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# Predicting whistleblowing intention using the whistleblowing triangle

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**Abstract**

**Research aims:** The increasing number of fraud cases has significantly raised the whistleblower mechanism's role. Therefore, this study investigates the impact of the whistleblowing triangle on whistleblowing intention. The whistleblowing triangle combines the theory of fraud triangle and the theory of planned behavior to predict whistleblowing intention. The reporting system is required in an organization expected to strengthen the fraud prevention system related to increasing fraud cases.

**Design/Methodology/Approach:** This research was conducted in the village credit institution listed in Denpasar. This selection was due to Denpasar having become Bali's second-highest number of fraud cases. Thus, it is necessary to understand whether the whistleblowing triangle can deter fraud. The research sample was selected among Village Credit Institution (VCI) employees in Denpasar using accidental sampling and generating 80 employees as respondents. This study used multiple regression analysis to test the hypotheses.

**Research findings:** The results revealed that the whistleblowing triangle's components impacted whistleblowing intention. The intention to report fraudulent behavior was negatively impacted by pressure, while it was positively affected by opportunity and rationalization.

**Theoretical contribution/Originality:** Most previous studies have investigated whistleblowing intention using the fraud triangle and theory of planned behavior separately. Meanwhile, this study used the whistleblowing triangle, combining fraud and planned behavior theory to predict whistleblowing intention.

**Research limitation:** This study omitted financial incentives included in the previous research.

**Keywords:** Fraud Triangle; Whistleblowing Intention; Whistleblowing Triangle

## Introduction

Fraudulent financial reporting is a practice of fraud on financial statements committed by managers to manipulate financial statements to earn personal, group, or other party benefits (Fathmaningrum and Anggraini, 2021). Fraud in the organizational environment is the most detrimental action for the organization. It makes the creation of an anti-fraud program deemed necessary by the company. In this regard, the whistleblower system is currently seen as an effective means of preventing fraud. Whistleblowing is an act of non-obligatory disclosure by someone with access to information about illegal actions or mistakes that affect the organization (Jubb, 1999). Sawyer et al. (2010) describes four

characteristics associated with whistleblowing: individual actions to make information public; the information is disclosed to several parties outside the organization and is part of public records; the information is disclosed regarding wrongdoing within the organization; members of the organization disclose the information and not journalists or the public. Hence, it can be interpreted that a whistleblower reveals wrongdoing in the company.

A survey conducted by ACFE (2019) found that the whistleblower system is the most effective fraud prevention mechanism among other mechanisms, such as anti-fraud policies, monitoring, and others. Whistleblowers can consist of employees or external parties who act as informants for fraud within an agency (Mustafida & Mursita, 2021). The critical role of whistleblowers in enforcing business ethics is increasingly recognized, especially in dealing with unethical business practices in organizations (Latan et al., 2019). The accounting profession is often in a position to reveal wrongdoing in companies since it has access to accounting information and an understanding of fraud in financial reports (Brown et al., 2016).

The Association of Certified Fraud Examiners (ACFE) (2020) recorded losses of 3.6 billion USD due to fraud. There are three fraud schemes explained by ACFE, i.e., corruption, asset misappropriation, and financial statement fraud, where the most common scheme that occurs is corruption. The most common fraud detection occurs because the information comes from employees (ACFE, 2020). When they discover fraud, the method most often used by employees is to report the information via telephone and email to their superiors. It indicates that the whistleblowing system is an effective mechanism for detecting the early stages of fraud.

