

TO RETAIN MARKET INTEGRITY AND INVESTORS' PROTECTION: THE ROLE OF WHISTLEBLOWER (IN DETECTION INSIDER TRADING, MARKET MANIPULATION & FRAUDS), THEIR PROTECTION AND INCENTIVE PROGRAMME: A STUDY IN PAKISTAN

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Abstract-In Pakistan most of the employees do not want to expose the wrongdoings of their employer as a study was conducted by Sajid Bashir, Hamid Rafique Kalltak, Ayesha Hanif and Sara Naseer Khokhar in his article "Whistle-blowing on public sector organization: evidence from Pakistan" described that 63% employees did not want to expose the wrongdoing of their employers. Employees know that if they do so, they will face harm such as retaliation, job loss, demotion and personal threat etc. This research is conducted to retain market integrity and investors' protection by showing the importance of the role of whistleblower in the detection of insider trading, market manipulation and frauds (manipulation in financial statements and others). Furthermore, this study was found that the whistleblowers contribute to detect insider trading, market manipulation and fraud. The Securities and Exchange Commission of Pakistan (SECP) should take steps for the protection of Whistleblower, establish whistleblower centers (like National Whistleblowers center in the US, UK and Public Concern at Work (PCaW) in the UK) and incentive program should be introduced for the encouragement of Whistleblowers in Pakistan so that the regulatory departments can achieve the objective, i.e. to retain market integrity and investors' protection. The hypothesis were prepared to identify the significant relationship of independent variables, mediating variables and the dependent variable. Research methodology of the study comprised quantitative research approach, for this purpose a questionnaire was prepared and filled with a random sampling technique from 200 respondents. Factor Analysis including Frequency, Standard Deviation, Reliability Statistics, PCA Analysis, Regression and Multiple / Mediating Regression analysis were applied to test the hypothesis, either to accept or reject. At the end, the result originated that the whistleblower has significantly and positively impact to retain market integrity and investors' protection by detecting insider trading, market manipulation and frauds (manipulation in financial statement etc.) of the listed companies in Pakistan.

Keywords: Whistleblowers Role, Protection and Incentive Programme, Insider Trading, Market Manipulation, Frauds, Securities & Exchange Commission of Pakistan, Market Integrity and Investors' protection.



1 Introduction

THIS research is about to retain market integrity and investors' protection by showing the importance of the role of whistleblower in the detection of insider trading, market manipulation and frauds (manipulation in the financial statement). This study will find that how much whistleblower contributes to detect insider trading, market manipulation and fraud? How can whistleblowers are protected? What strategies can be used to attract the whistleblowers in Pakistan so that the regulatory departments can achieve the objective, i.e. to retain market integrity and investors' protection?

One person familiar with the whistleblower believed, Perhaps the biggest setback found neither here nor anywhere in the world is a method of protecting the whistleblower's identity.

This is the believe of the author that in Pakistan majority of the people are not aware about Whistleblowers and their role. Those who know such as public and corporations give names to the whistleblower like traitors, tattletale, snitch and many more, but actually they are real heroes because those who provided information about false reporting against those employees who were using investors' capital would might not be exposed.

On Sep. 19th, 2016 Mr. Dilawar Hussain at the Dawn News reported about whistleblowers as: in Pakistan whistle blowers prefer to keep lips sealed. He said Enron the 7th largest company in the US in 2001 suffered financial crisis could be saved if the Chairman Mr. Kenneth Lay listened to Mr. Sehrhon Watkins, the company's vice President who whispered about accounting fraud. The Chairman did not take serious notice of Watkins, resultantly Enron went bankrupt. The job done by Watkins was appreciated greatly and focus was brought on Whistleblower.

Whistleblower knows that when they are identified, they will have problems such as retaliation, job loss, hostile working environment, etc. To avoid such problems, people prefer to look at other possibilities and remain in stony silence. (Posted by Dawn,

Business & the Finance Weekly, September 19, 2016).

The whistleblower's phrase is not new. It was created by Mr. Ralph Nader and originated in the 19th century. In fact, the word whistle, is actually used to warn the public of any bad circumstances. In the 1960s, the reporter used the word "disclosure" to express inappropriate behavior like Ralph Nader. There are three types of whistleblowers; internal (inside the company or organization), external (information about the misconduct of the company or organization outsiders) and third parties (this is a new phenomenon) (unpublished identities, Information about misconduct.) The greatest threat to identity by whistle-blowers is their damage to their lives. However, the whistleblower is protected by the law, but is often punished because other employees have been dismissed, suspended from employment, demoted, and employed for the work. The Whistleblower Protection Center supports whistleblowers, such as the United States, the National Whistleblower Center in the United Kingdom, and the Public Interest Work in the United Kingdom (PCaW). These kind of centers may also be established in Pakistan.

The whistleblower is any person who is regarded as illegal, immoral or incorrect in any private or public organization. The author believes that fraud/corruption is everywhere; no one can say that his department/organization has no fraud/corruption. The whistleblower is an employee, and his or her employer will disclose information that violates the law. They can work better than government inspectors; instead, their employers violate safety standards. However, the whistleblower only came from the public and the government. The employer retaliated against the employee's report, such as downgrading, demotion, harassment, blacklisting and other forms of discrimination. In retaliation, the U.S. Congress and other U.S. states worked hard to protect whistleblowers from retaliatory discrimination. If any employee thinks that he or she has been dismissed or that he has violated Article 210, he may file a complaint with the Minister of Labor. Therefore, Article 210 protects whistleblowers from retaliation.

The Pakistan Competition Commission (CCP) announced an award of 200,000 to 2 million U.S. dollars, including anti-competitiveness and retaliation, in accordance with the provisions of the Competitive Incentive Payment Information Regulation 204, provided that any prohibition (according to Article 4 of the 2010 Competition Law) is prohibited. The SECP can also provide informants with measures to curb management fraud and corruption.

Mr. Khalid Mirza, chairman of the SEC Pakistan Securities and Exchange Commission, shared his views on the transparency of the disclosure of financial reports. He said that although the information disclosure is full and transparent, all supervision work is useless, so the system is destructively dependent on this.

A series of failures and failures in the United States in fair financial reporting, corporate leadership and market integrity have undermined people's beliefs. Good governance provides companies with the ability to build confidence and trust, and makes credible promises for creditors, employees, and shareholders. Investor confidence is necessary for the company to obtain capital, otherwise it is difficult for these companies to attract investors. Therefore, the regulatory agencies around the world are trying to protect investors and work hard for transparency and fairness.

According to Rolf Alter, director general of the OECD's Bureau of Public Governance and Land Development, by implementing fair and efficient resource allocation, encouraging competition and investment, and promoting innovation, integrity plays an important role in promoting growth and sustainable development. He further pointed out that income collection, public finance and service provision encourage policy equality, accountability and income integrity to encourage social equality and prosperity.

Mark Branson said that financial markets are crucial to a healthy and prosperous economy. These financial markets contribute to the effective capital formation and distribution and help these market participants to share economic growth and create wealth. Richard L. Cassin on September 2nd, 2014 emphasized that the Securities and Exchange Commission declared

on Friday a Whistleblower Award of more than \$300,000 went to a company audit and compliance, employee who complained to the SEC after the company did not bother any attention on the same information.

The whistleblower, if informs the company of wrongdoing, the performance of the Securities and Exchange Commission of Pakistan (SECP) will be more effective. Insider trading has many consequences such as increasing the cost of capital, manipulating the market, and fraud. Therefore, better whistleblower strategies and tactics can not only make regulators more effective, but also protect investors from the consequences of insider trading. Insider trading is not limited to company employees and major shareholders, but also includes any individuals who conduct transactions based on material non-public information. It is also a violation of trust obligations.

