophisticated. Therefore, the increase of the money laundering is performed through another mechanism such as by investment or financing indirectly. One of the professionals that can monitor and see the possibility of money laundering is the internal auditor who can serve in a public sector, or in company. In addition, an internal auditor can report to the Indonesian Financial Transaction Reports and

Analysis Center (The Indonesian Financial Intelligence Unit) the money laundering in its institution and thus, he can be a whistleblower.

However, in Indonesia an internal auditor acting as a whistleblower often gets the risks such as the violation of the confidentiality principle and a charge in court about defamation. Therefore, the existence and role of the organization of internal auditors and the witness protection agency can encourage an internal auditor to be a whistleblower. The internal factors also influence an internal auditor on being a whistleblower. The internal factors include the internal auditor competencies, the moral attitude of the internal auditor, and the ethical behavior of company's internal auditors.

The study aimed to determine the influence of the internal factors like the competency of the internal auditor, the moral attitude of the internal auditor and the ethical behavior of company's internal auditors on the internal auditor to be a whistleblower. The research also aimed to know the external factors like the competency of the internal auditor, the moral attitude of the internal auditor and the ethical behavior of company's internal auditors.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

A *Whistleblower* is an employee, or former employee who is a member of an organization or institution reporting an action that breaks the law or illegal actions to the authorities. This action will be a threat to the public interest. Whistleblowers are categorized into an internal and an external whistleblower. An internal whistleblower is a person as employee or former employee in an organization reporting misconduct to another person or to the supervisor in that organization. On the contrary, an external whistleblower is a person as employee or former employee in an institution reporting or informing the fraud to the outsider's organization. The outsiders are the law enforcer, media, lawyer, or agents of eradicating corruption.

A whistleblower is not considered as part of an organization or a company because his action to inform the misconduct performed by the company can be considered disadvantage or harmful the organization or a company. A whistleblower is considered to be deviating from the interest of the organization or a company. However, when the disclosure is required by the law or prompted by the order of government agencies, the report or information of a whistleblower is not considered as a betrayal. In USA, for instance, there is no case that a whistleblower is considered a betrayal, especially when the organization or the company makes an illegal action (Bouville 2008).

The Development of Whistleblower

A whistleblower can improve the global recognition guaranteeing the global transparency and integrity (Dworkin 2007). This recognition is an important contribution of the parties in the organization about the wrong or illegal action, especially in complex and different situations.

Many fraud cases in early 2000 in USA were performed by Enron, WorldCom, Xerox and others by promoting Sarbanes-Oxley Act, 2002 (SOX Act). This Act also regulated the role of whistleblowers. The Congress stated that SOX Act tried to encourage and protect whistleblowers in various ways. It included providing pseudonym to a person that performs as a whistleblower and assigning penalty and punishment to the person or the institution doing or implementing the retaliation or the requital to the whistleblower. Moreover, SOX Act also gave a clear means where a whistleblower will submit reports and findings.

With the effort of the corruption eradication in Indonesia, together with the emerging various motives, a "brave" person is now categorized as a whistleblower. However, to be a whistleblower in Indonesia is not without taking risk (Tempo Interaktif 2008). As an important witness, a person can get three threats at once. First, the threats or intimidation of persons exposed to those names. Second, a whistleblower has a risk being kicked off the information and the testimony exposed to media, anti-corruption agencies, or another law enforcer. Their information can be targeted lawsuits of an aspersion. Thus, it is not infrequently that a whistleblower is imprisoned. Third, the threat also comes from the internal organization or company. A whistleblower gets risks of demotion, suspension, intimidation, or discrimination of the institution where he/she is working that makes him/her feel harmed or humiliated.

