

Systematic Literature Review on Whistleblowing Systems: The Effective Solution to Prevent Financial Accounting Fraud?

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ABSTRACT

The whistleblowing system and internal company management are crucial in supporting the growth of integrity and good corporate governance. This research aims to identify the factors affecting implementing a whistleblowing system in preventing financial fraud and its relationship with good corporate governance. The method used is a Systematic Literature Review involving the search for relevant articles and publications based on predetermined inclusion and exclusion criteria. Using studies from the last five years from Emerald, Sinta Sage, Springer, Taylor & Francis, Korea Science, and Frontiers, 19 studies were selected. The literature analysis found that organizational support, protection for whistleblowers, an ethical work environment, and internal factors such as attitudes and motivations, as well as external factors like company size and organizational culture, are crucial to the effectiveness of the whistleblowing system. The conclusion of this research underscores that the whistleblowing system plays a key role as a moderating variable in the relationship between the influencing factors and good corporate governance, offering practical recommendations for developing and implementing an effective whistleblowing system. This research provides valuable contributions to the development of knowledge in accounting and finance as well as management practices and corporate policies, emphasizing the importance of a supportive environment and adequate protection for whistleblowers.

Keywords: Accounting, Corporate Governance, Ethical Environment, Financial Fraud, Management Practices.

INTRODUCTION

Amid the rising globalization and complexity of financial transactions, the prevalence of financial fraud not only causes substantial economic losses but also undermines the basic trust that forms the foundation of the business world. Financial statements play a crucial role in maintaining the relationship between a company and its stakeholders (Akther & Xu, 2020; Farneti et al., 2019; Vitolla et al., 2019). The reliability and integrity of financial reports are crucial, as these reports serve as the basis for stakeholders' economic decision-making (Abbas et al., 2021). However, the integrity of financial reports is often tarnished by cases of fraud, which not only harm shareholders and investors but also affect the company's reputation. The 2019 Fraud Survey Indonesia by The Association of Certified Fraud Examiners Indonesia, (ACFE) revealed that corruption is the most common type of fraud in Indonesia, accounting for 64.4%, followed by misuse of state and corporate assets at 28.9%, and financial reporting fraud at 6.7%. Although the percentage may seem small, financial reporting fraud can cause significant losses to shareholders, investors, and the company, requiring a firm commitment to produce accurate and integrity-based financial reports. The survey also found that media reporting is the largest channel for fraud disclosure in Indonesia, contributing 38.9%, followed by internal audits at 23.4%. This indicates that employee reports are

the primary source in disclosing fraud, consistent with previous findings by SFI in 2016 and the Report to The Nations in 2018, asserting that company employees play a vital role in exposing fraud (ACFE, 2018).

Various surveys on fraud have revealed that a whistleblowing system and internal company management play a vital role in supporting the growth of integrity and good corporate governance. Implementing a whistleblowing system not only promotes internal transparency but also provides protection and encourages employees to report fraudulent practices, thereby aiding in the early detection and prevention of fraud (Astriana & Adhariani, 2019; Nwakeze et al., 2023). In Indonesia, although the concept of a whistleblowing system is relatively new, awareness of its existence and importance continues to grow among companies, both private and government-owned, such as WIKA, Bank Indonesia, Sinar Mas, and Pertamina, demonstrating its effectiveness in maintaining workplace safety and protecting company profits and reputation (Meiryani et al., 2023). This policy demands a firm commitment from companies to maintain the confidentiality and security of the reporters, marking a significant step in the effort to establish ethical and responsible business practices.