Various research reports were issued to protect whistleblowers. At the same time, SECP and other countries (such as the US Securities and Exchange Commission) have also enacted many laws over time.

The Securities and Exchange Commission of Pakistan (SECP) has filed a number of complaints against culprits due to insider trading and market manipulation. The SECP has mentioned that criminal cases has been filed such as on February 23, 2017 against an employee of a leading bank, who was working as Assistant Vice President (AVP) investment due to insider trading. On March 7th, 2017 the SECP filed criminal complaint against a person who showed manipulation in the share price of Goher Engineering Limited. On April 2017 the SECP filed another complaint against Darson Securities (Private) Limited (Darson) and its three clients for manipulating the prices of 28 Scrips from April 1st 2012 to March 15th 2014. These cases were filled in the Karachi Session Court and others. Under the Law 1969, the SECP was unable to work for investors' protection and to handle investors' complaints. But after promulgation and introduction of a new law (Securities Act 2015). Concept about licensing of persons and regulation of persons has been introduced. The SECP issued number of press release to warn from Insider trading and market manipulation such as Notification under section

15D of the 1969 Securities & Exchange ordinance, press release February 16th, 2015 related to Ishaq Dar who stressed and directed the SECP to take serious/strict actions against insider trading and issued notification dated February 1st 2016 about obligation of listed companies to maintain and update register on regular basis regarding the list of people employed and have access to inside information. The Securities and Exchange Commission of Pakistan (SECP) has filed numerous complaints against criminals for insider trading and market manipulation. The SECP has already mentioned that the criminal case was submitted to a leading bank employee on February 23, 2017, and was the assistant vice president (AVP) investment due to insider trading. On March 7, 2017, SECP instituted criminal proceedings against those who manipulated the price of Goher Engineering Limited. In April 2017, SECP re-directed to Thaksin Securities (Private) Co., Ltd. (Tass) and its three customers from April 1, 2012 to March 15, 2014. Submit a complaint and ask to deal with the price of 28 slips. These cases have been conducted at the Karachi conference court and elsewhere. Under the 1969 law, the SEP cannot provide investors with protection and handle investor complaints. However, after the promulgation of new laws ("Securities Act 2015"). Introduced the concept of personnel licensing and personnel management. The SECP issued press releases on insider trading and market manipulation warnings pursuant to section 15D of the Securities Exchange Act 1969. The press release related to Ishaq Dar published on February 16, 2015 emphasizes and directs the SECP's solemn/strict action against insider trading and Announcement issued on February 1, 2016, concerning the obligation of listed companies to maintain and update the periodic registration of the list of employed persons and obtain internal information.

Insider trading refers to the trading of stocks in other securities of the company such as bonds or stock options, and employee access non-public information. According to news reports, when someone mentions insider trading, insider, officials, directors, and employees buy and sell securities in their own companies. These securities have any special information that is not generally disclosed to the public. In addition, insider trading is considered to be unfair and unethical to other investors who are unable to

obtain information because the profits earned by internal investors exceed those of external investors.

Company owners, directors, senior managers, lawyers, accountants, and other information not available to the public are considered illegal. Friends, family members, and others provided by officials, directors, and employees of trading securities are also illegal.

Insider trading, if found, it will be difficult for the company to raise funds for new projects. In the period of about 50 years, the SECP, government and regulatory agencies have been working hard to introduce various measures that should regulate the stock market, reduce volatility and make it a safe place for investment.

Market manipulation is a deliberate attempt to interfere with the free and fair operation of the market, and to create false or misleading information on products, securities, commodities, or currency. In many countries, such as the United States (according to Article 9(a) of the Securities Exchange Act of 1934), Israel (according to Article 54(a) of the Securities Act of 1968) and Australia (according to Article 1041A of the 2001 Company Law) prohibit each Market manipulation.

Investment institutions, organizations in Pakistan or other countries protect whistleblowers in private, government and other sectors, such as the US Department of Labor (DOL) and laws, namely the Sarbanes-Oxley Act and the US federal guidelines on the organization and reporting of judgments, 2017 Promulgated. The reasons behind these laws are to protect whistleblowers from reprisals, loss of work and other benefits, and to increase the confidants' confidence in the United States.

Preserving market integrity and investor protection are the main objectives that regulators consider to preserve market integrity. In addition, according to them, accurate information on the price of securities must be provided to all participants at the same time. However, if allowing market manipulation leads to an increase in bids, the cost will be passed on to investors, and the cost will make them more expensive to buy and sell securities, thereby reducing the willingness of investors to

participate in the market and limiting the financial crisis in the jurisdiction of some countries. Short selling is hardly justified.

Market integrity implies fair and transparent operations, such as no misleading information or internal traders; investors can be confident and fully protected. Investor protection is a broad economic term that refers to any form of guarantee or insurance, and investment will not be lost, which may be fraudulent or otherwise. Protecting investors means safeguarding and implementing right and claims in the role of investors.

A senior official of state-owned enterprises stated that the whistleblowing law is an anti-corruption obligation stipulated by the UN Convention of Pakistan. In the 2015-16 budget, the government announced a reporting mechanism linked to sales tax and income tax. Therefore, the law cannot be implemented because no rules are established.

1.1. Purpose Statement

The aim of this study is to show the importance of the whistleblower to retain market integrity and investors' protection.

1.2 Objective Of The Research

The objective of the study is to investigate the role of whistleblower to retain market integrity and investors' protection.

1.3 Significance Of The Study

The significance of the study is the role of whistleblower who will help the regulatory authorities want to attract investors and to retain market integrity.

Henceforth, this study will also help the companies, to use whistleblower policies on effective way, practices and theoretical implementation will further support the companies to attract the investors' attention and market integrity will also retain.

1.4 Research Gap

The topic selected is under researched in the perspective of Pakistan and whistleblower

concept seems mostly in Pakistani Commercial Banks and there is a dire need to study the whistleblower role in respect of protection of investors and market integrity.

Ahmaed S. Z. explained in his article "A Critical Review of the Perspective of the Adjustment and Supervision of Conflicts of Interest in Pakistan" that the whistleblowers law in Pakistan is of little importance. Similarly, Sajid Bashir, Hamid Rafique Kalltak, Ayesha Hanif, and Sara Naseer Khokhar pointed out in his article "The whistles of public sector organizations: Evidence from Pakistan" that 63% of employees did not want to expose the employer's wrongdoing. He studied Only the public sector.

As mentioned earlier in this study, whistleblowers know that if they find a problem, they will face problems, namely, retaliation, unemployment, hostile work environment, they try to avoid these problems, and remain silent. (Published on September 19, 2016 in Dawn, business & the Finance Weekly).

This is the author's belief that it is necessary to study the whistleblower's role from the perspective of a listed company in Pakistan and to protect and motivate the plan. The whistleblower protection policy should be encouraged through policies and incentive programs. On May 6, 2016, the Federal Revenue Service (FBR) launched an incentive program aimed at the general public on illegal corruption related to sales and income taxes. The same policy should be applied to manipulation, insider trading and other fraudulent activities.

