

# Whistleblowing And The Indonesian Tax Department: A Framework For Analysis

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## Abstract

*This chapter discusses opportunities for whistleblowing of bribery practices in the Indonesian Directorate General of Taxation. Building on earlier studies which reveal that written regulations and policies providing whistleblowers protection programs and threatening punishment for those who retaliate against whistleblowers, are not effective, this study investigates social and cultural variables, such as attitude toward whistleblowing, group pressure, and perceived behavioural control that may influence individuals to report wrongdoing. The chapter suggests that unless bribery is understood within an organization, the relevant regulations, policies, and system may not be used at all or they may not be used properly to combat bribery. Three main research questions are discussed: first, to what extent do identified variables influence individuals to report bribery; second, to what extent do identified variables influence individuals in selecting reporting channels; and third, what are the main variables that influence the intention of individuals to report bribery? Answers to these questions will be useful when designing whistleblowing regulations and policies to combat bribery in the high context culture of Indonesia.*

## Key words

whistleblowing, business ethics, codes of conduct, corruption, ethical decision-making, ethics, values and management futures, organisational culture, trust management

## Introduction

In this chapter, which focuses on bribery and whistleblowing in the Indonesian Directorate General of Taxation (DGT), bribery is constituted as giving or promising to a tax department employee in order to make him or her reduce tax obligations and/or accelerate services (Azam, Gauthier & Goyette 2009; Rizal, Y 2011). The majority of whistleblowing studies are in a Western cultural context. This chapter uses Planned Behavior Theory (PBT) developed by Park and Blenkinsopp (2009) to investigate the

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relationship between attention, subjective norms and perceived behavioral control, and the intention to whistleblow, as well as the preferred reporting channels in a high context culture such as Indonesia. Adapting the earlier work by Park and Blenkinsopp (2009), this study utilizes Schein's six mechanisms of leadership style (Fallon & Cooper 2015; Schein 2010) that help identify an organization's

shared “underlying assumptions and the process by which they come into being” (Dellaportas, Cooper & Braica 2007, p. 1445).

This study expands on previous research to include the perceived ease/difficulty of finding other occupation(s) and of having sufficient evidence (MSPB 2011) as variables that can influence an individual’s propensity to whistle blow (Miceli & Near 1985b; Near & Miceli 1986). The conceptual model (see Figure 1) shows how whistleblowing intentions would be predicted by PBT. The model also includes analysis of the preferred channel of reporting, as well as the intention to ‘not’ report.

Although, prominent whistleblowing research scholars, such as Miceli, Near, and Dworkin (2013) argue that whistleblowing studies lack fundamental theories, this study applies the “Universal Dignity Theory of Whistleblowing” (UDTW) proposed by Hoffman and McNulty (2011) as basic theory. As Hoffman and McNulty (2011, p. 51) argues, the fundamental principle of UDTW is that “whistleblowing is both permissible and a duty to the extent that doing so constitutes the most effective means of supporting the dignity of all relevant stakeholders”. The principle of UDTW leads to the following conditions for ethical whistleblowing as follows: first, compelling evidence of nontrivial illegal or unethical actions done by an organization, or its employees that are considered to violate the dignity of one or more of its stakeholders; and second, a lack of knowledge of the wrongdoing or failure by the organization to take corrective actions (Hoffman & McNulty 2011). However, it would also be unreasonable to expect an individual to disclose misconduct in his or her organization if one has credible grounds for believing that by reporting wrongdoing one would be putting oneself or their loved ones at risk of retaliation (Hoffman & McNulty 2011). There are key principles in this basic theory that satisfy this investigation since it focuses on investigating the feeling of having evidence, nontrivial illegal action (bribery), perceived of the organization seriousness to investigate the report seriously, and retaliation as fundamental consideration to whistleblow. Hoffman and McNulty (2011) also note that although their ethical whistleblowing theory is grounded in conditions in the United States, the theory is intended to be applicable in other countries and cultures. In addition, as literature would also suggest, humans often have other motives such as intrinsic or extrinsic motives, not merely self-sacrifice when they do a good deed for the broader community (Dozier & Miceli 1985). For instance, individuals may be motivated to disclose wrongdoing given the opportunity to obtain financial and other personal benefits (Bowden 2014). This concept, earlier called prosocial behavior, has been developed as pro-organisational behaviour (POB) in an organization context (Brief & Motowidlo 1986). POB is defined as behaviour that is “(a) performed by a member of an organization; (b) directed toward an individual, group, or organization with whom he or she interacts while carrying out his or her organizational role; and (c) performed with the intention of promoting the welfare of the individual, group or organization toward which it is directed” (Brief & Motowidlo 1986, p. 711).