This research shares similarities and differences with previous studies on whistleblowing systems and their impact on fraud prevention within the corporate environment (Maulida & Bayunitri, 2021; Stubben & Welch, 2020; Triantoro et al., 2020). This study diverges from previous research by not relying on experimental methods, internal data scrutiny, or targeted linear regression within specific scenarios. Instead, it employs a systematic review of existing literature to assess the whistleblowing system's efficacy more broadly. Its original contribution lies in the comprehensive examination of various factors that impact the adoption and success of whistleblowing systems, with a particular focus on how whistleblowing policies may influence the connection between these factors and the effective execution of good corporate governance and audit committee operations. By exploring the impact of both internal and external policies as well as psychological factors on individuals, this research seeks to uncover the determinants that facilitate the use of whistleblowing systems in the prevention of accounting and financial fraud. It aims to elucidate how these factors interact with good corporate governance to bolster the whistleblowing system's role in fraud prevention.

Therefore, by conducting a comprehensive examination of the elements that affect the adoption and efficiency of whistleblowing systems, along with the importance of policies supporting whistleblowing, this study provides fresh perspectives on improving transparency and responsibility within the framework of corporate governance. Furthermore, focusing on the Indonesian context, this study guides companies in other developing countries in developing and implementing effective whistleblowing systems, strengthening internal control structures and supporting a transparent and ethical organizational culture. Therefore, this study contributes not only to management and accounting theory but also offers practical recommendations for business practitioners and policymakers to optimize fraud prevention and promote responsible and sustainable business practices.

LITERATUR REVIEW

Previous Research

This study aligns with earlier investigations on the whistleblowing mechanism and its role in deterring fraud within organizations. The study by Triantoro, Utami, & Joseph, (2020) underscores the potential of whistleblowing systems to diminish fraud intentions, echoing the objective of this research to explore the whistleblowing system's efficacy in curbing accounting fraud. Similarly, Stubben & Welch, (2020) research provides concrete evidence on the functionality and success of internal whistleblowing systems in a corporate setting, paralleling this study's evaluation of whistleblowing systems' effectiveness. Maulida & Bayunitri, (2021) delve into how whistleblowing systems can prevent fraud, closely matching this study's aim to gauge the whistleblowing system's impact on averting accounting/financial fraud. The primary distinction between this research and that of Triantoro, Utami, & Joseph, (2020) lies in the methodological approach and focus. While Triantoro, Utami, & Joseph, (2020) utilized an experimental methodology to explore the whistleblowing system's influence on fraud propensity and the role of Machiavellian personality,

this study conducts a systematic literature review. Stubben & Welch, (2020) analyze internal data of U.S. companies' whistleblowing systems, offering statistical analyses that differ from this study's theoretical framework. Maulida & Bayunitri, (2021) work on a specific bank's whistleblowing system through linear regression analysis contrasts with this study's broader approach, not confined to any one financial entity.

The originality of this research stems from its comprehensive examination of various elements influencing the whistleblowing system's deployment and success in the Indonesian corporate sector, an area not widely addressed previously. This investigation is distinguished by its analysis of whistleblowing policies' moderating role between factors affecting the whistleblowing system and the enactment of robust corporate governance and audit committees. It provides fresh insights into improving and incorporating whistleblowing systems within corporate governance frameworks to effectively thwart accounting/financial fraud. This study contributes new knowledge by investigating the effects of internal and external policies, along with psychological aspects, on the whistleblowing system's efficiency. Therefore, this research seeks to pinpoint the determinants that influence the establishment of the whistleblowing system in preventing financial fraud and its interplay with good corporate governance.

Theory of Reasoned Action

The Theory of Reasoned Action posits that an individual's behavior is primarily driven by their intention to perform that behavior, which in turn is shaped by their attitudes towards the behavior and societal expectations (Effendi et al., 2020). This framework is utilized to predict and understand behaviors by examining existing attitudes and intentions to act (Asih et al., 2020; Raut et al., 2020). It suggests that an individual's decision to take a specific action hinges on their anticipated outcomes from that action (Lin & Wang, 2020). According to this theory, the intention to act and the motivation behind the action are strong indicators of whether the action will be carried out (Hagger, 2019). Additionally, it acknowledges the impact of social norms, suggesting that stronger intentions to act can amplify the effort put into the action, thereby increasing its likelihood of occurrence.