Research studies (Middlesex University Research Library Information, Whistleblower Protection Act: Overview, Reporting, Good Governance, etc.) However, many frauds are hidden and need to be exposed for the protection of the investors and market. The SEPC can identify/eliminate fraud by strengthening whistleblower protection measures. The reward mechanism is provided in other countries such as the United States (the SEC report award program). The United States issued over \$57 million to whistleblowers. In addition, it has been observed that the Securities and Exchange Commission of the United States has provided more protection for whistleblowers, and as a

result of these statutes of protection, whistleblowers have found more fraud than the Securities and Exchange Commission of Pakistan.

In view of the above situation, it is urgent to pay attention to attracting whistleblowers to provide information, not only through issuing protection notices, but also providing incentives/rewards for whistleblowers and whistleblowers (that is, the National Whistleblower Center) for public attention in the United States, Britain, and the United Kingdom (PCaW).), so that regulatory agencies (i.e. the SEPC and the government) can obtain information on violations, and maintain market integrity and investor protection.

2 Literature Review

The whistleblower is an employee who discloses conduct by the employer that the employee reasonably believes to be a violation of any law or regulation (Thomas E. Egan). Adam Zagorin & Timothy J. Burger explained that Whistleblower are lionized in the society because they have the courage to be so counter structural. Tim V. Eaton described that whistleblower reported wrongdoing within an organization to internal or external parties. Laine Kaplan reports that there was no employee support for whistleblowers and that anti-corruption efforts were hampered.

World Bank, World Development Report 2006: Define whistleblowers to threaten people with power and protect employees from whistling. KOHN, supra note 14, 378: Reporting is very important for the business sector and financial markets, which can increase transparency and integrity. Sarbanes Oxley Act 2002, Pub. L. No. 107-204, 116 Stat. 745; Include in the federal and state legislation to encourage and protect whistleblowers from retaliation. KOHN, supra note 14, 378: Reporting is very important for the business sector and financial markets, which can increase transparency and integrity. In addition, they also need to inform the person to obtain legal counsel (Peter Eisler, American Lets Whistle-blowers Lose Jobs).

According to the Richard Lacayo Amanda Ripley, and Simon explained that the celebrated heroes of whistleblowers such as Sherron

Watkins of Enron fame, Cynthia Cooper of WorldCom, and Colleen Rowley from the FBU, persons of time magazine's 2002 of the year disliked and called tattletale. False Claims Act, 31 USC (2000) was enacted in 1863 to boost the private citizens to provide information on fraudulent activities of companies. Similarly, the author aptly described whistle-blowing is as a choice between conflicting social values. He said society give values to the team players not to "rat" snitches and turncoats (Richard Lacayo & Amanda Ripley, Persons of the year, Simons, Supra note 4 and Aptly).

The Sarbenes Oxley Act was enacted in 2002 to protect employees against providing information about wrongdoing. The bill reflects the political and economic pressures on reforms due to corporate scandals and erosion of financial markets. Investors in the Sarbanes-Oakley Act in 2002 believed that American companies were not suitable for corporate fraud because of the collapse of Enron, one of the fastest growing companies. Later in 2002, a series of corrupt retaliations occurred. Bankruptcy. The promulgation of the decree encourages employees to notify misconduct to protect investors.

According to Stephanie Nisol of the Wall Street Journal on the Internet, after the Sarbanes-Oakley Act of 2002 passed, regulators failed to encourage people to boast that even large-scale fraud and new scandals issued by US companies. Direct costs such as robbery and burglary estimates 4 billion U.S. dollars each year, and the direct cost of white-collar crime is estimated at 40 billion U.S. dollars, up to 1 trillion U.S. dollars per year. In view of this situation in 1986, the "False Claims Act" was strengthened to strengthen recovery in order to motivate private citizens to bring lawsuits on behalf of the government, and to protect those employees who did not dare to expose the employer's wrongdoing because of retaliation (David o. Friedrichs, *Trusted Criminals* 47 (2003 2nd Edition), Eric Dash, the report estimates the stock options scandal of the New York Times on September 6, 2006 and the cost of Westman & Modesitt, supra note 3, 199; 31 USC 3730 (h), 2000).

According to Infra Text, accompanying Note 243-49 and MSPB 1993 Report Note 33, explained

at 9-17 that employees can be encouraged to whistleblowing by creating workplace conditions, and training through this management is acceptable. Management can reduce fears by telling employees to act honestly, respond to reporters and take disciplinary actions, and make false retaliations or retaliations against reporters. Therefore, sincere employers should welcome information on criminal offenses within the organization so that they can control such behavior (Cherry, *supra* note 132, pp. 1070-75).

According to Lewis, David B. & Carr, Indira (2010): corruption has been hidden activity just like money laundering and drug trafficking. It is difficult for law enforcement authorities to investigate and collect evidence against those who involved in these activities in developing and even developed countries. People who speak out against the people involved corruption in the public interest within the organization are protected under Article 33 of the United Nation Convention against Corruption (UNCAC) (a).

The "United Nations Convention against Corruption" (UNCAC) (b) emphasizes that in order to prevent corruption, many issues have been developed in the broad area of human resource management. The "United Nations Convention against Corruption" (UNCAC) (c) remained silent and did not use the Employment Act as a tool to combat corruption. Therefore, the discussion shows that the employment law may have to contain corruption depending on national laws, which vary from country to country. Article 33 of the "United Nations Convention against Corruption" (UNCAC) (d) protects all types of persons, including those who proceed from within the organization in the public interest.

The "United Nations Convention against Corruption" (UNCAC) (e) explains a way to show the integrity of the organization: the state provides legislation that encourages workers; and employees provide information about wrongdoing by providing adequate disclosure to public disclosures.

Middlesex University, London (a) mentioned in article 215, we must get rid of whistleblowing, get rid of infidelity or betrayal, and strengthen the responsibility for anti-corruption and mismanagement. Each organization has

adopted its own regulatory approach and has introduced whistle-blowing policies and procedures and has protected those violations. Further, explained that curbing the corrupt activities within the organization, human relationship operates under the laws, legislations and code of practice. According to the court of appeal in the Panama V Landon Borigh of Harney describe fairness as serious allegation. Para 450 article Middlesex University, London an employer engaged himself in corrupt activities as misappropriation of funds or false transactions through bribery. Corruption has been called a fair reason for dismissal but to suspect the corruption may more difficult to handle.

According to Neary V Dean of Westminster duty of trust and confidence is due to a fiduciary relationship. A fiduciary has a good faith, not earn profit out of his trust, not place himself in a position where his duty and interest cause conflict.

The University of London, Middlesex (b) revealed that there is no doubt that criminal laws that are affected by anti-corruption, employment laws, and whistleblower protection at the regional and international levels provide additional tools for combating corruption. The Surveillance and Government Reform Commission reported that the "Reporter Protection Act" (WPA) revised the "Reporter Protection Act of 2007". The WPA provides statutory protection for employees who participate in the report. The Congress enacted the WPA in 1989 to strengthen and improve the protection rights of employees and help the government by eliminating illegal acts and preventing retaliation.

After amendments and changing SOX was introduced to reshape the businesses and their attitudes towards workplace crime. Section 806, 30I and 1107 of Sarbanes Oxley Act provides additional guidance for whistle-blowing according to these sections anyone who provides information or assist in an investigation by an officer, employee, contractor, subcontractor or agent of the company. With the enactment of SOX more than 600 billion dollar annual loss was made due to fraud (Tim V. Eaton (b)).

Simon Wolfe, Mark Worth, Suelette Dreyfus & A J Brown (a) proclaimed that whistleblower protection is considered top priority in financial, economic and regulatory cooperation between G20 countries in November 2010. According to the Author analysis shows that whistleblower protection in Argentina is limited with no dedicated legislation of whistleblower protection. Australian legislation of the whistleblower is strong in internal procedures within the organization not only for facilitating disclosures, but also for protecting and supporting those employees who provide information of wrongdoing.

