

The Ethical Climate–Influenced Whistleblowing Intention

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Abstract—This research aims to analyses whistleblowing intention influenced by ethical climate. The method used is an exploratory method followed by descriptive quantitative. Results showed ethical climate – principle affect both internal and external whistleblowing intentions. However, ethical climate-egoism and ethical climate – benevolence have not affect whistleblowing intentions of both internal and external. It concludes that a person will be whistleblowing based on principles such as rules, code of conduct, and laws. In this study may be the village apparatus will not be a whistleblowers because it does not feel the benefit of what is done both for himself and others. The scope of research is limited to only internal factors so that further research can analyze the factors that are external to a person who may be able to influence whistleblowing intentions

Keywords: *whistleblowing intentions, ethical climate – egoism, ethical climate – benevolence, ethical climate – principle*

I. INTRODUCTION

Dana Desa is one of the government programs that have been implemented from 2015 to present. This Program is intended to be equitable development of the community. The allocation of village funds in the year 2015 amounted to Rp20,76 trillion, 2016 amounting to Rp46, 98 trillion, 2017 and 2018 increased to Rp60 trillion, and 2019 increased again to Rp70 trillion. The magnitude of the disbursement with a total of Rp257 trillion makes the government should be able to perform adequate supervision. This is due to the fact that the village funds even bring new problems [1].

Indonesia Corruption Watch (ICW) records the corruption of the village fund which continues to increase from year to year. The number of corruption cases in 2015 reached 22 cases, 48 cases in the year 2016, 98 cases in 2017 and 96 cases in the year 2018. So if it is being tested then the corruption case that occurred during the year reaches 252 cases. The aforementioned corruption case should have received serious attention from the government. Official supervision is in the Inspectorate of the province, District Inspectorate, Community Empowerment Office of the village. However, it is not only the government's responsibility but also the rest of the village's devices and all elements of society. The Government in this case the Ministry of Villages, disadvantaged regional development and transmigration has provided a reporting mechanism in the event of misappropriation (fraud criminal offence) through a village fund (Satgas) Task Force. In

addition, for anyone who knows that fraud can report to local law enforcement, police or prosecutors [2].

The intentions of whistleblowing can be influenced by many factors. One is ethical climate. A person will tend to do an action if it gives him a good impact. This is called ethical climate – egoism. Then, a person will reject an unethical action with respect to other people, organizations, and issues that violate the organization's provisions (ethical climate–benevolence). And ethical climate–principle is addressing events taking into consideration common principles such as laws, regulations and standards [3].

Whistleblowing intentions can be categorized into two types of classification: Internal and external [4]. Internal whistleblowing refers to reporting irregularities to those who are in higher hierarchy within the institution. Meanwhile, external whistleblowing refers to reporting irregularities to others outside the institution. In general, employees tend to "blow the whistle" internally than externally as a form that is considered to contain low risk [5-8] and also not too detrimental to the institution [9]. However, "blowing a whistle" for a mistake in an organization is not a widely accepted behaviour because management may not disclose information that is incriminated to its organization such as other employees who can become Whistleblowers [5,10].

On the other hand, external whistleblowing is a shame to the public, encouraging litigation and government oversight and a stronger fine. This is because external intences not only reveal internal faults but also expose an institution that has failed to stop and correct the irregularities occurring in its institution [11]. Most employees tend to "blow the whistle" when they find a broad "deep-person" involvement. So they look for external parties who can help him [12]. Ironically, the potentially "blowing whistle" may have a positive attitude towards whistleblowing, seeking the opinions of other relevant people [13] and evaluating the challenges and opportunities before "blowing the whistle" [7] for both internal and external audiences [10].

The purpose of this research is to analyse the influence of ethical climate-egoism, ethical climate-benevolence, and ethical climate-principal against whistleblowing intentions both internally and externally. Members of an organization with a egoism character will see that the organization allows them to maximize personal interests, so that during whistleblowing

actions do not have a good impact on individuals, they are less likely to do so. Organisations with low egoism are prone to whistleblowing [14]. Ethical climate–egoism is able to influence members of the organization in the formulation of problems and ethical decision making processes. They also explain that members of the organization will cause harm to the organization and indirectly or indirectly will impact the members of the organization. The research results found evidence that ethical climate–egoism has an effect on whistleblowing intentions [15]. But, some research can not prove that ethical climate–principle affects the whistleblowing intentions [16]. So that the hypothesis can be formulated as follows ethical climate – egoism affect internal whistleblowing intentions (H₁) and ethical climate – egoism affect internal whistleblowing intentions (H₂).

