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Abstract

This study aims to evaluate the implementation of the Whistleblowing System (WBS) at PT XYZ by comparing the company's disclosed WBS policies with the Whistleblowing System Guidelines issued by the National Committee on Governance Policy (Komite Nasional Kebijakan Governance [KNKG]) and by examining the alignment between the company's stated policies and their actual implementation within its organizational environment and daily operations. Employing a qualitative descriptive approach, data was collected through interviews, observations, and documentation. The findings indicate that, in general, PT XYZ's WBS policies conform to the KNKG guidelines. However, two key elements—continuous education and training and incentive mechanisms for whistleblowers—have not yet been implemented. The Human Capital and Internal Audit Departments explained that ongoing training and socialization activities have been conducted through programs on corporate culture and values, which they believe implicitly cover WBS principles. In contrast, employees outside the main departments responsible for WBS emphasized that dedicated and periodic training on whistleblowing procedures, separate from cultural orientation programs, is necessary. Moreover, several employees expressed the need for an additional reporting channel in the form of a dedicated and user-friendly digital application to enhance accessibility and confidentiality in reporting.

Introduction

Over the past few decades, Good Corporate Governance (GCG) has become a central concern among institutions worldwide, spanning the public and private sectors. GCG is widely recognized as a critical element in building investor confidence and ensuring corporate sustainability. Several corporate scandals, such as Enron's bankruptcy in 2001, have illustrated that weak governance practices can severely compromise organizational integrity and public trust. The Enron case, in particular, highlighted the importance of accountability, transparency, and integrity as foundational principles of sound corporate governance.

In response to various governance crises, many countries and international organizations have developed comprehensive guidelines to strengthen corporate governance practices. Among the most prominent are the Principles of Corporate Governance issued by the Organization for Economic Co-operation and Development (OECD, 2015) and the Internal Control—Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013). Both frameworks emphasize the necessity of an effective internal control system, including mechanisms such as the Whistleblowing System (WBS), which functions as an early detection tool against fraud, abuse of power, and violations of ethical conduct.

Within this context, the National Committee on Governance Policy (Komite Nasional Kebijakan Governance [KNKG], 2008) affirms that the implementation of a WBS is an integral component of GCG. It serves as a vital mechanism for preventing and disclosing acts of corruption, bribery, and other forms of misconduct. As per the Association of Certified Fraud Examiners (ACFE, 2024), tips, including those submitted via internal reporting channels such as hotlines, email, and web-based systems, were the most common method of detecting occupational fraud, accounting for approximately 43% of cases, more than three times as many as the next most frequent detection method. Consequently, the effectiveness of a WBS depends on how well an organization designs and implements its reporting system to protect whistleblowers, ensure confidentiality, and guarantee accountable follow-up actions.

In Indonesia, the KNKG issued the Guidelines for Whistleblowing Systems in 2008 to provide organizations and corporations with a reference for developing and managing reporting mechanisms consistent with the principles of GCG. These guidelines are intentionally generic and flexible to allow adaptation to the specific context of each organization. An effectively implemented WBS is expected to encourage active participation from employees, business partners, and the public in reporting misconduct without fear of retaliation, thereby strengthening a culture of integrity within corporate environments.

Previous studies have highlighted the importance of WBS as a key instrument for enhancing corporate governance. However, most of these studies remain normative and descriptive in nature, focusing primarily on whether companies have formally established WBS policies aligned with existing guidelines, rather than evaluating the alignment between disclosed policies and their actual implementation (Al Dossari, 2025; Lee & Liu, 2025; Scherbarth & Behringer, 2021). The Transparency in Corporate Reporting (TRAC) survey conducted by Transparency International Indonesia (TII, 2016) found that among the 100 largest companies in Indonesia, the average transparency score was only 3.5 out of 10. While 57% of firms had policies ensuring whistleblower confidentiality, only 40% provided protection against retaliation. Similarly, Susanti et al. (2018) observed that even though several companies have adopted GCG and WBS programs, violations still frequently occur. Pranoto (2019) further noted that GCG implementation in several state-owned enterprises remains “cosmetic,” fulfilling administrative compliance requirements without substantive enforcement.

These findings reveal a persistent gap between formal governance policies and their actual implementation. Therefore, evaluating the consistency between a company’s disclosed WBS policies and their practical application is crucial for assessing whether GCG principles are genuinely implemented or merely symbolically reported.

This study aims to evaluate the alignment between corporate WBS policies disclosed in company reports and the Guidelines for Whistleblowing Systems issued by KNKG (2008), as well as to assess the consistency between disclosure and actual implementation within the company’s operational activities. This study focuses on a publicly listed firm—anonymized as PT XYZ—engaged in vehicle leasing and transportation consultancy services. PT XYZ was selected because it has explicitly adopted a WBS policy based on KNKG guidelines as part of its commitment to implementing GCG. Consequently, this study seeks to provide theoretical contributions by enriching the literature on the effectiveness of WBS mechanisms in supporting GCG implementation and practical contributions by offering insights for companies to strengthen credible and accountable WBSs.