The main different between prosocial behaviour and altruism is the latter required the actors’ purely unselfishness motives in performing a particular behaviour (Dozier & Miceli 1985). Borrowing this idea, in the context of whistleblowing theory, many prominent whistleblowing scholars have considered whistleblowing as POB (Brown 2008; Miceli & Near 2013). Thus, we believe that if an organization is keen to encourage their employees to report misconduct, they need to facilitate employees working in an ethical environment, supportive culture and values, as well as appropriate regulations, policies, procedures and other intrinsic and extrinsic ingredients. The reasons are very clear, because whistleblowing has an embedded risk of retaliation, thus asking one to sacrifice their career and in some cases their very life, without providing adequate protection from adverse consequences and providing stimulus that could encourage them to speak up is unreasonable. Equally, enforcing others to sacrifice themselves is no sacrifice at all when the one giving direction does not suffer any adverse costs (Bouville 2008). In fact, as Bouville (2008) noted, offering and giving rewards to potential or existing whistleblowers does not breach morality. People are not expected to be saints who act with pure motives and the notion that ‘rejection of rewards as tainting motives is incompatible with the basic assumptions of morality’ (Bouville 2008, p. 11). Moreover, utilizing cost and benefit analysis, the potential to whistle-blow and stop wrongdoing has seen financial rewards become more prevalent. Consistent with this line, some scholars (Bowden 2014; Brink, Lowe &

Victoravich 2013; Dworkin & Near 1997; Miceli & Near 1985a) suggest that adequate financial incentives should be included as extrinsic motivational factors to encourage employees to report misbehavior (such as bribery).