The Role of Internal Auditor as Whistleblower

An internal auditor has a particular position providing a privilege of potential information that can expose the deviant behavior of the top management (Richardson & Richardson 2007).The deviant behavior of the top management can also cause a big economic, social, and emotional cost of the innocent stakeholders and can raise the failures of many companies (Verschoor 2002). For that reason, the stakeholders and the internal auditor can identify the bad and poor behavior in which an internal
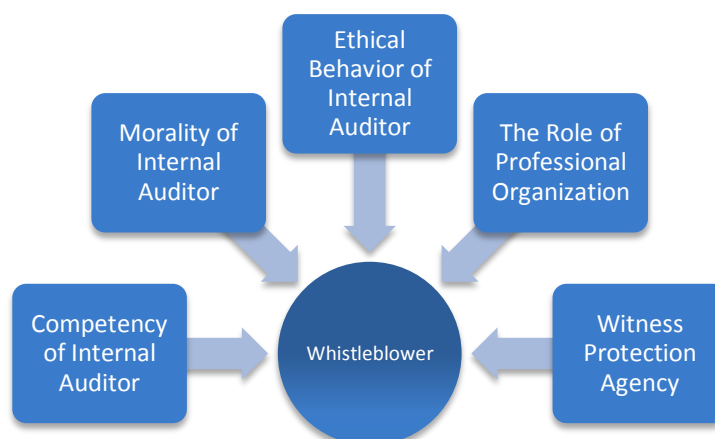
Figure 1
Conceptual Framework

auditor should act with partiality to the public interest by acting as a whistleblower (Bouville 2008). In this case, the internal auditor must be a hero of the stakeholders (Verschoor 2003).

The Factors Determining Internal Auditors as a Whistleblower

Attitude and action of an internal auditor as a whistleblower are influenced by some factors. These factors can be divided into external and internal factors of the internal auditor. The external factors are the role of professional organization, and the witness protection agency. The internal factors are the competency of the internal auditor, the moral attitude of the internal auditor, and the ethical behavior of the internal auditor (Lezar, Tex and Merrie Spaeth 2002).

1. The role of the professional organization

The professional organization, except as a place to organize for its members, also becomes a centre of the member's morality. As the center of morality, a professional organization should encourage its members to be honest and to have high integrity. A professional organization must encourage its members to be a whistleblower if needed in accordance to the law. For example, they should protect the interest of the internal auditors so that they can behave ethically and act as a whistleblower (Kleckner & Jackson 2004). Finally, it can be concluded that the more effective the performance of the professional organization, the better ethical behavior of an internal auditor.

2. The witness protection agency

The Republic of Indonesia, in 2006, issued the law providing the protection for the witnesses and victims. It means that the more existence of the regulation of the protection to the witnesses and victims, the better ethical behavior of the internal auditor as a whistleblower.

3. The competency of the internal auditor

The internal auditor education and graduates need persistence and patience. In a process as a professional person, an internal auditor is obliged to get a professional credit point in every year. Usually, the credit point is formed as refreshment or addition of knowledge by the profession organization (IICPA 2009). By continually improving an internal auditor, it is expected to have a personality that will be an ethical attitude if he/she knows a white-collar crime or fraud. Then, the higher the competency of an internal auditor, the more he/she would be a whistleblower.

4. The moral attitude of the internal auditor

Internal auditor needs integrity for it makes him honest, fair and continuously obligate the internal audit code of conduct. One of the measurements of the internal auditor is the moral attitude of the internal auditor. Kholberg (1969) and Rest (1979) developed the moral measurement. The name of the instrument is Defining Issues Test. It means that the higher the moral attitude of the internal auditor, the bigger the willingness of the internal auditor to become a whistleblower.

5. The ethical behavior of the internal auditor

Wilopo (2006) found that the unethical behavior of an internal auditor influenced the tendency of a crime of an internal auditor in the form of the internal auditor fraud. Otherwise, the ethical behavior is a behavior that is not abusing the position, and resources concerning to the company condition and situation (Robinson 1995; Tang et al. 2003). It means that the higher the ethical behavior of an internal auditor, the bigger the willingness to become a whistleblower.

Based on the conceptual framework in Figure 1, the research hypothesis consists of:

H1: The higher the competency of an internal auditor, the bigger the willingness of an internal auditor

to be a whistleblower;

H2: The higher the morality attitude of an internal auditor, the bigger the willingness of an internal auditor to be a whistleblower;

H3: The higher the ethical behavior of an internal auditor, the bigger the willingness of an internal auditor to be a whistleblower;

H4: The bigger the role of the profession organization, the bigger the willingness of an internal auditor to be a whistleblower;

H5: The more the existence of witness protection agency, the bigger the willingness of an internal auditor to be a whistleblower;

3. RESEARCH METHOD
Research Design
This study is the improvement and development of the researchers' previous study in 2012. The improvement is done by adding one more independent variable that is a morality of an internal auditor. It also broadens the scope of the study. In the former study, the scope of the research was only in East Java-Indonesia, but this is now throughout Indonesia.