The theory operates under the assumption that individuals perceive their behaviors to be within their control, implying they believe in their ability to act as desired (Kaffash et al., 2022).. The introduction of perceived behavioural control as a factor extends the theory's relevance to actions that demand specific abilities or resources. It recognizes the limits of how attitudes can influence behavior by differentiating between the intention to act and the action itself, pointing out barriers to this influence (Arru, 2020). Key elements of this theory include behavioral beliefs and attitudes towards the behavior. Beliefs act as markers for underlying variables, whereas attitudes represent the assessments of these variables. Incorporating aspects like behavior, intention, attitudes, societal norms, and external factors, the theory provides a comprehensive approach to examining how attitudes influence behavior (Lin & Wang, 2020).

Whistleblowing System

Organizations implement whistleblower systems to enable individuals who uncover fraudulent activities to report them safely. This system is crucial for internal control, offering a confidential way for whistleblowers to disclose fraud without fear of retribution or social ostracization (Erp & Loyens, 2020). Whistleblowers, who can be from within or outside the organization, play a vital role in bringing to light illegal or unethical acts within businesses or governmental bodies, often being the first to expose such issues either to the organization's internal authorities or to external regulatory agencies (Scheetz & Wilson, 2019). The act of whistleblowing occurs when an employee decides to report wrongdoing in the interest of public good, despite the personal risks involved. The decision to report is complex, requiring careful consideration of the potential repercussions on the whistleblower's personal and professional life. A strategic approach is necessary to ensure that the act of whistleblowing does not adversely affect the whistleblower. Key to effective whistleblowing are two factors: the need for reports to be made to the correct authorities or the media, with the hope of bringing the alleged wrongdoing to light, and the necessity for the whistleblower to have firsthand knowledge of the misconduct (Hasan, 2021; Wahid, 2022). The critical nature of taking

whistleblower reports seriously and the subsequent enforcement, including the application of penalties or sanctions, cannot be understated. Ineffective law enforcement undermines whistleblower efforts. Within the framework of corporate governance, whistleblowers are indispensable for uncovering fraud and violations, contributing to a safer and more ethical workplace. The National Governance Policy Committee (2008) highlights the whistleblowing system's value, noting its role in facilitating the communication of crucial information, enabling the reporting of misconduct, serving as an early warning mechanism, minimizing risk to the organization, enhancing its reputation, providing an opportunity to deal with violations internally, and aiding in the identification and rectification of weaknesses in internal control (Komite Nasional Kebijakan Governance, 2008).

Good Corporate Governance

Corporate governance that is effective, often abbreviated as GCG, plays a crucial role in improving a company's worth by promoting the economic prosperity of its shareholders and broader stakeholders. The valuation of a company is intricately tied to its operational success, especially in financial terms. The way investors perceive a company's financial metrics significantly impacts the fluctuations in its stock prices, as outlined by Alharbi et al., (2023). Indeed, the stock price is a pivotal factor in assessing a company's market value, a notion supported by the price-to-book value (PBV) ratio as discussed by Darmawan & Iskandar, (2021). Consequently, it is imperative for all stakeholders to work in unison to bolster the company's valuation by diligently performing their designated roles and duties. Within this framework, effective corporate governance is seen as a strategic effort to cultivate a symbiotic relationship among all participants within a company. Such a harmonious relationship is essential for attaining the highest level of corporate achievement, thereby contributing to the enhancement of the company's valuation. Good governance not only provides long-term benefits to shareholders but also takes into account the interests of other stakeholders, in compliance with relevant laws and standards, as observed by Marcos & Castrillo, (2021). Therefore, a direct link is evident between the quality of corporate governance, the valuation of a company, and its financial health.

