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## **Reducing dishonest disclosures during expense reimbursement: Investigating the predictive power of the technology acceptance model with a corporate governance perspective**

### **Abstract**

**Purpose:** Companies allowing staff to self-report business expenses face the risk of expense fraud since staff members occasionally engage in dishonest behavior to receive reimbursements for their use. Drawing on the technology acceptance model, this study investigates the effects of perceived usefulness, perceived ease of use, and perceived security on the trust in e-reimbursement systems and the relationship with honest disclosure intention.

**Design/methodology/approach:** A self-administered questionnaire was distributed to 254 respondents, with the partial least squares structural equation modeling used to analyze the data.

**Findings:** The findings showed that perceived security and perceived usefulness explained trust in e-reimbursement systems, whereas perceived ease of use had no significant effect on it. Corporate governance and trust in e-reimbursement systems have a positive relationship with whistleblowing intention. At the same time, corporate governance mediates the relationship between trust in e-reimbursement systems and whistleblowing intention.

**Originality/value:** This study sheds light on using e-reimbursement systems within organizations to prevent fraudulent reimbursements and offers recommendations to management on enhancing employees' intention to engage in fraudulent behavior through e-reimbursement systems.

**Keywords:** Technology acceptance model, corporate governance, intention to disclose fraudulent behavior, e-reimbursement system, employee fraud

## **1. Introduction**

An employee performs internal organizational fraud for financial gain by abusing and misusing the company's resources or assets (van Driel, 2018). According to the most recent data from the Association of Certified Fraud Examiners (ACFE), gathered from 2,110 actual fraud cases investigated in 133 countries, more than \$4.7 trillion is lost globally every year due to occupational fraud (Association of Certified Fraud Examiners, 2021). They also projected that fraud costs businesses 5% of their annual revenues worldwide, with expense reimbursement being the most common type of fraud (Association of Certified Fraud Examiners, 2021).

Expense reimbursements are usually paid when an employee submits an official expense report with supporting documentation, such as a personal check, credit card receipt, or other kinds of receipt, along with an explanation of the expense's purpose, which includes the date and purpose of the expenses (McGee and Byington, 2008). The expense will be reimbursed when the report has received the required approval. As employees self-serve the reimbursement process, it opens a window of opportunities for nefarious activities.

The Association of Certified Fraud Examiners (2021) defines expense reimbursement fraud as a fraudulent disbursement scheme in which an employee claims reimbursement of fictitious or inflated business expenses. For instance, a dishonest employee can claim a fraudulent expense for a business dinner that was a family gathering. According to the Association of Certified Fraud Examiners (2021), expense reimbursement fraud can be broken into different categories, ranging from submitting expense claims that do not meet the criteria for reimbursement to submitting the same expenses multiple times. On average, employee expense reimbursement fraud led to a loss of more than \$30,000, and it would take more than a year before the fraud was revealed (Association of Certified Fraud Examiners, 2021). These demonstrate that employee expense reimbursement fraud remains a severe threat to businesses worldwide and is an issue that needs to be dealt with by employers.

In parallel with these global expense reimbursement fraud concerns, China has been grappling with financial fraud and implementing measures to strengthen control over such activities. Among the different kinds of financial fraud, expense reimbursement fraud has become a major compliance concern for almost all businesses in China, regardless of size or industry (China Daily, 2022). Although China has intensified its scrutiny of business-related expenses, expense reimbursement fraud has not been eradicated due to its history and prevalence in China (Boehmer, 2020). In the meantime, we continue to see different patterns of expense fraud in China, and the schemes have become increasingly covert and more challenging to detect. According to Liao and Zhang (2020), some of these schemes that are on the rise include counterfeit receipts produced with specially designed printers, inflated and fabricated business-related expenses. In a recent report, the number of

individuals charged with securities and futures-related crimes increased by 90.1% year-on-year to 211 during the first 11 months of 2021 (China Daily, 2022). This rise in charges is occurring alongside the COVID-19 pandemic, causing shifts in consumer behavior and disrupting business operations. Ernst and Young (2021) warned that organizations lacking robust anti-fraud programs would face heightened compliance risks, potentially leading to conflicts with authorities and eroding investor confidence. The Association of Certified Fraud Examiners (2021) further emphasized that deteriorating market conditions would likely increase payment fraud, bribery, corruption, and employee embezzlement. These concerns highlight the seriousness of financial fraud and underscore the need for proactive attention rather than neglecting the issue.

As such, the motivation for this study is twofold. Firstly, it seeks to delve into the intricate context in which our research is situated, specifically focusing on the multifaceted landscape of expense reimbursement fraud in China. China is a major player in the global economy, with a significant presence in international trade and business operations. Its substantial global economic footprint underscores the potential repercussions of financial fraud issues originating within its borders on the global economic stage. Therefore, gaining a nuanced understanding of this context becomes imperative, given the potentially far-reaching ramifications of fraud issues within China's jurisdiction.

Secondly, our research promises to offer invaluable insights that transcend the confines of its specific contextual boundaries. The attitudes of individuals towards reimbursement and fraudulence are interwoven with the cultural, legal, and organizational backdrop within which they operate. Cultural factors such as attitudes towards technology, legal frameworks including penalties for fraudulent behaviors; and the effectiveness of internal control systems and information technology infrastructure within organizations profoundly influence individuals' attitudes towards fraudulence. Consequently, the findings derived from our research may carry relevance for organizations navigating environments characterized by analogous cultural, legal, and organizational dynamics.

In doing so, our study equips such organizations with the knowledge required to bolster their capacity to combat fraud and safeguard their financial interests. That said, our study does not include these contextual variables as we do not aim to conduct cross-cultural study involving different countries. Ultimately, our study's motivation resides in its unique capacity to provide an exceptional vantage point into reimbursement fraud, offering insights that extend to a global scale. These insights can potentially inform more effective anti-fraud strategies in contexts with similar dynamics. As such, the study aims to examine the factors influencing expense reimbursement fraud in China.