Literature Review

Corporate governance, as defined by the Organization for Economic Co-operation and Development (OECD, 1999), refers to a set of relationships among a company’s management, Board of Directors, shareholders, and other stakeholders. It provides the framework through which corporate objectives are established, means of achieving them are determined, and

performance is monitored. Similarly, the International Finance Corporation (IFC, 2014) defines corporate governance as the structures and processes that direct and control a company. In the Indonesian context, the Forum for Corporate Governance in Indonesia (FCGI, 2001) describes corporate governance as a set of rules governing the relationships among shareholders, management, creditors, government, employees, and internal and external stakeholders concerning their respective rights and responsibilities—in other words, a system that regulates and controls the corporation.

The National Committee on Governance Policy (KNKG, 2006) emphasizes that organizations must ensure that the principles of GCG are applied in every aspect and business activity. These principles include transparency, accountability, responsibility, independence, and fairness. Collectively, these definitions highlight that GCG constitutes a reference framework and a set of rules and processes that must be implemented by managers, shareholders, and other stakeholders to achieve corporate goals and create long-term value. In Indonesia, the KNKG issued the General Guidelines for Good Corporate Governance (2006), which are based on the five core principles of transparency, accountability, responsibility, independence, and fairness.

This study focuses on the WBS as an integral element of good governance. According to Near and Miceli (1985), whistleblowing refers to the disclosure by current or former members of an organization of illegal, immoral, or illegitimate practices under the control of their employers to individuals or entities that may take corrective action. Devitt (2015) of Transparency International further defines whistleblowing as the disclosure of information concerning unlawful or harmful acts committed by organizations in either the public or private sector to parties capable of acting upon that information. The KNKG (2008) defines whistleblowing as the disclosure of violations of law, unethical or immoral acts, or other misconduct that could harm the organization or its stakeholders, made by employees or management to individuals or institutions authorized to take corrective action. When effectively implemented, whistleblowing helps detect violations or fraud in a timely manner, allows for the correction of misconduct before escalation, and minimizes the risk of financial and reputational losses (Chung et al., 2004). Conversely, the absence of an adequate WBS can increase the intention to commit fraud or misconduct (Triantoro et al., 2020). Consistently, the Association of Certified Fraud Examiners (ACFE, 2020) found that among 13 anti-fraud mechanisms, WBS remains the most effective tool for preventing organizational misconduct.

According to the KNKG (2008), the WBS forms part of a company's internal control system, designed to prevent actions contrary to GCG principles and strengthen governance implementation. The Chartered Institute of Internal Auditors (CIIA) (2014) similarly describes WBS as a critical safeguard that must be embedded within the organization's internal control environment. Within the GCG framework, WBS serves as a key mechanism to reinforce ethical practices and organizational accountability (Triantoro et al. 2020). Khalil et al. (2014) argue that although companies may have internal control systems to ensure proper governance, these systems become more effective when complemented by a whistleblowing mechanism. The WBS embodies the principles of accountability, fairness, and transparency—three fundamental tenets of GCG. The relationship between WBS and GCG is presented in Table 1.

Several studies have examined the role of anonymity in whistleblowing mechanisms. According to Ayers and Kaplan (2005) and Kaplan and Schultz (2007), anonymous reporting reduces perceived risks of job loss, reputational damage, and retaliation, thereby encouraging individuals to report wrongdoing. Conversely, Dyck et al. (2010) discovered that whistleblowers often feel dissatisfied with the follow-up of anonymous reports, suggesting that anonymity can hinder investigations. Kaplan and Schultz (2007) argue that this occurs because anonymity reduces investigators' perceived credibility of reports. Near and Miceli (1996) also contend that the inability to assess a whistleblower's status, integrity, and motives lowers the perceived credibility of anonymous complaints. Thus, while anonymity can increase willingness to report, it may simultaneously reduce investigative effectiveness.

Table 1. WBS and GCG

No.	GCG Principle	Implementation Guideline	Relationship Between WBS and GCG Principles
1	Accountability	An effective internal control system must ensure that corporate management is conducted properly, measurably, and in line with corporate goals while considering stakeholder interests.	WBS represents an internal control mechanism designed to strengthen GCG implementation.
2	Fairness	Stakeholders must have equal opportunities to provide input, suggestions, and opinions to the company.	WBS provides a reporting channel that is accessible to all stakeholders—employees, vendors, customers, and investors.
3	Transparency	Material, relevant, and decision-critical information—including those concerning internal controls and GCG practices—must be disclosed.	The company should communicate its WBS policies transparently to ensure that stakeholders understand and trust the system.

Anonymous reports also tend to prolong investigations because of the difficulty of verifying the whistleblower's credibility (Young et al., 2021). Young et al. further suggested that computer-mediated communication (CMC) technologies—such as email, text messaging, voice messages, and video conferencing—can help mitigate these delays by enabling two-way, real-time interaction between whistleblowers and investigators. Earlier studies relied on one-way communication channels (e.g., television, radio, and written letters), which limited feedback and verification. Hence, adopting CMC in modern whistleblowing systems can enhance investigative efficiency by improving credibility assessments and communication flow.

Nevertheless, the KNKG (2008) does not explicitly recommend anonymous reporting, even though it allows such submissions. The Committee argues that anonymity can complicate and delay case handling, particularly in follow-up communication. Therefore, companies should prioritize building employee trust and confidence so that their identities will remain confidential and protected against retaliation. When this trust is established, employees feel safe and empowered to report violations, thereby reducing dependence on anonymity.