Good Corporate Governance (GCG) encompasses a series of principles aimed at regulating and overseeing a corporation's operations to balance the power and accountability of the company towards its shareholders and stakeholders. GCG outlines the guidelines that corporations should follow to maximize their value, boost performance and contributions, and ensure the sustainability of the business in the long run. It is crafted to steer the management of companies in a professional manner, with an emphasis on transparency, accountability, responsibility, independence, fairness, and equality, as highlighted by Junaidi, (2022). According to various experts, including Putri & Chandra, (2023), GCG represents a framework, procedure, and set of rules designed to manage the relationships among stakeholders, aiming at efficiency and the generation of sustainable economic value for both shareholders and the public. The core principles of GCG are as follows:

- a. **Transparency:** Companies are expected to furnish important and relevant information in a clear and readily available manner to stakeholders, including the provision of information beyond what is legally mandated.
- b. **Accountability:** Corporations should transparently and justly account for their performance, manage operations effectively and in a measurable way, while considering the interests of all involved parties.
- c. **Responsibility:** Corporations are required to adhere to legal standards and be responsible towards society and the environment, thus ensuring the longevity of the business.
- d. **Independence:** Companies need to guarantee autonomy in their decision-making and operations, conducting duties as per the laws and principles of GCG without external influence.
- e. **Fairness:** Every shareholder, including overseas and minority investors, should receive equitable and nondiscriminatory treatment.

Through these guiding principles, GCG aims to lay a solid foundation for the sustainable performance and value growth of a company.

METHODS

This is a Systematic Literature Review, which refers to a specific research subject or research and development methodology conducted to collect and evaluate studies related to a particular focus topic. The literature review can assist researchers in identifying gaps that occur between theory and the relevance of reality with research findings. In identifying relevant research, a systematic search is conducted on the following sources:

Table 1. Selected Source

Source	Study Findings	Selected studies
Emerald	20	4
Sinta	23	8
Sage	11	2
Springer	5	2
Taylor & Francis	5	1
Korea Science	1	1
Frontiers	2	1
Total	67	19

In Table 1, the selected sources include Emerald, Sinta, Sage, Springer, Taylor & Francis, Korea Science, and Frontiers. There are study findings from all these sources is 67, with 19 selected for focus. Specifically, Emerald contributed 20 findings with 4 selected, Sinta contributed 23 findings with 8 selected, Sage presented 11 findings with 2 selected, Springer had 5 findings with 2 selected, Taylor & Francis also contributed 5 findings with 1 selected, Korea Science presented 1 finding which was all selected, and Frontiers contributed 2 findings with 1 selected. This is because the research used the PICO method, involving research stages as follows:

- a. Defining the problem statement and research questions using the PICO method (Problem, Intervention, Comparison, Outcome).
- b. Conducting a search for articles/publications based on predetermined inclusion and exclusion criteria.
- c. Analyzing and synthesizing the collected articles.

Searches were conducted in various databases using several keywords such as "fraud", "prevent", "cheating", "corruption", "Whistleblowing", "Whistleblowing system", and "good corporate governance".

Table 2. Article Deletion via PICO

PICO	Inclusion	Exclusion
Population	Individuals or organizations involved in the implementation and effectiveness of whistleblowing systems	Individuals or groups outside the organization or company.
Intervention	Implementation of whistleblowing system, training on whistleblowing.	Activities that are not directly related to the whistleblowing system.
Comparison	Organizations with and without effective whistleblowing systems.	-
Outcome	Results related to the effectiveness of the whistleblowing system in preventing financial fraud, improving the integrity of financial statements, and	Results that are not directly related to the prevention of financial fraud or the improvement of corporate governance, such as the social

PICO	Inclusion	Exclusion
	supporting the implementation of good corporate governance. These include changes in reporting behavior, increased awareness of good governance, and decreased incidents of fraud.	impact of whistleblowing outside the context of the organization or company.

Research Criteria

This phase is conducted to decide whether the data found are eligible for use in the Systematic Literature Review. A study qualifies for selection if it meets the following criteria:

Inclusion criteria:

- Studies used are within the last 5 years
- Studies are solely related to the factors affecting the implementation of the whistleblowing system and correlate with the governance of companies, organizations, or entities.
- Studies in the form of scientific journals

Exclusion criteria:

- Studies presented are more than 5 years old
- Studies not directly related to whistleblowing or corporate governance
- Studies associated with whistleblowing outside the context of organizations or companies
- Studies in the form of proceedings, books, and thesis/dissertations

RESULTS

Based on Figure 1, the flow diagram outlines the selection of articles for review. Initially, 466 articles were retrieved from electronic databases. After removing duplicates, 235 records remained. Further filtering of titles and abstracts reduced this number to 67 full-text articles. After full-text assessment, 52 studies were excluded for reasons such as irrelevant data or the study was not in a scientific journal. Ultimately, 19 studies were included in this review.