Simon Wolfe, Mark Worth, Suelette Dreyfus & A J Brown (b) Whistleblower protection in Brazil is extremely limited. Canada passed a law to encourage Government employees for whistle-blowing and their protection. China reported 30 criminal activities due to high level rules about protection of whistleblower across the public private sectors. In 2007, France protected the employees of private sectors from reprisal, due to that 36 corruption observed in the course of their duties.

Simon Wolfe, Mark Worth, and Suelette Dreyfus & AJ Brown (a) announced that the financial, economic, and regulatory cooperation among G20 countries in November 2010 saw whistleblower protection as a top priority. According to the author's analysis, the protection of whistleblowers in Argentina is limited and there is no specific whistleblower protection legislation. Australian whistleblower legislation is very powerful in internal processes within the organization, not only to facilitate disclosure, but also to protect and support employees who provide information about wrongdoing.

Simon Wolfe, Mark Worth, Suelette Dreyfus & A J Brown (b) The whistleblower protection in Brazil is extremely limited. Canada has passed a law to encourage government employees to report and protect. Due to the high level of protection of whistleblowers in the public and private sectors, China reported 30 criminal activities. In 2007, France protected employees in the private sector from retaliation because of the discovery of 36 corruption in the performance of their duties.

Simon Wolfe, Mark Worth, and Suelette Dreyfus & A J Brown (c) stated that the United States has multiple federal, state and local laws and has agencies that cover reporting and protection of whistleblowers. Fifty states have established federal public and private sector laws. In 2001, due to large-scale fraud and bankruptcy to increase investor confidence and market integrity, the list of largest companies in the top 500 collapsed and investor confidence deteriorated. In 2002, Congress drafted "Sarbanes Oxley Act." The purpose of this act is to protect the whistleblower. The US Congress has enacted the Sarbanes-Oxley Act so that the chances of a recurrence of the Enron scandal may be reduced, and the threat of another scandal may be stopped, thereby reducing the investor confidence market.

In his article, Caryn R. Nutt stated that Enron is one of the most famous companies in the United States. Its assets totaled 49 billion U.S. dollars and was ranked as the seventh largest company by Fortune magazine. The whistleblower's rule is to provide information on employer fraud by ensuring that employees are not retaliated, and the Sarbanes Oxley Act is enacted to protect investors (prevent fraudulent acts as guardians) and maintain the integrity of the US stock market.

Lacayo & Ripley Supra note 2; Kelly, supra note 3 voiced that in 2001 vice president of Enron the world's largest company Mrs. Sherron Watkins exposed the wrongdoing related to accounting transactions to Enron's President Mr. Kenneth Lay. Similarly, another whistleblower news occurred at WorldCom when Cynthia Cooper reported about illegal and fraudulent book keeping activities of the company's board of directors that have made up millions of dollars in losses. Adam Fisher(a) shown that in response to these collapses of financial crisis the US congress passed the Sarbanes Oxley Corporate Reform Act of 2002. Adam Fisher(b) highlighted that Section 806 of Sarbanes Oxley Act 2002 protects the employees of the public listed companies from retaliation and relevant civil as well as criminal penalties for those employers who violate section 806 of Sarbanes Oxley Act 2002.

Dr. William De Maria expressed that to fight with corruption, the aim has been

internationalized like the World Bank, OECD and Transparency International presently promoting the priority of official integrity across all countries. Further, he said that the whistleblower needs secrecy. The South African law is the single law that provides no civil & criminal protection to the whistleblowers on the other hand the Queensland and New Zealand schemes, and civil indemnity in the Irish bill has a powerful protections.

Shaun D. Ledgerwood and Paul R. Carpenter emphasized that without recordings, instant messages, e-mails, or smoking guns provided by informants, it is difficult to obtain evidence of manipulation using only transaction data.

According to the theories of misappropriation established by the laws of the United States, anyone who misappropriates his employer's information and trades any stock may be guilty of insider trading. In addition, anyone who receives information and knows it is non-public, and he enjoys any benefits of giving information or participating in any completely illegal, unethical activity.

Rebecca Soderstrom asserted that market manipulation is a form of market abuse, such as distributing false information in the market, buying and selling orders for the same securities at the same price, and concealing ownership when the law requires disclosure. Financial market scandals such as Enron and WorldCom are also the causes of market abuse. Avgouleas briefly stated in his study (page 4) that the main threat to the health of financial markets is market abuse.

Hagens Berman's blog (HB) The whistleblower legal team emphasizes that insider trading includes company insiders who purchase or sell shares to the company based on non-public information learned from their own business activities, while insider traders receive better information than others Shareholders and traders. In addition, he also mentioned that if there is good news, insiders buy and sell stocks before stock prices rise, and if bad news occurs, insiders sell the shares to unknown investors and avoid losses. The prohibition on insider trading first came from the Securities Exchange Act of 1934, which stipulated that no person or

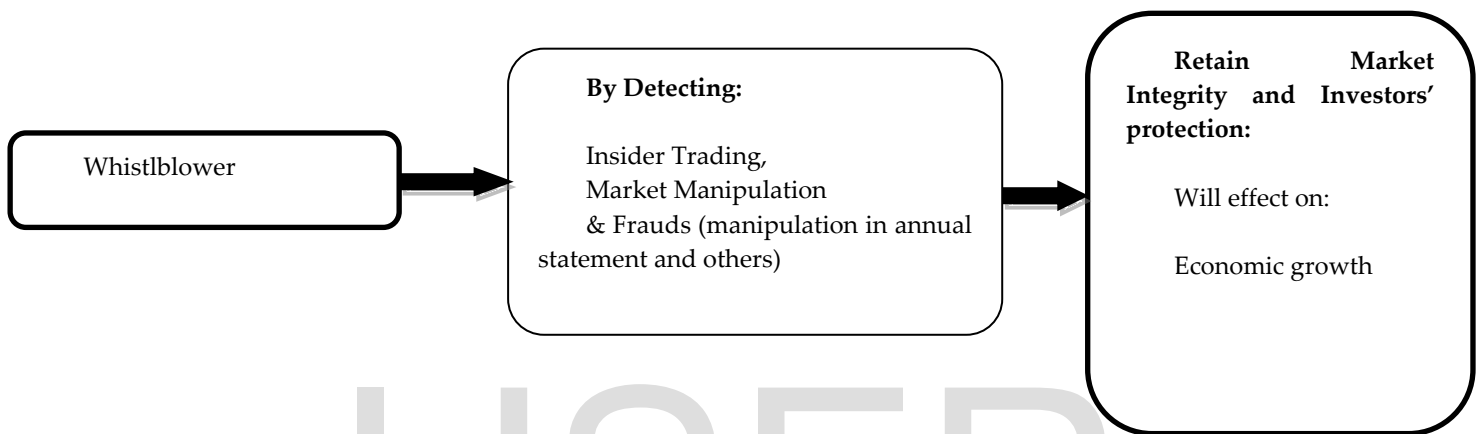
employee may trade any securities through manipulation or deception.

Lyon and du Plessis mentioned that sometimes whistleblowers are happy to provide information related to market abuse and disclose their true identity. Messi and Michigan pointed out in 2007 that whistleblowers played a role in preventing market abuses, concealing or keeping secrets against innocent investors, and that unknown and damage was illegal. Chapman and Dennis described in 2005 that whistleblowers must obtain worldwide compensation and courage to improve and detect market abuses such as insider trading. Howard Chitimira explained that market abuse is like insider trading and market manipulation.