According to the KNKG (2008), WBS management should operate directly under the Board of Directors and be overseen by the Board of Commissioners. Organizations may establish a dedicated unit to manage the WBS or, alternatively, assign responsibility to the Internal Audit Department, supported by Human Capital. A survey by the Chartered Institute of Internal Auditors (CIIA, 2014) found that these two functions play the most significant roles in WBS management. Internal Audit often serves as the main point of contact and leads fraud-related investigations, whereas Human Resources handles non-fraud-related reports. The same survey, conducted among 137 companies in the UK, revealed that 41% placed WBS responsibility under Internal Audit, 20% under Human Resources, and the remainder under other units. Anand (2019) also emphasized that HR involvement should extend beyond policy formulation to ensure that all employees have accessible and confidential reporting channels, free from retaliation risks.

The KNKG (2008) outlines three key dimensions for developing, implementing, and managing an effective WBS: structural, operational, and maintenance aspects.

1. Structural aspect: includes commitment statements, whistleblower protection policies, organizational structure for WBS management, and resource allocation.
2. Operational aspect: covers legal obligations for reporting violations, managerial roles, anonymous reporting mechanisms, reporting and investigation procedures, WBS effectiveness evaluation, and system launch processes.

3. Maintenance aspect: ensures sustainability through continuous education and training, periodic communication, whistleblower incentives, effectiveness monitoring and program improvement, and benchmarking.

Research Method

This study adopts a qualitative descriptive research design to examine the implementation of the WBS within an organizational context. A qualitative approach is considered appropriate because the research aims to understand processes, practices, and meanings associated with WBS implementation rather than to test causal relationships or quantify outcomes. Specifically, this study seeks to explore how formally disclosed WBS policies are interpreted, operationalized, and experienced by organizational actors in daily practice.

Qualitative descriptive research is particularly suitable for studies that aim to provide a systematic and comprehensive account of a phenomenon in its natural setting, using language that remains close to participants' perspectives (Sandelowski, 2000). In the context of this study, the qualitative approach enables an in-depth examination of governance mechanisms that are often formally documented but unevenly implemented, such as internal reporting systems, confidentiality protections, and follow-up procedures.

Unlike interpretive or phenomenological qualitative designs, this study does not seek to construct a new theory or deeply analyze subjective sense-making. Instead, it employs a qualitative evaluative orientation to assess alignment between formal policies and actual implementation, using the KNKG (2008) Whistleblowing System Guidelines as an analytical benchmark. This approach allows researchers to move beyond surface-level disclosure analysis and capture organizational practices that may not be explicitly documented in formal reports.

Data were collected from multiple sources including company documents, interviews, and observations to enhance analytical depth and contextual understanding. Interviews were conducted with key organizational actors directly involved in WBS management and employees outside the formal WBS structure, enabling the study to capture managerial and non-managerial perspectives. This multi-source qualitative design supports data triangulation and strengthens the credibility of the findings.

The qualitative method allows researchers to identify implementation gaps, inconsistencies, and contextual constraints that would be difficult to capture through quantitative methods alone. Issues such as employee hesitation to report violations, differing interpretations of training adequacy, and informal governance practices emerge more clearly through qualitative inquiry, where participants can explain not only what is done but also how and why it is done.

The qualitative approach employed in this study aligns with the research objective of producing a context-sensitive, process-oriented evaluation of WBS implementation. By systematically organizing and analyzing qualitative data using the framework proposed by Miles and Huberman (1994), the study ensures methodological rigor while retaining the flexibility necessary to capture the complexities of corporate governance practices.

This study began with secondary data obtained from publicly disclosed company documents, such as the Annual Report, Code of Conduct, Whistleblowing System (WBS) Policy, and Workplace Anti-Intimidation Policy. Subsequently, primary data were gathered through direct explanations from relevant personnel regarding WBS policies and procedures implemented within the company. The data collection techniques employed included observation, interviews, and documentation.

During the observation phase, researchers adopted an active participation approach, involving partial engagement in selected activities at PT XYZ to understand and observe behaviors, actions, and events associated with WBS implementation. The interviews were conducted in a structured manner, as researchers had predetermined the information required and prepared a written list of questions to elicit relevant insights (Sekaran & Bougie, 2016). Although the interviewees were

experts, a structured interview was employed to ensure consistency and comparability across respondents, as the study aimed to evaluate the alignment between formal WBS policies and their implementation based on predefined KNKG criteria. This approach minimized interpretive bias, facilitated systematic analysis, and was appropriate given the evaluative and sensitive nature of governance-related information (Sekaran & Bougie, 2016). The interviews aimed to obtain firsthand explanations from individuals directly involved in WBS management or operations, particularly regarding procedures or practices not formally documented by the company.

Interview participants were selected using purposive sampling, a non-probability sampling technique in which respondents are chosen based on specific characteristics or knowledge relevant to the research objectives (Sekaran & Bougie, 2016). Interviews were conducted with DI and DD from the Human Capital team and LA from Internal Audit—all members of PT XYZ's WBS team. These informants were selected for their direct involvement in managing the WBS, ensuring that they could provide substantive information on its implementation. Nine informants were interviewed in this study. The interviewees comprised two distinct groups to capture policy- and practice-level perspectives on the WBS. Three key informants were selected using purposive sampling because of their direct involvement in managing and overseeing the WBS at PT XYZ. These informants included two representatives from the Human Capital Department and one from the Internal Audit Department.