There has been an increase in the literature examining employee fraud. For instance, Othman and Ameer (2022) investigate the circumstances around how and why employees in small firms in New Zealand utilize online computer access to commit fraud. Barone and Coscia (2018) report the current

state of knowledge regarding small business scams and conclude that many small firms lack the internal capabilities, resources, and reporting systems required to detect and prevent fraud efficiently. Finally, Junger *et al.* (2020) examine instances of fraud against Dutch companies in each of the following three categories: ghost invoices, fraudulent contracts, and CEO fraud. Yet, these literatures also highlighted several research gaps we would address in this study.

First, previous studies on employee fraud often explore general online fraud in small businesses (Othman and Ameer, 2022), external fraud (Junger *et al.*, 2020) and rely on international fraud survey data where fraud examiners are asked to self-report their fraud cases (Othman and Ameer, 2022). Also, to date, no studies have explored expense reimbursement fraud from the employee's perspective (Karpoff, 2021). This research addresses a notable gap in the literature by focusing on this, specifically within the context of e-reimbursement systems in China. Employees' perspectives within this context are paramount, as they offer valuable insights into the root causes of fraudulent behavior specific to e-reimbursement systems. This knowledge allows for implementing more robust internal controls, policies and procedures to prevent fraud from occurring in the first place. It also helps in designing effective detection mechanisms, such as data analytics or whistleblowing channels, to identify suspicious behavior and instances of fraud.

Second, several prior studies, such as Barone and Coscia (2018), were conducted in a pre-pandemic era. As the pandemic prompted a substantial portion of the workforce to adopt remote or "smart" work arrangements in China, it could have introduced new dynamics or challenges related to reimbursement processes and the potential for fraudulent activities. For instance, with employees working from diverse locations, the verification of expense claims and the adherence to reimbursement policies may have become more complex. Moreover, businesses in China suffered billions of dollars in losses because of the shutdowns and economic disruptions caused by the pandemic (Bloomberg, 2022). These have left employees financially vulnerable, with many experiencing furloughs and others receiving only partial or no pay. The financial strain caused by the pandemic has been evident, as reported by Van Kessel *et al.* (2021), with 33% of respondents said they had used their savings to pay their daily living expenses, while 25% said they had trouble paying their bills during the pandemic. The increased exposure of individuals to health and financial threats during the pandemic has heightened their susceptibility to acting nefarious (Tan *et al.*, 2023b). Understanding these vulnerabilities can help organizations implement supportive measures, provide resources, and address employees' specific needs, reducing the likelihood of fraudulent behavior.

Third, this study employs the Technology Acceptance Model to address the research gap of the psychological mechanisms underlying the reduction of fraudulent behavior. While the Technology Acceptance Model has been applied to various contexts, such as mobile wallets (Lew *et al.*, 2020),

mobile health applications (Dwivedi *et al.*, 2016), and mobile payment facilities (Leong *et al.*, 2020, Tan *et al.*, 2019), to our knowledge, no studies have used the Technology Acceptance Model to examine the adoption of the e-reimbursement system. Notably, there is a scarcity of research utilizing the Technology Acceptance Model to explore how e-reimbursement systems can influence corporate governance. Corporate governance is pivotal in an organization's ability to prevent and address fraudulent behavior. This specific gap gains significance in light of the study's motivation. Effective corporate governance hinges on the integrity of information systems and employee conduct, which are tied to the acceptance and utilization of e-reimbursement systems. By extending the Technology Acceptance Model to encompass trust in e-reimbursement systems, we acknowledge the potential role trust plays in shaping employees' decisions to embrace or avoid these systems. As highlighted by Lee *et al.* (2018), trust is an essential construct influencing the eventual usage decision. If employees trust an information system, they will probably use it; if they distrust it, they will try to find ways to avoid it. As critical as it seems, trust's role in information systems at work has not yet been systematically investigated. As Pereira *et al.* (2021) underscored, introducing systems has become particularly pertinent in the contemporary era as organizations increasingly rely on information systems for office reform. Given the mounting challenges of fraudulent claims and our overarching research motivation to reduce expense reimbursement fraud, understanding how corporate governance and trust promote honest employee behavior emerges as a crucial facet of our study.

Finally, it's noteworthy that many existing studies have predominantly relied on explanatory modeling techniques in understanding individuals' behavior (Shmueli, 2011). These studies often focused on understanding the relationships between variables within their models assessing the alignment with hypothesized directions and outcomes. However, while this conventional approach is valuable in explaining past behaviors, it has faced criticism for its inherent limitations, particularly in providing insights for future considerations (Sarstedt and Danks, 2021). In light of our study's motivation and purpose, we recognize the significance of addressing this methodological gap. Our research adopts a predictive analysis approach to extend beyond understanding historical behavior. Our objective, firmly anchored in the context of the study, is not only to shed light on past occurrences but also to provide precise predictions for future fraudulent behavior. By embracing this methodological shift, we aim to contribute not only to the scholarly understanding of reimbursement fraud but, more practically, to provide actionable insights that can empower organizations in anticipating and proactively mitigating fraudulent activities within the unique landscape of the Chinese context.

Our research substantially contributes to the existing body of knowledge by investigating the interconnectedness of the Technology Acceptance Model, trust in e-reimbursement systems and

corporate governance. This comprehensive examination sheds light on these variables and expands upon previous studies. Additionally, we employ predictive analysis techniques to quantify and assess the probability of individuals' inclination towards honest disclosure. Hence, our study enhances the field's understanding and offers valuable insights into the factors influencing honest disclosure intentions.