## Study context

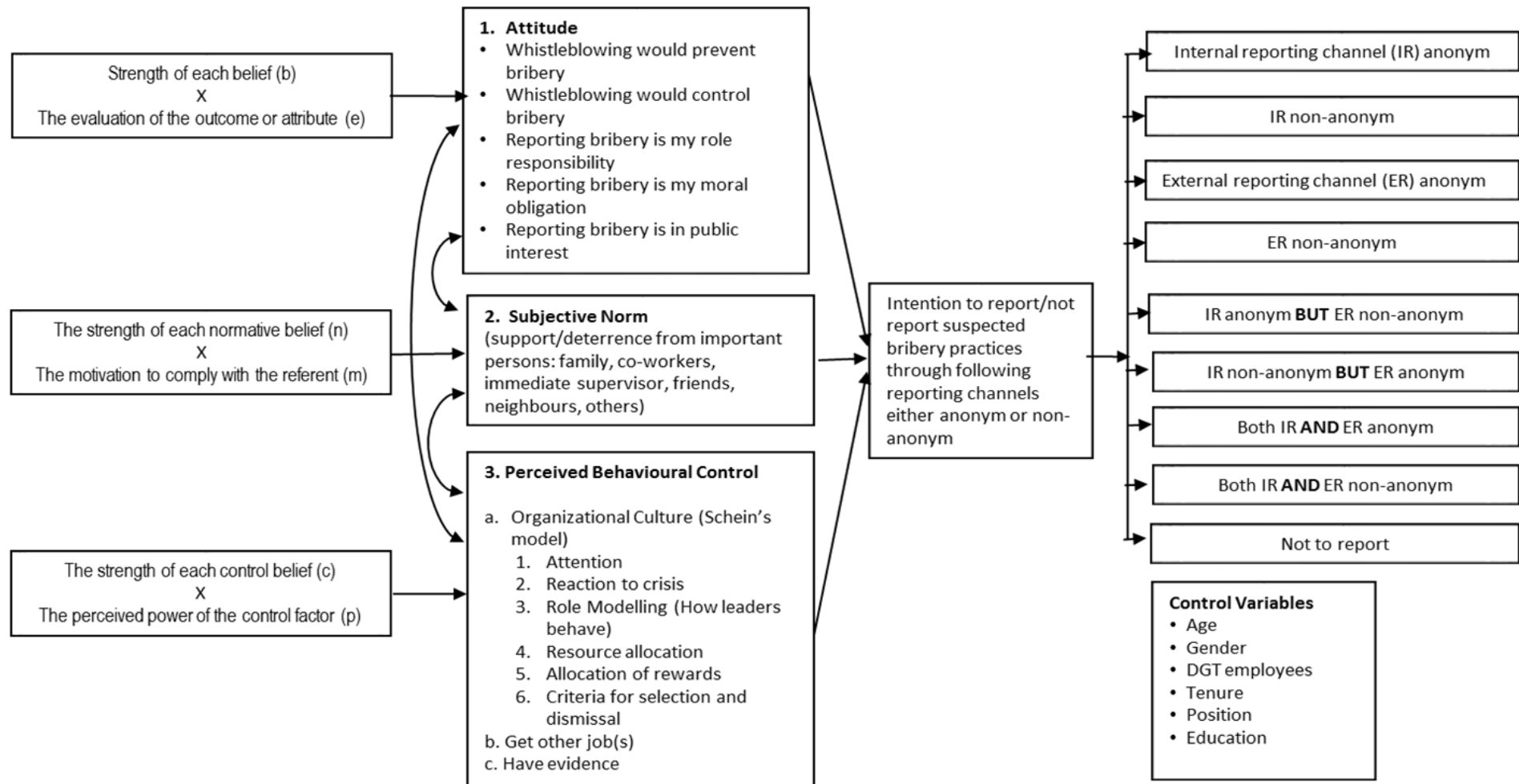
Commonly referred to as the ‘Gayus’ case, this most notorious bribery case at the Indonesian Directorate General of Taxation (DGT) attracted great public interest and provides the backstory to this study. A DGT official, Gayus Halomoan Tambunan, a relatively low-ranking staff who “fixed” tax issues by assisting both domestic and foreign companies to illegally avoid or reduce their tax liabilities, collected a small fortune of Rp74 billion (\$8.5 million) (Newman 2011/2012). Although the official was sentenced to ten years in prison, he declared himself as a minnow compared to other much larger wrongdoers in the DGT. Corroborating his assertion, related analysis indicated that a significant “tax mafia” operates within the organisation (Newman 2011/2012). Moreover, as a survey conducted by the Welfare Initiative for Better Societies, a non-government organisation cited in Pramudatama (2012) indicated, Indonesia stood to lose approximately 50 percent or around of Rp521 trillion (US\$55.9 billion) of its tax revenues as a result of the massive corruption committed by wrongdoers in the department (DGT) in collaboration with taxpayers and unofficial tax officials who were exploiting irregularities in tax regulations.

Officially, the DGT argues that the internal whistleblowing system (WISE) has helped the organization detect and reveal cases of bribery within the Department (Rizal, J 2013). However, noting Gayus’ suggestion of a “tax mafia” (Newman 2011/2012) and the reported existence of a culture of corruption as noted by Rizal (2011), the cases identified so far might be perceived as just the top of the iceberg, and that bribery continues to exist and remains largely unaffected (or undeterred).