To validate and enrich the findings, six additional employees from departments outside the core WBS unit were interviewed using snowball sampling. These informants represented operational and non-managerial functions and were selected to provide insights into how the WBS is understood and experienced in daily practice across the organization. This two-tier interview strategy enabled triangulation between formal WBS governance and actual implementation at the employee level. Interviews were conducted until data saturation was achieved, indicating that no substantially new information emerged from subsequent interviews.

The interview questions were structured and standardized, with separate question sets for

1. Human Capital and Internal Audit, and
2. Non-managerial employees.

For the Human Capital and Internal Audit informants, the following questions focused on the structural, operational, and maintenance aspects of the WBS:

- a. The existence of commitment statements and whistleblower protection policies,
- b. Reporting channels and confidentiality mechanisms,
- c. Investigation procedures and managerial responsibilities,
- d. Training programs, incentives, effectiveness monitoring, and benchmarking practices.

For non-managerial employees, the following questions were designed to assess:

- a. Awareness and understanding of the WBS,
- b. Knowledge of reporting procedures and available channels,
- c. Perceptions of anonymity and confidentiality,
- d. Experience with training and communication related to the WBS, and
- e. Perceived effectiveness of the system.

Interview questions were developed through a systematic and multi-stage process. First, the researchers conducted a review of authoritative guidelines and previous empirical studies on WBSs, including the KNKG (2008) Whistleblowing System Guidelines, previous empirical studies on WBS implementation (Auzan, 2018), and professional governance and internal control frameworks (e.g., Deloitte, OECD, IIA). Second, relevant questions were adopted verbatim or adapted from these sources and then explicitly mapped onto the three WBS dimensions prescribed by the KNKG: structural, operational, and maintenance aspects. Third, initial interviews with

Human Capital and Internal Audit informants were used to refine and expand the question set. Insights gained from these early interviews informed the development of follow-up questions for non-managerial employees, ensuring contextual relevance and internal consistency. This staged development process ensured that the interview protocol was theory-driven (aligned with KNKG guidelines), empirically grounded (informed by previous studies), and context-sensitive (adapted to organizational practices at PT XYZ).

The substantive analytical approach employed in this study is thematic analysis using a deductive (theory-driven) coding strategy. Thematic analysis was chosen because the objective of this study was not to generate new theory or reconstruct personal narratives but to systematically identify, organize, and evaluate patterns of meaning related to WBS implementation across predefined governance dimensions. Specifically, the analysis focused on assessing the alignment between formally disclosed WBS policies and their actual implementation in practice.

The analysis was deductively guided by the KNKG (2008) Whistleblowing System Guidelines, which provided a priori analytical framework consisting of structural, operational, and maintenance aspects. These dimensions served as higher-order themes, within which subthemes were identified from the data (e.g., reporting channels, confidentiality protection, training, incentives, and follow-up mechanisms). Following Braun and Clarke's (2006) conceptualization of thematic analysis, the researchers identified recurring patterns across interview transcripts and documentary data, coded them manually, and organized them into coherent themes aligned with the KNKG framework.

Data analysis followed the framework developed by Miles and Huberman (1994), which consists of three interconnected steps: data reduction, data display, and conclusion drawing. In the data reduction phase, the researchers identified, coded, and categorized relevant information obtained from interviews, company reports, and internal policies. In this study, the data analysis process following Miles and Huberman (1994) was conducted manually, without the use of qualitative data analysis software such as NVivo or MAXQDA.

Specifically, the coding process was conducted through several systematic steps. First, all interview recordings were transcribed verbatim. During the data reduction phase, the researchers read the transcripts and relevant documents repeatedly to familiarize themselves with the data. Then, initial codes were generated manually by highlighting and annotating meaningful text segments that were directly related to the research objectives.

Second, the coding process followed a deductive (theory-driven) approach, guided by the analytical framework derived from the KNKG (2008) Whistleblowing System Guidelines. Accordingly, codes were organized into predefined categories corresponding to the three main dimensions of WBS implementation: structural, operational, and maintenance aspects. Within each dimension, subcodes were developed to capture specific elements, such as reporting channels, confidentiality protection, training, incentives, and follow-up mechanisms.

Third, manual coding was conducted using a combination of color-coding, tabulation, and memo writing in word-processing and spreadsheet files. This approach enabled the researchers to systematically compare interview data across informants and triangulate findings with documentary evidence (e.g., company policies and annual reports).

During the data display phase, the coded data were organized into matrices and narrative summaries aligned with each WBS dimension, allowing for pattern identification and comparison between formal policy disclosures and actual implementation. Finally, conclusions were iteratively drawn by linking the displayed data back to the research questions and theoretical framework.

The decision not to use qualitative analysis software was based on the study's focused scope, the limited number of interviews, and the evaluative nature of the research, which prioritized analytical transparency and close engagement with the data over automated coding efficiency. Manual coding also allowed researchers to maintain contextual sensitivity when interpreting governance-related and organizationally sensitive information.

