

CHAPTER I

INTRODUCTION

A. Background

Developments in the current generation 4.0 era is so happening, ranging from the development of science, economics to information technology that we know has positive and negative impacts. The positive impact that we can feel right now is that it's easier to access anything we need because it is helped by the existence of the internet. But the negative impact is that as the economy develops, there are also more gaps for someone to commit criminal practices, such as manipulating data, falsifying evidence, and others that occur in the world and others. In accounting the act of manipulation or falsifying data is usually called fraud. Fraud generally means deliberate fraud committed to gain profit for themselves both material and non-material. Albert (2016) once wrote the notion of fraud in his book tittle Fraud Examination "Fraud is a generic term, and embraces all the multifarious means which human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representations".

The act of cheating is very dangerous if left unchecked because it can harm many people, and therefore in the act has mentioned the fraud. Law Number 31 of 1999 is the law concerning criminal acts of corruption because basically corruption is one example of an act of fraud. As we know, there are many cases of fraud that occurred in Indonesia and abroad. The most frequently discussed case in a course

is usually the Enron case that occurred in America. The case is one form of fraud that occurs in the capital market by manipulating financial statements. The reason for the action is to attract investors to invest in their companies and the case also has an impact on the decline of shares in the stock exchanges in America, Europe to those in Asia, including Indonesia.

Similar cases that also occur in Indonesia are corruption. One of the most common cases of fraud is to drag many victims to prison. The example is the case of Gayus Tambunan, which is very famous because it spend a lot of money from treasury fund, there is no one who doesn't know about that case at that time. More appalling, Gayus Tambunan also falsified his identity and disguised himself as someone else to run away from problems. That way there have been more cases of fraud that he committed and it is very detrimental to many people because what he uses is public money which should be used to improve the country.

It turns out that fraud cases can not only occur in a company or institution, within the higher education also it turns out there are some that occur. The usual fraud in universities is in the form of extortion cases. Extortion is usually carried out by someone when he does not succeed in entering the desired higher education so that jealousy arises to other people who successfully enter, from something like that can make someone lose direction and common sense. Finally, they justify any means in order to get what they want. When the activity takes place there will be two persons to blame, the first being the bribe and the second is an 'insider' who wants to help the briber. This insider could be a lecturer, or someone who works

(staff) in the higher education whom students can negotiate. Not only these cases, according to the newspaper "Tribune Manado" in 2018 there were 3 cases of illegal fees that occurred at once, namely first, the sale and purchase of value in the Faculty of Economics and Business, the sale and purchase of values in the Faculty of Social and Politics and third, illegal levies such as bribery which occurred in the Faculty of Medicine which reached 1.3 billion. All three cases occurred in one of the prestigious universities in the Manado area, North Sulawesi.

When many cases like this are revealed, the role of whistleblowing should be in an agency/company or higher education as a deterrent, because basically when someone does something wrong there is definitely a possibility that other people or closest colleagues know or can smell the cheating he did , even though there are some acts of fraud committed openly there are still many people who are afraid to report. There may be several factors that make them choose to remain silent. It could be because they are afraid of being entangled, afraid of being threatened, and there is no obligation that encourages them to report such bad actions. Before discussing too far, basically the term whistleblowing is already popular among students, especially in accounting. Whistleblowing is a brave act carried out by someone by reporting fraud that occurs within an agency, company or office. The perpetrators of these actions are called whistleblowers.

According to Mellisa (2017) states that in theory, a person's intention to conduct a behavior can be explained through theories contained in the field of psychology and behavioral information systems, such as Theory of Planned Behavior (TPB).

The application of this theory is generally applied to the world of economics and psychology. According to Amaliyah in Mellisa and Dwiyani (2017) intentions can be predicted by attitudes, subjective norms, and perceptions of behavioral control, but only attitudes show a significant relationship to intention. There are still many accounting studies in the field of ethics to encourage researchers to reexamine whether these factors really affect someone's intention to do whistleblowing or if there are other factors that are more likely to influence these activities.

The purpose of this study is to examine the factors that influence an employee in a state or private tertiary institution to take a whistleblowing action and what impact they might have if they become a whistleblower. Basically, whistleblowing is a well-intentioned action that is protecting an institution/higher education from fraud from irresponsible persons, but many also must be reviewed when they want to carry out these good intentions. As we know that every action has an effect. Therefore a person who wants to be a whistleblower should consider a lot of this such as the consequences of such actions to himself and his institution.