The desire of a person to do whistleblowing strongly influenced by the ethical view of a person. Organisations with high egoism characteristics, members of the organization are less likely to commit whistleblowing action. Conversely, organisations with low egoism characteristics, members of the organization will likely not to do whistleblowing [17]. Ethical climate has an effect on whistleblowing intentions [15]. However, the other research found that ethical climate–egoism has no effect on whistleblowing intention [14,16]. This may be due to the effort to find self interest on whistleblowing action. We aimed to formulated the following hypotheses ethical climate–benevolence affect internal whistleblowing intentions (H₃) and ethical climate – benevolence affect external whistleblowing intentions (H₄).

Ethical Climate – Benevolence refers to the behavior of making a decision that has good impact on everyone. On an individual level, it is modeled by people to ignore their organization's interest in the organisation but see friendships. Organisations with high benevolence characteristics, members of their organization will tend to be whistleblowing. Some research results which proves that ethical climate – benevolence affects whistleblowing intentions [15]. However, that ethical climate–benevolence has no effect on whistleblowing intentions [14,16].

If an organization develops a high ethical climate–principle then the members of the organization will be more likely to be whistleblowing. The research results found evidence that ethical climate–principle has an effect on whistleblowing intentions [14,15,18]. But, some research can not prove that ethical climate–principle affects the whistleblowing intentions [16]. So that the hypothesis can be formulated as follows ethical climate–principle affect internal whistleblowing intentions (H₅) and ethical climate–principle affect internal whistleblowing intentions (H₆).

II. METHODS

This research uses exploratory methods followed by quantitative descriptive. Data collection techniques are performed with direct surveys. Village officials involved in the management of village funds were the respondents in the study. The number of questionnaires distributed as 120. The questionnaire was 98 back, but 24 questionnaires were not

answered fully. As for 22 questionnaires missing. So that can be a sample of research is 74 questionnaires.

The ethical climate variable measurement refers to the ethical climate questionnaire which became known as ECQ [3,19]. Ethical climate–egoism measured by 9 statements, ethical climate–benevolence is measured by 5 assertions, and ethical climate–principle is measured by 12 statements. While the variable measurement of Whistleblowing intention refers to the model developed by Park and Blenkinsopp namely 4 items for internal Whistleblowing intentions and 4 items for external Whistleblowing intentions [20]. All variable measurements use the Likert 1-5 scale. The data were analysed using a structural equation modelling (SEM) technique with the use of Partial Least Square (PLS) approach.

III. RESULTS

This research adopted a two stage analysis approach as recommended by Anderson and Gerbing [10]. In the first stage, we tested the measurement model that involves the assessment of validity and reliability of items using convergent validity, discriminant validity and reliability analysis. In the second stage, we measured the structural model by testing the hypothesized relationship. We used bootstrapping method (500 resamples) to determine the significance levels for loadings, weights and path coefficients.

Convergent validity is the degree of multiple items measure whether the same concept is in agreement. We assessed to convergent validity by following what was suggested by Hair et al through the usage of factor loadings, Composite Reliability (CR) and Average Variance Extracted (AVE) [21]. Convergent Validity requires all factor loadings for items to have loadings of greater than 0.60 (Chin et al, 1997)[10]. Based on this requirement, we deleted all loadings less than the suggested value. Composite reliability values, that depict the degree to which the construct indicators indicate the latent construct, range from 0.894 to 0.967. These values exceeded the recommended value of 0.7 [21]. The Average Variance Extracted (AVE), reflecting the overall amount of variance in the indicators account for by the latent construct, were in the range of 0.567 to 0.855, exceeding the recommended value of 0.5 [21]. Hence, the measurement model demonstrates adequate convergent validity. The results of the measurement model are indicated in Table 1.