The study aimed to empirically examine the influence of the role of the professional organization, and the witness protection agency toward internal auditor as a whistleblower. The research also aims to search the moral attitude, the ethical behavior of an internal auditor and the competency of an internal auditor toward the role an internal auditor as a whistleblower. The research design is a causal study (Cooper and Emory 1995). It means that the study purposes to investigate the influences of the variables toward the role of an internal auditor as a whistleblower.

The study is also described as an explanatory research because the aim is to explain the influence among the variables through the hypothesis examination (Malhotra 2010). The prime method of the research is a survey. It means that the study uses questionnaire as a tool to collect the data (Singarimbun & Effendy 1995).

The Location of the Study
The location of the research is Indonesia. The population of the research is public accountants in Indonesia. This population is different from the previous study that used the internal auditors as population.

Population and Sample
In assurance assignment, the public accountant usually communicated with the internal audit of the auditee. The public accountant can explore much information about the various events of the auditee. The public accountant knows that the internal auditor can be a whistleblower. Based on this reasoning, the study used the public accountants as the population and samples.

The number of public accounting firms in Indonesia based on the Directory of Indonesia Public Accountant (IICPA 2011) is 509 offices. If every public accounting firm has five (5) staff that graduated from accounting education, there will be 2,545 accountants in the office of the public accountant in Indonesia. The population of the study is consists of partners who signed the report (20%), senior managers (20%), senior (20-30%), and junior staff (30-40%). The research samples are partners and senior managers.

From the population, the sample is based on Directory of Indonesia Public Accountant. The questionnaires were then distributed to the respondents who were chosen as a research sample.

Technique and Procedure of the Data Collecting
The data collection uses the technique and procedure as follows:

Questionnaire. The instrument in collecting primer data is by using a questionnaire. The questionnaire is a unit of the model containing some of the questions or statements related to research variables. Statements of the researchers and answers of the respondents are expressed in answer sheet. Distribution system used in the study is designed so allowing the number of questionnaires to be returned according to the desired. After the questionnaires are returned, the next step is to evaluate them to select whether the questionnaires are completely filled and fit to use as research data.

Interview. The interview is a technique of a data collection in survey method using an oral question to a respondent. Interview is used to obtain information directly from respondent to complete things needed in the study.

Observation. The observation is performed to get a clearer picture about the condition in the field of the study. It is needed in supporting interview process and data analysis.

Literature studies. The literature studies include collecting supporting data from other resources among other literature, newspapers, and research journals.

Variables and the Operational Definition of Research Variables the Classification of Research Variables
Kerlinger 1986 explained that a variable is a con-

struct or the nature that will be studied. Therefore, the variables are grouped based on the nature of the measurement and are valued through the indicators. Then the variables can be classified into independent variable and dependent variable.

Independent variable is a variable influencing the role of an internal auditor as a whistleblower. These variables are the existence and the role of the professional organization, and the existence of the witness protection agency. Besides, other variables are the competency of an internal auditor, the moral attitude of an internal auditor, and the ethical behavior of an internal auditor.

Dependent variable is the variable influenced by independent variables. This variable is the role of an internal auditor as a whistleblower.

The Operational Definition of the Research Variables
1. Whistleblower
Whistleblower is an employee, or former employee of an organization reporting or informing an action that breaking the law or illegal to the authorities. The response of the respondents is measured by Likert scale 1-5.
2. The role of the organization of professional
The organization of the professional is a group of a professional person. Usually, the organization has a code of conduct. So the role of the professional organization is to organize and to protect the interest of the member, especially in facing the ethical dilemma. The responses of the respondents are measured by Likert scale 1-5.
3. The witness protection
The witness protection is the protection provided to a person that can give information for investigation and prosecution about criminal case in a court. (Undang Undang No. 13, 2006). The responses of the respondents are measured by Likert scale 1-5.
4. The competency of the internal auditor
The competency of the internal auditor is a skill of the internal auditor obtained by the education and experience. It is divided into two faces. There are the achievement and the maintenance of the professional competency (Code of Conduct of Indonesian Institute of Accountants 1998). The responses of the respondents are measured by Likert scale 1-5.
5. The morality of Internal Auditor
The measurement of the management morality is derived from the model of Kohlberg (1969) and Rest (1979). The instrument is the Defining Issues Test. It shapes the case of the ethics dilemma. The morality is measured through six instruments. Every stage of the management morality is meas-