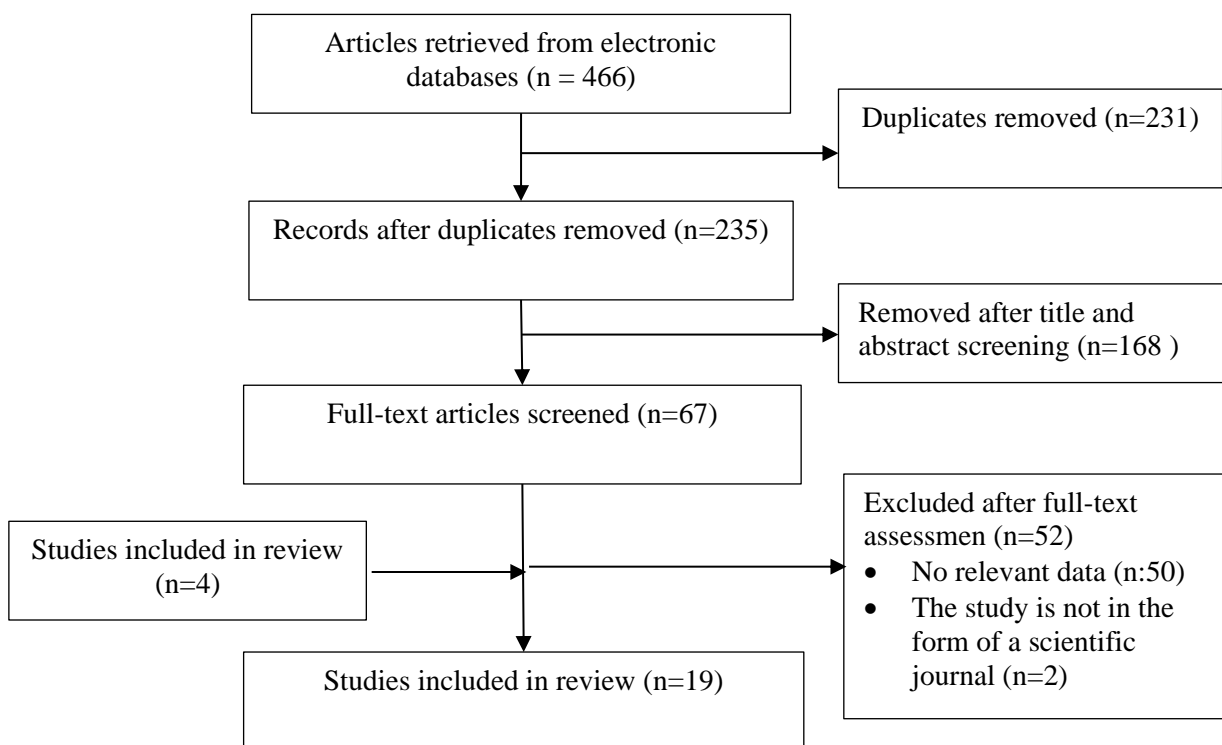


Figure 1. Study selection process

Based on the database, the data found amounted to 67, but after undergoing an evaluation based on inclusion criteria, there were 19 articles used, as follows:

Table 3. Publication distribution in journals

No	Year	Journal	Journal Name	Database	Number of Journals
1.	2021	Jurnal	American Review of Public Administration	Sage	1
2.	2021	Jurnal	Frontiers in Psychology	Frontiers	1
3.	2023	Jurnal	Jurnal Informatika Ekonomi Bisnis	Sinta	1
4.	2020	Jurnal	Managerial Auditing Journal	Emerald	1
5.	2021	Jurnal	Journal of Asian Finance, Economics and Business	Korea Science	1
6.	2022	Jurnal	Akuntabilitas	Sinta	1
7.	2020	Jurnal	International Journal of Disclosure and Governance	Springer	1
8.	2020	Jurnal	Crime, Law and Social Change	Springer	1
9.	2020	Jurnal	The Indonesian Accounting Review	Sinta	1
10.	2019	Jurnal	International Journal of Religious and Cultural Studies	Sinta	1
11.	2020	Jurnal	Accounting, Auditing and Accountability Journal	Emerald	1
12.	2020	Jurnal	Journal of Financial Crime	Emerald	1
13.	2022	Jurnal	Cogent Economics and Finance	Taylor & Francis	1
14.	2020	Jurnal	Jurnal Reviu Akuntansi Dan Keuangan	Sinta	1
15.	2020	Jurnal	Jurnal Perspektif Pembiayaan dan Pembangunan Daerah	Sinta	1
16.	2023	Jurnal	Global Business Review	Sage	1
17.	2022	Jurnal	MALIA: Journal of Islamic Banking and Finance	Sinta	1
18.	2023	Jurnal	Asia Pacific Fraud Journal	Sinta	1
19.	2022	Jurnal	Managerial Auditing Journal	Emerald	1
Total Publication Sources					19

Based on Table 3, regarding the distribution of publications across various journals from 2019 to 2023, covers a total of 19 sources of publication. The publications are spread across various fields of study, including public administration, psychology, business economics, managerial auditing, finance, accounting, law, and religious and cultural studies. They target various research databases, including Sage, Frontiers, Sinta, Emerald, Korea Science, Springer, and Taylor & Francis. There is variation in the frequency of publications per year, with 2020 being the year with the highest number of publications. These journals have been utilized in this research as sources for this literature review.

DISCUSSION

Factors Influencing the Implementation of Whistleblowing

Whistleblowing is a complex process influenced by various internal and external factors that affect the individual's reporting of misconduct. Lee, Kang, & Kim, (2021) stress that the psychological process of an individual considering whistleblowing is heavily influenced by the evaluation of risks and benefits, with factors such as the perceived importance of the consequences

of whistleblowing, support from key references, and available protections for whistleblowers being crucial. This support and protection are vital in motivating individuals to follow whistleblowing. Nicholls et al., (2021) further develop this understanding by identifying factors influencing whistleblowing intentions, including personal factors, organizational factors, costs and benefits, and outcome expectations. These factors reflect the complexity involved in the decision to whistleblow, showing how elements like morality, attitudes, organizational characteristics, and social dynamics contribute to the formation of whistleblowing intentions. The emphasis on the importance of a supportive corporate environment and effective reporting mechanisms highlights the need for policies that encourage and protect whistleblowers.

Rahayu & Astuti, (2023) add to the discussion by focusing on the influence of attitudes towards behaviour, subjective norms, and behavioural control perceptions on whistleblowing intentions. They found that these factors positively influence the intention to whistleblow internally and externally. This research also highlights how the perception of the seriousness of fraud and the threat of retaliation can affect the decision to whistleblow, with rationalization acting as a moderating factor, showing the complexity of the internal and external dynamics influencing whistleblowing decisions. Finally, Mansor, Ariff, & Hashim, (2020) and Wahyuni, Chariri, & Yuyetta, (2021) provide additional perspectives by exploring the influence of professional and individual factors, such as professional commitment, independence commitment, and locus of control, on whistleblowing intentions. Particularly, they found that professional factors could increase the tendency to whistleblow among external auditors while understanding the locus of control provides insights into the motivations behind the decision to whistleblow. This highlights the importance of understanding the various factors influencing individual decisions in the context of whistleblowing, adding complexity to the already complicated dynamics of whistleblowing. These studies show that the decision to whistleblow is influenced by various interrelated factors, including psychological, organizational, social, and professional aspects. A supportive environment, adequate protection, and an understanding of individual motivations are key to encouraging whistleblowing to combat misconduct and corruption within organizations.