Executives, managers, and employees generally commit fraud cases in organizations with various fraud schemes. The role of the audit process is expected to uncover material misstatements found when providing an audit opinion. However, auditors and companies often collaborate to provide inaccurate information to the public (Latan et al., 2019). Thus, the accountant's role in the company and public accounting firm is significant in uncovering fraud in the company. Disclosure of fraud is done to stop wrongdoing, so the decision to become a whistleblower is related to the extent to which the belief that disclosure will stop the fraud. The decision to do whistleblowing can be influenced by several factors, such as pressure or financial motivation, opportunity, and rationalization, before leading to an ethical intention to do whistleblowing (Latan et al., 2019; Schwartz, 2016; Murphy & Dacin, 2011), which is a concept adopted from the fraud triangle theory. Ethical dilemmas will also affect individual willingness to become a whistleblower (Mustafida & Mursita, 2021)

Understanding the main determinants of intention to conduct whistleblowing within a company has become a concern for policymakers to increase whistleblowing by employees, such as the existence of a whistleblowing disclosure website by the Indonesian Ministry of Finance ([www.wise.kemenkeu.go.id](http://www.wise.kemenkeu.go.id)). The desire to whistleblowing by company employees can be predicted by the theory of planned behavior (TPB) and the fraud triangle theory (FTT) (Brown et al., 2016). The desire to do whistleblowing is an individual's subjective probability related to the possibility of engaging in whistleblowing.

The greater a person's intention to do whistleblowing, the more likely it is that whistleblowing will occur. Further, TPB can explain the internal factors of individuals intending to do whistleblowing.

Meanwhile, the fraud triangle theory explains that a person's decision to do whistleblowing depends on rationalizing the fraud perpetrator's intentions for the opportunities they have. Personal and environmental variables also influence the decision to become a whistleblower, and the fraud triangle can be used to support organizational accountants in seeing opportunities to do whistleblowing (Brown et al., 2016). The whistleblower will consider the negative pressure felt when making disclosures (pressure), resources for reporting fraud (opportunity), and the ability to justify the disclosures made. While the fraud triangle theory identifies external opportunities and pressures to carry out whistleblowing, the theory of planned behavior identifies internal elements that encourage whistleblowing. Several previous studies have examined the factors influencing whistleblowing intention by using the fraud triangle theory and the theory of planned behavior, such as Brown et al. (2016), Smaili and Arroyo (2017), and Latan et al. (2019). Brown et al. (2016) integrated the fraud triangle theory and the theory of planned behavior to predict a person's intention to do whistleblowing. Smaili and Aroyo (2017) later used the term whistleblowing triangle to integrate the fraud triangle theory and the theory of planned behavior. In their research, Smaili and Aroyo (2017) used a case study to analyze the whistleblowing triangle and later suggested using the framework in a different culture and organization. Therefore, this study expands the previous research using whistleblowing triangles in Bali's local financial institutions.

ACFE Indonesia (2019) confirmed that 41.4% of respondents to the ACFE survey agreed that the industry most harmed by fraud was the financial and banking industry. Therefore, this study was conducted at Village Credit Institution (VCI) in Denpasar, Bali. VCI is a financial business entity that operates specifically in Bali. Based on Regional Regulation No. 2 of 1998 and No. 8 of 2002, VCI or Village Credit Institutions were established to support rural economic development by increasing the saving habits of rural communities and providing credit for small-scale businesses to eliminate forms of exploitation in credit relations, to create equal opportunities for business activities at the village level, and to increase the level of monetization in rural areas. Based on the Regional Regulation Number 3 of 2017, the VCI is a *desa pekraman* (traditional village) institution that carries out the financial function of a *pekraman village* in managing the village's financial potential. The regional regulation also explains that a VCI provides economic, social, and cultural benefits for the village community so that with the establishment of the VCI, the community will not experience difficulties obtaining funds.

VCIs were first established in 1984 with a total of 8 VCIs, and in 2021, the number of VCIs recorded was 1437 VCIs. However, this development in the number of VCIs was not supported by good management, as shown by the many cases of fraud in VCIs. In 2021, 11 corruption cases occurred at the VCI out of 50 corruption cases in Bali ([Radarbali.id](https://radar.bali.id), 2021). The existence of these cases indicates that there is still a weakness in internal control at the VCI, which allows fraud to occur. These results also show that the public's perception of the risk of fraud in the banking industry is relatively high, so there is a need

for awareness among employees and internal parties to carry out whistleblowing as an early detection system.