## **2. Theoretical framework**

The Technology Acceptance Model is proposed by Davis *et al.* (1989) in their application of the theory of rational behavior to study user acceptance of information systems. It has proven helpful in predicting and assessing information technology user acceptance and explaining individual determinants of technology adoption. Using the Technology Acceptance Model as the primary theoretical model, various complex user behavior models can be extended to analyze the behavior of human use of new technologies. The original purpose of proposing the Technology Acceptance Model was to provide an explanatory account of the determinants of widespread computer acceptance (Davis *et al.*, 1989). The Technology Acceptance Model proposes two main determinants: (1) perceived usefulness, which reflects the extent to which an individual believes that job performance can be improved using a particular system, and (2) perceived ease of use, which reflects the ease with which a person perceives a particular system as easy to use (Davis *et al.*, 1989). According to the Technology Acceptance Model, individuals are more likely to adopt a technology if they perceive it to be useful in enhancing their performance or achieving their goals and if they find it easy to use. However, the Technology Acceptance Model is parsimonious, and different scholars have extended the model. For instance, the Unified Theory of Acceptance and Use of Technology developed by Venkatesh *et al.* (2003) includes facilitating conditions, social influence, and personal characteristics as additional determinants of behavioral intention. Similarly, Ooi and Tan (2016) developed the Mobile Technology Acceptance Model after recognizing that “while the Technology Acceptance Model has been widely validated in many mobile studies and able to explain many adoption studies, they do not draw meaningful conclusions in different contexts.” Putting these literature together, it is evident that the Technology Acceptance Model has been extended by many scholars to address its limitations and also to adapt to the changing technological landscapes and contextual variations. Therefore, to further ensure that the research model (see Figure 1) measures the phenomena under investigation holistically, we have extended the Technology Acceptance Model by including perceived security as an additional antecedent, trust in e-reimbursement systems as the mediating variable and corporate governance in the model. After all, studies such as Leong *et al.* (2020) have shown that trust in the integrity of systems is critical towards enhancing usage intention.

**\*\*Insert Figure 1\*\***

### 3. Literature review and hypothesis development

#### 3.1 *Perceived usefulness on trust in e-reimbursement systems*

Perceived usefulness refers to the extent to which the target users perceive that using a specific system has improved their job performance (Wen *et al.*, 2011). This view is consistent with Davis (1989) statement that perceived usefulness is high when users perceive that using a particular technology will increase work productivity. Similarly, Liu and Tang (2018) noted that perceived usefulness could be defined as how much value a product can be perceived by its users. The higher the system's usefulness, the faster it will be accepted in the market. These studies have acknowledged the significant role of perceived usefulness in driving innovation adoption. Gefen *et al.* (2003) further explain that perceived usefulness encompasses both short-term and long-term benefits, such as preventing security breaches and unauthorized access to credit card information, which can incur additional costs in e-commerce applications. According to the Technology Acceptance Model, perceived usefulness influences users' intention to use a particular innovation by instilling the belief that the innovation offers distinct advantages over existing alternatives (Davis, 1993). This viewpoint is supported by research, such as the study by Singh and Sinha (2020), which found perceived usefulness to be a significant predictor of m-payment usage. In the context of the e-reimbursement system, we argue that perceived usefulness can be one of the key factors affecting the use of an e-reimbursement system. Like many other systems, when users perceive the system as useful, they are more likely to embrace it and utilize its features effectively. Perceived usefulness is demonstrated by using the e-reimbursement system, which not only improves the efficiency of reimbursement but also further realizes financial informatization. For instance, employees can maintain their personal information and view their historical reimbursement records, whereas the person in charge can control the cash flow of projects and departments in real-time (D'souza *et al.*, 2021).

Given the nature of the e-reimbursement system, trust in e-reimbursement systems is a critical construct for consideration. Trust can be defined as a sense of security and the willingness to rely on something (Flavián and Guinalíu, 2006). According to Pennington *et al.* (2003), it is also a predictive factor that influences the acceptance of new technologies and is a sense of confidence that comes from the completeness and credibility of different parties (Järvenpää *et al.*, 2023). A further definition by Arkorful *et al.* (2021) described trust in systems as a psychological construct that is an individual or group's judgment of whether the system or individuals within the system are effective and results-oriented in meeting their needs. Tan *et al.* (2023a) further explained that trust into two aspects – One, it is a belief, confidence, attitude, or expectation of a partner's trustworthiness; Two, as a dependent behavior or behavior intention, trust involves addressing vulnerability and uncertainty. Zarpou *et al.* (2012) adopted a different perspective and argued that trust is an important predictive factor that impacts consumer behavior on a unique technology in uncertain environments. From an e-



reimbursement perspective, trust is even more important. For one, sensitive and personal information, such as bank account details, receipts, types of purchase, and employee particulars would be shared over these platforms. Besides, users must trust the e-reimbursement system to process their claims accurately, validate receipts, and calculate reimbursements correctly. Finally, trust in e-reimbursement systems is also linked to transparency, where users should be able to track the progress of their reimbursement requests, understand the criteria used for reimbursement calculations, and receive clear communication regarding the status of their claims. Considering those mentioned above, we operationalize trust in e-reimbursement systems as the overall perception of employee trust in the e-reimbursement system.

Putting both constructs together, Huang (2021) explained that when users perceive technology to be helpful in human-computer interaction, their trust in it increases. Since perceived usefulness is a key antecedent that influences user acceptance and adoption of new technologies such as e-reimbursement, we argue that when employees perceive that using an e-reimbursement system can increase their productivity, their trust in e-reimbursement systems naturally increases, leading to the following hypothesis:

H1: Perceived usefulness has a positive effect on trust in e-reimbursement systems.

### *3.2 Perceived ease of use on trust in e-reimbursement systems*

Perceived ease of use refers to how much a system can be learned and used (Davis, 1989). A system will only be used if it is easy to maneuver. Ajzen (1991) also pointed to a high correlation between the difficulty of use and the choice of technology. These works inform us that people will choose if the technology is easy to use. If the interface is complex, people tend to avoid using it. On that note, researchers have examined the impact of perceived ease of use against the acceptance of technology. For instance, Qin *et al.* (2018) examine how perceived ease of use influences adoption attitudes towards mobile social networking games. Likewise, Leong *et al.* (2020) leverage similar constructs by examining the adoption attitude of m-payment applications.

However, when it comes to the e-reimbursement system, the situation becomes more complex due to the sensitive nature of the information involved. Firstly, the reimbursement process can be intricate and involve multiple steps, such as submitting expense reports, attaching receipts, and complying with specific guidelines or policies. Users may find navigating these processes challenging and ensuring compliance with the system requirements (Au and Kauffman, 2008). Besides, users may encounter difficulties accessing the system, understanding its user interface, or inputting the necessary information.