Zabihollah Rezaee has defined financial statement fraud as expensive for market participants, including investors, creditors, pensioners and employees. Capital market participants seek that companies should remain vigilant and aggressive in corporate governance to ensure transparent, honest and truthful financial information. The "Sarbanes Oxley Act 2002" was introduced to strengthen corporate governance practices, the quality of financial reporting and the credibility of audit functions. Geoferey Christopher Rapp assumed that the law could increase the whistleblower reward for recovering financial and corporate fraud victims. In addition, the U.S. Congress also issued a unified, nationwide anti-logged money, exposing its employer's financial and accounting fraud.

3 Theoretical Model:

Figure1: Figure1: *To Retain Market Integrity and Investors' Protection: The Role of Whistleblower (in Detection of Insider Trading, Market Manipulation & Frauds), their protection and incentive Program: A study in Pakistan.*



4 Hypothesis

Hypothesis 1

H0: There is no significant relationship between whistleblowers and insider trading.

H1: There is a significant relationship between whistleblowers and insider trading.

Hypothesis 2

H0: There is no significant relationship between whistleblowers and market manipulation.

H1: There is a significant relationship between whistleblowers and market manipulation.

Hypothesis 3

H0: There is no significant relationship between whistleblowers and fraud.

H1: There is a significant relationship between whistleblowers and fraud.

Hypothesis 4

H0: There is no significant relationship between insider trading and whistleblower.

H1: There is a significant relationship between insider trading and whistleblower.

Hypothesis 5

H0: There is no significant relationship between market manipulation and whistleblower.

H1: There is a significant relationship market manipulation and a whistleblower.

Hypothesis 6

H0: There is no significant relationship between fraud and whistleblower.

H1: There is a significant relationship between fraud and whistleblower.

Hypothesis 7

H0: There is no significant relationship between insider trading and market integrity.

H1: There is a significant relationship between insider trading and market integrity.

Hypothesis 8

H0: There is no significant relationship between market manipulation and market integrity.

H1: There is a significant relationship between market manipulation and market integrity.

Hypothesis 9

H0: There is no significant relationship between fraud and market integrity.

H1: There is a significant relationship between fraud and market integrity.

Hypothesis 10

H0: There is no significant relationship between insider trading and investors' protection.

H1: There is a significant relationship between insider trading and investors' protection.

Hypothesis 11

H0: There is no significant relationship between fraud and investors' protection.

H1: There is a significant relationship between fraud and investors' protection.

Hypothesis 12

H0: There is no significant relationship between a whistleblower and market integrity.

H1: There is a significant relationship between a whistleblower and market integrity.

Hypothesis 13

H0: There is no significant relationship between whistleblower and investors' protection.

H1: There is a significant relationship between whistleblower and investors' protection.

5 Research Methodology

The methodology used for the study is based on quantitative method approach. For this purpose questionnaire was prepared. Questions were asked to

gather the information from the respondents about the role of whistleblower on market integrity and investors' protection by detecting insider trading, market manipulation and fraud (Manipulation of financial statement). Total 39 number of questions were asked from the selected population comprising 10 nos. of questions were asked for Whistleblower, 07 nos. of questions were asked for Insider trading, 06 no. of questions were asked for Market Manipulation, 06 nos. of questions were asked for fraud, 06 nos. of questions were asked for market integrity, 05 numbers of questions were asked for Investors' protection. These questions were adapted from literature of different studies mentioned in the reference section.

5.1 Population

The population of the study was obtained from the employees of Listed Companies and from other relevant population, such as students and general public to get their opinion regarding whistleblower's roles, protection and incentive programs in the Lahore District.

5.2 Population Size

Data collected from Lahore.

5.3 Research Instrument

The biographical questionnaire was used, incorporated the following personal information of the respondents, gender, age, qualification, name of department, number of employees in your department, sector, type of contractual appointment, rank & salary range.

5.4 Questionnaire Structure

Respondents were requested to select one option which was best for their feelings or attitude at the given time of each question.

The selected responses were specified in five – points:

- Strongly Disagree = 1
- Disagree = 2
- Neutral = 3
- Agree = 4
- Strongly Agree = 5

5.5 Sample Technique

The Random Sampling technique was used in this research. Random sampling means each individual in the population has an equal probability of being selected (John W. Creswell 2003).

5.6 Sample

Pakistan Stock Exchange listed companies selected for research.

5.7 Sample Size

The sample size of the study was 200 respondents.

5.8 Data Collection

Quantitative methodology was followed and questionnaire was used for data collection. The data gathering techniques were used to include a biographical questionnaire.

5.9 Reliability and Validity

Reliability refers to the consistency or reliability of the measuring instrument (Leary, 2004, p. 69). Reliability refers to the consistency of a conceptual measurement (Alan Bryman, Emma Bell 2003).

Effectiveness, on the other hand, refers to the actual measurement of the measurement process, not to the extent of measuring other content, or nothing (Leary, 2004, p. 69). Whereas effectiveness refers to whether an indicator (or set of indicators) that measures a concept does measure that concept (Alan Bryman, Emma Bell 2003).

6 Statistical Analysis

According to Leary (2004, p. 37), "statistical analysis is used to describe the description of observed changes in behavioral data." Therefore, the purpose of statistics is to summarize and answer questions about behavioral variability in research.

6.1 Demographic Profile of Respondents

A Questionnaire was distributed among 200 respondents, all were responded the questions accordingly. Demographic Profile of Respondents is presented in table 01, cited below. This table contains

information on all of the respondents on the basis of gender, age, qualification, name of department, number of employees in your department, sector, type of contractual appointment, rank & salary range.

Table No. 01

Respondents Responses	Frequency	Percent
Male	139	69.5
Female	61	30.5
Age (N=300)		
Under 20 Years	29	14.5
21-30 Years	122	61.0
31-40 Years	29	14.5
41-50 Years	9	4.5
51-60	11	5.5
Qualification		
PHD	7	3.5
MPhil	49	24.5
Master Degree	75	37.5
Other (Please Specify)	69	34.5
Department		
Mentioned Department Name	153	76.5
Not Mentioned Department Name	47	23.5
Employees in your Department		
10-50	154	77.0
50-100	9	4.5
100-1000	4	2.0
1000-10000	31	15.5
1001 and Above	2	1.0
Sector		
Public	42	21.0
Private	158	79.0
Appointment		
Permanent	91	45.5
Full time contractual	109	54.5
Rank		
Director	9	4.5
Manager	63	31.5
Auditor	17	8.5
Accountant	105	52.5
Supervisor	6	3.0
Salary Range		
Below 30,000	82	41.0
Rs. 31,000 – 80,000	107	53.5
Rs. 81,000-100,000	6	3.0
Rs. 100,000 to above	5	2.5

Interpretation

Table 01 compress that out of 200 respondents, 139 (69.5%) are males and 61 (30.5%) are females. Of the 200 respondents, 122 (61.0%) are within 21-30 years old, 29 (14.5%) are in the age of 31-40. 200 respondents provided information on their qualification: 7 (3.5%) hold a PHD degree, 49 (24.5%) MPhil's degree, 75 (37.5%) holds a Master's degree. 69 (34.5%) and the rest of the others had a 69 (34.5%). Out of 200 respondents, information received regarding their sector i.e. private. 158 (79.0%) and their appointment was a full time contract. Total 200 numbers of respondents gave the information about their rank from which 9 (4.5%) were Directors, 63 (31.5%) were Managers, 17 (8.5%) were Auditors, 105 (52.5%) were accountants and rest of 6 (3.0%) were supervisors. All of these 200 respondents gave information regarding salary range from which below 30,000 were 82 (41.0%) and 107 (53.5%) were within 31,000 to 80,000 and so on.

