

## Evaluation of the Implementation of Whistleblowing System to Detect and Minimize Violations

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### ABSTRACT

**Keywords:** whistleblowing system; evaluate whistleblowing system; mendeteksi pelanggaran.

This study/research aims to find out/understand factors that contribute to the success and effectiveness as well as deficiencies that need to be corrected in implementing the whistleblowing system at PT. Multi Nitrotama Kimia. This study uses effective whistleblowing criteria analytical, based on KNKG (2008), Macgregor (2014), KPMG International (2006), and Witness and Victim Protection Agency (2011), which the author has summarized into 4 stages and several derivative points that must be considered in Effective implementation of the Whistleblowing System includes (1) practice of ethics in the organization, (2) preparation stage for the whistleblowing system, (3) implementation stage of the whistleblowing system, and (4) commitment to sustainability from management. The research data was collected through observation and documentation, literature studies, as well as questionnaires, and interviews with respondents from both internal company parties and external company parties (vendors and customers).



### Introduction

Fraud is still one of the risks that need to be anticipated by companies because fraud perpetrators are at all levels and groups, both the upper class such as top management, and the lower class such as staff. Thus, no organization or company is guaranteed to be free from the risk of possible fraud (Anita, Khikmawati, Sidiq, & Wardana, 2024). The 2019 ACFE Indonesia Chapter survey shows that 38.9% state that the reporting media, namely through complaint reporting facilities/channels, is the media that contributes the most to the disclosure of fraud in Indonesia, followed by internal audits of 23.4% (Wibisono, 2023). Therefore, the existence of a reporting tool for fraud is very important in detecting fraud within an organization or company.

MNK- Whistleblowing System abbreviated as MNK-WBS is a facility or application provided by PT. Multi Nitrotama Kimia since March 2023 for external and internal parties of the company, who have information or evidence and want to report an activity or act that indicates fraud, ethical violations, abuse of authority, or other violations that can harm both parties (Nurharjanti, 2017). Currently, MNK-WBS is managed by the Internal Audit Manager with direct supervision by the President Director, and the Audit Committee. Supervision is in the form of direct access in the form of user access to the system and reports that have been logged in cannot be deleted. The Company

will guarantee the confidentiality of the whistleblower and the information (complaints) submitted on the system, and ensure that the report will be enforced in a very confidential manner and only accepted by the party who has the authority to follow up the report, in this case, the Internal Audit Manager and the President Director with a notification of the report to the Company's Audit Committee (Bagaskara & Julian, 2024). However, MNK-WBS is designed internally without the use of consultants, and was made by an Information Technology company that has never previously developed a whistleblowing system, so it is feared that several weaknesses in the system can hinder the reporting of violations into the system (Sabelino, 2016). Two types of channels can be used for reporting at MNK-WBS, namely through the website (by filling out the form that has been provided), namely with the <http://whistleblower.mnk.co.id/> link address, and through email that can be sent to [pengaduan@mnk.co.id](mailto:pengaduan@mnk.co.id).

At the beginning of its implementation, MNK-WBS has been socialized to all employees (via email) and all company partners, both vendors and customers (via email). However, the reporting trend that enters the MNK-WBS tends to decrease, there have only been 5 reports since the initial launch of the MNK-WBS system with details of 4 reports in the same month (March 2023) when socialization was carried out, and 1 report in December 2023 (source: MNK-WBS system). The decrease in the level of reports on MNK-WBS may not be due to the condition of the company that there are no violations or fraud because even though there is MNK-WBS, there are still several reports of violations that go directly to the Internal Audit Manager (not through MNK-WBS). Therefore, the author wants to evaluate the implementation of the MNK-WBS whether the decline in reporting is due to no violations or other factors such as fears about the security and reliability of the MNK-WBS, the existing system is too complicated and confusing, or whether there are other problems. In addition, according to Albrecht (2009), several things can cause the reporter to be hesitant to report fraud, namely: (1) there is a doubt that fraud is occurring, (2) there is a fear of retaliation to the whistleblower, (3) there is intimidation from the fraudster, (4) there is an assumption that complaining about someone is the wrong action, and (5) obstacles to appearing in the organization (Fadilah & Salomo, 2023).

This research is quite important considering that there are quite a lot of variables that support the successful implementation of the whistleblowing system in companies, especially PT. Multi Nitrotama Kimia is a case study, and the whistleblowing system will be very useless if it does not function optimally as it should, namely as one of the media in detecting fraud in a company or organization due to shortcomings in the media application. In addition, the results of this research can also be a reference and input for other companies that want to implement a whistleblowing system (Trisia, 2018).

The following section of the literature review will present effective whistleblowing criteria based on KNKG (2008), (MacGregor et al., 2017), KPMG International (2006), and the Witness and Victim Protection Institute (2011). The research methods section describes the methods or activities carried out in the research, the types and sources of data collection, the research instruments used, and the analysis of data testing. The results

and discussion section presents the results of relevant analyses and studies to explain them. The end of the article presents conclusions, limitations, and suggestions for further research.

## **Method**

This research is included in the category of descriptive research, namely using qualitative methods. Research conducted to find out the value of one or more variables, without making relationships and comparisons with other variables is called descriptive research. The types and sources of data used in this study are (1) primary data sourced from questionnaires and interviews with internal and external parties of the company regarding the implementation of MNK-WBS, observations, etc.; (2) secondary data sourced from literature studies related to the implementation of an effective whistleblowing system, company regulations, and so on (Nur Indriantoro, 2009).