As such, we further argue that perceived ease of use is related to trust towards the system. If an interface is difficult to use, people will likely distrust the system and lose confidence in the system's ability. Therefore, if an organization wants its system to be adopted by its employees, it must ensure that the interface is easy to use and that the employee can trust the system. Building on the above, we hypothesize that:

H2: Perceived ease of use has a positive effect on trust in e-reimbursement systems.

### 3.3 *Perceived security on trust in e-reimbursement systems*

Salisbury *et al.* (2001) defined perceived security as the perceived degree to which sensitive information can be transmitted safely through the network. It can also be seen in the degree to which technology users believe that transactions on the different platforms are secure in terms of both financial and personal information aspects (Leong *et al.*, 2020). In the context of our study, we operationalize perceived security to the extent to which employees feel secure about the e-reimbursement system. There is no doubt that the e-reimbursement process will involve the exchange of information that could be intercepted and used fraudulently without adequate security assurances. Therefore, it is no exaggeration to say that users' trust can be gained only by taking the security of users' personal information very seriously. However, what matters for using such technologies is not just the objective security of the electronic channel used for transactions but rather the subjective perception of risk by the user (Almaiah *et al.*, 2022, Chou *et al.*, 2015). This perception of risk refers to the consumer's perception of safety when conducting transactions through the platform. As mentioned earlier, one primary concern among users is the potential compromise of their privacy and financial data. Therefore, developers need to create a user-friendly e-reimbursement system and provide assurance through public education initiatives that measures are in place to address possible vulnerabilities and risks.

Therefore, the absence of security assurance in the e-reimbursement system may weaken employees' trust in e-reimbursement systems and result in expense reimbursement fraud. This is in line with Merhi *et al.* (2019) assertions that security is the most crucial factor that drives users' trust. As such, employees will be willing to trust the e-reimbursement system only if they perceive that it is secured using the e-reimbursement system. Hence, we hypothesize:

H3: Perceived security has a positive effect on trust in e-reimbursement systems.

### 3.4 *Trust in e-reimbursement systems on corporate governance*

Corporate governance is the framework through which organizations are managed to facilitate effective, entrepreneurial, and prudent management and deliver the organization's long-term success.

According to Jiang and Kim (2015), corporate governance is the relationship between multiple stakeholders, mainly the shareholders, the board of directors, and the managers, which determines the direction and performance of the organization. To better understand the mechanisms of corporate governance and its effects, de Villiers and Dimes (2020) divided the corporate governance structure into two main parts: internal and external control mechanisms. The internal control mechanism is the main body of corporate control, which refers to the shareholders, the board of directors, and the supervisory board monitoring the organization's management (de Villiers and Dimes, 2020). The external control mechanism is an external force such as accounting standards, capital market, and product market that monitors and restrains the management behavior of the organization, provides information on the performance of the organization, and evaluates the performance of the organization operator's activities (de Villiers and Dimes, 2020). This literature shows that corporate governance aims to build trust and transparency. It is the belief that the corporate governance plays an important role in guaranteeing the integrity of executives and employees and supervises business ethics.

According to Radu (2012), the e-reimbursement system is the basis of corporate governance, and how well the corporation is governed depends to a large extent on the perfection of the e-reimbursement system and the degree of use. Through the establishment of various sub-systems, electronic claims are collected, stored, processed, and handled to form complete and accurate information, which is then promptly delivered to the relevant information users of the organization to help them make the right decisions. Implicit in this process is trust. In other words, when employees trusted that the information inputted into the system would not be subject to fraudulent use and that the system is fair, objective and ethical in administering the reimbursement process, the perspective of organization's corporate governance would increase. Hence, our next hypothesis is:

H4: Trust in e-reimbursement systems has a positive effect on corporate governance.

### *3.5 Corporate governance to honest disclosure intention*

Intentions comprise strong psychological states that guide a person to achieve a particular goal (Khan *et al.*, 2022). In their work on the motivation for human action, Warshaw and Davis (1985) stated that the main reason to know why a person does what they do is to know the intention of that action. From this perspective, Razali and Arshad (2014) stated that the effectiveness of the corporate governance structure can reduce the possibility of false financial reporting. This view is supported by McGee and Byington (2008), who wrote that accounting information systems such as e-reimbursement systems are generated within the organization and are subject to the constraints of corporate governance. Effective corporate governance can coordinate the relationship between the organization and its stakeholders and form a perfect incentive mechanism so that employees can

proactively disclose fraud. From the literature, we argue that if corporate governance is implemented well, it will reduce the impact of fraudulent disclosure because organizations can manage and monitor their finances well. In such cases, employees have fewer possibilities to make fraudulent claims.

H5: Corporate governance has a positive effect on honest disclosure intention.

### *3.6 Trust in e-reimbursement systems to honest disclosure intention*

In the same vein of argument, trust can help individuals think and take a stand against nefarious acts, regardless of the impact such disclosures may have on the individual, colleagues, and the organization. This proposition aligns with Ikhida *et al.* (2022), who argued that one way to increase employees' trust is to guarantee the justice and fairness of the system. People who trust others tend to behave more in citizenship and less unethically, which means more intention to maintain fairness by disclosing fraudulent behavior (Othman and Ameer, 2022). Consequently, organizations need to establish a sound e-reimbursement system to ensure the authenticity, relevance, integrity, and timeliness of accounting information, protect employees' privacy, and make employees trust the system more so they will be more inclined to disengage from fraudulent behavior. Hence, our following hypothesis is:

H6: Trust in e-reimbursement systems has a positive effect on honest disclosure intention.

### *3.7 Mediating effect of corporate governance on the relationship between trust in e-reimbursement systems and honest disclosure intention*

From earlier hypotheses, we infer that trust positively affects corporate governance, which, in turn, affects the employees' honest disclosure intention. In this sense, our arguments are built on the assumption that corporate governance has a suppressed mediating effect on the relationship between organization performance and risk. Therefore, it is a risk buffer to protect organizations (Matuszak *et al.*, 2019). Other studies have also demonstrated that corporate governance can be the underlying construct that explains relationships between the variables. For instance, Ying *et al.* (2021) reveal how corporate governance mediates the favorable relationship between corporate social responsibility and firm performance. At the same time, Mahrani and Soewarno (2018) found out that there is a partial mediation of earnings management on the impact of corporate governance on financial performance and a full mediation of earnings management on the impact of corporate social responsibility on financial performance. Based on this, we argue that

H7: Perception of corporate governance mediates between trust in e-reimbursement systems and honest disclosure intention.