ured through the case of the ethics dilemma of the internal auditor. The result of this measurement illustrates the morality of the management.
6. The Ethical Behavior of Internal Auditor
The ethical behavior of an internal auditor is measured with an instrument developed by Robinson (1995) and Tang et al. (2003). It is measured by four questionnaires. The responses of the respondents are measured by Likert scale 1-5.

The Technique of the Data Analysis
The validity test is performed in the validity of the questionnaires. The testing is performed by computing the correlation between the score of every questionnaire and the total scores. The questionnaire is remarked as valid if the questionnaire can disclose something to be disclosed. The questionnaire is remarked as valid if its probability is less than 5% level of significance. The validity test is performed with a computer using the concept of Product Moment of Pearson (Ghozali 2012: 45).

The study uses the quantitative analysis technique. It is conducted by quantifying the research data to produce the information required for data analysis. Prior to being processed, the data must be purified and refined by evaluation the validity and the reliability of the construct. It is based in the level of the abstraction by valuing the convergent validity, and discriminant validity, and evaluation the goodness of fit model (Ghozali 2012: 51). The Smart PLS 5.0 software conducts the process. The collected data is recapitulated in *Comma Delimited* format.

4. DATA ANALYSIS AND DISCUSSION
The Research Respondent
The research respondent is a public accountant attending the sustainable professional training.

The Analysis of the Respondent Analysis of the Measurement Model
This analysis is used to know the level of the validity and the reliability of every indicator and construct. The stage in the measurement model analysis as follows:

a. Analysis of the Convergent Validity
The validity convergent can be known by looking the score of loading factor, the reliability of the construct and AVE (*Average Variance Extracted*).

Based on the research model in Figure 2, the score of the load factor resulted by the data meet the condition of the validity, which is > 0.5 (Sofyan & Kurniawan 2011: 173). Therefore, the data are valid

Table 1
The Result of the Distribution of the Questionnaire

Questionnaire Distribution	Total
The number of participants of the sustainable professional training	30
The questionnaires return	28
The questionnaires can be processed	25
The questionnaires are sent through post office	40 (not returned)

Table 2
The Characteristic of the Respondent Based on Gender

Gender	Total
Male	16
Female	8
Do not include	1

Table 3
The Characteristic of the Respondent Based on Working Experience

Working Experience	Total
1-5 Year	12
6-10 Year	3
> 10 Year	6
Do not include	4

and prepare to be processed further. This process is the test of the significance of the loading factor by t statistic. The next stage is bootstrapping that will generate the value of t statistic (see Table 1).

The value of t statistic of every load factor shows score > 1.96. So, the data are valid. The next stage is the measure of the level of validity and reliability. The reliability of the construct is performed by the Composite Reliability (see Table 2). The standard is used to value when it is reliable or not that is > 0.7. From the output known that every construct disclosed the number more than 0.7, it means that the data are reliable.

AVE is used to know if the data are valid or not. The standard used to measure the validity level is > 0.5. If the data have the value of AVE > 0.5, it means that the data are eligible (see Table 3).

b. Analysis of Discriminant Validity
Further is to conduct the analysis of discriminant validity. In the analysis, there are two stages.

The first stage: knowing the cross loading (see Table 4). In Table 4, each construct has demonstrated the higher correlation score than its indicators so that it can be said that the constructs can explain the variants of each indicator that are higher than the other construct indicator. It can be concluded that the data are valid.