An integral part of the study is based on a factor analysis. For this purpose, 300 sample sizes are considered to be a good rule of thumb (Tabachnick and Fidell, 1996). Subsequently, Green (1991) proposed a general rule of $N > 50 + 8X$, where N and X represent the sample size and the number of independent variables in the model, respectively. In addition, he suggests that a sample size greater than 130 can be considered sufficient to obtain the statistical power needed for testing. Therefore, the samples selected/used in this study can be considered descriptive.

6.2 Descriptive Statistics

Descriptive statistics were used to describe the behavior of respondents in the study. They refer to ways to reduce large numbers of observations to interpretable numbers, such as averages and percentages.

A frequency table used to provide information on key demographic variables, as well as the means and standard deviation of responses.

The average value is an indicator of the trend in the set of variables and provides an arithmetic average of the score distribution.

On the other hand, the standard deviation is an indicator of variability, which is calculated as the square root of the variance (Leary, 2004). The average scores for

different items range from 3.8050 to 4.4150, and the standard deviation values range from .61781 to 5.17997.

Table 02
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Whistleblower plays a very important role to retain market integrity and investors' protection	200	2.00	5.00	4.2350	.61781
Whistleblower helps the regulatory department, such as the SEcurities and Exchange Commission of Pakistan in curbing fraud, insider trading and market manipulation	200	1.00	5.00	3.9750	.92120
Whistleblower are remained silence in Pakistan due to non protection facilities such as retaliation, job loss, demotion etc.	200	1.00	5.00	4.0950	.82424
The SECP shall take steps for providing protection to the whistleblower from retaliation	200	2.00	5.00	4.0200	.75661
Whistleblower identity should not be exposed by the SECP	200	2.00	5.00	4.1700	.70254
Organization of all kinds should better understand what whistle-blowing is what the components of whistle-blowing are and where to come for more information	200	1.00	5.00	3.9600	.90137
The Organization should introduce a whistle-blowing policy among all the staff and protecting whistleblowers confidentially is an important part of any whistleblower policy	200	1.00	5.00	4.4150	5.17947
An environment should be created by an employer where employees may feel comfortable to submit information about wrongdoings	200	1.00	5.00	3.9500	.92291
A whistleblower policy cannot be effective unless it is communicated to employees, vendors, customers and shareholders	200	1.00	5.00	3.9600	1.04107

Whistleblower laws should be effective to provide information to the employees about safe disclosure channels, protected them from retaliation and to help those who have been dismissed improperly to regain their position and receive compensation for lost wages and other cost	200	1.00	5.00	3.9800	.97692
Insider trading harms the investors and damages the market integrity	200	1.00	5.00	4.1800	.87833
Any person involved in insider trading should be punished and guilty of insider trading	200	2.00	5.00	4.1100	.80069
Insider trading can be controlled by attracting criminal penalties.	200	1.00	34.00	4.0700	2.31558
Securities & Exchange Commission of Pakistan SECP should take visible steps or actions to curtail insider trading	200	2.00	5.00	4.1100	.73526
Insider trading can be detected with the help of whistleblower	200	1.00	5.00	3.9850	.93764
Stock Exchange and Securities & Exchange Commission of Pakistan (SECP) should force management to obey the listing rules for the protection of investors through press release	200	2.00	5.00	4.1050	.67547
Any rumor or fake information damages the value of shares that affect the market integrity and investor protection	200	1.00	5.00	3.9950	.85946
Market manipulation is prevented with the help of whistleblower	200	1.00	5.00	3.8050	.94946
Market manipulation which is concealed or remaining confidential, unknown and detrimental damages the investors' confidence	200	1.00	6.00	3.8150	1.00290
Market manipulation provides benefits to the management rather than all shareholders	200	1.00	5.00	4.2850	.75938
Market manipulation causes more cost for investors	200	2.00	5.00	4.1850	.79621
Market manipulation reduces the willingness of investors to participate in the market	200	1.00	5.00	4.1000	.81444

Market manipulation damages the integrity of the stock market	200	1.00	5.00	4.0600	.83660
Fraud is costly for the market participants, including investors, creditors, pensioners as well as employees	200	2.00	5.00	4.1700	.76421
To retain the confidence of the investors capital market should ensure transparency, honesty and true financial information	200	1.00	5.00	4.0850	.84340
SECP should take steps to enhance corporate Governance practices, quality of financial reporting and credibility of audit functions	200	1.00	5.00	4.1600	.89913
Incentive schemes should be provided to the whistleblowers for providing information of frauds	200	1.00	5.00	3.8550	.95842
Market integrity and investors' confidence should be retained by detecting frauds	200	2.00	5.00	4.0700	.82371
The role of the whistleblower is very important for detection frauds	200	1.00	5.00	4.2550	.79570
Market integrity attracts more investors in the stock market	200	2.00	5.00	3.9650	.72554
Market integrity is possible due to detection in insider trading, market manipulation and frauds	200	1.00	5.00	4.1050	.77263
Investors have a possession of companies' collateral (Assets) to secure from bankruptcy, so that investors can attract in the market without fear	200	1.00	5.00	4.0700	.81758
Market integrity helps in economic growth	200	1.00	5.00	4.0800	.81048
Market integrity is possible due to whistleblowing	200	1.00	5.00	3.9300	.94847
The investors' protection provides more capital to fulfill the project and other capital needs of the corporations	200	1.00	5.00	4.0800	.95822
Investors' protection is based on the guarantee that the investors would not lose their capital	200	1.00	5.00	3.8350	.84340

Investors' protection treaties and promotion agreement were found in foreign countries should be introduced in Pakistan	200	1.00	5.00	3.8350	1.05515
Investors' protection is possible due to detection in insider trading, market manipulation and frauds	200	1.00	5.00	3.9850	.76004
Whistleblower plays very important role for the protection of investors in exposing the wrongdoings of management against investors' capital	200	1.00	5.00	3.9350	.92469
Valid N (listwise)	200				

6.3 Reliability Statistic

Cronbach's alpha is used to measure internal consistency / reliability. It is also used when multiple questions in the form of scale are prepared for survey analysis and it is required to check the reliability of the scales.

Table 03

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Whistleblower Role	.811	10
Insider Trading	.819	07
Market Manipulation	.791	06
Fraud (Manipulation in Financial Statements)	.742	06
Market Integrity	.836	05
Investors Protection	.701	05

Interpretation

The above table shows that all the variable alpha coefficients are within the range of .836 to .701, reveals that the items have relatively high internal consistency as the value are greater than the .70, is considered acceptable.

7 Factor Analysis

The PCA technique was used for factor analysis and the maximum rotation method was used to check the structural validity (convergence and discriminant validity). The results of the PCA technique are given in Tables 03, 04 and 05. The KMO (Sampling Adequacy Test) and Bartlett Sphericity tests were measured to check if the data were sufficient for factor analysis or not. Sampling

adequacy indicates the strength of the connection between variables, while sphericity refers to the orthogonality of the constituent components. Therefore, these two tests can provide confirmation about worth proceeding with factor analysis.