Then, the data were organized according to the structural, operational, and maintenance aspects outlined in the KNKG (2008) Whistleblowing System Guidelines, while information unrelated to the research focus was excluded. During the data display phase, findings were systematically presented in alignment with each aspect of the WBS framework, facilitating the comparison between company practices and the KNKG standards. During the data display phase, the researchers transformed the reduced and coded qualitative data into structured visual and textual formats to facilitate systematic analysis and pattern identification, following Miles and Huberman's (1994) analytical framework. The coded interview excerpts and documentary evidence were organized into thematic matrices based on the three analytical dimensions derived from the KNKG (2008) Whistleblowing System Guidelines: structural, operational, and maintenance aspects. Each matrix consisted of rows representing key WBS elements (e.g., reporting channels, confidentiality protection, training, incentives, and investigation procedures) and columns representing data sources, including different interviewees and relevant company documents.

Within each matrix cell, the researchers summarized the substantive meaning of coded data using concise analytic statements rather than raw quotations. Direct quotations were selectively retained only when they provided critical clarification or illustrated discrepancies between managerial and non-managerial perspectives. This approach enabled cross-informant comparison and identified convergent and divergent views across organizational levels.

The matrices were complemented by narrative displays, where patterns emerging from the matrices were translated into descriptive analytical summaries. These narratives explicitly contrasted the formal WBS policies disclosed in company documents with the actual practices reported by the informants, thereby making the gaps between policy and implementation visible.

The displayed data were iteratively reviewed to identify recurring patterns, inconsistencies, and critical omissions across the WBS dimensions. These patterns served as the basis for analytic interpretation and conclusion drawing, ensuring that the findings were grounded in systematically organized empirical evidence rather than impressionistic interpretation. The conclusion-drawing stage involved synthesizing insights from the analyzed data to evaluate the degree of alignment between PT XYZ's WBS policy and its implementation, as well as its overall conformity with GCG principles.

Results and Discussion

In presenting the results, the study relied on a systematic data display process to ensure that conclusion drawing was firmly grounded in empirical evidence rather than isolated interpretations. The findings were derived from comparative analytical matrices developed during the data display phase. These matrices organized the coded data as per the three key dimensions of the KNKG (2008) Whistleblowing System framework—structural, operational, and maintenance aspects. Within each dimension, the matrices juxtaposed formal WBS provisions disclosed in company documents (e.g., WBS policy, Code of Conduct, and annual reports) with actual practices and perceptions reported by different informants (Internal Audit, Human Capital, and non-managerial employees).

This structured display enabled researchers to identify convergence and divergence patterns across data sources. For instance, convergence was observed where documentary evidence and interview data consistently indicated the existence of formal reporting channels and confidentiality protections. In contrast, divergence emerged in areas such as training and socialization, where management-level informants perceived existing cultural programs as sufficient, whereas non-managerial employees reported limited understanding of WBS procedures. These contrasts were made visible through side-by-side comparisons within the matrices.

The data display also facilitated the identification of implementation gaps, particularly in the maintenance dimension. By mapping KNKG-recommended elements (e.g., continuous training, incentives, and benchmarking) against empirical evidence, researchers were able to

systematically assess which elements were fully implemented, partially implemented, or absent in practice. This categorization provided a clear empirical basis for concluding that PT XYZ's WBS largely meets structural and operational requirements but remains limited in its maintenance aspects.

Furthermore, the matrices were complemented by analytic narrative summaries that synthesized recurring patterns across informants rather than relying on single quotations. Quotations were used selectively to show critical discrepancies or to clarify how certain practices were understood differently across organizational levels. This approach ensured that the conclusions reflected collective patterns rather than anecdotal accounts.

The data display process functioned as an intermediate analytical step that linked raw qualitative data to interpretation. Conclusions regarding the effectiveness, limitations, and compliance orientation of PT XYZ's WBS were drawn only after patterns had been consistently observed across multiple data sources and displayed in a structured and transparent manner.

The findings of this study indicate that the implementation of the WBS at PT XYZ has generally been conducted effectively and largely conforms to the Guidelines for Whistleblowing Systems issued by the National Committee on Governance Policy (KNKG, 2008). Nevertheless, observations and interviews revealed several critical elements that have not yet been fully implemented—particularly in the areas of continuous training, incentives for whistleblowers, and systematic documentation of benchmarking results across companies.

Data for this study were obtained through the examination of internal documents—such as the WBS policy, Code of Conduct, and annual reports—as well as in-depth interviews with representatives from the Human Capital Department, Internal Audit Department, and non-managerial employees. The empirical findings from these multiple sources were compared against the three key dimensions outlined in the KNKG (2008) Guidelines—structural, operational, and maintenance aspects—to evaluate the alignment between formal policy and practical implementation.

Analysis of the interview data resulted in five key themes that consistently emerged across informants and data sources. First, the findings show a clear distinction between formal WBS compliance and uneven practical understanding among employees. Second, WBS socialization relies primarily on implicit ethical messaging rather than dedicated and continuous training. Third, trust and psychological safety emerged as critical conditions that influence employees' willingness to report misconduct. Fourth, whistleblowing is predominantly framed as a moral obligation in the absence of formal incentive mechanisms. Finally, WBS-related organizational learning remains informal, as benchmarking activities are conducted without systematic documentation. These themes provide the analytical foundation for evaluating the extent to which PT XYZ's WBS supports substantive, rather than merely procedural, implementation of GCG.