Factors Influencing the Implementation of Whistleblowing System in Preventing Financial Fraud

Recent research highlights the vital role of the whistleblowing system in enhancing the integrity of financial reports and preventing financial fraud. A study on banking companies in Indonesia (Nurullah et al., 2022) found that internal audit, company size, and leverage significantly influence the integrity of financial reports, while the audit committee does not. The presence of a whistleblowing system was found to strengthen the influence of these variables. Another study (Erin & Bamigboye, 2020) identified factors such as the size of the audit committee, the independence of the risk and audit committee, external audit size, board composition, institutional ownership, and company size as important contributors to the effectiveness of whistleblowing in reducing aggressive earnings management, especially in Nigeria. Research in Nigeria (Okafor, Opara, et al., 2020) highlights the importance of whistleblowing in combating corruption and fraud despite challenges in law enforcement, low public awareness, and institutional barriers.

In the Indonesian context, a study (Widhiyanti & Bernawati, 2020) highlights the shift of whistleblowing to the digital realm, focusing on the importance of whistleblower protection and the application of AI technology to detect financial report fraud. Research in Bali (Saputra & Sanjaya, 2019) found that the Tri Hita Karana culture significantly influences the prevention of village fund management fraud. However, whistleblowing itself did not show a significant effect. (Okafor, Adebisi, et al., 2020) Highlight challenges and opportunities in implementing whistleblowing systems in developing countries, including Nigeria, focusing on institutional, operational, and technological challenges and the importance of incentives and protection for whistleblowers. (Triantoro et al., 2020) Revealed that violation reporting systems can reduce fraud intentions, with individuals possessing Machiavellian personality traits more likely to commit fraud if no whistleblowing system is present. Research by (Putra et al., 2022) emphasizes the role of internal audit, risk management, whistleblowing systems, and big data analytics in preventing financial fraud, indicating that synergy among these components can effectively reduce opportunity

pressures and rationalizations for fraud. Thus, this body of research affirms the importance of an effective whistleblowing system as a strategic measure to ensure the reliability of financial information and prevent fraud, necessitating cultural adaptation and enhanced institutional support to improve its effectiveness.

The Relationship of Whistleblowing System to Good Corporate Governance

Understanding the relationship between the whistleblowing system and good corporate governance (GCG) is crucial, referring to recent research addressing this topic. (Kesuma et al., 2020) Highlight the critical role of the whistleblowing system in supporting GCG by enabling reports of unethical practices or violations without fear of retaliation, thus helping prevent corruption, collusion, nepotism, and other ethical breaches that compromise corporate integrity. As a vital instrument, this system directly contributes to enhanced GCG, increasing stakeholders' trust in the company. Research (Siregar et al., 2022) reinforces this view by revealing that whistleblowing is crucial in strengthening GCG. Through effective implementation, this system acts as a reporting mechanism and a first line of defense against corruption and abuse of power. However, the research also indicates that the mere existence of a whistleblowing system is not sufficient without active participation from all parties involved and without being followed by effective monitoring and prevention mechanisms. Furthermore, (Endah, 2020) underscores that the relationship between the whistleblowing system and GCG is integral and mutually reinforcing, where the whistleblowing system supports GCG principles such as transparency, accountability, and responsibility. This creates an ethical and transparent business environment, which fosters sustainable growth and avoids financial losses and other negative impacts on the company. In the context of its impact on a company's financial performance, research (Tanjung, 2020) shows that good governance, supported by an effective violation reporting system, is valued by the market and positively affects the company's financial performance. This confirms that applying GCG principles, including the whistleblowing system, correlates with increased company value in the eyes of investors and the market. Research by (Napitupulu et al., 2023) and (Sudjono, 2023) add perspectives that the relationship between the whistleblowing system and GCG is crucial in the modern business context to detect and prevent fraud. Both studies affirm the importance of implementing an effective whistleblowing system as a reflection of a company's commitment to ethical and transparent business practices, highlighting the crucial role of GCG mechanisms in fraud detection. Based on this research review, whistleblowing is key in supporting good corporate governance by promoting a transparent, accountable, and ethical working environment. Effective implementation of this system, active participation from all parties, and strong monitoring mechanisms are key to preventing fraud and enhancing company performance.