In this study, the author uses data triangulation to strengthen the information obtained during the evaluation, where this descriptive qualitative research pays main attention to the evaluation of the implementation of the MNK-Whistleblowing System at PT. Multi Nitrotama Chemistry using 3 (three) types of research instruments, namely: (1) Documentation method by studying policies, procedures, evidence of socialization, etc. related to the implementation of the whistleblowing system at PT. Multi Nitrotama Chemistry and other supporting documents in data processing in this study; (2) Literature study; and (3) Questionnaires and interviews both using the criteria of effectiveness in the implementation of the whistleblowing system from the Witness and Victim Protection Institute (2011), KNKG (2008), Near and Miceli (1995), KPMG International (2006) which have been grouped by the author into 4 (four) stages and several derivative points that must be considered in the effective implementation of the Whistleblowing System.

The four stages are as explained in the literature review, namely (1) Implementation of Ethics in the Organization, (2) Preparation Stage of the Whistleblowing System, (3) Stage of Implementation of the Whistleblowing System, and (4) Sustainability Commitment from Management, therefore the author uses constant comparative analysis. Constant comparative analysis is carried out to obtain relationships and information from several sources such as Employees, Management, and 3rd Parties of the Company, in this case, vendors and customers with the effectiveness criteria that have been set. It is called the Constant Comparative Method because in data analysis, one data is constantly compared to another, and then another category is constantly compared with another.

## **Results and Discussion**

### **Results of the Evaluation of the Implementation of the Whistleblowing System at PT. Multi Nitrotama Chemistry**

In evaluating the implementation of the whistleblowing system at PT. Multi Nitrotama Kimia (MNK-WBS) based on the Witness and Victim Protection Institute (2011), KNKG (2008), Near and Miceli (1995), and KPMG International (2006) which has been determined and explained in Chapter 3, the author has conducted interviews

with the President Director (Ratno Paskalis Hendrawan Touor) on June 30, 2024, Human Resources Manager (Meireza Hanapi) on June 11, 2024, and the results of the questionnaire that have been distributed on April 26, 2024, to July 18, 2024, to internal parties (73 questionnaires from a total of 349 employees) and external (33 questionnaires from a total of 661 vendors and customers who sent questionnaires via email). In general, from the results of this evaluation, the author found that the whistleblowing system mechanism at PT Multi Nitrotama Kimia is quite good and by the criteria that have been set, but socialization and education to employees and third parties (vendors and customers) are still not optimal. This is evident from the results of the questionnaire where there are still 25.4% (18 respondents) of the company's internal who still do not know and 1.4% (1 respondent) are not sure that the company, in this case PT. Multi Nitrotama Kimia already has a whistleblowing system, in line with the results of a questionnaire on external parties of the company (vendors and customers) where 34.4% (11 respondents) still do not know and 21.9% (7 respondents) are not sure that PT. Multi Nitrotama Kimia already has a whistleblowing system.

In addition, from the aspect of socialization regarding the implementation of the whistleblowing system as a result of internal interviews with company employees, there are still 9.7% (7 respondents) who feel that socialization has never been carried out, 19.4% (14 respondents) who have forgotten or hesitated that socialization has been carried out, and 25% (18 respondents) who do not know that socialization has been carried out about the implementation of MNK-WBS. Meanwhile, from the results of the questionnaire from external parties of the company (vendors and customers), 9.4% (3 respondents) felt that socialization had never been carried out, 43.8% (14 respondents) forgot or hesitated to have been socialized, and 21.9% (7 respondents) who did not know that socialization had been carried out about the implementation of MNK-WBS. This causes the level of awareness of employees and third parties towards the system to be low. The results of the evaluation will be explained in more detail by the 4 stages that have been determined in the implementation of the whistleblowing system and several derivative points, namely the Implementation of Ethics in the Organization, the Whistleblowing System Preparation Stage, the Whistleblowing System Implementation Stage, and the Sustainability Commitment of Management.

#### 1. Application of Ethics in Organizations

The whistleblowing system, as an important instrument in maintaining transparency and accountability of the organization, is not spared from the influence of ethics. The application of ethics in the whistleblowing system is important to ensure the credibility, effectiveness, and sustainability of this system. The application of ethics in the whistleblowing system is not only an option but a necessity. By implementing ethics, the whistleblowing system can be an effective instrument in maintaining transparency, accountability, and organizational integrity, such as maintaining objectivity and fairness when reporting with accurate facts and evidence, ensuring that whistleblowers feel safe and secure in carrying out their roles, encouraging the responsible use of the whistleblowing system or not as a place for revenge, and encourage employees to dare

to report violations and increase trust in the organization's leadership. Ethics is the key to building a healthy and accountable organizational culture, for which the application of ethics is the basis for assessing the success of the implementation of a whistleblowing system in a company in this study. For this reason, the application of ethics in the organization will be assessed in 3 stages, starting from how the company selects and hires the right people, how the company establishes and cultivates ethics in the organization, and how to increase the importance of awareness of ethics in the company, the three stages will be one of the keys to success in the implementation of the whistleblowing system.

## 2. Hiring People or Employees Who Can Later Become the Right Whistleblowers

The whistleblowing system, as an important instrument in maintaining transparency and accountability of organizations, requires individuals with courage and integrity to become whistleblowers. Selecting potential employees to be the right whistleblowers is not only about finding people who dare to report violations but also about finding individuals who have the characteristics and qualities that support the effectiveness of the whistleblowing system. Hiring the right people to be effective whistleblowers is an important step in building a strong and reliable whistleblowing system. How the employee has the characteristics of integrity and honesty, courage and firmness, good communication skills, and understanding of the whistleblowing system. For this reason, companies need to hire people or employees who can later become the right whistleblowers.