Another issue that compounds the concern with bribery and related wrongdoing by DGT officials is that the existing Indonesian whistleblowing laws have weaknesses both in the adequacy of principles and provisions, and in their implementation. For example, compared to accepted international principles, the Indonesian whistleblowing laws show some limitations. External reporting channels to third parties, anonymity, confidentiality, internal disclosure procedures, remedies, and transparency are still indicated as absent (Wolfe et al. 2014). Moreover, the Witness and Victim Protection Agency (WVPA) is reported as underfunded, ineffective, limited in geographic coverage, lacking in supporting technology and human resources skills, and its appointees are not independent from political involvement (Hendradi 2011). Additionally, as this study noted, the different perspectives by law enforcement officials regarding witness and victim protection results in a lack of coordination and can lead to conflict among related parties. Finally, Hoffman and McNulty (2011) notes that it is unreasonable to expect an individual to disclose misconduct if by doing so it would put the individual or their loved ones in harm’s way and without sufficient legal protection.

Those issues suggest that while regulations are necessary, alone they may not be sufficient and it is necessary to understand (and adjust governance practices to enable) predictors that may influence individuals’ intention to report bribery. In sum, good governance is a key factor for long-term stability, and it cannot be imposed from outside. Rather, it is best developed organically, supported by strong roots within society.

### Conceptual Framework: Determinants of Whistleblowing Intention and Preferences of Further Action



**Figure 1:** Intention to Report Bribery Cases adapted from Park and Blenkinsopp (2009)

## Conceptual framework

To better understand the predictors of whistleblowing intention, research has theoretically and empirically demonstrated the pivotal importance of pro-social organizational behaviour (POB) (Brown 2008; Miceli & Near 2013). In whistleblowing theory, an individual considers that they should report wrongdoing if he or she believes that reporting is worthy (Lowry et al. 2012), to stop misconduct (Brown 2008; Cassematis & Wortley 2013) and whether one believes that whistleblowing is his or her personal responsibility (Lowry et al. 2012). However, it does not mean that whistleblowing is an act of altruism (Dozier & Miceli 1985). Rather, it is clear that individuals may be motivated by financial and other personal benefits (Bowden 2014). This proposed study utilizes Planned Behaviour Theory (PBT) developed by Ajzen's (2005).

The reason to utilize PBT is because several studies across countries such as in Malaysia (Ab Ghani 2013), South Korea (Park & Blenkinsopp 2009), South Africa (Fatoki 2013), and Indonesia (Bagustianto 2015; Banda & Mahfud Sholihin 2012; Kreshastuti & Prastiwi 2014; Sulistomo & Prastiwi 2011) show that the theory has widely tested validity as a model of a general theory that accounts for whistleblowing.

Importantly, it is very difficult, even impossible, to directly access an actual whistleblowing event because it is considered a sensitive issue (Chiu 2003; Patel 2003) and a hidden activity (Patel 2003). As well, confidentiality required by organisations restrict access to the whistleblowers (Sims & Keenan 1998). The net effect of these factors makes the topic difficult to research (Patel 2003). Consequently, this study will investigate the intention of the DGT employees to engage in whistleblowing rather than their actual behaviour.

Given these compelling gaps in whistleblowing literature, this study attempts to extend the theory to explicitly account for attitude, subjective norm, and perceived behavioural control (organizational culture, availability of other work and evidence held) in relation to bribery practices in the Indonesian DGT organization. Arguably, the biggest limitation of existing whistleblowing literature is that it has focused mainly on Western culture, thus as various scholars note, there is a need to extend the studies to other regions and cultures (Lowry et al. 2012; Miceli, Near & Dworkin 2013).

PBT accommodates three determinants namely attitude, subjective norm and perceived behavioural control (Ajzen 2005). PBT is based on the assumption that individuals' intention to perform a specific behaviour depends on their beliefs and available information (Ajzen 2005). Moreover, for a sensitive issue such as intention to use cannabis, PBT successfully provided good predictions of both intentions and behaviours (Conner & McMillan 1999). Thus, the concept is arguably also useful in predicting with some accuracy other high risk behaviours, such as whistleblowing (i.e. Ab Ghani 2013; Fatoki 2013; Park & Blenkinsopp 2009). As well, if an individual believes that he or she possesses the appropriate opportunities or resources (e.g. money, time, skills, cooperation and support from others) to deal with particular behaviours, they are more likely to perform the behavior in question (Ajzen & Madden 1986).