The results show that PT XYZ has established a relatively clear WBS governance structure supervised directly by the Board of Directors and the Board of Commissioners. The Internal Audit and Human Capital departments are the primary operational units responsible for implementing and monitoring the system. One Internal Audit representative explained the following:

"We receive reports of violations through several official channels such as a dedicated email address, hotline, and complaint boxes. All reports are verified before being forwarded to management. Our principle is to protect the whistleblower's identity as much as possible so that employees feel safe to report."

This statement demonstrates the company's commitment to transparency and whistleblower protection as stipulated by KNKG. PT XYZ's WBS is designed to accommodate reports from internal and external parties, ensuring confidentiality and data security. Although anonymous reporting is not explicitly encouraged by KNKG, the company still accepts it as part of its commitment to maintaining open communication channels.

From a structural perspective, PT XYZ has demonstrated a clear commitment to WBS implementation, as reflected in its Code of Conduct and GCG policies. The company has

established a formal governance structure with well-defined roles and responsibilities. The Human Capital Department oversees education and socialization efforts, whereas the Internal Audit handles verification and investigation. Supportive resources—including an online reporting platform and hotline are also available. However, interviews revealed that specialized WBS training has not been conducted regularly or separately from general corporate culture sessions.

Another prominent theme concerns the organization's reliance on implicit ethical socialization rather than formal and continuous WBS training. Management-level informants perceived that WBS principles were already sufficiently communicated through broader corporate culture programs. A representative from Human Capital stated the following:

"We don't yet have specific WBS training every year, but in every corporate culture and value training session, we always include discussions on work ethics and integrity, including the reporting mechanism. So, WBS is already part of that training."

The interview data reveal a clear distinction between formal compliance with WBS structures and employees' uneven practical understanding of the system. Informants from Human Capital and Internal Audit consistently emphasized that WBS policies and reporting channels had been formally established and aligned with governance guidelines. However, this view was not fully shared by employees outside the WBS unit. This managerial view contrasts with feedback from non-managerial employees. An operational staff member commented:

"It would be better if we had dedicated training about WBS, because many employees don't know the detailed procedures or where to report violations. So far, we've only heard about it through email blasts or bulletin boards—there hasn't been an in-depth explanation."

This divergence in perspectives reflects a communication gap between management and employees regarding the effectiveness of WBS dissemination. It suggests that targeted and continuous training is essential to enhance understanding, participation, and trust among all employees.

From an operational standpoint, the company's reporting mechanism appears functional. Violations can be reported through multiple channels—including email, telephone, and written correspondence. All reports are consolidated by the WBS management unit and verified by an internal investigation team. Investigations are conducted independently, and the results are submitted to the Board of Directors. Annual report data show a decline in the number of violations reported over the past 3 years. Management interprets this as evidence of growing ethical awareness and improved system effectiveness. Interview data also highlight trust and psychological safety as critical factors influencing employees' willingness to report misconduct. Although confidentiality and protection mechanisms are formally emphasized, some employees expressed hesitation, particularly when potential reports involved supervisors. However, several respondents offered alternative interpretations. One employee noted the following:

"Maybe fewer reports don't mean fewer violations—it could be that employees aren't fully confident that their reports will be followed up. Some might also feel uncomfortable or afraid, especially if the report concerns their supervisor."

This statement suggests a possible reporting bias in which a lower reporting frequency may not necessarily indicate improved compliance but rather psychological and cultural barriers to reporting. Therefore, numerical reductions in reports should be interpreted cautiously and complemented by qualitative indicators such as employee trust in the reporting process.

Regarding the maintenance aspect, PT XYZ has undertaken internal benchmarking with other companies within its corporate group to assess WBS effectiveness. However, this process is informal and lacks systematic documentation. The theme relates to organizational learning and benchmarking, which remain informal and weakly institutionalized. Although benchmarking

activities are conducted within the corporate group, they are not systematically documented. This theme indicates that while awareness of continuous improvement exists, the lack of formal documentation constrains organizational learning and the long-term enhancement of WBS effectiveness. As one internal auditor explained:

“We do compare our reporting system with those of other companies in the group, but it’s not formally documented—it’s usually discussed during the annual meeting.”

This finding indicates that while benchmarking is practiced, its potential for cross-company learning remains underutilized because of the absence of structured reporting and record-keeping. Another theme concerns the moral framing of whistleblowing in the absence of formal incentive mechanisms. Management informants consistently emphasized integrity and ethical responsibility as the primary motivation for reporting misconduct. Moreover, the incentive mechanism for whistleblowers, as recommended by KNKG, has not been implemented. Human Capital representatives stated that incentives were not yet prioritized, as the company instead emphasizes moral motivation and ethical responsibility:

“We believe reporting should be driven by integrity, not by rewards. But if some form of recognition is needed in the future, we’re open to considering it.”