At PT. Multi Nitrotama Kimia currently has not applied an integrity test (assessment integrity) to employee candidates as one of the aspects in making a selection. The new company conducts intelligence, work attitude, personality, leadership, and job simulation tests in collaboration with a third party for all prospective employee candidates. However, the company responds by submitting organizational ethics rules and policies to every new employee. Not only that, specifically for the Managerial level and above, every employee must sign an integrity pact, but this integrity pact has still not been applied to all levels of positions. According to the results of the interview with the HR Manager:

"Secondly, there is also what we call an integrity pact for office holders at the management level, especially at the management level to ensure that they comply with the rules that have been made". (Meireza Hanapi, Interview, June 11, 2024).

From the explanation above, it can be seen that there are still gaps that need to be corrected by the company in terms of employee recruitment to ensure that the employees accepted by the company will indeed become the right whistleblowers, namely the absence of an integrity assessment at the time of selection of prospective employees and the application of integrity pacts at all levels. Hiring the right people and building a supportive system is key to ensuring a whistleblowing system can function effectively in preventing and exposing violations in the organization.

## 3. Establishing Corporate Ethics, and Implementing and Fostering an Openness Attitude in the Organization

The implementation of an effective whistleblowing system in an organization cannot be separated from two main pillars, namely the establishment of corporate ethics and fostering an attitude of openness. These two elements are interrelated and sustainable in creating an environment conducive to the reporting of ethical or legal violations. Corporate ethics are the foundation for organizations to operate responsibly and with integrity. These ethics must be clearly defined and understood by all employees. The company's ethics should reflect the values and principles that the organization wants to embody, and should guide all actions and decisions taken by employees. Openness is a culture that must be cultivated in the organization so that employees feel safe and comfortable to report violations without fear of negative consequences. This culture of openness must be created by organizational leaders and implemented at all levels of the organization. PT. Multi Nitrotama Kimia has continuously conducted socialization both formally and informally to emphasize the importance of ethics and integrity, as well as strengthen the audit and insurance lines. According to the results of the interview with the President Director:

"Various steps are carried out simultaneously. Socialization officially and openly regarding the company's targets. Establish formal and informal communication with the entire team, while emphasizing the importance of ethics and integrity. Creating clear and directed SOPs (Standard Operating Procedures). Strengthening the audit and insurance line including reporting channels that are open to everyone". (Ratno Paskalis Hendrawan Toor, Interview, June 30, 2024).

This is also strengthened by the HR Manager's statement where the company has set ethical standards that must be met by each employee. Not only that, but the company also has programs to increase awareness of the application of ethics within the company by always communicating in various meeting sessions, meetings and even training on ethics. Some of these efforts are expected to foster a culture of ethics and openness in the organization. According to the results of the interview with the HR Manager:

"Building an attitude of openness in the organization is a process that must be carried out continuously in the company and requires commitment from all levels of management. So the usual steps are what we take. First, the code of ethics itself or the company's ethics must be clear, the company must have a code of ethics or code of conduct we call it also a clear code of conduct that can explain the standard values and principles expected of all members of the organization The guidelines must be clear. Second, communication must also be clear and consistent, it must be done. So management in the company regularly and consistently communicates. Communication is related to values, then the expected expectations of the company are carried out to all employees through various communication channels, as I previously informed you. So, (communication is carried out) during meetings, training, and online meetings and there are also other written materials that we usually use. It is also quite important to build a culture of openness and collaborativeness as well, the company also continues to strive to create an environment, where openness is encouraged and valued". (Meireza Hanapi, Interview, June 11, 2024).

However, the implementation of ethical standards and programs run by the company to increase employee awareness of ethics still does not seem to be optimal. This can be illustrated from the results of the internal employee survey, where there are still 19.4% (14 respondents) who do not know and 6.9% (5 respondents) who are not sure that the company has set ethical standards in the form of a Letter of Determination or procedures that must be carried out by the company and employees. The data illustrates that there is still room for improvement that needs to be improved by the company, especially in terms of strengthening communication and socialization between the company and employees, increasing training and knowledge about ethics, as well as conducting periodic evaluations and measurements through surveys, analysis of data on ethical violations, and using feedback from employees and management to improve fresher and newer programs so that the implementation of ethics is sustainable can be realized and cultured in the company.

#### 4. Increasing the Importance of Awareness and Understanding of the Importance of Corporate Ethics and the Whistleblowing System in Particular

It is important to remember that increasing awareness and understanding of corporate ethics and the whistleblowing system is an ongoing process as described in the previous point. Organizations need to continuously conduct education, communication, and monitoring to ensure that a culture of ethics and transparency is firmly embedded in the organization. Several efforts have been made by PT. Multi Nitrotama Kimia to increase awareness and understanding of the importance of ethics, as also explained in the previous point, some of the company's efforts include programs to increase awareness of the application of ethics in the company by always communicating in various meeting sessions, meetings and even training on ethics. In addition, for ethics to be cultured in the company, the top-down principle is applied, where management starting from the level of managers, general managers, directors, and commissioners actively supports, promotes, and most importantly becomes an example in behaving ethically within the company. The application of ethics in the company will be impossible to succeed if it is only in the form of provisions without a "tone of the top" from management in the form of statements, expressions, remarks, and wishes that can be used as role models and examples for all employees. According to the results of the interview with the HR Manager:

"So, the first approach must be top-down, so the company must ensure that the top level management if in our company it is a manager level and above, there is a level manager, there is a general manager to the board of directors, and even our commissioners are involved. They actively support and promote the importance of corporate ethics and whistleblowing. So, the leaders of this company must also be exemplary in ethical behavior and support efforts to prevent corruption and ethical violations themselves. As we know, in the principle of running culture, this is part of culture, if we look at the organizational principles in the company. Well, that culture must indeed be built from top to bottom. So, the upper level is very important to be an example for the levels below it". (Meireza Hanapi, Interview, June 11, 2024).