Many companies have implemented this whistleblowing action, but there have not been many applications of whistleblowing in universities. The proof is the last 3 years there are still many cases of fraud that have been revealed and often occur in a college or higher education. Maybe employees are still afraid to take this action because there is still a lack of understanding, lack of security or lack of courage. For this reason, it is based on the Qur'an, Sura Al-Maidah verse 8, which explains honest and trustworthy behavior.

يَا أَيُّهَا الَّذِينَ آمَنُوا كُونُوا قَوَّامِينَ لِلَّهِ شُهَدَاءَ بِالْقِسْطِ وَلَا يَجْرِمَنَّكُمْ شَنَا نُ قَوْمٍ عَلَىٰ أَلَّا تَعْدِلُوا ۗ اعْدِلُوا هُوَ أَقْرَبُ لِلتَّقْوَىٰ ۗ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ خَبِيرٌ بِمَا تَعْمَلُونَ

Meaning:

O you who believe, you should be those who always uphold (the truth) because of Allah, be a fair witness. And do not ever hate you towards a people, encourage you to act unjustly. Be fair, because fair is closer to piety. And fear Allah, verily Allah is well aware of what you do.

Why is this verse related to whistleblowing? because when we find out someone is doing something that is not good that is cheating then we automatically know that he has denied the trust and trust that has been given by his superiors. Therefore, as a person who knows the bad deeds must convey the mandate to those who have the right to know, in this context it is his superior. The important role of employees in conducting whistleblowing actions is to reveal the truth and reduce fraud cases that are often carried out by irresponsible persons in a higher education and emphasize how important honesty is in everything that is done, so that there will be no party who feels harmed any longer.

B. Research Questions

Based on the above background, the researcher asks the following research questions:

1. Does personal cost have a negative effect on employee intentions to take whistleblowing action ?
2. Does perception about seriousness of fraud have a positive effect on employee intention to take whistleblowing action?

3. Does attitude behavior have a positive effect on employee intentions to take whistleblowing action?
4. Does the organizational commitment weaken the negative effects of personal cost on employee intentions to take whistleblowing action?
5. Does the organizational commitment strengthen the positive effect of the perception of the seriousness of fraud on the intention of employees to take whistleblowing action?
6. Does the organization's commitment strengthen the positive effect on attitudes toward employee intentions to take whistleblowing action?

C. Research Objectives

Based on the above questions, this research has a purpose:

1. To obtain empirical evidence about the negative influence of personal cost in the intention of employees to take whistleblowing action in higher education.
2. To obtain evidence of the positive effect of Seriousness of Fraud on employee intentions of undertaking whistleblowing action in higher education.
3. To obtain empirical evidence about the positive influence of attitude behavior on employee intentions to take whistleblowing action in higher education.

4. To obtain empirical evidence if organizational commitment weakens the negative effects of personal cost on employee intentions on whistleblowing action in higher education.
5. To obtain empirical evidence if organizational commitment reinforces the positive effect of Seriousness of Fraud on employee intentions of taking whistleblowing actions in higher education.
6. To obtain empirical evidence if organizational commitment reinforces the positive effect of attitudes on employee intention to take whistleblowing action in higher education.

D. Significance of Study

1. Theoretical Usefulness

The results of this study are expected to provide knowledge about the importance of knowledge about whistleblowing for the economy of a company or agency in Indonesia. In addition, this study also aims to reduce the cases of corruption that often occur in Indonesia, especially in the higher education area because as we know together in the last 10 years more fraud occurs at the higher education level and the most frequent is illegal levies. Basically, the higher education is a place to expand knowledge in academic and non-academic aspects, but because of the many cases that occur that are caused by unscrupulous persons who disgrace the higher education's name. Some previous studies have discussed a lot about whistleblowing but on different entities, so from this research we want to know the application of

whistleblowing actions that are usually applied in a company to universities to reduce the cases of corruption that often occurs, namely extortion (illegal levies) will succeed or not.

2. Practical Usefulness

This research can provide empirical evidence to all related parties about what factors influence the intention of employees in a college to take action whistleblowing in order to reduce cases of cheating that occur within the higher education. These factors are expected to be utilized to the maximum extent possible by the employees involved in tertiary institutions to be more vigilant and avoid actions that harm all parties, especially students who are sources of income within a higher education. It can also be used as a source of information and references for universities in implementing the whistleblowing system so that its implementation can be more effective and efficient. In addition, the results of this study can also be used as a reference for the organizations in the tertiary institution who are willing to implement a whistleblowing system in their respective organizations or institutions