This research was conducted on VCIs in Denpasar City with 35 registered VCIs. This selection was based on the ACFE survey results, showing that whistleblowing is carried out through technology-based information channels such as telephone, email, and the web. Also, Denpasar is the capital of the Bali Province, so there is a tendency for its people to have better technological capabilities than other districts. In addition, based on LPVCI data in 2021, VCIs in Denpasar generated the third largest profit and total assets in Bali, so it would have a wide impact if fraud occurred.

Departing from the explanation, the question posed in this study is, "Does the whistleblowing triangle affect whistleblowing intention at VCI in Denpasar?"

Therefore, this study aims to develop a whistleblowing triangle to predict whistleblowing triangles for VCI employees in Bali. This research was motivated by increased fraud cases in Bali and developed research by Brown et al. (2016) and Latan et al. (2019) in the scope of financial and banking institutions. This research also builds on Smaili and Aroyo (2017) to test the whistleblowing triangle framework in different organizational cultures. The whistleblowing triangle integrates the fraud triangle theory and the theory of planned behavior, which uses the components of the two theories to predict whistleblowing intention originating from internal and external individuals. Since the use of the whistleblowing triangle to predict whistleblowing intentions is still limited, this research was conducted to fill in the gaps related to whistleblowing intention research.

## **Literature Review and Hypotheses Development**

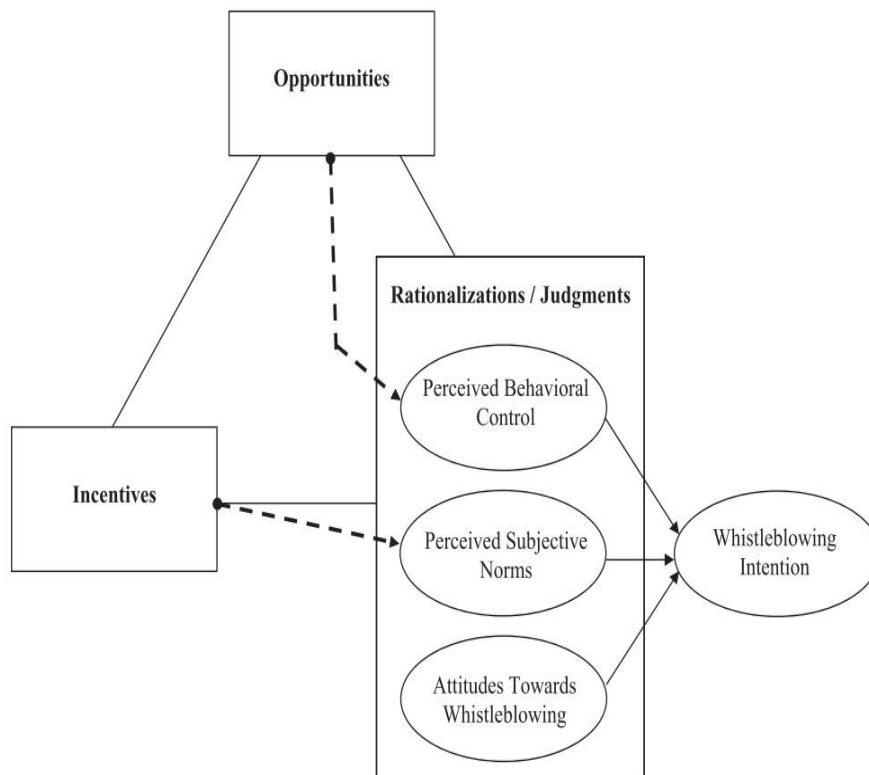
### **Whistleblowing Triangle**

The whistleblowing triangle integrates the fraud triangle theory (FTT) and the theory of planned behavior (TPB). Brown et al. (2016) first put forward this concept, but Smaili and Aroyo (2017), in their research, used the term whistleblowing triangle for this concept. The components of the whistleblowing triangle were adopted from the fraud triangle theory by Cressey (1953), i.e., pressure, opportunity, and rationalization, which were then adapted to the theory of planned behavior by Ajzen (1991), namely attitude, subjective norms, and perceived behavioral control. The fraud triangle theory is generally used in a negative context to explain fraud. However, in the whistleblowing triangle, the fraud triangle is used in a positive context to explain the prevention and detection of fraud.

Brown et al. (2016) explained that integrating the theory of planned behavior and the fraud triangle theory could explain organizational accountants' intention to report violations. It was further explained that the fraud triangle identifies external opportunity factors affecting perceptions of control and norms. The theory of planned behavior also provides further understanding regarding factors influencing rationalization judgments and behavioral intentions. According to Latan et al. (2019), pressure is an obstacle