Meanwhile, in the position of Top Management, the socialization of the whistleblowing system to all team members, customers, and suppliers, the affirmation of the importance of ethics in various formal and informal occasions, as well as the implementation of clear and firm rewards and punishments is a real effort to increase the importance of awareness and understanding of the importance of corporate ethics and the whistleblowing system in particular. According to the results of the interview with the President Director:

"Socialization of WBS (Whistleblowing System) to all team members, customers, and suppliers, affirmation of the importance of ethics in various formal and informal occasions, the application of clear and firm rewards and punishments to incidents related to ethical issues". (Ratno Paskalis Hendrawan Toor, Interview, June 30, 2024).

To assess the success in efforts to increase awareness and understanding of the importance of ethics and in line with the results of the questionnaire that has been explained in the previous point where there are still 19.4% (14 respondents) who do not know and 6.9% (5 respondents) who are not sure that the company has established ethical standards in the form of a Decree or procedures that must be carried out by the company or employees, The company needs to conduct periodic evaluations and measurements, be it through surveys, analysis of ethical violation data, and use feedback from employees and management to find out how much awareness and understanding of the importance of ethics has been cultured within the company. From the results of the evaluation, there will also be room for improvement that can be optimized again in terms of increasing awareness of ethics in the company.

### **Whistleblowing System Preparation Stage**

In addition to the application of ethics in the organization, the preparation stage of the whistleblowing system is also a fundamental first step in building an effective and safe reporting system. A strong foundation at this stage will determine the success of the whistleblowing system in achieving its main goal, which is to detect and prevent violations. At this stage, it will be evaluated how the company prepares the system, starting from the stage of preparing resources to manage the whistleblowing system, how to establish procedures for handling reports, and how to determine what types of violations can be reported.

#### **1. Setting Up Resources to Manage and Follow Up on Incoming Reporting on the Whistleblowing System**

The effectiveness of a whistleblowing system depends not only on ease of access, assurance of confidentiality, and effective socialization but also on the readiness of resources to manage and follow up on incoming reporting. Without adequate resources, companies may find it difficult to handle reports appropriately and efficiently, which can hinder the effectiveness of the whistleblowing system. In this critical step, companies must build a strong foundation for receiving and handling reports of violations with professionalism and fairness. As explained in Chapter 1, this MNK-WBS is designed internally without the use of consultants and is made by an Information Technology company that has never developed a whistleblowing system before. From the results of



the interview, information was also obtained that the MNK-WBS application was designed by an internal team containing internal audit and human resources. According to the results of the interview with the HR Manager:

"So not all of the teams can be included in the team, the team consists of internal audit and human resources". (Meireza Hanapi, Interview, June 11, 2024).

"In addition, we also collaborate with external parties, and until now we are working with third parties such as lawyers, special investigation auditors, who specialize in handling whistleblowing cases, and also independent investigative agencies. We consider this important to support the investigation process and handling of complex or sensitive violation cases". (Meireza Hanapi, Interview, June 11, 2024).

At this stage of preparation, PT. Multi Nitrotama Kimia is quite good, even though MNK-WBS was created by an Information Technology company that had never previously developed a whistleblowing system and without being accompanied by a consultant, the internal team formed in making the MNK-WBS application has been given training in making good procedures and reporting systems. In addition, with the limited internal audit (only 2 people), the company has worked around it by cooperating with external parties such as lawyers and independent investigative agencies in handling reports that are complex or difficult (cannot be investigated by the company's internal audit).

This evaluation shows that PT. Multi Nitrotama Kimia has shown good efforts in building an effective Whistleblowing System. Setting up resources for a whistleblowing system is an important investment to ensure that the system is effective in detecting, preventing, and resolving ethical or legal violations. With adequate resources, organizations can increase whistleblower trust, increase the effectiveness of the whistleblowing system, and build a more ethical and transparent organizational culture.

## 2. Establishing Report Handling Procedures in the Whistleblowing System to Ensure Reports Are Handled Correctly

Establishing a whistleblowing system for handling reports is an important step to ensure that the system is effective in detecting, preventing, and resolving ethical or legal violations. With clear, structured, and accountable procedures, organizations can protect whistleblowers, increase trust in the whistleblowing system, and build a more ethical and transparent organizational culture. This procedure should ensure that reports are handled correctly, fairly, and accurately. In the implementation of MNK-WBS, according to the HR Manager, the company has made a report handling procedure starting from the receipt of the report to the handling of the report which is easily accessible to all interested parties. According to the interview with the HR Manager:

"To ensure that reports in the whistleblowing system can be handled correctly, companies must establish and socialize as well as clear and structured handling procedures. So the first thing we are concerned about is the determination of the procedure for handling the report itself. So the company has established a very clear and detailed procedure for how reporting in the whistleblowing system will be handled, Well, these things cover the whole step, from receiving reports to corrective actions that may later be

needed in the handling, Well, in addition to that there is a documentation process as well, so we document the procedure for handling the report in writing in the form of a report that is easily accessible to all interested members, so this document contains the steps that must be followed, then the responsibilities, authorities, and who are the parties involved, as well as the period set for each stage of the report or investigation". (Meireza Hanapi, Interview, June 11, 2024).