## 4. Methodology

### 4.1 Sample and data collection

Using snowball sampling, we collected data from employees who are currently employed. Two filtering questions are included to ensure that only *bonafide* individuals participated in this study. First, whether they have used the e-reimbursement system, and second, if they understand the role of corporate governance within an organization. The data was collected via an online survey platform, *Wenjuanxing*. This platform offers the flexibility to design different types of questionnaires, is free of charge and comes with many supportive functions such as easy mobile access and distribution via WeChat (Mei and Brown, 2017). As demonstrated by several studies such as Xu and Ye (2020), Zhao *et al.* (2018), Zhong *et al.* (2022), *Wenjuanxing* is commonly used as a survey tool in China primarily due to the stringent cybersecurity law resulting in some of the traditional software would be unstable or inaccessible (Tan *et al.*, 2022a).

Through *Wenjuanxing*, a survey link was sent to employees in different corporations. The cover page of the online survey outlines the purpose of the survey, the promises of anonymity and confidentiality, and encourages them to be honest with their opinions. In our survey form, we further encouraged respondents to send the survey to their social networks to generate more responses. As such, we were not able to determine the response rate. Based on G\*Power analysis, to achieve a moderate effect size of 0.15 with a significance level of 0.05 and a power of 0.8, a minimum sample size of 77 is required (Cohen, 1992). These settings are commonly accepted settings that have been used by several authors, including Tan *et al.* (2022b), Tan *et al.* (2022c), Zhong *et al.* (2022). After data cleaning, 254 responses were usable for data analysis.

### 4.2 Instruments

The questionnaire items were adopted from the literature. There are several reasons for this. First and foremost, items that have been previously used and validated by scholars offer a level of established validity and reliability (Sekaran, 2003). Besides, researchers can have confidence that these tools have undergone rigorous testing and have demonstrated their effectiveness in measuring the constructs of interest (Iacobucci and Duhachek, 2003). Moreover, researchers often build on previous work to expand knowledge and address new research questions. Using past measurement tools, researchers can connect with existing literature and build upon established theories, models, or constructs. This allows for accumulating knowledge and a deeper understanding of the phenomena under investigation. Such an approach has been adopted by papers including Deb *et al.* (2022) and Frare *et al.* (2021)

The four items measuring perceived usefulness and perceived ease of use were adapted from Davis (1989). Examples of items for perceived usefulness are “I think using my company’s e-reimbursement system can save processing time” and “I think using my company’s e-reimbursement system improves work effectiveness.” Examples of items measuring perceived ease of use are “My company’s e-reimbursement system is easy to learn” and “My company’s e-reimbursement system is easy to use”. The Cronbach alpha scores are 0.919 and 0.940, respectively.

The five-item perceived security scale was derived from Oliveira *et al.* (2016). Sample items are “My company’s e-reimbursement system is a secured means to reimburse the expense” and “I feel safe providing information over my company’s e-reimbursement system.” The Cronbach alpha score is 0.897.

With Cronbach Alpha’s score at 0.819, three items from Leong *et al.* (2013) were adapted to measure trust in e-reimbursement systems. Examples of items in trust are “I would trust my company’s e-reimbursement system to reduce misinformation” and “I would trust my company to provide the e-reimbursement system which is appropriate for doing reimbursement”.

The intention to disclose expenses honestly was measured using four items from Razali and Arshad (2014). Items include “I am willing to use the e-reimbursement system to declare the information correctly continuously in the future” and “I encourage my colleagues to declare the information correctly by using the e-reimbursement system.” The Cronbach alpha score is 0.882.

Finally, the eight items measuring corporate governance are from Siregar and Tenoyo (2015). Sample items include “my company is proactive in dealing with the risk of fraud” and “My company has taken necessary procedures to detect fraud”. The Cronbach alpha score is 0.937. All items in the instrument were measured on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

#### 4.3 Analysis method

The analytical method we used was Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM is a technique that reduces predictors to a small set of uncorrelated components and performs least squares regression on these components instead of the original data (Hair *et al.*, 2017). PLS-SEM allows researchers to simultaneously examine a set of interrelated dependencies between structures (Hair *et al.*, 2017). According to Becker *et al.* (2022), PLS-SEM can correct measurement errors, validate measurement models, work well in small samples, perform null hypothesis testing on path coefficients, and be used in different study contexts. For instance, PLS-SEM has been adopted in business management research fields such as consumer behavior (Le *et al.*, 2021), organizational behavior (Tan *et al.*, 2022a), tourism (Tan *et al.*, 2023a), entrepreneurship (Alim *et al.*, 2022) and

technology adoption (Wong *et al.*, 2019). PLS-SEM models complex multivariate relationships between observed and latent variables by statistical method (Cheah *et al.*, 2021).

#### 4.4 *Controlling common method bias*

Given that this study is cross-sectional, several procedural remedies recommended by Podsakoff *et al.* (2012) were used to reduce common method bias. For instance, pre-testing was conducted to ensure that any ambiguities in the questions were resolved and that respondents could comprehend the questionnaire as designed. The assurance of confidentiality and anonymity was emphasized when data was being collected. Harman's one-way test results show that the percentage of variance explained for the first common factor is 47%, which is less than 50%, suggesting that common method bias was not a threat in our study.

### 5. Results

#### 5.1 *Demographic analysis of respondents*

Table 1 presents a profile of our respondents, with 48.82% female and 51.18% male. Most respondents were between 35 and 44 years old (41.34%). Out of the 254 respondents, most have a bachelor's degree (48.82%), followed by a master's degree (26.77%).

**\*\*Insert Table 1\*\***

#### 5.2 *Assessment of measurement model*

We first assessed the reliability and validity of the measurement model using the criteria recommended by Hair *et al.* (2017) for PLS-SEM. First, the convergent validity of the data was established based on satisfactory factor loadings, composite reliability (CR), and average extracted variance (AVE). As indicated in Table 3, all the loadings exceeded 0.708, all AVEs were greater than 0.5, Cronbach Alphas were 0.8 and above, and the CR index was greater than 0.7.