While this framing reflects a strong ethical stance, it also reveals that whistleblowing is positioned as a moral duty rather than an organizationally supported governance practice. The absence of incentives may limit broader employee participation in reporting activities. This perspective reflects a common ethical dilemma in WBS implementation—balancing intrinsic moral commitment with extrinsic motivational reinforcement.

Based on the overall analysis, all structural and operational elements of the WBS have been implemented, while only part of the maintenance aspect has been achieved. Specifically, Continuous Education and Training and Whistleblower Incentives have not yet been introduced, and Benchmarking Documentation remains incomplete. Considered together, these findings suggest that PT XYZ’s WBS has been implemented fairly well and supports GCG practices, particularly in promoting transparency and accountability. However, the system’s long-term effectiveness still depends on strengthening continuous training programs, enhancing technology-based reporting tools, introducing incentive mechanisms, and cultivating a stronger speak-up culture. Currently, PT XYZ’s WBS functions primarily as an administrative internal control mechanism rather than an institutionalized instrument for nurturing integrity. Therefore, the company should develop a more strategic WBS framework—one that fosters collective awareness and ethical courage among all organizational members to actively uphold clean and ethical corporate governance.

Discussion

The results of this study reveal that the implementation of the WBS at PT XYZ demonstrates significant progress in reinforcing the principles of GCG, particularly transparency, accountability, and responsibility. However, the evaluation also highlights that although the WBS has been structurally and procedurally established, the substantive dimensions—namely, ethical internalization and the courage to report misconduct—have not been fully realized. This finding highlights that the success of a WBS depends not only on formal compliance but also on the quality of its implementation, organizational participation, and the strength of its ethical culture.

From a theoretical standpoint, GCG emphasizes the balance of interests among shareholders, management, and stakeholders (OECD, 2015). Within this framework, the WBS functions as an internal accountability mechanism that facilitates horizontal monitoring within the organization. The KNKG (2008) Guidelines similarly identify WBS as a vital instrument for preventing, detecting, and addressing misconduct that could undermine corporate integrity. In the context of PT XYZ, the study shows that the presence of a WBS aligns with these theoretical

principles; however, practical implementation is constrained by certain institutional and behavioral limitations.

From a structural perspective, PT XYZ has demonstrated a strong commitment to integrity by establishing a WBS management unit that is directly supervised by the Board of Directors and overseen by the Board of Commissioners. This governance design supports the integration of internal control and ethical oversight functions, which is consistent with the findings of Susanti, Sarah, and Hilimi (2018), who noted that integrating whistleblowing structures with Internal Audit functions can accelerate the detection of violations and improve the system's effectiveness. Nonetheless, the success of such structures depends heavily on the competence and awareness of the Human Resources involved. Interviews reveal that WBS-related training at PT XYZ remains limited and often embedded within broader corporate culture programs rather than being conducted as dedicated, periodic sessions. This lack of continuous training suggests a policy–practice gap, where the formal design of governance mechanisms has not been sufficiently supported by ongoing capacity-building efforts.

From an operational viewpoint, PT XYZ's WBS demonstrates functional alignment with KNKG principles—ensuring confidentiality, accessibility, and independence in investigation processes. Interviews with Internal Audit confirm that the company permits anonymous reporting and follows standardized verification procedures. This practice aligns with ACFE (2020), which identified whistleblower protection as a key determinant of fraud detection effectiveness. However, the findings also highlight psychological and cultural barriers: employees remain hesitant to report misconduct, particularly when superiors are involved; this indicates the persistence of power-distance effects and fear of retaliation, which hinder the realization of a genuine “speak-up culture.” These observations resonate with Pranoto's (2019) notion of cosmetic compliance—where companies adhere to governance requirements in form but not in spirit. This phenomenon can also be understood through the lens of legitimacy theory (Suchman, 1995). PT XYZ's WBS reflects a form of symbolic compliance aimed at maintaining external legitimacy by showcasing formal governance structures. However, moral legitimacy—the internalized belief among employees that reporting is a shared ethical duty—remains weak. Thus, the company faces the challenge of transforming its WBS from a procedural compliance tool into a cultural mechanism that nurtures moral accountability.

From the maintenance dimension, PT XYZ's efforts to sustain and improve WBS effectiveness through informal benchmarking reflect an awareness of continuous improvement principles as recommended by the Internal Control – Integrated Framework (COSO, 2013). However, the absence of formal documentation and evaluation reports limits organizational learning. Without systematic benchmarking, best practices cannot be effectively disseminated or institutionalized. Moreover, the absence of an incentive mechanism represents another limitation. Although management prioritizes moral motivation over material rewards, organizational behavior theory suggests that well-designed incentives—financial or symbolic—can strengthen intrinsic motivation and reinforce ethical behavior (Kaptein, 2011). Recognition, whether public acknowledgment or performance-based rewards, can legitimize whistleblowing as a valued organizational contribution rather than a risky or stigmatized act.

The company's emphasis on moral obligation—illustrated by the statement, “We believe reporting should be driven by integrity, not by rewards”—reflects a virtue-ethics approach to governance. While commendable, this stance may inadvertently neglect behavioral reinforcement mechanisms necessary for sustaining ethical practices. In the context of corporate governance maturity, PT XYZ's WBS remains at a compliance-driven stage, where policies are executed to fulfill regulatory expectations rather than to cultivate ethical reflexivity and organizational trust. The goal should be to transition toward a values-driven model, where WBS becomes a manifestation of shared integrity embedded within the corporate identity.