The second stage: Compare the correlation between the constructs with the square root of AVE (see Table 5). The maximal construct of KA is 0.962438 and the root of AVE is 0.966340. The construct of MA has the maximal correlation for 0.674450, while the root of AVE is 0.82451. The analysis of discriminant validity shows that each construct has a bigger value of root AVE than the maximal correlation of the construct. It means that all indicators have good discriminant validity in formalizing their variables.

c. The Analysis of a Structural Model
The structural model in PLS is measured by using R^2 for independent variable and path coefficient that is showed by t statistic. It is to test the significance of the hypothesis and the value of R^2. The score of path coefficient showed by t statistic has standard of 1.96.

The Analysis of *R-square*
Based on data processing used PLS, the value of the determinant coefficient (see Table 6). *Goodness of Fit* in this PLS model can be known from the value of R^2. The higher the value of R^2 is more fit for the model. The value of R^2 of construct Whistleblower (WB) is 0.919562. It means that the influence of the independent variables to the Whistleblower is 91.95%.

The Causality Test
The result of the hypothesis test can be obtained by comparing the value of t statistic with determined standard. That is 1.96 (see Table 7).

Based on Table 7, only variable MA (The morality of Internal Auditor) that is not significantly correlated with the construct WB (Whistleblower). It can be seen from the result of t statistic showing the value < 1.96. It means that the four independent variables have significant correlation to the Whistleblower. A description of the analysis as follows:

1. The competency of the internal auditor positively and significantly influences to whistleblower. It is indicated by the value of path coefficient 0.666733. The value of path coefficient shows the positive and significant in alpha 5% that is indicated by t statistic 4.955356 that more than 1.96
2. The influence of the morality of an internal auditor negatively and not significantly influences to whistleblower. It is indicated by the value of path coefficient -0.012855. The value of path coefficient shows the negative and not significant in alpha 5% that is indicated by t statistic 0.267440 that less than 1.96
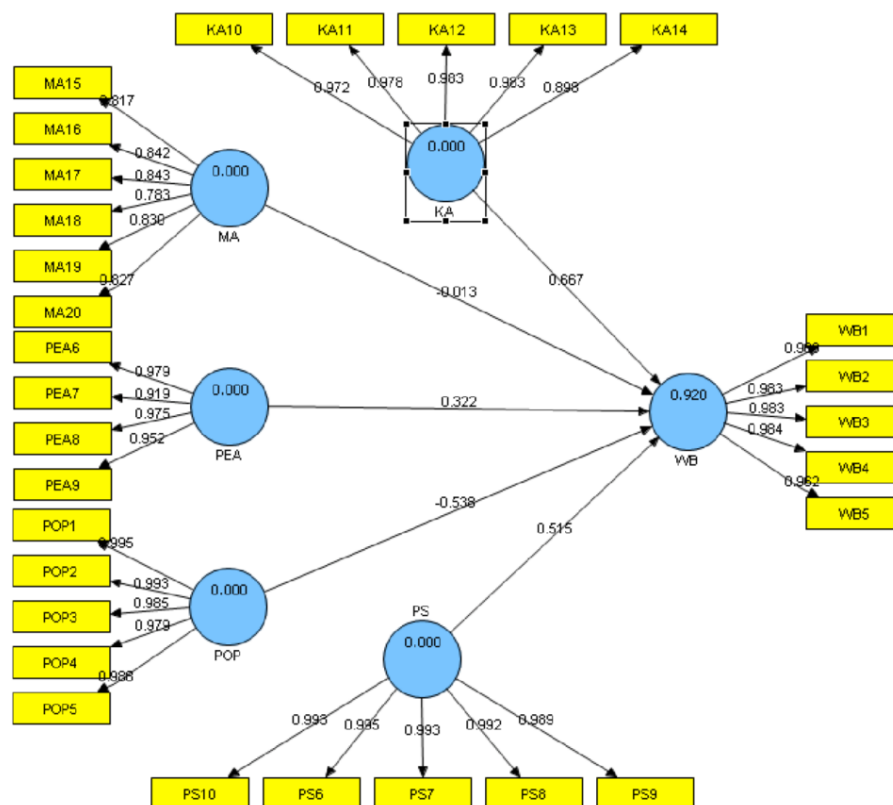3. The influence of the ethical behavior of internal

Figure 2
The Research Model

Table 4
The Cross Loading

	Original Sample Estimate	Mean of Subsamples	Standard Deviation	T-Statistic
KA -> WB	0.062	0.058	0.056	1.114
PEA -> WB	0.084	0.092	0.037	2.299
POP -> WB	0.131	0.133	0.036	3.670
PS -> WB	0.086	0.084	0.019	4.487
UUWB -> WB	0.057	0.060	0.028	2.018
HS -> WB	0.081	0.080	0.038	2.153

auditor positively and significantly influences to whistleblower. It is indicated by the value of path coefficient 0.321694. The value of path coefficient shows the positive and significant in alpha 5% that is indicated by t statistic 2.439191 that more than 1.96.