The first determinant of intention is an attitude, which means an individual's judgement of how much he or she favours or rejects a particular behaviour, derived from salient beliefs about the consequences of the behaviour and the subjective evaluation of those consequences (Park & Blenkinsopp 2009). It is intriguing that positive attitude towards whistleblowing (individuals think it is morally right and necessary) does not necessarily means all will disclose wrongdoing when the time comes to do so. In fact, only a few actually take action (Park & Blenkinsopp 2009).

The second determinant of intention is subjective norms, referred to as "the perceived social pressure to perform or not to perform the behaviour" (Ajzen 1991, p. 188). This reflects an individual's normative beliefs about approval or disapproval by important referent individuals or group in relation to a given behaviour (Ajzen 1991). A significant number of researchers also argue that the presence of

super-ordinates or co-workers support has a positive relationship to reporting (i.e. Brown 2008; Dozier & Miceli 1985; Ellis & Arieli 1999; Lavena 2014; Mesmer-Magnus & Viswesvaran 2005; Miceli & Near 1988, 1989; Miceli, Near & Dworkin 2009; Miceli et al. 2012; Near & Miceli 1995; Park & Blenkinsopp 2009; Proost et al. 2013; Trongmateerut & Sweeney 2013). Inconsistency in results related to this variable can be found in a single study at Indonesian DGT, which revealed that supervisor support does not influence employees' intention to report wrongdoing (Budiriyanto & Gugup Kismono 2013).

A third determinant of intention is perceived behavioural control. This is defined as the perceived ease or difficulty of performing the behaviour, which depends on an individual's self-efficacy and perceived wider environmental factors that promote or hamper performance (Foy et al. 2007). It is also argued that the perceived difficulty may overlap substantially with affective attitude (Kraft et al. 2005). However, this finding mainly refers to Park and Blenkinsopp (2009) and Fallon and Cooper (2015) studies in fitting the variables with PBT.

The first sub-determinant of perceived behavioural control in this study is organizational culture. Although culture is an abstraction, the forces that culture creates in social and organizational situations are powerful (Schein 2006). It is commonly understood that culture and leadership are two sides of the same coins (Schein 2006). On the one side, cultural norms will define leadership, while on the other side, the ultimate act of leadership is arguably to internalize useful culture or to mitigate culture when it is considered as dysfunctional (Schein 2006).

More generally, whistleblowing must also be viewed in terms of the national Indonesian culture, which is characterized as high power distance, more collectivist than individualistic, with moderate feminism and moderate in uncertainty of avoidance (Hofstede & Hofstede 2005). The effect of national culture on the workplace is evident in the following noticeable characteristics (1) inequality is acceptable; (2) more powerful individuals have more privileges, even, sometimes over the clear written rules and regulations; (3) whoever holds power is often seen as the source of rightness and goodness; (4) individuals tend to avoid conflict, preserve others' 'face', maintain harmony, and seek compromise; and (5) a relationship often prevails over task (Hofstede & Hofstede 2005). All studies seem to weight leaders as key players whose responsibility is to shape the organisational culture (Fallon & Cooper 2015; Hofstede & Hofstede 2005; Schein 2006).

The organisational cultures of leadership styles based on Schein's study are attention, reaction to crisis, resource to allocation, role modelling (how leaders behave), allocation of reward, and criteria for selection and dismissal (Fallon & Cooper 2015; Schein 2006, 2010).

a. Attention

Attention is a leaders' commitment to focus, assess, and manage issues that can be perceived by employees as important or not important in value within an organisation (Fallon & Cooper 2015). If a high ranking official is inconsistent with messages conveyed, then subordinates can get confused about the view or opinion of their superiors (Fallon & Cooper 2015). For instance, in case of whistleblowing, regardless of how frequently the organisation encourages the employees to report misconduct, if senior leaders fail to follow up reports seriously, it can discourage employees' intention to disclose misconduct (i.e. Bowden 2014; Brown 2008; Cassematis & Wortley 2013). Worse, lack of leader's attention can help create a corrupt culture within the organisation (Fallon & Cooper 2015).