In addition, from the results of the evaluation on the reporting flowchart, it is known that there are weaknesses in the MNK-WBS management flow. Currently, MNK-WBS is managed by the Internal Audit Manager with direct supervision by the President Director, and the Audit Committee. Supervision is in the form of direct user access to the system and reports that have been logged in cannot be deleted. However, the company in this case PT. Multi Nitrotama Kimia has not prepared procedures for the scenario if the reported is the MNK-WBS manager itself, namely the Internal Audit Manager, the President Director, or even the Audit Committee. If the reported person is the MNK-WBS manager, then the MNK-WBS manager will know that they have been reported to the complaint system, which of course will risk hindering the investigation process. Ideally, a filter for the position or position reported is added to the complaint form to add scenarios in the complaint flow. For example, if the position of the President Director is reported, only the user access of the Internal Audit Manager and the Audit Committee can see the report, and so on. This evaluation shows that MNK-WBS still has some weaknesses that need to be improved. These weaknesses include a lack of transparency in the procedure for handling reports, potential conflicts of interest in the process of handling reports against MNK-WBS managers, and lack of a clear flow to handle reports against MNK-WBS managers.

### 3. Establishing the Types of Violations That Can Be Reported, Including Reporting Requirements is also Given to Whistleblowers

Establishing the types of violations and reporting requirements is an important step to ensure that the whistleblowing system is effective in detecting, preventing, and resolving ethical or legal violations. By defining the types of violations that can be reported and providing clear guidance on how to report violations, organizations can protect whistleblowers, improve the focus of the whistleblowing system, minimize unsubstantiated reports, improve the quality of reports, build whistleblower trust, and meet regulatory demands. In the implementation of MNK-WBS, the company has made the types of violations that can be reported, including reporting requirements are also given to reporters.

#### **Stages of Implementation of the Whistleblowing System**

This stage is the stage where the whistleblowing system begins to be launched and used. This stage is no less crucial in determining the success of the implementation of the whistleblowing system because this is where the whistleblowing system begins to be tested and implemented in practice. Starting with ensuring that the whistleblowing system is easy to access, socializing both internally and externally (public) that the organization has implemented a whistleblowing system, there is a guarantee of

confidentiality for incoming reports and reporters (can be anonymous), there is a protection policy for whistleblowers so that they do not receive retaliatory actions, ensuring that there is a notification or reporting flow to the audit committee or higher if there is no appropriate response to the report. And no less important is the transparency of incoming reports and visible communication between the whistleblower and the whistleblowing system manager.

#### 1. Developing and Implementing an Easy-to-Access Whistleblowing System

The development and implementation of an easily accessible whistleblowing system is an important step in ensuring transparency and accountability in the work environment. The effectiveness of the whistleblowing system is highly dependent on the ease of access provided to prospective whistleblowers. Complex and hard-to-access systems can hinder whistleblower participation which can thwart the purpose of the whistleblowing system. Putting together a whistleblowing system that can be easily accessed also means appreciating the important role of individual courage and concern in reporting issues that can harm the organization. Therefore, developing and implementing an easily accessible whistleblowing system is an important step in building an open and safe reporting culture. Currently, MNK-WBS uses two reporting channels, namely through the web which can be accessed via: <https://whistleblower.mnk.co.id/> or via email with the address: [pengaduan@mnk.co.id](mailto:pengaduan@mnk.co.id). According to the HR Manager, one of the main considerations when choosing a reporting channel for MNK-WBS is the ease of access.

From the results of the questionnaire, it has been illustrated that MNK-WBS is an easy-to-access whistleblowing system application, because of 35 internal employee respondents who have accessed MNK-WBS, 65.7% (23 respondents) think that MNK-WBS is easy to access, 22.9% (8 respondents) think that MNK-WBS is ordinary (not difficult) to access, 5.7% (2 respondents) are hesitant, and only, 5.7% (2 respondents) think that MNK-WBS is difficult to access. Meanwhile, from external parties of the company (vendors and customers) of 8 respondents who have accessed MNK-WBS, 75% (6 respondents) think that MNK-WBS is easy to access, 12.5% (1 respondent) think that MNK-WBS is ordinary (not difficult) to access, and 12.5% (1 respondent) is hesitant or in other words, no one finds it difficult to access. With the success of building an easily accessible whistleblowing system, it is hoped that PT. Multi Nitrotama Kimia can increase whistleblower participation, detect violations early, and ultimately achieve a more ethical and transparent culture.

#### 2. Socializing Both Internal and External (Public) That the Organization Has Implemented a Whistleblowing System

Conducting effective socialization about the implementation of the whistleblowing system is a crucial step in ensuring broad understanding and acceptance both internally and externally (vendors and customers). By introducing an open and transparent whistleblowing system to all internal companies, the organization affirms its commitment to integrity and safety. On the other hand, external socialization with external parties (vendors and customers) is also a way to build trust and convince stakeholders that the organization is serious about addressing internal problems professionally and ethically.