4. The influence of the effect of the role of the organization of professional negatively and significantly influences to whistleblower. It is indicated by the value of path coefficient -0.538255. The value of path coefficient shows the positive and significant in alpha 5% that is indicated by t statistic 3.593114 that more than 1.96.

5. The influence of the witness protection positively and significantly influences to whistleblower. It is indicated by the value of path coefficient 0.514788. The value of path coefficient shows the positive and significant in alpha 5% that is indi-

cated by t statistic 3.501197 that more than 1.96.

Based on the analysis, the convergent validity and the analysis of discriminant validity show that the value of the loading factor has qualified the validity. It is > 0.5. It means that the data is valid and prepares to perform to the next process. That is to test the loading factor by *t statistic*. The value of t statistic indicates the score > 1.96. So the data has a significant validity.

Further, the measurement is the level of validity and reliability, which is performed for each variable. The reliability of the construct is measured by Composite Reliability. In this research standard of the reliable data is > 0.7. From the output, each construct shows the value of the above 0.7. It means that the data is reliable.

Next is to observe the value of AVE (*Average Variance Extracted*). It is to know that the data is

Table 5
The AVE Table

	Original Sample Estimate	Mean of Subsamples	Standard Deviation	T-Statistic
KA				
KA10	0.678	0.675	0.023	29.719
KA6	0.699	0.699	0.024	29.315
KA7	0.771	0.775	0.017	44.221
KA8	0.791	0.788	0.010	75.408
KA9	0.874	0.872	0.008	114.376
PEA				
PEA11	0.888	0.888	0.007	127.631
PEA12	0.902	0.900	0.007	124.813
PEA13	0.876	0.874	0.008	106.590
PEA14	0.785	0.785	0.012	63.374
POP				
POP16	0.664	0.658	0.044	15.207
POP17	0.998	0.997	0.003	330.592
PS				
PS21	0.821	0.818	0.016	50.017
PS22	0.729	0.730	0.013	54.459
PS23	0.841	0.841	0.010	81.791
PS24	0.695	0.696	0.021	33.723
UUWB				
UUWB25	0.825	0.822	0.026	31.769
UUWB26	0.776	0.772	0.030	25.813
UUWB27	0.727	0.732	0.032	22.529
HS				
HS28	0.869	0.869	0.008	109.424
HS29	0.907	0.906	0.007	133.631
HS30	0.860	0.858	0.011	76.335
WB				
WB1	0.569	0.569	0.034	16.966
WB2	0.864	0.862	0.014	60.870
WB3	0.899	0.898	0.007	128.098
WB4	0.855	0.855	0.009	95.866

valid or not. In this study standard of data validity is > 0.5. The construct data indicates the AVE value > 0.5. It means that the data meet the condition of the convergent validity.

From the analysis of R-square is known that the *Goodness of Fit* of the Partial Lease Squares Model is found out from R^2. The higher the value of R^2 is the more fit the model. A value of R^2 is 0.919562. It means that the effects of the all variables toward WB (whistleblower) are 91.95%. It means that the research model is fit and exogenous variables as a whole influence the endogenous variable (whistleblower).

Based on the causality test the research result reveals that not all variables had exogenous influence toward endogenous variable (whistleblower). The discussion can be explained as followed:

1. *The influence of the internal auditor competency toward the internal auditor as a whistleblower*. The result of a statistical test indicates that the value of the path coefficient is 0.666733 and positive and significant in alpha 5%. The value of t statistic is 4.955356 more than 1.96. It means that the competency of the internal auditor positively and significantly influences toward the attitude and the behavior of the internal auditor to be a whistleblower. The more the competency of the internal auditor is the more brave the internal auditor to be a whistleblower.