b. Reaction to Crisis

Schein's second mechanism relates to an organisation's reaction to a crisis (Fallon & Cooper 2015). Leaders' reaction to a crisis clearly depicts their values to employees (Dellaportas, Cooper & Braica 2007). For instances, how a leaders' reacts to a bribery case, whether they blame others for the fraud occurring or they admit to a weaknesses in the system and apologise for the problems, can demonstrate the leaders' ethical values (Fallon & Cooper 2015). If the leaders are seen to blame others or react in a defensive manner to unethical behaviours within the

organisation, employees are reported as likely to prefer to disclose misconduct through external reporting channels or even by going public (Driscoll 1999; Tavakolian 1994).

c. Resource Allocation

This mechanism indicates that employees' behaviour, attitudes and their personal goals are influenced by leaders' decisions on budget allocation and its expenditure (Dellaportas, Cooper & Braica 2007). Simply, a leaders' priorities can be clearly illustrated by budget allocation (Schein 2010). For example, if the organisation spends much of the budget on entertainment and services to business partners, rather on than the quality and/or ethical value of products offered, the perception by employees can be of a climate that endorses loose accountability, which in turn can lead to corrupt work environment (Fallon & Cooper 2015).

Based on a review in the United States on the activities of the Office of the Special Counsel (OSC) created by the whistleblowers provisions of the Civil Service Reform Act of 1978, findings reveal that the low percentage of noted complaints in the organization is because the office was understaffed and resources were inadequate (Vaughn 2013 cited in Bowden 2014). Other studies in different organizations also support the findings (i.e.Dellaportas, Cooper & Braica 2007; Fallon & Cooper 2015).

d. Role Modelling

Schein's fourth mechanism, role modelling, is regarded as one of the most important responsibilities of leaders in organizations' (Fallon & Cooper 2015). Positive role modelling shown by the senior leaders will strengthen the ethical way to conduct business; however, negative behaviour examples given by the high rank officials are able to erode ethical standards (Fallon & Cooper 2015). As they also note, how the leaders behave can be seen in two ways (a positive or negative role) (Fallon & Cooper 2015). Positive role modelling will promote ethical behaviour to conduct business, while negative role modelling will erode ethical standards (Fallon & Cooper 2015).

e. Allocation of Rewards

Merit based performance rewards by leaders are indicators of the prevailing organisational culture (Fallon & Cooper 2015). However, if unethical behaviour by individuals within an organisation are rewarded, these informal messages send strong messages about the real corporate culture, which is perceived as promoting unethical business practices (Fallon & Cooper 2015). In the case of the Australian Wheat Board (AWB), empirical studies show that during the kickback scandals AWB executives received higher salaries and bonuses even while they showed unethical behaviour in the conduct of business (Cole 2006 and Overington 2007 cited in Fallon & Cooper 2015). Where corporate culture is ethical, disreputable behaviour should be unacceptable and even punished. However, in the AWB case, the ends (goal to maximize profit) appeared to justify the means, which included conducting business unethically (Fallon & Cooper 2015). The message was quite clear that that 'being unethical was 'good' and being ethical is not if it potentially jeopardised future sales' (Fallon & Cooper 2015, p. 80).

f. Criteria for Selection and Dismissal

Criteria for selection and dismissal - the internal selection process for employees joining and/or leaving the organisation - can ensure the corporate culture remains intact and to the benefits of the leaders (Fallon & Cooper 2015). Employees who are deemed 'suitable' to the culture will remain in work or will be newly recruited, while those who oppose the culture may resign or be terminated (Fallon & Cooper 2015). In the case of AWB, the whistleblower who challenged the payment of kickbacks was ultimately pushed out of the organization due to his 'questioning' (Fallon & Cooper 2015). As a result of selection and dismissal criteria, employees can be discouraged from reporting wrongdoing.