individuals feel when they have whistleblowing intentions; for example, there is a threat to whistleblowers. Then, the opportunity is defined as the availability of supporting facilities such as reporting channels, organizational support, norms, and codes of ethics that make individuals feel comfortable when whistleblowing. Meanwhile, rationalization is described as a willingness to justify whistleblowing as behavior that follows ethical and moral standards.

Furthermore, the whistleblowing triangle theory links opportunity with perceived behavioral control, pressure with subjective norms, and rationalization with attitudes toward behavior in predicting whistleblowing intention (Mustafida & Mursita, 2021). Perceived behavioral control refers to the perceived ease or difficulty in carrying out specific behaviors (Ajzen, 1991) and involves individual perceptions of the element of opportunity in the fraud triangle theory. According to TPB, behavior or intention depends on perceived opportunities and available resources (Ajzen, 1991). Individuals will not have the intention to perform the behavior if they feel that they have no opportunity to control the situation and the results of the behavior. The characteristics affecting the opportunity elements of the fraud triangle influence the perceived level of control. For example, the perceived likelihood of successfully correcting errors by reporting them within the organization influences perceived control (Brown et al., 2016).



**Figure 1** Integrating the theory of planned behavior and fraud triangle theory in predicting whistleblowing intention (Brown et al., 2016)

In forming whistleblowing judgments or intentions, individuals develop perceptions of norms based on social norms and incentives/pressures in the elements of the fraud triangle theory. According to TPB, the subjective norm is social pressure to perform or not perform a behavior (Ajzen, 1991). It is based on a person's normative beliefs about the possibility that essential individuals or people in his life approve or disapprove of certain behaviors. According to TPB, attitude is an individual's assessment of the extent to which certain behaviors can be performed (Ajzen, 2001). The better the individual's judgment in carrying out a behavior, the more likely he will intend to perform the behavior (Brown et al., 2016). The integration model of the theory of planned behavior and the fraud triangle theory by Brown et al. (2016), which is then referred to as the whistleblowing triangle, is depicted in Figure 1.

### **The Effect of Pressure on Whistleblowing Intention**

Pressure is a negative feeling associated with future threats, which can reduce the motivation of potential whistleblowers to reveal fraud since pressure can negatively impact someone (Latan et al., 2019). The theory of planned behavior and organizational justice explains that whistleblowers are under personal pressure, like social and psychological pressure (Miceli et al., 2008; Kaplan & Whitecotton, 2001), encouraging someone to report violations. These social and psychological pressures can be in the form of fear of losing a job, fear of getting unfair treatment at work, fear of reprisal, and fear of losing reputation.