2. *The influence of the morality of the internal auditor toward the internal auditor as a whistleblower*. The result of a statistical test shows that the value of the path coefficient is - 0.012855 and negative and insignificant in alpha 5%. The value of t statistic is 0.267440 less than 1.96. It means that the morality of the internal auditor do not affect the attitude and the behavior of the internal auditor to be a whistleblower. The re-

Table 6
R Square

	R Square
KA	-
MA	-
PEA	-
POP	-
PS	-
WB	0.919562

Table 7
Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (|O/STERR|)
KA -> WB	0.666733	0.681820	0.134548	0.134548	4.955356
MA -> WB	-0.012855	-0.005005	0.048068	0.048068	0.267440
PEA -> WB	0.321694	0.303432	0.131886	0.131886	2.439191
POP -> WB	-0.538255	-0.536816	0.149802	0.149802	3.593114
PS -> WB	0.514788	0.510463	0.147032	0.147032	3.501197

search result pictures that to be a whistleblower does not need the significant morality because the value and the measurement of the morality are relative.

3. *The effect of the ethical behavior of the internal auditor toward the internal auditor as a whistleblower.* The statistical test result defines that the value of the path coefficient is 0.321694 and positive and significant in alpha 5%. The value of t statistic is 2.439191 more than 1.96. It means that the ethical behavior of the internal auditor positively and significantly influence toward the attitude of the internal auditor to be a whistleblower. Thus, the research hypothesis pronouncing that to be a whistleblower an internal auditor needs to possess an ethical behavior is proven. The higher the ethical behavior of an internal auditor is more brave the internal auditor to be a whistleblower.

4. *The influence of the role of the professional organization toward the internal auditor as a whistleblower.* The result of a statistical test shows that the value of the path coefficient is -0.538255 and negative and significant in alpha 5%. The value of t statistic is 3.593114 more than 1.96. Because of negative mark it means that the professional organization of the internal auditor do not significantly plays role yet to support an internal auditor to be a whistleblower. Moreover, the professional organization of the internal auditor refuses the role of the internal auditor to be a whistleblower due to the principle of the confidentiality.

5. *The influence of the existence of the witness protection for an internal auditor as a whistleblower.* The result of the statistical test pictures that the value of the path coefficient is 0.514788 and positive and significant in alpha 5%. The value of t statistic is 3.501197 more than 1.96. It means the internal auditor needs the existence of the witness protection if he or she will be a whistleblower. Thus, the hypothesis is proven that to be a whistleblower an internal auditor needs a witness protection. The more the witness protection is, the more willing an internal auditor to be a whistleblower.

From the discussion, it is known that the exogenous variables that will affect an internal auditor to be a whistleblower are the competency of the internal auditor, the ethical behavior of internal auditor, and the witness protection. Meanwhile, the morality of the internal auditor and the role of the professional organization of the internal auditor do not significantly affect the attitude of the internal auditor to be a whistleblower.

The research results find that according to the perception of the independent auditor, the internal auditor can role as a whistleblower if he or she has a competency as an internal auditor, and possess an ethical behavior. It must be supported by an institution of witness protection that will protect an internal auditor as a whistleblower.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS
This study intends to determine how effectively a person's role as a whistleblower. In other words, this is intended to determine the factors that can encourage a person to effectively act as a whistleblower. The respondents are members of the Association of Certified Fraud Examiners Indonesia Chapter. The

results indicate that a person is willing to be a whistleblower when the condition as the following:

1. The person concerned has the ethical behavior
2. He/ she should be protected and supported by professional organizations and institutions for witness protection
3. There is a legal basis in the form of whistleblower legislation, as well as
4. Having and using means of hotline services

To support the acceleration of the eradication of corruption in Indonesia, the results of this study are expected to be an academic study of the Association of Certified Fraud Examiners Indonesia Chapter to propose Plan Whistleblower Act in Indonesia.

The study aims to explore the factors affecting the whistleblower system in Indonesia. The internal factors are the competency of the internal auditor, the morality of the internal auditor and the ethical behavior of the internal auditor. The external factors are the role of the professional organization of the internal auditor and the institution of the witness protection.