This research contributes significantly to the academic literature on corporate governance and whistleblowing systems by offering a deeper understanding of the factors influencing the implementation of whistleblowing systems in preventing financial fraud. Compared to previous research that explored the influence of the whistleblowing system on the intention to commit fraud, the efficacy of internal whistleblowing systems, and its impact on fraud prevention (Maulida & Bayunitri, 2021; Stubben & Welch, 2020; Triantoro et al., 2020), this study integrates various internal and external factors and expands its context to the Indonesian corporate environment. This allows the research to offer new perspectives on how whistleblowing policies can function as a moderating variable in the relationship between factors influencing the whistleblowing system and the implementation of good corporate governance and audit committees. Thus, this study not only enriches our understanding of the dynamics of the whistleblowing system in the context of financial fraud prevention but also highlights the importance of a supportive environment and adequate protection for whistleblowers as keys to encouraging whistleblowing. Further, by adopting a Systematic Literature Review approach, this study methodologically differs from previous research, which often used experimental designs, secondary data analysis, or specific case studies. This provides additional strength in the form of comprehensive analysis and integration of various related studies, allowing for the identification and synthesis of existing research gaps and leading to evidence-based recommendations for best practices in implementing whistleblowing systems. In the context of the relationship between the whistleblowing system and good corporate governance,

this study reaffirms the importance of whistleblowing as a key tool in supporting GCG principles. Through an emphasis on factors influencing the effective implementation of the whistleblowing system, such as organizational support, whistleblower protection, and an ethical work environment, this study provides practical insights for companies to strengthen their governance and proactively prevent financial fraud. Thus, this study not only expands the existing literature by providing a detailed analysis of the factors influencing the effectiveness of the whistleblowing system in a corporate context but also offers practical recommendations for enhancing whistleblowing systems and corporate governance. Therefore, the findings of this study potentially provide a valuable contribution to the advancement of knowledge in the fields of accounting and finance, as well as to management practices and corporate policies in preventing financial fraud and promoting good governance. In the context of advancing science, this research makes a significant contribution by adding to the literature on whistleblowing and financial fraud prevention, especially in the Indonesian corporate setting. By introducing moderating variables in the relationship between factors influencing the whistleblowing system and good corporate governance, this study paves the way for further research in this area. This enhances theoretical understanding and provides practical insights for companies in improving governance practices and implementing effective whistleblowing systems to prevent fraud.

CONCLUSION

This study reveals that the implementation of a whistleblowing system in preventing financial fraud and supporting good corporate governance is influenced by various interrelated factors, including organizational support, protection for whistleblowers, an ethical work environment, and internal factors such as attitudes, risk perceptions, and individual motivation, as well as external factors like company size, leverage, and organizational culture. Focusing on the impact of the whistleblowing system on the integrity of financial reports and good corporate governance, this research emphasizes the importance of an effective reporting mechanism, adequate support and protection for whistleblowers, and cultural adaptation and increased institutional support to enhance the effectiveness of the whistleblowing system. Thus, the whistleblowing system acts as a significant moderating variable in the relationship between internal and external factors and the effectiveness of corporate governance, offering practical insights for companies to strengthen GCG principles and proactively prevent financial fraud. This study provides valuable contributions to the development of knowledge in accounting and finance, as well as management practices and corporate policies, by highlighting the importance of a supportive environment and adequate protection as key to encouraging whistleblowing and supporting good corporate governance. Further research is recommended to explore the impact of interventions and training programs on the effectiveness of the whistleblowing system, as well as how corporate culture and socio-economic factors influence whistleblowing behaviour across different geographic and industrial contexts.

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