Overall, both internal and external socialization of the whistleblowing system is a proactive step to build a strong foundation in supporting a culture of integrity and safety in the organization, as well as strengthening relationships with the wider community. At the beginning of its implementation, MNK-WBS has been socialized via email to all employees and company partners, both vendors and customers. Over time, socialization has also been carried out several times through meetings, etc. for internal companies and the creation of special pages on the company website for external parties. According to the interview with the HR Manager:

"Internal socialization, is carried out on various regular occasions in the company, such as scheduled meetings, we term interdep (interdepartmental) is scheduled, then there are other scheduled meetings such as during BOD/GM meetings, or periodic work meetings to convey information about the implementation of the whistleblowing system. Companies use this opportunity to explain the purpose for which the system was created, how it works and its benefits for the organization and employees. Then for external socialization, it is done by creating a special page on the company's website, which explains about the whistleblowing system". (Meireza Hanapi, Interview, June 11, 2024).

However, the socialization that is only through email is less effective in introducing MNK-WBS to internal and external parties of the company. This is evident from the results of the questionnaire where there are still 25.4% (18 respondents) of the company's internal who still do not know and 1.4% (1 respondent) are not sure that the company, in this case PT. Multi Nitrotama Kimia already has a whistleblowing system, in line with the results of a questionnaire to external parties of the company (vendors and customers) where 34.4% (11 respondents) are still unaware and 21.9% (7 respondents) are not sure that PT. Multi Nitrotama Kimia already has a whistleblowing system. In addition, from the results of the internal survey of company employees, there are still 9.7% (7 respondents) who feel that socialization has never been carried out, 19.4% (14 respondents) who have forgotten or hesitated about having done socialization, and 25% (18 respondents) who do not know that socialization has been carried out about the implementation of MNK-WBS. Meanwhile, from the results of the questionnaire of external parties of the company (vendors and customers), 9.4% (3 respondents) felt that socialization had never been carried out, 43.8% (14 respondents) forgot or hesitated about having been socialized, and 21.9% (7 respondents) who did not know that socialization had been carried out about the implementation of MNK-WBS. To overcome this, it takes more effort from the company to introduce MNK-WBS more widely such as through face-to-face socialization that provides question and answer sessions both internally and externally for the company, the creation of banners about the MNK-WBS application also needs to be considered, and placed in locations that are easy to see by third parties and prone to fraud (such as warehouse, security, recertifications, etc.) and need to be socialized through documents to third parties such as Purchase Order, Delivery Order, etc. The effectiveness of the whistleblowing system depends not only on ease of access and a secure reporting process but also on effective internal and external socialization.

This socialization aims to build public trust in the organization's commitment to upholding ethics and transparency.

### 3. Confidentiality Guarantee for Incoming Reports and Reporters (Can Be Anonymous)

Assurance for incoming reports and for whistleblowers, including those who choose to remain anonymous, is a key pillar in building trust and the success of the whistleblowing system in every organization. In an era where honesty and information security are highly valued, ensuring confidentiality is a commitment to protect the integrity of individuals who dare to report violations. The importance of confidentiality assurance is not only about protecting the identity of the whistleblower but also ensuring that incoming reports can be disclosed and followed up without fear or reprisals against the whistleblower. By ensuring that everyone feels safe and secure when reporting issues, organizations can create an environment where the truth can be revealed without barriers. MNK-WBS has guaranteed confidentiality for incoming reports and reporters because the application has accommodated anonymous reporting, besides that the company has also committed to keeping the identity of the reporter confidential (even though the reporter does not report anonymously) this can also be seen on the MNK-WBS website page, namely:

"You don't need to worry about your identity being revealed because PT. Multi Nitrotama Kimia will keep your identity as a whistleblower a secret. PT. Multi Nitrotama Chemistry appreciates the information you report. Our focus is on the information material you report". (<https://whistleblower.mnk.co.id/>, accessed July 21, 2024).

In addition, this is also strengthened by the HR Manager's statement that the identity of the reporter and the content of the report will also not be disclosed to any party, access to the reporting information is only to personnel directly involved in handling the case. According to the interview with the HR Manager:

"So the company has a system that uses confidential, anonymous reporting features that state that the identity of the reporter and the content of the report will also not be disclosed to any party during the process of handling the report, access to the reporting information is only to personnel directly involved in handling the case, and this is also implemented with strict security arrangements on the system and its reporting data". (Meireza Hanapi, Interview, June 11, 2024).

From the explanation above, it can be seen that the guarantee of confidentiality for incoming reports and reporters already exists, although it cannot be shown through procedures because it cannot be shown to the author until this research report is completed. It is feared that not all prospective whistleblowers know the information, this problem is strengthened by the results of the questionnaire, where from the company's internal side 36.1% (26 respondents) do not know whether the company has guaranteed confidentiality, 15.3% (11 respondents) doubt whether the company guarantees confidentiality, and 1.4% (1 respondent) thinks that the company has not guaranteed the confidentiality of the whistleblower. Meanwhile, from external parties (vendors and customers) as many as 84.4% (27 respondents) do not know whether the company guarantees confidentiality, 9.4% (3 respondents) doubt whether the company guarantees

confidentiality, and 3.1% (1 respondent) thinks that the company has not guaranteed the confidentiality of the whistleblower. From the results of the above survey, it can be seen that the company lacks socialization and transparency on procedures and confidentiality guarantees for incoming whistleblowers because the provision of confidentiality guarantees in the whistleblowing system is not only compliance with applicable ethical and legal standards but also a strategic step to build an open and responsible organizational culture.