Within the scope of the VCI, whistleblowers sometimes choose not to disclose violations because of the collective culture of the Balinese people, which causes whistleblowers to tend not to want to disclose to maintain good relations with the VCI, whose members of the local village are. Latan et al. (2019) stated that in several contexts, protection for whistleblowing in Indonesia is relatively low. Furthermore, their research results found that pressure had a negative effect on whistleblowing intention. Therefore, this research hypothesis is as follows:

*H<sub>1</sub>: Pressure has a negative effect on whistleblowing intention.*

### **The Effect of Opportunity on Whistleblowing Intention**

The opportunity to disclose violations is the second most crucial element of the whistleblowing triangle (Brown et al., 2016; Dellaportas, 2013). Opportunity to commit arises when a person has the technical ability and knowledge related to assets, human resources, information technology, and computer systems that make it possible to commit fraud while covering it up (Lokanan, 2015). The opportunity to report violations is given to every individual when the moral obligation to report such acts is supported by organizational policies and existing standards (Brown et al., 2016). Determining internal factors to support the intention to carry out whistleblowing will depend on how the individual perceives the controls in the organization. It refers to perceived behavioral control in TPB, which explains individual perceptions about the ease or difficulty of

carrying out certain behaviors. The TPB component is then related to the opportunity component in FTT related to individual perceptions of opportunities to carry out whistleblowing.

When someone sees an act of fraud, the perception of ease of control will encourage him to report it to the authorities in the company (Mustafida & Mursita, 2021). Opportunities to conduct whistleblowing can be affected by the existence of organizational support systems, work environment norms, and anonymous reporting channels (Latan et al., 2019). Furthermore, Brown et al. (2016) explained that a person would not intend to take specific actions without the opportunity to control specific situations. Latan et al. (2019) also found that when there is an opportunity to report fraud, the intention to do whistleblowing will be higher. Therefore, this research hypothesis is proposed as follows:

*H<sub>2</sub>: Pressure has a positive effect on whistleblowing intention.*

### **The Effect of Rationalization on Whistleblowing Intention**

Rationalization is related to a person's justification to reduce feelings of guilt due to his actions following his moral standards (Lokanan, 2015; Latan et al., 2019). This rationalization is necessary to determine whether violations should be reported (Latan et al., 2019). Cohen et al. (2010) stated that attitude in TPB differs from rationalization in FTT. The concept of rationalization in FTT is a broad concept that includes the three components of TPB (perceived behavioral control, perceived subjective norms, and attitude). Brown et al. (2016) explained further that rationalizing the intention to whistleblowing depends on the opportunity that a person feels, subjective norms, and attitudes to commit whistleblowing.

Individuals with high moral standards will be easier to rationalize because they believe cheating is illegal and immoral. However, individuals with low moral standards will find it difficult to rationalize and choose not to whistleblowing (Latan et al., 2019). Several studies have uncovered that the ability to rationalize would increase the intention to whistleblowing (Brown et al., 2016; Smaili and Arroyo, 2017; Latnan et al., 2019). Therefore, this research hypothesis is as follows:

*H<sub>3</sub>: The opportunity has a positive effect on whistleblowing intention.*

## **Research Method**

### **Sample Selection and Data Collection**

This study was conducted at 34 listed VCIs in Denpasar. Denpasar was chosen as the research location because it is an urban area; therefore, employees tend to have greater access to and awareness of information technology. It aligns with survey results from ACFE Global (2020) and ACFE Indonesia (2019), stating that whistleblowing is more often

disclosed via telephone (33%), email (33%), and web-based (32%). The population in this study was 549 employees; the number of research samples was calculated using the Slovin formula and resulted in a sample size of 84 people. The sampling technique employed was accidental sampling, where of the 84 questionnaires distributed, only 80 were returned and could be processed.

**Variables Measurement**

This study used a questionnaire to obtain data regarding whether the whistleblowing triangle affected whistleblowing intention among VCI employees. The questionnaire in this study was adopted from research by Latan et al. (2019). Since the questionnaire was adopted from previous research and was used in different cultures and organizational contexts, this research conducted a validity and reliability test to examine the consistency and accuracy of the questionnaire. The validity and reliability test showed that the questionnaire could be used in different samples. Then, each variable was measured using a 7-point Likert scale, with 1 point for Strongly Disagree to 7 points for Strongly Agree. Indicators for each variable are presented in Table 1.