Conversely, the effect of perceived retaliation is inconsistent. For instance, Brown (2008), Cassematis and Wortley (2013), and Bowden (2014) reveal that one of predominant reasons for

not reporting wrongdoing in organisations is because of a fear of retaliation. This finding is consistent with several cross-cultural studies (i.e. Fatoki 2013; Hwang et al. 2014; Keenan 2000, 2002, 2007; Lowry et al. 2012; MacNab et al. 2007; Park & Blenkinsopp 2009; Park et al. 2008; Sims & Keenan 1999; Tavakoli, Keenan & Cranjak-Karanovic 2003). Yet, contrary to common beliefs, a different result is reported by some studies in Indonesia that reveal that personal cost does not significantly influence individuals to report on misconduct (Bagustianto 2015; Septiyanti, Sholihin & Acc 2013).

The second proposed sub-determinant of perceived behavioural control is the perceived ease or difficulty for the DGT employees to obtain other positions (alternate employment). Based on the theory of power dependence relations, an employee's decision to perform a particular action is highly influenced by his or her degree of dependence on the organisation and the availability of other resources (Emerson 1962 cited in Ab Ghani 2013). If an employee believe that he or she can get other work (employment) easily, one may not be fearful of retaliation and so may tend towards disclosing misconduct (Miceli & Near 1985b; Near & Miceli 1986).

In addition, this study investigates third sub-determinant namely the effect of a perception of having evidence. As indicated by a previous study by the U.S. Merit Systems Protection Board, a high rate of reporting, particularly for serious types of wrongdoing, is highly related to the quality of evidence held by whistleblowers (MSPB 2011). These studies indicate that whistleblowers need accuracy about facts surrounding the misconduct before making a decision to report or not report (Near & Miceli 1996). Since this study determines bribery, as a main type of wrongdoing which may be considered as a serious type of misconduct, it seems that a perception of having evidence must inevitably be included.

## Contribution to knowledge

Even though, the conceptual framework of this study is mainly adapted from Park and Blenkinsopp (2009) study, the authors have attempted to design a more comprehensive model by adding some other important variables identified in the literature. Arguably, the combination of selected variables in our conceptual framework would be the first to address the most important influences on an individuals' intention to report misconduct. This study will thus fill some gaps in, as well as extend literature. For instance, perceived organisational culture based on Schein's six mechanisms of leadership styles has not, to date, been fully examined in the whistleblowing literature in Indonesia. So, too, other variables, such as the perceived ease or difficulty to find other work, as well as the perception of having sufficient evidence especially in relation to serious misconduct such as bribery. In addition, the framework supports an investigation of employee preferences when reporting, using either internal or external channels, by anonymous or non-anonymous means, or by not reporting a case of misconduct. A combination of preferences on reporting channels, and anonymity, as well as intention not to report have all not been investigated in the Indonesian (and DGT) context.

Last but not least, this is the first study that sets out to examine selected variables and intention to report bribery at a government institution (DGT) in Indonesia. Most previous studies identified in the literature search appear focused on sexual harassment scenarios (i.e. Alagappan & Marican 2014; Bowes-Sperry & O'Leary-Kelly 2005; Miceli, Near & Dworkin 2013; Sinha 2013). It is important to investigate a particular type of wrongdoing, not only because whistleblowing studies are still very scarce, and the issue requires more investigation (Miceli, Near & Dworkin 2013), but also because researchers need to investigate a specific wrongdoing that matches with an organisation's characteristics and interests. An organisation's characteristics may lead to different treatments for different wrongdoings. For instance, strongly profit-oriented organisations may be less open to legal violations, rather than embezzlement. The latter is seen as reducing profit (Victor and Cullen 1988, Wimbush and Shepard 1994 cited in Near & Miceli 1995). Based on these reasons, there is a need to focus on bribery in this study as this aligns with the tax organisation's main problem (Rizal, Y 2011).

The proposed research questions are as follows:



- (1) To what extent do selected predictors influence the intention of the DGT employees to report bribery?
- (2) What are the main factors that influence the intention of DGT employees to report bribery?
- (3) To what extent do selected variables influence the DGT employees to report or not report bribery? What are the preferred reporting channels – e.g. internal or external? Anonymous or non-anonymous?