#### 4. Whistleblower Protection Policy to Avoid Retaliation

This protection policy not only includes guarantees on the confidentiality of the identity of the complainant but also guarantees that they will not face retaliation or discrimination as a result of their courage to report violations. In a broader context, a protection policy for whistleblowers is a form of recognition for their contribution to maintaining the integrity of the organization. By providing a sense of security to whistleblowers, organizations not only encourage transparency and accountability but also build a work environment that supports the values of honesty and fairness. The implementation of an effective protection policy is not only a moral obligation, but also a strategic investment in safeguarding the organization's reputation and ensuring that every individual feels comfortable reporting problems without fear of negative consequences. In the current MNK-WBS, there is a protection policy for whistleblowers so that they do not receive retaliatory actions. In addition, the MNK-WBS application has also complied with anonymous reporting.

However, it seems that the policy of protecting whistleblowers from retaliation and the communication system that can be done anonymously has not been properly socialized to employees and third parties. It is evident from the results of the questionnaire, where on the company's internal side that 40.3% (29 respondents) do not know whether the company has protected the complainant, and 16.7% (12 respondents) doubt whether the company has protected the complainant, in other words only 43.1% (31 respondents) already know that the company has protected the complainant so that they do not get retaliatory actions. Meanwhile, from external parties (vendors and customers), the results were that none of the respondents knew that the company had protected the complainant. With details as many as 87.5% (28 respondents) do not know whether the company guarantees confidentiality, and 12.5% (4 respondents) are hesitant whether the company guarantees confidentiality. The lack of socialization of the protection policy for whistleblowers is feared to result in prospective whistleblowers hesitating to report because they are worried that there will be retaliatory actions, which will affect the low participation of whistleblowers in reporting violations.

The fear of the prospective whistleblower is also illustrated by the results of the questionnaire, especially from external parties (vendors and customers), because there are still 28.1% (9 respondents) who are hesitant and 3.1% (1 respondent) who are not willing to report violations to the MNK-WBS application if they see a violation committed by an employee of PT. Multi Nitrotama Chemistry. On the other hand, in the results of the company's internal questionnaire, 88.9% (64 respondents) are willing to report any

employee a violation of the MNK-WBS application if they see a violation committed by an employee of PT. Multi Nitrotama Chemistry. However, there are still 9.7% (7 respondents) who are hesitant and 1.4% (1 respondent) who are not willing to report any employee who reports a violation to the MNK-WBS application if they see a violation committed by an employee of PT. Multi Nitrotama Chemistry. The evaluation shows that there are still concerns about prospective whistleblowers, both internal and external to the company, reporting violations through MNK-WBS. Some of the reasons for concern from potential whistleblowers may be due to the lack of clarity of the safeguards so whistleblowers may be hesitant because they are unsure of the guarantees of protection that the company provides to them (this can include confidentiality of identity, freedom from retaliation, and access to fair dispute resolution mechanisms) or a lack of publicity about whistleblower protection policies and reporting procedures may lead to a lack of publicity about whistleblower protection policies and reporting procedures. Whistleblowers are unaware of their rights and obligations (this can lead to them being hesitant to report violations for fear of unknown consequences).

5. Notification or Reporting Flow to the Audit Committee or Higher if there is no appropriate response to the report

Notification or clear reporting flow to the Audit Committee or higher agencies is an important step in ensuring the effectiveness of the whistleblowing system. When a report of a violation does not get an appropriate or prompt response, this notification becomes a guarantee mechanism to ensure that the issue is noticed and dealt with promptly by the authorities. By communicating unresponsiveness or unwillingness to act on reports, organizations demonstrate their commitment to remaining accountable and proactive in addressing any possible violations. This step also reflects the seriousness of maintaining integrity and ensuring that every report of abuse is treated seriously and that the values of the organization are upheld. The MNK-WBS application as described above, is managed by a party that has the authority to follow up on reports, in this case, the Internal Audit Manager with direct supervision by the President Director and the Audit Committee. Supervision is in the form of direct access in the form of user access to the system and reports that have been logged in cannot be deleted. Thus, notifications or reporting flows to the Audit Committee or higher agencies already exist and are run on the MNK-WBS application.

6. Transparency of Incoming Reports and Visible Communication between Whistleblowers and Whistleblowing System Managers

Transparency in managing incoming reports and communication between whistleblowers and whistleblowing system managers is the main pillar in building trust and integrity in the management of the whistleblowing system. In an environment where honesty and accountability are emphasized, maintaining transparency is a crucial step to ensure that every report of abuse is treated fairly and appropriately. By applying the principle of transparency, organizations not only ensure that the process of handling reports of violations can be effectively supervised but also demonstrate a commitment to disclose information to all relevant parties. This includes communicating the status of

the report to the reporter clearly and promptly, as well as maintaining openness in the investigation process and the steps taken to resolve the reported issue. More than that, transparency also creates an environment where whistleblowers feel valued and listened to, and encourages active participation in maintaining the integrity of the organization. Thus, efforts to maintain transparency in the whistleblowing system are not just about complying with regulations or legal compliance but are also efforts to build a culture of openness and accountability at all levels of the organization.

In MNK-WBS, if you look at the flow and display, the principle of transparency has been applied, it can be seen from each stage that has provided information in the form of status, such as status: "Received" for valid incoming reports and not spam, "On Process" for reports that are further processed including the examination of attachments and supporting evidence and investigated by the Management Team, "Insufficient Evidence" if the evidence and narrative attached are inadequate or less to be investigated, "Proven" if the report is proven after an investigation by the Management Team, and "Not Proven" if the report is not proven after an investigation by the Management Team. All the statuses and stages of the report can be known and monitored by the reporter through the report follow-up progress menu. To monitor the status of progress, the follow-up to the report that has been made by the reporter can input the report number (without token) given at the time of report creation on the main menu. Meanwhile, the communication seen between the whistleblower and the manager of the whistleblowing system at MNK-WBS has also been implemented. Even though the report is carried out anonymously, the whistleblower can still communicate, add evidence, etc. with the whistleblowing system management through the complaint details menu and chat menu with the investigator.