Trust (psychological safety) emerges as a central factor influencing the effectiveness of PT XYZ's WBS. Employees are more likely to report violations when they believe that the organization will protect them from retaliation and act transparently upon their reports. This aligns with the ethical governance perspective, which posits that robust governance systems depend on structural integrity and interpersonal trust. Without this foundation, even a formally well-designed WBS risks becoming an underutilized instrument of compliance rather than a catalyst for accountability.

The findings highlight that PT XYZ's WBS has achieved formal compliance with KNKG guidelines but requires strengthening in substantive dimensions—ethical awareness, behavioral reinforcement, and cultural integration—to realize its full potential as a governance mechanism. The company's future challenge lies in transforming its WBS into an institutionalized system that not only ensures procedural integrity but also fosters moral courage, collective responsibility, and sustainable ethical governance.

Conclusion

This study concludes that the implementation of the WBS at PT XYZ has generally been effective and supports the realization of GCG principles. The company has established an organizational structure and reporting mechanism aligned with the Guidelines for Whistleblowing Systems issued by the National Committee on Governance Policy (KNKG, 2008), particularly in terms of structural and operational aspects. However, the system's overall effectiveness remains constrained by several limitations within the maintenance dimension—specifically, the absence of continuous training programs, insufficient documentation of benchmarking activities, and the lack of an incentive mechanism for whistleblowers.

Structurally, PT XYZ has developed a relatively strong governance framework. The establishment of a WBS management unit under the direct supervision of the Board of Directors and oversight of the Board of Commissioners shows organizational commitment to integrity and accountability. Multiple accessible reporting channels—including anonymous submissions—are available, ensuring confidentiality and whistleblower protection. Nevertheless, the interviews revealed that employees' understanding of the reporting process and follow-up procedures remains limited, indicating that internal communication and education efforts must be further strengthened to ensure full system use.

Operationally, PT XYZ has implemented a systematic verification and investigation process led by the Internal Audit Department. The process ensures objectivity and adherence to accountability principles. However, the observed decline in the number of reported cases over recent years—interpreted by management as a sign of success—should be critically reassessed. Qualitative evidence suggests that this decline may reflect limited trust in follow-up mechanisms or psychological hesitation to report misconduct by superiors. Therefore, quantitative indicators, such as the number of reports, should be complemented by qualitative assessments, including employee perceptions of fairness, safety, and openness in the workplace.

From a maintenance perspective, while informal benchmarking activities within the corporate group show a willingness to engage in continuous improvement, the lack of formal documentation weakens opportunities for organizational learning. The absence of incentive mechanisms also indicates that whistleblowing is still perceived primarily as a moral duty rather than a participatory governance practice. In fact, recognition—whether symbolic or material—can play a crucial role in reinforcing ethical behavior and sustaining long-term engagement in reporting activities.

Theoretically, these findings reaffirm that the effectiveness of a WBS is determined not only by the existence of a formal policy but also by the extent to which ethical values and integrity are internalized within the organizational culture. This aligns with the ethical governance perspective, which asserts that genuine accountability arises from structural mechanisms and moral

consciousness. A WBS designed solely for compliance purposes may fulfill regulatory expectations but fails to cultivate the ethical reflexivity required for sustainable governance.

Practically, this study highlights the need to strengthen Human Capital capacity in GCG implementation through a values-based governance approach. PT XYZ should expand its training scope to include dedicated modules on reporting mechanisms, whistleblower protection, and real case discussions to deepen employees' ethical literacy. Furthermore, the company should consider developing a secure, user-friendly digital reporting application to enhance accessibility, confidentiality, and system responsiveness. Technology-enabled reporting platforms align with modern governance practices that emphasize transparency, traceability, and efficiency.

At the policy level, this study provides valuable input for regulators—particularly the KNKG and the Financial Services Authority (Otoritas Jasa Keuangan, OJK)—to enhance national WBS implementation guidelines by incorporating provisions on whistleblower incentives, continuous education, and outcome-based evaluation frameworks. Stronger regulatory emphasis on these aspects can encourage organizations to move beyond administrative compliance toward genuine ethical commitment.

From an academic perspective, this study suggests the development of a comprehensive WBS evaluation model that integrates structural, operational, and cultural indicators. Such a framework would allow future researchers and practitioners to assess procedural alignment with governance guidelines and the embeddedness of ethical behavior within corporate culture. Future studies are also encouraged to adopt multi-stakeholder perspectives—including those of regulators, external auditors, and partner organizations—to better understand how whistleblowing contributes to broader governance and accountability ecosystems.

In conclusion, the WBS at PT XYZ serves as an essential foundation for transparent and accountable corporate governance. Nevertheless, to ensure that it transcends formal compliance and evolves into a living embodiment of organizational integrity, PT XYZ must embed moral courage, justice, and collective responsibility within its institutional culture. An effective WBS should not merely function as a reporting mechanism—it should reflect the company's ethical maturity, signaling its unwavering commitment to integrity, transparency, and good governance in the eyes of internal stakeholders and the public at large.

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