In addition, factor analysis reduces the data for a large number of items to a small number of interrelated factors. These interrelated factors cover the information and are included in the original dimension as much as possible. These factors simplify the interpretation and understanding of complex phenomena. For instance, if factor analysis reduces four dimensions of independent variables (Whistleblower role) into just one factor, then what happens with the independent variables can be analyzed and interpreted as due to a change in an independent variable rather than saying what happens to a dimension of whistleblower role is due to a change in an independent variable. It is worth nothing that the underlying assumption of using factor analysis is that the dimensions of a construct are correlated.

7.1 KMO and Bartlett’s Test

Table No. 4

Constructs	No. of Items	KMO Measure of sample adequacy	Bartlett’s Test of Sphericity Chi-Square	Bartlett’s Test of Sphericity Sig.
Whistleblower Role	02	.500	29.369	.000
Insider Trading	06	.736	390.207	.000
Market Manipulation	05	.739	338.888	.000
Fraud (Manipulation in financial statements)	05	.769	233.094	.000
Market Integrity	05	.846	367.774	.000
Investors’ Protection	05	.653	200.237	.000

Interpretation

KMO technique shows the applicability of factor analysis. The value of KMO varies from 0 to 1. A value of 0 indicates that there is a large distribution in the relevant profile; since then, the application of factor analysis has

changed with inappropriate changes. A value of 1 indicates that the relevant profile is relatively stable, which means that factor analysis is appropriate.

According to (Hutcheson and Sofroniou, 1999): If 0.5 is considered bad, if the value of KMO is 0.6 and 0.7 it is average, it reflects well between 0.7 and 0.8, it is considered good between 0.8 and 0.9, And if 0.9 is considered superb.

The table shows that the value of each construct is equal to the recommended acceptable level, for example, the internal trading KMO is .736, the market manipulation is .739, the fraud is .769, the market integrity is .846, and the investor protection is .653 except Whistleblower role and its KMO is .500 it is acceptable, but considered poor. So, the KMO technique specifies worth of factor analysis.

Bartlett’s spherical test was used to examine the significance level of the relationship between structural items. If there is no relationship between the items of a component, it is impossible to continue factor analysis. Bartlett contains the above test. 000,000,000, .0000, .000, .000, .000 and .000. In general, the Bartlett test had a p-value of less than 0.05 in the case of all constructs, which provided evidence for the null hypothesis that there was no correlation. Henceforth, it is possible to continue to factor.

7.2 Eigenvalues and Total Variance Explained

Table No.5

Construct	Components	Total	Initial Eigenvalues % of Variance Explained	Cumulative % of variance explained
Whistleblower Role	Comp 1	1.372	68.586	68.586
Insider Trading	Comp 1	3.064	51.072	51.072
Market Manipulation	Comp 1	2.801	56.025	56.025
Fraud	Comp 1	2.592	51.835	51.835
Market Integrity	Comp 1	3.030	60.596	60.596
Investors’ Protection	Comp 1	2.321	46.425	46.425

Interpretation

Table 4 shows all eigenvalues and shows total variances explained for the constructs. Whistleblower role, with 02 items, explained 68.586% variance by the participants, 06 values explained 51.072% variance for insider trading, 05 values explained 56.025% variance for market manipulation, and 05 values were explained 51.835% variance for fraud, market integrity & investors' protection had 05 & 05 values explained 60.596% & 46.425% variances.

7.3 Component Matrix

Table No. 6

Items	Component
Whistleblower Role	PCAWR
The SECP shall take steps for providing protection to the whistleblower from retaliation.	.828
Whistleblower identity should not be exposed by the SECP	.828
Insider Trading	PCAIT
Insider trading harms the investors and damages the market integrity.	.802
Any person involved in insider trading should be punished and guilty of insider trading	.796
Securities & Exchange Commission of Pakistan SECP should take visible steps or actions to curtail insider trading.	.658
Insider trading can be detected with the help of whistleblower	.727
Stock Exchange and Securities & Exchange Commission of Pakistan (SECP) should force management to obey the listing rules for the protection of investors through press release	.707
Any rumor or fake information damages the value of shares that affect the market integrity and investor protection.	.571
Market Manipulation	PCAM
Market manipulation which is concealed or remaining confidential, unknown and detrimental damages the investors' confidence.	.562
Market manipulation provides benefits	.803

to the management rather than all shareholders	
Market manipulation causes more cost for investors.	.830
Market manipulation reduces the willingness of investors to participate in the market.	.713
Market manipulation damages the integrity of the stock market	.802
Fraud (Manipulation in Financial Statements and others)	PCAF
To retain the confidence of the investors' capital market should ensure transparency, honesty and true financial information.	.689
SECP should take steps to enhance corporate Governance practices, quality of financial reporting and credibility of audit functions.	.728
Incentive schemes should be provided to the whistleblower for providing information of frauds.	.680
Market integrity and investor's confidence should be retained by detecting frauds.	.735
The role of the whistleblower is very important for detection frauds.	.765
Market Integrity	PCAMI
Market Integrity attracts more investors in the stock market.	.644
Market integrity is possible due to detection in insider trading, market manipulation and frauds.	.748
Investors have a possession of companies' collateral (Assets) to secure from bankruptcy, so that investors can attract in the market without fear	.842
Market integrity helps in economic growth.	.811
Market integrity is possible due to whistle-blowing.	.831
Investors' Protection	PCAIP
The investors' protection i more capital to fulfill the project and other capital needs of the corporations	.588
The investors' protection is based on the guarantee that the investors would not lose their capital.	.717
Investors' protection is treaties and	.759

promotion agreement were found in foreign countries should be introduced in Pakistan	
Investor's protection is possible due to detection in insider trading, market manipulation and frauds	.729
Whistleblower plays very important role for the protection of investors in exposing the wrongdoings of management against investor's capital.	.596

Interpretation

Table 05 shows the value of the factor for loading all items. According to Straub et al. (2004), the minimum value for loading all items should be greater than 0.40, and the cross loading of items should not exceed 0.40. The factor in the whistleblower role is to load .828 to .828. Insider trading factors are loading .571 to .802. Market manipulation factors are loading .562 to .830. The fraud factor is loading .728 to .689. In addition, market integrity and investor protection factors for all projects were loaded from .644 to .842&.588 to .759. Therefore, the above results meet the criteria of structural validity, including the validity of the discriminant (at least 0.40 in load, no cross-over load above 0.40) and the convergent validity (at least 1 for characteristic value and at least 0.40 in load) Collecting data is effective.

8 Regression Analysis

Regression analysis is used to identify the relationship between independent variables, that is, the whistleblower's role in mediating variables, namely insider trading, market manipulation and fraud, and the further, the effect of mediating variables on the market integrity and investors' protection.