As shown in Table 3, all measurement items met the assessment criterion using the heterotrait-monotrait ratio of correlations (HTMT) method. In Table 3, it is evident that the HTMT value is below 0.90, indicating that discriminant validity has been established between the constructs (Henseler *et al.*, 2015)

**\*\*Insert Table 2\*\***

**\*\*Insert Table 3\*\***

### 5.3 Assessment of structural model

To test the structural model, we assessed the potential for multicollinearity. In this aspect, the variance inflation factors are lower than five, indicating that multicollinearity is not evident within our model (Hair *et al.*, 2017). We used path coefficient analysis to assess the direct and indirect relationships between the variables. Table 4 shows the results of the structural model assessment. The two determinants, perceived usefulness (H1:  $\beta = 0.129$ ,  $p < 0.05$ ) and perceived security (H3:  $\beta = 0.819$ ,  $p < 0.001$ ) leads to trust in e-reimbursement systems. However, perceived ease of use (H2:  $\beta = 0.004$ ,  $p = 0.455$ ) showed no significant relationship with trust in e-reimbursement systems. H1 and H3 were supported but not H2.

At the same time, the results also show that trust in e-reimbursement systems (H4:  $\beta = 0.885$ ,  $p < 0.001$ ) showed a positive and significant effect on corporate governance. The positive effects of corporate governance (H5:  $\beta = 0.396$ ,  $p < 0.05$ ) and trust in e-reimbursement systems (H6:  $\beta = 0.491$ ,  $p < 0.01$ ) on honest disclosure intention are also significant. Therefore, H4, H5, and H6 were supported. Finally, the mediation results showed a significant indirect relationship between trust in e-reimbursement systems and honest disclosure intention, through the mediation of corporate governance (H7:  $\beta = 0.350$ ,  $p < 0.05$ ). Therefore, H7 was supported.

**\*\*Insert Table 4\*\***

Finally, the model's effect size ( $f^2$ ) and coefficients of determination ( $R^2$ ) were analyzed. The effect of predictors on endogenous variables was assessed using  $f^2$ . The guidelines of Cohen (1992) were used, where the  $f^2$  values were 0.02, 0.15, and 0.35, reflecting small, medium, and large effects, respectively. The results in Table 4 demonstrate that trust in e-reimbursement systems has a large effect on corporate governance, with an effective value of 3.609. This is followed by perceived ease of use (0.000) and perceived usefulness (0.024), which have a smaller effect on trust in e-reimbursement systems. In comparison, perceived security (2.276) has a greater effect on trust in e-reimbursement systems. Only corporate governance had a moderate effect on honest disclosure intention (0.132), while trust in e-reimbursement systems had a moderate effect on honest disclosure intention (0.203).

According to Table 4, the  $R^2$  of corporate governance is 0.783, indicating that its determinants can explain 78.3% of the variance of corporate governance. The  $R^2$  of honest disclosure intention is 0.742, and the  $R^2$  of trust in e-reimbursement systems is 0.819, where perceived usefulness, perceived ease of use, and perceived security can explain 81.9% of the variance of trust in e-reimbursement systems.



#### 5.4 Predictive analysis

Using the PLS predict technique, our results in Table 5 showed that the model offers high predictive power as most indicators for the root mean square error (RMSE) in the PLS-SEM results offer a smaller value compared to the linear regression model (LM) results (Sarstedt and Danks, 2021).

\*\*\* Insert Table 5 \*\*\*

### 6. Discussion

Aligning with results from studies such as Zhang *et al.* (2019), our result indicates that perceived ease of use had no significant relationship with trust in e-reimbursement systems. A probable explanation is that building trust takes more convincing than just maneuvering through the system. Especially for the e-reimbursement system, where sensitive information, such as the type of expenses and the amount of expenses, are involved, employees may be cautious of other aspects of the e-reimbursement system, as highlighted in subsequent sections. To this end, our study found that perceived usefulness and perceived security have a positive relationship with trust in e-reimbursement systems. These results are not unexpected. It aligns with literature such as Söllner *et al.* (2017). At the end of the day, an information system must meet the role it was initially developed for and provide different security functions to enhance users' trust in the system further. Another literature supporting our arguments can be adapted from Almaiah *et al.* (2022), which demonstrates that the perceived risk negatively affected trust in the information system. Risk and trust are inextricably intertwined. Loss of trust is possibly the most significant risk a business can ever face – since everything else depends on it. As perceived risk is the opposite of perceived security, trust in the information system is significantly enhanced.

Our study further confirms the positive impact of trust in e-reimbursement systems and corporate governance. The reason is probably due to the heavy reliance of employees on the e-reimbursement system to process their daily claims. Since there is heavy usage of the system, it is natural that they will trust the procedure of the e-reimbursement system, which they believe to be fair, transparent, and objective. These perspectives benefit the overall corporate governance of the organization. When trust in the e-reimbursement system increases, employees will view private information security and management positively. Given Radu (2012) arguments that security is the core of corporate governance, it is not surprising that when e-reimbursement provides the guarantee of data handling, the trust in e-reimbursement systems and perception of corporate governance will increase.

The result shows that corporate governance has a direct positive effect on honest disclosure intention. This result is consistent with the research from Razali and Arshad (2014). If corporate governance is high, the possibility of fraud would be lower, and the honest disclosure intention increases due to the

good management of the organization. According to Huber and DiGabriele (2021), good corporate governance means the information asymmetry performs well, which indicates that employees disclose the information voluntarily. Under compulsive information transparency, the stakeholders must follow the policy of being honest to benefit the interests of most people, so disclosure is needed (Huber and DiGabriele, 2021). After that, the corporate governance is enhanced based on the disclosure requirement. In our study, employees who work under satisfying corporate governance will follow the policies to maintain good corporate governance and disengage from fraudulent behavior.