The research uses the independent auditor as the population. It is because the independent auditor needs the information from the internal auditor about fraud or abuse in the company. There are twenty-five independent auditors that are valid as respondents in this study. This study uses software Smart PLS 2.0 to test the influence of the factors to the whistleblower system.

The result of a statistical test indicates that based on the perception of the independent auditor, an internal auditor can be a whistleblower if he or she has a competency, and ethical behavior. It must be supported by a witness protection.

REFERENCES

Anonymous, 1997, *Protecting the whistleblower. OECD,* February/March.

Bouville, M 2008, 'Whistle blowing and morality', *Journal of Business Ethics,* 2008, Springer.

Cooper, DR & Emory, CW 1995, *Business research methods,* 5th ed., Chicago: Irwin.

Dworkin, TM 2007, 'SOX and Whistle blowing'. *Michigan Law Review*, June, Vol. 105, pp. 1757 – 1780.

Ghozali, Imam, 2012, *Structural Equation Modeling: Metode Alternatif dengan Partial Least Square*, 3rd Edition, Semarang: Badan Penerbit Universitas Diponegoro.

IICPA 2009, *Daftar Pembelajaran Profesional Lanjutan untuk tahun 2009*, <www.iapi.or.id>.

IICPA 2011, *Directory of Indonesia Public Accountant*, <www.iapi.or.id>.

Kerlinger, Fred N 1986, *Foundations of behavioral research,* 3rd Ed., New York: Holt, Rinehart and Winston.

Kleckner, and Jackson, 2004, 'Sarbanes - Oxley and the whistle-blower protections', *The CP Journal*.

Kohlberg, L 1969, 'Stage and sequence: The cognitive – development approach moral action to socialization', In DA Goslin (Ed), *Handbook of socialization theory and research,* pp. 347 – 480, Chicago: Rand McNally.

Lezar, Tex and Merrie Spaeth, 2002, 'Blowing the whistle', *Risk Management,* April.

Malhotra, NK 2010, *Marketing Research: An applied orientation,* 6th Ed., New Jersey: Prentice Hall.

Rest, J 1979, *Developing in Judging Moral Issues*, Minneapolis, MN: University of Minnesota Press.

Richardson S and Bill Richardson, 2007, 'The Accountant as Whistle blower', *The Indonesian Accounting Society*.

Robinson, SL and RJ Bennet, 1995, 'A Typology of Deviant workplace Behaviors: A Multidimensional Scaling Study', *Academy of Management Journal*, vol. 18, no. 2 pp. 555-572.

Singarimbun, Masri and Sofyan, Effendi 1995, *Metode Penelitian Survei*, Jakarta: LP3E.

Sofyan Yamin and Heri Kurniawan, 2011, *Generasi Baru Mengolah Data Penelitian dengan Partial Least Square Path Modeling*', Penerbit Salemba Infotek, Jakarta.

Tang TLP and Randy K Chiu, 2003, 'Income, Money Ethic, Pay Satisfaction, Commitment, and Unethical Behavior: Is the Love of Money the Root of Evil for Hong Kong Employees?' *Journal of Business Ethics*, 46, pp. 13 – 20.

Tempo Interaktif, 2008, *Perlindungan bagi Whistleblower*, 26 September.

Undang-Undang RI No. 20, 2001, Perubahan atas Undang-Undang No. 31 tahun 1999 tentang Pemberantasan Tindak Pidana Korupsi.

Undang–Undang No. 13, 2006 tentang Perlindungan Saksi dan Korban.

Undang–Undang RI No. 8, 2010, Perubahan atas Undang–Undang No. 15 tahun 2002 tentang Tindak Pidana Pencucian Uang.

Verschoor, Curtis C 2002, 'A reader responds to ethics of Enron whistleblower', *Strategic Finance*, August.

Verschoor, Curtis C 2003, 'Are whistleblower is heroes or just doing their job?', *Strategic Finance*, March.

Wilopo, 2006, 'Analisis faktor-faktor yang berpengaruh terhadap kecenderugan kecurangan akuntansi: Studi pada perusahaan publik dan Badan Usaha Milik Negara di Indonesia', *Jurnal Riset Akuntansi Indonesia*, Vol. 9 No. 3, September.