**Table 1** Variable Measurement

Variables	Indicators
Whistleblowing Intention (WI) Latan et al. (2019)	Report fraudulent activity to the appropriate persons within the firm Use the reporting channels inside the firm Let upper-level management know about the fraudulent activity Tell the supervisor about the fraudulent activity
Pressure (PR) Latan et al. (2019)	Risk of being laid off from the firm Treated unfairly within the firm Fear retaliation Risk of losing reputation
Opportunity (OP) Latan et al. (2019)	The Supervisory Board hinders reporting (or ignoring it). Difficulties faced in the process of reporting Reporting is likely to be ineffective in ending the wrongdoing. Retaliation by the audit firm
Rationalization (RA) Latan et al. (2019)	Helping the company in this situation Helping someone else by reporting wrongdoing Not considering whether the action was right or wrong at the time Not considering the consequences of this action Did not think this action was so bad.

**Data Analysis**

This study utilized multiple regression analysis to see the effect of several independent variables on the dependent variable. Before testing the hypothesis, this study tested the instrument's quality and classical assumptions. This research equation is stated as:

$$WI = \alpha + \beta_1PR + \beta_2OP + \beta_3RA \dots (1)$$



Based on equation (1), whistleblowing intention is denoted by WI, while pressure, opportunity and rationalization is denoted by PR, OP, and RA respectively with each of its beta coefficient ( $\beta_{1-3}$ ).

## Results and Discussion

A total of 80 respondents filled out the questionnaire; to better understand this research respondent, the demography of the respondents is shown in Table 2.

**Table 2** Respondent Demography

Respondent Demography	Total
<b>Gender</b>	
Male	35
Female	45
<b>Age</b>	
20-30 years	10
31-40 years	30
41-50 years	15
>50 years	25
<b>Education Level</b>	
High School	25
Bachelor	55
Master	-
Doctor	-
<b>Work Experience</b>	
1-5 years	15
5-10 years	45
>10 years	20

Table 2 shows that most respondents were female, aged between 31-40 years old, had a bachelor's degree background, and had working experience between 5-10 years in the organization.

To have an overview of the research data, this study conducted descriptive statistics analysis to provide simple summaries of the samples. The analysis is provided in Table 3.

**Table 3** Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PR	80	23	27	25.89	0.871
OP	80	16	27	24.37	2.195
RA	80	20	34	31.30	2.431
WI	80	23	28	25.89	1.091

Note: Pressure (PR); Opportunity (OP); Rationalization (RA); Whistleblowing Intention (WI)

As presented in Table 3, pressure indicated the lowest score for the overall question of 23. Meanwhile, the highest score was 27, meaning most respondents were likely to answer “Agree” (score of 6). Furthermore, opportunity revealed its lowest score of 16 and highest score of 27, indicating that most respondents tended to answer “Agree” (score of 6). Moreover, rationalization showed a minimum score of 20 and a maximum score of 34, indicating that respondents were likely to answer “Agree” in the questionnaire. Lastly, for whistleblowing intention, the analysis uncovered its lowest at 23 and highest at 28; this result signifies that most respondents answered “Strongly agree” in the questionnaire (score of 7).

This study tested the validity and reliability of the questionnaire item. Testing data validity on all variables produced a correlation greater than 0.30, meaning the data were valid (Sugiyono, 2017:134). The reliability test of Cronbach's alpha was greater than 0.70, indicating the data were reliable (Sugiyono, 2017:134). This study also tested the classical assumption test before testing the hypothesis. Using multicollinearity, normality, and heteroscedasticity test, this study result was free from the classical assumption for regression. Tables 4 and 5 show the validity and reliability tests.