The result indicates that trust in e-reimbursement systems has a positive effect on honest disclosure intention. Trust can lead employees to decrease misconduct because employees rely on the system and are willing to keep the fairness of the system. From Turel and Gefen (2015), Turel *et al.* (2007), we argued that trust is a vital cognition that drives the continued use of information systems. Our results further support the theoretical reasoning that trust helps people rule out undesirable, yet possible, opportunistic behaviors, ultimately making users more at ease regarding transacting with the information system. As expected, the result shows that corporate governance significantly mediates the relationship between trust and honest disclosure intention, which aligns with existing works such as Yang *et al.* (2017). The more trust the e-reimbursement system from employees, the easier it is for the organization to achieve corporate governance, and the higher the possibility for employees to disclose fraudulent behavior.

### 6.1 *Concluding remarks*

In conclusion, our study underscores the nuanced dynamics influencing trust and corporate governance within e-reimbursement systems. Our results demonstrated that building trust in e-reimbursement systems entails more than easy to navigate. Notably, trust in the e-reimbursement systems lies in its usefulness with sufficient security mechanisms. Importantly, our findings also highlight the integral link between trust in e-reimbursement systems and corporate governance, where heightened trust encourages honest disclosure intentions. This underscores the critical role of robust corporate governance in reducing the likelihood of fraudulent behavior. Ultimately, our research sheds light on the intricate interplay between technological trust, corporate governance, and ethical behavior, that provides valuable insights for organizations aiming to enhance trust and integrity in their information systems.

## **7. Implication**

### *7.1 Theoretical implications*

Theoretically, this study contributes to the existing body of knowledge by introducing a framework that explores the relationship between the e-reimbursement system, corporate governance, and honest disclosure intention within an organization. By addressing the gap in Chinese research on the organization's e-reimbursement system, this study expands the understanding of how these factors interact in a specific cultural context.

Additionally, it extends the literature by incorporating a corporate governance perspective into analyzing an e-reimbursement system, which provides valuable insights into the role of governance mechanisms in influencing employees' behavior. Furthermore, our study extends the traditional Technology Acceptance Model by incorporating additional constructs such as perceived security and trust in e-reimbursement systems, which enhances the understanding of the factors influencing if using e-reimbursement systems would enhance honest disclosure.

Further, we extend the existing studies by employing predictive analysis. Conducting predictive analysis is crucial for social science studies, as it allows researchers to generate practical recommendations supporting real-world decision-making (Shmueli *et al.*, 2019). By employing predictive analysis, this research provides insights into employees' likely responses to the e-reimbursement system, which can assist organizations in planning and implementing strategies to improve their effectiveness. This methodological approach strengthens the study's practical relevance and offers valuable implications for organizational practice.

### *7.2 Managerial implications*

From a practical perspective, this study holds significant implications for organizations, particularly those operating in environments with cultural, legal, and organizational dynamics akin to China. Based on our results, organizations should develop comprehensive user training to ensure all employees understand the usefulness of the e-reimbursement system. The training would focus on highlighting how it helps employees simplify tasks, increasing efficiency and productivity. At the same time, organizations should reinforce security measures implemented in the e-reimbursement systems to address potential risks and protect the integrity of the data. Additionally, organizations should conduct regular updates at mass gatherings, such as townhalls, to clearly articulate the steps taken to ensure data integrity, data encryption, access controls and compliance with relevant regulations.

Organizations should focus on making efforts to increase honest disclosure intention. One way is to enhance corporate governance by informing employees of the organization's policy so they can act appropriately. The other way is to create a positive work environment by engaging users in improving the e-reimbursement system. Organizations should engage users in the development and enhancement processes, involving them in user testing, beta programs, and focus groups. By incorporating user feedback, organizations demonstrate a user-centric approach and build trust by showing responsiveness to user needs and concerns. In this way, employees have positive feelings and are encouraged to follow the policies and regulations of the organization. The organization could also create a whistleblowing policy to let employees supervise each other regarding fraudulent behavior.

## **8. Limitations and future directions**

Despite the contributions of our study, it comes with some limitations. This study focuses specifically on the e-reimbursement system of Chinese organizations. Thus, the results may not be generalized to organizations outside China with different cultural, legal, and organizational dynamics. Future research could explore whether the results can be replicated in other countries. At the same time, future authors could conduct multi-source, time-lagged data collection to reduce common method bias and enhance the results' generalizability. Besides, many other potential factors that influence the results could be missing from this study. This can be seen as the  $R^2$  for this model ranges from 74.2% to 81.9%. Having said that, the  $R^2$  of this value is considered a substantial model, indicating that the independent variables can better explain and predict the variation in the dependent variable (Hair *et al.*, 2017). Therefore, future studies can focus on the role of cultural, legal, and organizational contexts in (dis) encouraging fraudulent behavior.

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**Table 1.** Respondents' profile (n=254)

Demographic variables	Category	Frequency	(%)
Gender	Male	124	48.82%
	Female	130	51.18%
Age	18 to 24 years old	20	7.87%
	25 to 34 years old	88	34.65%
	35 to 44 years old	105	41.34%
	Above 45 years old	41	16.14%
Education level	No college degree	7	2.76%
	Diploma/advanced diploma	51	20.08%
	Bachelor's degree	124	48.82%
	Master degree	68	26.77%
	Doctoral degree	4	1.57%

**Caption:** This table describes the breakdown of respondents' demographic profile.

**Source:** Authors' own creation

**Table 2.** Assessment of internal consistency, indicator reliability and convergent validity

Constructs	Indicators	Outer loading	CA	CR	AVE
Corporate Governance (CG)	CG1	0.749	0.937	0.940	0.695
	CG2	0.836			
	CG3	0.889			
	CG4	0.848			
	CG5	0.812			
	CG6	0.835			
	CG7	0.857			
	CG8	0.835			
Honest Disclosure Intention (HD)	HD1	0.801	0.882	0.885	0.739
	HD2	0.887			
	HD3	0.879			
	HD4	0.870			
Perceived Ease of Use (PEOU)	PEOU1	0.922	0.940	0.942	0.848
	PEOU2	0.921			
	PEOU3	0.909			
	PEOU4	0.931			
Perceived Security (PS)	PS1	0.792	0.897	0.897	0.708
	PS2	0.874			
	PS3	0.868			
	PS4	0.842			
	PS5	0.830			
Perceived Usefulness (PU)	PU1	0.899	0.919	0.922	0.804
	PU2	0.915			
	PU3	0.891			
	PU4	0.882			
Trust in e-reimbursement Systems (TIS)	TIS1	0.824	0.819	0.820	0.735
	TIS2	0.865			
	TIS3	0.882			

**Caption:** This table assessed the measurement model through the internal consistency, indicator reliability and convergent validity..