## Methodology

The study will test the conceptual framework using mixed methods, but it mainly relies on a quantitative method by utilizing a web-based survey (close-ended questions). To obtain more insights, respondents will be asked to respond to open-ended questions (qualitative approach). Based on their answers, the findings will be analysed to test the link between attitude, subjective norm, and perceived behavioural control, and the DGT employee intention to report bribery either through internal or external reporting channel by anonymous or non-anonymous, or not to report.

To measure attitude, this study utilizes and adapts the positive consequences of whistleblowing based on the aims of the whistle-blower protection laws (Callahan and Dworkin 2000 cited in Park & Blenkinsopp 2009).

To measure subjective norm, this study will refer to and adapt from Park's and Blenkinsopp's (2009) study, which investigates the importance of individuals or group for a whistle-blower in relation to report bribery.

To investigate the third variable, perceived behavioural control, this study will adapt perceived organizational culture based on Schein's six mechanisms referring to Schein (2010) and Fallon and Cooper (2015) studies, perceived of easiness/difficulties to get other occupation(s), and perceived of having evidence. In these sections, most variables are new compared to those of from Park and Blenkinsopp (2009) study.

Last but not least, the study identifies employee preference in their choice of options to report through either an internal or external channel, anonymous or non-anonymous, or not to report, this study expands on work by Park and Blenkinsopp (2009). While the previous study focused only on two options of reporting channels (internal or external), this study expands to eight reporting channel preferences, as well as the possibility to not report.

The data for this study was collected from the Indonesian DGT employees between January and March 2016. A web-based survey (Qualtrix) will be used to gather the main information. To design the survey, this study refers to guidance with some modifications from Ajzen (2006), Francis' et al. (2004), Park and Blenkinsopp (2009), and Fallon and Cooper (2015) studies. In this method, respondents are asked to determine their agreement or disagreement with a particular statement, using a five-point Likert scale of responses (Veal 2005).

The web-based survey link will be emailed to participants. According to Veal (2005), the use of the method fits with some characteristics of this study, such as the sensitive issue of whistleblowing, which needs a relatively higher degree of respondents' anonymity, and the characteristics of being widely scattered geographically, making face-to-face interviews impossibly expensive. Given a population of around 32,000 DGT employees, the target is 600. Veal (2005) argues that for population below 50,000, the minimum representative sample is 384 for a confident interval level of  $\pm 5\%$ . To choose respondents, a stratified random sampling is used in order to satisfy representatives of each office, based on region, demographic clusters, and to mitigate bias (Reiter 2000; Veal 2005).

The data will be analysed using Analysis of Moment Structures (AMOS) statistical program for the qualitative questions because it is able to take confirmatory (i.e. hypothesis-testing) on multiple

variables or multivariate relationships or estimating points and/or interval indirect effects (Byrne 2013). While for the quantitative questions, we will utilize NVivo.

## Conclusion

Possible preliminary findings based on a pilot of the questionnaire are discussed briefly. It is predicted that all determinants (attitude, subjective norm, and perceived behavioural control) have positive relationships to the DGT employee intention to report bribery. As well, it is predicted that employees will prefer to utilize external reporting channel anonymously if they perceive the retaliation is high and their report will not be followed seriously by the organisation. Finally, it is predicted that perceived behavioural control, especially in relation to organisational culture is the most influential determinant for the DGT employees to report or not report bribery within the organisation. Thus, it may also be recommended that DGT and the Indonesian Ministry of Finance (MoF) need to increase openness and transparency in their actions by building and developing information and communication technologies, such as e-reporting. For instance, the taxpayers have to report their wealth online to DGT. The information has to be able to be accessed by not only the tax officials who directly deal with the payers but also by limited layers of the team members and their superordinate's. All tax analysis and reviews as well as whom has accessed the system and changed to the data have to be recorded in the system for audit trails. Moreover, the system has to be audited by internal and independent auditors regularly. This would reduce the potential of collusions between taxpayers and tax officials. Another approach is by conducting regular ethics training, workshops, and discussions at local and national levels. Helping cultivate a strong civil society is important and it will require a long-term view. These efforts have the potential to create a substantive social change in attitudes toward transparency and foster an ethical culture in the workplace.

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