**Table 4** Validity Test

Variable	Indicator	Correlation	Significance	Result
Pressure (X1)	PR1	0.339	0.002	Valid
	PR2	0.467	0.000	Valid
	PR3	0.610	0.000	Valid
	PR4	0.261	0.019	Valid
Opportunity (X2)	OP1	0.741	0.000	Valid
	OP2	0.823	0.000	Valid
	OP3	0.764	0.000	Valid
	OP4	0.803	0.000	Valid
Rationalization (X3)	RA1	0.719	0.000	Valid
	RA2	0.745	0.000	Valid
	RA3	0.677	0.000	Valid
	RA4	0.643	0.000	Valid
	RA5	0.727	0.000	Valid
Whistleblowing Intention (Y)	WI1	0.464	0.000	Valid
	WI2	0.737	0.000	Valid
	WI3	0.391	0.009	Valid
	WI4	0.530	0.000	Valid

Table 4 presents that all the indicators used in this study were higher than 0.30, denoting that the indicators used were valid for research.

Afterward, the reliability test for the research questionnaire is revealed in Table 5.

**Table 5** Reliability Test

Variables	Cronbach's Alpha	Result
Pressure (X1)	0.788	Reliable
Opportunity (X2)	0.809	Reliable
Rationalization (X3)	0.778	Reliable
Whistleblowing Intention (Y)	0.830	Reliable

Based on Table 5, the reliability test result using Cronbach's alpha value displayed that all variables were higher than 0.70, indicating that the questionnaire was reliable for research.

Then, this research used regression analysis to test the hypothesis; therefore, the results of the regression analysis can be seen in Table 6.

**Table 6** Regression Analysis Results

	Coefficient value	t-value	sig
PR	-0.191	-2.690	0.010
OP	0.199	2.545	0.013
RA	0.167	2.455	0.045
Ajd R <sup>2</sup>		0.709	

Note: Pressure (PR); Opportunity (OP); Rationalization (RA)

**The Effect of Pressure on Whistleblowing Intention**

Based on the test results in Table 6, this study concludes that pressure had a negative effect on whistleblowing intention, supporting the research hypothesis. It demonstrates that someone will tend not to report violations when the perceived pressure is higher. Considerations for conducting whistleblowing are based on whether there is the pressure that threatens one's life or career. These results reinforce the research of Macgregor and Stuebs (2014) and Latan et al. (2019), who found that high pressure will reduce the intention to do whistleblowing. Pressure in the corporate environment is expected to be a significant consideration for increasing company whistleblowing intentions. Perceptions of norms and culture also play an essential role in determining whistleblowing intentions. When a whistleblower feels supported by someone considered necessary, the intention to do whistleblowing will be higher (Brown et al., 2016; Mustafida & Mursita, 2021). These results also corroborate the whistleblowing triangle theory, stating that pressure is an obstacle that refers to the burden of feelings or future threats that whistleblowers face. As Latan et al. (2019) noted, there is no sufficient protection for the whistleblower in Indonesia. In this case, VCI is a local community-based organization, where the management of VCI comes from the local community. This situation creates a higher pressure on employees to do whistleblowing.

**The Effect of Opportunity on Whistleblowing Intention**

The test results in Table 6 show that opportunity positively affected whistleblowing intention. In this case, the opportunity is related to the availability of supporting resources within the organization to carry out whistleblowing. This source can be in the existence of

a channel for reporting and organizational support for conducting whistleblowing through the code of ethics and organizational norms. These results support the results of Latan et al. (2019), which found that when there is an opportunity, the desire to do whistleblowing will be higher. However, on the other hand, research by Latan et al. (2019) also emphasized that more reporting is done anonymously to avoid the consequences of whistleblowing. In addition, research by Brown et al. (2016) found something similar, where the existence of an effective reporting channel will increase the intention to do whistleblowing, and on the other hand, it also increases fears of retaliation for whistleblowing carried out.