**Notes:** CA: Cronbach's alpha; CR: Composite reliability; AVE: Average variance extracted (2) Internal consistency achieved as constructs' composite reliability exceeded 0.70. (3) Indicator reliability achieved as indicators' outer loadings exceeded 0.708. (4) Convergent validity achieved as constructs' average variance extracted exceeded 0.50.

**Source:** Authors' own creation.



**Table 3.** Assessment of discriminant validity

		1	2	3	4	5	6
1	CG						
2	HD	0.899					
3	PEOU	0.506	0.401				
4	PS	0.895	0.886	0.457			
5	PU	0.703	0.592	0.867	0.668		
6	TIS	0.89	0.889	0.515	0.857	0.726	

**Caption:** This table assessed the discriminant validity of the model using the heterotrait-monotrait ratio of correlations method.

**Notes:** (1) CG: corporate governance, HD: honest disclosure, PEOU: perceived ease of use, PS: perceived security, PU: perceived usefulness, TIS: trust in e-reimbursement systems (2) Discriminant validity achieved using the heterotrait-monotrait ratio of correlations method as values were less than 0.90.

**Source:** Authors' own creation

**Table 4.** Assessment of significance of structural model relationships

Hypotheses	Path coefficient	Standard deviation	t-values	Confidence interval		VIF	$f^2$	$R^2$
				5%	95%			
H1 Perceived usefulness → Trust in e-reimbursement systems	0.129	0.048	2.701*	0.057	0.214	3.819	0.024	0.819
H2 Perceived ease of use → Trust in e-reimbursement systems	0.004	0.035	0.112 <sup>(NS)</sup>	-0.052	0.061	2.923	0.000	
H3 Perceived security → Trust in e-reimbursement systems	0.819	0.030	27.308***	0.763	0.862	1.623	2.276	
H4 Trust in e-reimbursement systems → Corporate governance	0.885	0.016	54.180***	0.854	0.909	1.000	3.609	0.783
H5 Corporate governance → Honest disclosure intention	0.396	0.127	3.129**	0.178	0.594	4.609	0.132	0.742
H6 Trust in e-reimbursement systems → Honest disclosure intention	0.491	0.117	4.181***	0.310	0.694	4.609	0.203	
H7 Trust in e-reimbursement systems → Corporate governance → Honest disclosure intention	0.350	0.111	3.147**	0.159	0.524			

**Caption:** This table assessed the direction and significance of the hypotheses within the model. The asterisk (\*) denotes significance at 5% or less. Relationships that are not significant are denoted as “NS”.

**Notes:** (1) VIF = Variance inflation factor;  $R^2$ : coefficient of determination;  $f^2$ : Effect sizes to  $R^2$  (2) The asterisk (\*) denotes significance at the 5% or less with \* $p < 0.05$  \*\* $p < 0.01$  and \*\*\* $p < 0.001$  (3) Relationships that are not significant are denoted as “NS”.

**Source:** Authors’ own creation

**Table 5.** Predictive analysis

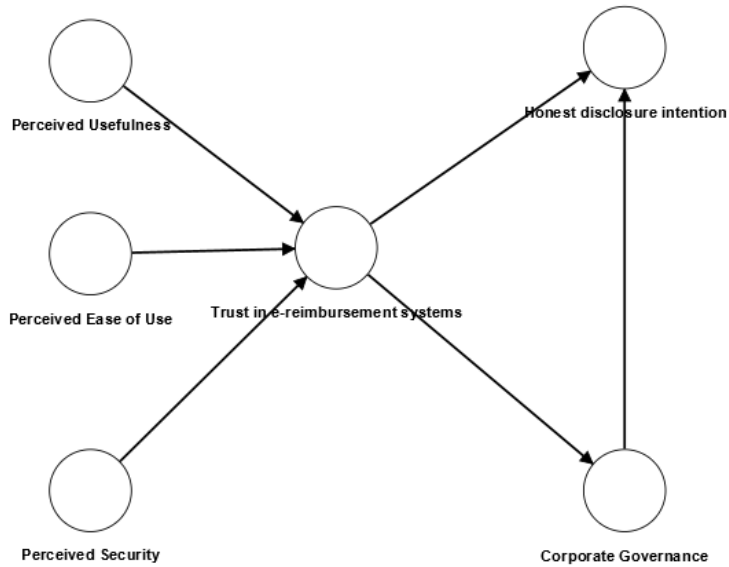
Constructs	Indicators	RMSE (PLS-SEM)	RMSE (LM)	Differences between PLS-SEM and LM
Corporate	CG1	0.682	0.697	-0.015
Governance (CG)	CG2	0.506	0.524	-0.018
	CG3	0.47	0.496	-0.026
	CG4	0.548	0.567	-0.019
	CG5	0.526	0.531	-0.005
	CG6	0.559	0.572	-0.013
	CG7	0.521	0.543	-0.022
	CG8	0.519	0.555	-0.036
	Honest disclosure	HD1	0.516	0.523
Intention (HD)	HD2	0.484	0.491	-0.007
	HD3	0.452	0.475	-0.023
	HD4	0.514	0.531	-0.017

**Caption:** This table assessed the predictive analysis of the structural model.

**Notes:** (1) RMSE: Root Mean Squared Error; PLS-SEM: Partial least squares method of structural equation model; LM: Naïve linear model (2) The model has displayed high predictive power as all indicators in the PLS-SEM analysis for the key endogenous constructs had lower RMSE values compared to the naïve LM benchmark.

**Source:** Authors' own creation

**Figure 1.** Conceptual model



**Caption:** This conceptual model outline the relationships of perceived usefulness, perceived ease of use and perceived security on trust in e-reimbursement systems, and in turn, influencing honest disclosure intention with corporate governance as the mediator.

**Source:** Authors' own creation