#### **Sustainability Commitment from Management.**

Management sustainability commitment is an important element to ensure the success of a whistleblowing system because the effectiveness of a whistleblowing system is determined not only by its design and implementation but also by the continuous commitment of management to support and strengthen the system. By demonstrating strong commitment and taking the right steps, organizations can build a strong foundation for an effective and reliable whistleblowing system, which will ultimately contribute to an organizational culture of integrity and accountability that goes beyond just existing. The commitment to sustainability from management can be seen in how serious the company is in building a culture of integrity, how the company strives to increase trust in the whistleblowing system, and how the company ensures the sustainability of the whistleblowing system.

##### **1. Provide Adequate Rewards for Whistleblowers.**

Providing adequate rewards for whistleblowers is an important step in providing recognition for their courage and contribution to maintaining the integrity of the organization. Appreciation is not only a form of appreciation but also a positive incentive to encourage more individuals to dare to report violations they witness or experience. In the face of the reality that reporting violations can pose risks or negative consequences



for whistleblowers, well-deserved rewards can help reduce fear and increase trust in the whistleblowing system. Thus, the award is not only a form of recognition, but also an investment in creating a healthy, transparent, and high-integrity work environment. However, the current implementation of MNK-WBS still does not provide adequate rewards for reporters. According to the interview with the HR Manager:

“Memang saat ini kita belum ada penghargaan khusus yang diberikan kepada pelapor ya. Ini cukup baik sih untuk dijadikan masukan untuk kita untuk pengembangan sistemnya selanjutnya”. (Meireza Hanapi, Wawancara, 11 Juni 2024).

## 2. Commitment of the Board of Directors in Implementing Policies and Ensuring the Whistleblowing System Runs Consistently

The commitment of the Board of Directors to implementing policies and ensuring that the whistleblowing system runs consistently is a vital foundation for creating a fair and responsible work environment. As the highest leaders in the organization, management and the Board of Directors have a central role in setting high ethical standards and ensuring that this whistleblowing system not only works but is also effective in maintaining the integrity of the company. Similarly in the application of ethics, the implementation of a whistleblowing system in the company will be impossible to succeed if it is only in the form of provisions or policies without a "tone of the top" from the management and the Board of Directors in the form of statements, expressions, remarks and wills that can be used as role models and examples for all employees. By taking an active role in monitoring and evaluating the implementation of the whistleblowing system, the Board of Directors demonstrates its commitment to compliance with applicable regulations and corporate values that promote honesty and accountability. This step also reaffirms to all members of the organization that violations of policies or ethics will not be tolerated and will be dealt with seriously (Ulum & Raviona, 2023).

In addition, the Board of Directors' commitment to ensuring the consistency of the whistleblowing system includes providing sufficient resources, both in terms of technology and human resources, to support the reporting and investigation process. This creates an environment where every individual feels supported to report violations without fear of retaliation or discrimination. Overall, the Board of Directors' commitment to consistently implementing the whistleblowing system policy is not only about complying with regulatory or compliance standards but also about building a strong foundation for organizational integrity. By promoting a culture that values transparency and honesty, the Board of Directors not only leads by example but also fosters the sustainable and highly competitive growth of the organization in today's complex business environment. At PT. Multi Nitrotama Kimia The commitment of the Board of Directors in implementing policies and ensuring that the whistleblowing system runs consistently is quite good, which has made policies and systems that are quite good, become an example, organize training, and conduct periodic supervision and evaluation of whistleblowing system operations.

However, similar to the application of ethical standards and programs run by the company in increasing employee awareness of ethics, the commitments that have been realized by the management still do not seem to be conveyed optimally to employees and external parties of the company (customers and vendors). This can be seen from the results of the questionnaire, where from the internal side of the company there are still 36.1% (26 respondents) who do not know how the management commitment is in implementing policies and ensuring that the MNK-WBS whistleblowing system runs consistently and 8.3% (6 respondents) are still hesitant. Meanwhile, from external parties (vendors and customers) 84.4% (27 respondents) do not know what the management commitment is in implementing policies and ensuring that the MNK-WBS whistleblowing system runs consistently, and 3.1% (1 respondent) each is hesitant and feels that the company's commitment is poor in implementing policies and ensuring that the MNK-WBS whistleblowing system runs consistently. This data illustrates that there is still room for improvement that needs to be improved by the company in terms of socialization regarding the commitment of the board of directors to implementing policies and ensuring that the whistleblowing system has run consistently to internal and external parties of the company. Some efforts can be made by companies such as conducting more intensive education and socialization about the whistleblowing system and the role of directors in it, using various effective communication channels to reach all parties (such as emails, training, meetings, and the company's website) and building trust by demonstrating a real commitment to handling reports of violations and protecting whistleblowers.

## **Conclusion**

The conclusion of the evaluation of the implementation of MNK-WBS at PT Multi Nitrotama Kimia shows that this system is quite good and meets the criteria for effectiveness based on existing guidelines, although there are still significant weaknesses in terms of socialization to the company's internal and external parties. The evaluation revealed that several aspects such as employee integrity, reporting procedures, and management commitments have been implemented, but they are not well socialized, resulting in many employees and external parties not being aware of the existence and function of MNK-WBS. To increase the effectiveness of this system, it is recommended that companies be more active in socialization and education, as well as improve the reporting flow and consider rewarding whistleblowers to increase participation.

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