Table No. 07

Independent Variables	Dependent Variables (Insider Trading)				
	Adjusted R2	Durbin Watson	F-Statistic	T Ratios	VIF
Whistleblower Role	(.042) .217 Beta	1.741	9.739	3.121	1.000
Independent Variables	Dependent Variables (Market Manipulation)				
Whistleblower	(.087)	1.751	19.851	4.455	1.000

er Role	.302 Beta				
Independent Variables (Fraud)					
Whistleblower Role	(.008) .115 Beta	1.761	2.660	2.000	1.000
Independent Variables (Market Integrity)					
Whistleblower Role	(.037) .204 Beta	1.753	8.627	2.937	1.000
Independent Variables (Investors Protection)					
Whistleblower Role	(.066) .265 Beta	1.701	15.005	3.874	1.000
Mediation Variables (Market Integrity)					
Insider Trading	(.284) .536 Beta	1.806	79.782	8.932	1.000
Market Manipulation	(.392) .628 Beta	1.909	129.141	11.363	1.000
Fraud (Manipulation of financial statements)	(.466) .685 Beta	1.848	174.592	13.213	1.000
Mediation Variables (Investors Protection)					
Insider Trading	(.129) .354 Beta	1.874	28.325	5.322	1.000
Market Manipulation	(.098) .320 Beta	1.791	22.586	4.752	1.000
Fraud (Manipulation of financial statements)	(.168) .415	1.765	41.097	6.411	1.000

Interpretation

In the table, the model summary of the variables shows the value of Beta (β) and β is the slope of the coefficient and the regression coefficient. It shows how many dependent variables (Y) change with one unit of independent variable (X). A negative Beta value indicates that the dependent variable will change with the same unit, but in the opposite direction due to a change in one unit in the independent variable. Adjusted R-squared

values (Parantheses value), Durban Watson, F-statistics, T-ratio, and Colinearity statistics (VIF) were used to examine the significance level. The constant Beta shows the positive and negative relationships of variables. The adjusted R-squared number shows the relationship of the age percentage, and tells the independent variable contribution and dependent variable and explains the variance of the respondent. In the above table, the adjusted R-squared value is positive, on the other hand, Durban Watson should be between 1.7 and 2.3 so most of the values are within the standard range. We can say there is no serial correlation.

Similarly, the F statistic shows the level of significance and tells if the model is appropriate. It also means that the variable values in the above table are important. Correspondingly, the T ratio should be equal to 02 or greater than 02 and also show a significant level, i.e, 0.05 (which means 95% of the data is correct, 5% of uncertainty). Therefore, all the values shown in the table are greater than 02 and are significant. There is no need to check the diagnostic test. VIF shows that the serial collinearity should be less than 10 equal to 10 but no more than 10, and the above value of VIF is less than 10, which means there is no serial collinearity. If serial collinearity exists, there is no need to continue using independent variables to have no relationship between the dependent variables.

Unnormalized coefficients give a formula, we can predict their scores (dependent variables) from X-scores (independent variables) Y. The best way this formula can be said to estimate and individual Y-scores is based on individual X-scores.

$$Y = a + bx$$

$$\text{Like } Y = .217 + .042 (\text{PCAWR}) \text{ WR (Whistleblower Role)}$$

$$Y = .259$$

And so on.....

8.1 Multiple Regression Analysis

Mediation may be tested when independent variable direct effects of a mediating variable, a mediating variable effect on a dependent variable and independent variable affects the dependent variable, also when shows significant result then mediation may be tested. Independent and mediating variables are entered in regression as independent variables to test the mediation

of a variable. In case the coefficients of both independent and mediating variables are significant, then the mediation is called partial mediation between mediating, independent and dependent variable. If one variable like mediating variable coefficient is remain significant, but the coefficient of dependent variable turn insignificant, and both used in regression as independent variable, then the result will be shown as full mediation of mediating variable, independent variable and dependent variable.¹

Table No. 07

Independent Variables	Dependent Variable (Market Integrity)	Dependent Variable (Investors' Protection)
Whistleblower Role	.030 (2.605)	.194 (2.93)
Insider Trading	.163 (2.843)	.141 (3.842)
Market Manipulation	.298 (4.886)	.018 (3.220)
Fraud (Manipulation in Financial Statement)	.425 (6.923)	.308 (3.751)

Interpretation

Table 07 shows the independent and dependent variables that contain the β and T ratios in parentheses. In addition, the table reflects that market manipulation and fraud contribute more to market integrity on the other side insider trading, fraud contribute more to investor protection than other variables.

Table No. 08

Independent Variables	Dependent Variable (Market Integrity)				
Whistleblower Rolre	.093 (1.512)	.016 (.278)	.127 (2.470)		
Insider Trading	.516 (8.421)				
Market Manipulation		.623 (10.725)			
Fraud			.670 (13.009)		

¹ Baron and Kenny (1986) study can be seen for further details.

Independent Variables						
Dependent Variable (Investors' Protection)						
Adjusted R2	.288	.389	.479			
F-Statistics	41.293	64.308	92.597			
Whistleblower Role	.198 (2.966)	.186 (2.670)	.221 (3.482)			
Insider Trading	.311 (4.655)					
Market Manipulation		.264 (3.794)				
Fraud			.389 (6.144)			
Adjusted R2	.154	.12	.21			
F-Statistics	19.1	5	2			
	20	15.	27.			
		208	767			

Interpretation

Multiple regression analysis was used to test the mediation of selected mediators, independent and dependent variables. Table 08 shows the results of multiple regression analyses, each of which was selected as an independent variable and an independent variable (a whistleblower character).

The above table represents the Beta and T ratios in parentheses for all independent variables and mediation variables (as independent variables). The R2 and F statistics for all adjusted variables are also shown in the table. The whistleblower role (WR) and insider trading (IT) show that there is a partial mediation between WR and market integrity and investor protection, as the values of .093&.516 and .198&.311 are significant (less than 0.01). In addition, market manipulation and whistleblower roles (WR) and market integrity, as well as investor protection, are also partially mediated, and the value of market manipulation and whistleblower roles is important because 016&.623 and .186&.264 have values less than 0.01. On the other hand, other variables are also significant, and they have partial mediation with the dependent variable.

9 Discussions

This study found that the role of Whistleblower is very important for detecting insider trading, market manipulation and frauds. The Whistleblower should be protected through organizations by introducing whistleblower policies to expose any wrongdoing among the management and through regulators that if they feel that their employers' do not initiate any action against wrongdoing they filed the complaints to the regulators. Furthermore, SECP should take some steps for protection of whistleblowers against retaliation, job loss, demotion, Etc. and incentive should also be provided to the whistleblowers as well as whistleblower Center should be established to encourage whistleblowers. As expected, it is observed that the whistleblower has a significant relationship with market integrity and investors' protection.

10 Limitation of Study

This study was conducted from the employees of Listed Companies and from other relevant population, such as students and general public to get their opinion regarding whistleblower's roles, protection and incentive programs in the Lahore District. Other districts are required to be studied for future research.

11 Ethical consideration

The study was conducted with ethical consideration. The name of respondents will not be shown or mentioned in this study to others.

12 Implication of the study

This study will be very beneficial for those companies who intend to protect investors and also very beneficial for the market and regulatory department to retain market integrity. If regulators will focus on the protection of whistleblower and incentives as well as whistleblower Centre (i.e. National Whistleblowers Centre in the US, UK and Public Concern at Work (PCaW) in the UK) should be established to encourage whistleblowers, to expose wrongdoings of the management so that regulators can achieve their goals, i.e. to retain market integrity and investors' protection by detection of insider trading, market manipulation and fraud.

13 Recommendations

It is recommended that there is a need to encourage whistleblower policies from the side of organizations and whistleblower laws to protect them and encourage them from the side of regulatory departments such as the Securities and Exchange Commission of Pakistan so that regulators can achieve their goals i.e. to retain market integrity and investors' protection by detecting insider trading, market manipulation and fraud.

14 Conclusion

This study confirms that Whistleblower has a very important role to retain market integrity and investors' protection by detecting insider trading, market manipulation and frauds (manipulation in the Financial Statement and others). So, it is, concluded that the Securities and Exchange Commission of Pakistan should take some necessary steps for the protection of Whistleblower against retaliation, job loss, demotion and others and should also encourage the whistleblowers to contribute in the detection of insider trading, market manipulation and frauds. Henceforth, with the help of whistleblower the regulatory department will retain their integrity and will protect the investors.

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