Moreover, the opportunity is expected to be considered a second priority, increasing whistleblowing intention within the company (Brown et al., 2016; Latan et al., 2019). This result also reinforces the whistleblowing triangle, which states that a trusted reporting channel is sufficient for fraud reporting. As VCI is a community-based organization, the employee and the Supervisory Board of VCI come from the same village. It becomes a significant matter for the employee to feel comfortable reporting the fraud indication in VCI to the Supervisory Board, anonymously or not.

### **The Effect of Rationalization on Whistleblowing Intention**

Based on the test results in Table 6, rationalization positively affected whistleblowing intention. It indicates that when someone has high rationalization, it will increase the intention to do whistleblowing. This study supports research by Brown et al. (2016) and Latan et al. (2019), which found that rationalization will increase whistleblowing intention when someone believes that the action is in accordance with facts and ethical standards. Accountants with integrity will prevent companies from experiencing losses due to fraud, so they have a greater intention to carry out whistleblowing. Besides, rationalization is a cognitive process and justification that whistleblowing does not violate the code of ethics (Brown et al., 2016; Latan et al., 2019). Rationalization is related to the moral standards that a person adheres to; the higher the moral standards will be shown by holding values, norms, and integrity, making it easier to rationalize whistleblowing. This study also supports the whistleblowing triangle theory, which states that the desire to rationalize whistleblowing is in accordance with the higher moral standard. Since VCI is operated in a village in Bali, it is expected to operate according to local values and culture. It is also expected to operate for community welfare. This value of VCI could be the potential reason for employees to whistleblow.

## **Conclusion**

This research was conducted to examine the effect of the whistleblowing triangle on whistleblowing intention among VCI employees in Denpasar. The whistleblowing triangle is a concept that combines the components of the fraud triangle theory and the theory of planned behavior to provide a better understanding of predicting whistleblowing intentions. This study found that the three components of the whistleblowing triangle affected the intention to do whistleblowing. Pressure had a negative effect on

whistleblowing intention, meaning that the pressure felt would reduce the intention to do whistleblowing. The second component of the whistleblowing triangle is the opportunity, which influenced whistleblowing intention positively in this study. The existence of a whistleblowing system within the company is considered capable of increasing the intention to do whistleblowing. Meanwhile, rationalization is a component of the whistleblowing triangle that comes from a person's psychology; it positively influenced whistleblowing intention in this study. Rationalization is associated with moral standards; the higher the moral standards, the easier it is to rationalize the intention for whistleblowing.

This result confirms the previous research by Smaili and Aroyo (2017) that whistleblowing triangles can be applied in different organizational cultures. Smaili and Aroyo (2017) also analyzed the whistleblowing triangle within 11 whistleblowing cases of various companies published in Canada. Meanwhile, this study tested the framework of the local financial institution that operated in Bali. It can be concluded that this research enriches the literature regarding the whistleblowing triangle in various organizational and cultural contexts.

This research implies that VCI employees have the same perception regarding the importance of the whistleblowing system. These results can be used as a guideline for VCIs, Village Credit Institution Empowerment Institutions (LPVCI), and local governments to develop a whistleblowing system for each VCI. The whistleblowing system can be a reporting channel that can be done online and anonymously and establishes rewards for whistleblowers to reduce the number of frauds that occurs in VCI.

This research is not far from limitations. First, this study replicated the research of Brown et al. (2016), and Latan et al. (2019), but this study did not include financial incentives as in previous studies. The initial study was conducted at the beginning of the research. Furthermore, this research suggests future research using Hofstede's cultural dimension to predict whistleblowing intention. It is also related to TPB's perceived subjective norms component, which describes the norms and culture adopted by individuals in a particular environment. In conclusion, this study involved employees as samples, and further research can develop by taking samples from local communities since the communities are deemed VCI's main stakeholders.

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