TABLE I. RESULTS OF THE MEASUREMENT MODEL

Constructs	Measurement Items	Loadings	AVE	CR			
Ethical Climate – Egoism	ETE.1	0.764	0.567	0.921			
	ETE.2	0.695					
	ETE.3	0.769					
	ETE.4	0.881					
	ETE.5	0.796					
	ETE.6	0.661					
	ETE.7	0.714					
	ETE.8	0.725					
	ETE.9	0.752					
Ethical Climate – Benevolence	ETB.1	0.931	0.855	0.967			
	ETB.2	0.916					
	ETB.3	0.917					
	ETB.4	0.941					
	ETB.5	0.919					
Ethical Climate – Principle	ETP.3	0.734	0.725	0.954			
	ETP.4	0.788					
	ETP.5	0.842					
	ETP.6	0.925					
	ETP.7	0.904					
	ETP.8	0.865					
	ETP.9	0.896					
	ETP.10	0.837					
	Internal Whistleblowing Intentions	IWB.1			0.844	0.680	0.935
		IWB.2			0.764		
IWB.3		0.878					
IWB.4		0.807					
External Whistleblowing Intentions	EWB.1	0.933	0.827	0.894			
	EWB.2	0.926					
	EWB.3	0.867					

Reliability is a test of how consistently a measuring instrument measures whatever concept it is measuring [22]. The results indicated that the values of Cronbach alphas for all constructs were between 0.842 and 0.961, which exceeded the value of 0.7 as suggested [23]. We conclude that all the measurement are reliable. The results are shown in Table 2.

Discriminant validity measures the degree to which items differentiate among constructs or measure distinct concepts [24]. We examined the discriminant validity by comparing the correlation between constructs and the square root of the average variance extracted for the construct [25]. The results indicated that all square root of the the average variance were higher than correlation values in the row and the column, indicating adequate discriminant validity.

TABLE II. RESULTS OF THE MEASUREMENT MODEL

Constructs	Measurement Items	Cronbach Alpha	Loading Range	Number of Items
Ethical Climate-Egoism	ETE.1, ETE.2, ETE.3, ETE.4, ETE.5, ETE.6, ETE.7, ETE.8, ETE.9	0.926	0.661-0.881	9
Ethical Climate-Benevolence	ETB.1, ETB.2, ETB.3, ETB.4, ETB.5	0.961	0.916-0.941	5
Ethical Climate-Principle	ETP.3, ETP.4, ETP.5, ETP.6, ETP.7, ETP.8, ETP.9, ETP.10	0.945	0.736-0.925	8
Internal Whistleblowing Intentions	IWB.1, IWB.2, IWB.3, IWB.4	0.842	0.764-0.878	4
External Whistleblowing Intentions	EWB.1, EWB.2, EWB.3	0.896	0.867-0.933	3

In summary, the measurement model demonstrates adequate convergent validity and discriminant validity. The results of discriminant validity are reported in Table 3.

TABLE III. RESULTS OF THE MEASUREMENT MODEL

	ETB	ETE	ETP	EWB	IWB
ET-Benevolence (ETB)	0.925				
ET-Egoism (ETE)	0.799	0.753			
ET-Principle (ETP)	0.162	0.158	0.851		
Ext Whistleblowing Intention (EWB)	0.229	0.179	0.718	0.909	
Int Whistleblowing Intention (IWB)	0.204	0.189	0.0.843	0.769	0.825

The structural model indicates the causal relationships among constructs in the model (path coefficients and the R² values) [22]. Both the R² and path coefficients (beta and significance) indicate how well the data support the hypothesized model [22]. The results indicate that ethical climate – egoism (0.005, p > 0.05), ethical climate – benevolence (0,065, p > 0.05), ethical climate – principle (0.832, p < 0.05) explained 71.6 percent of the variance in internal whistleblowing intentions. Meanwhile, ethical climate – egoism (-0.068, p > 0.05), ethical climate – benevolence (0,170, p > 0.05), ethical climate – principle (0.702, p < 0.05) explained 53.1 percent of the variance in external whistleblowing intentions. The results support H₅ and H₆ but do not support H₁, H₂, H₃ and H₄.

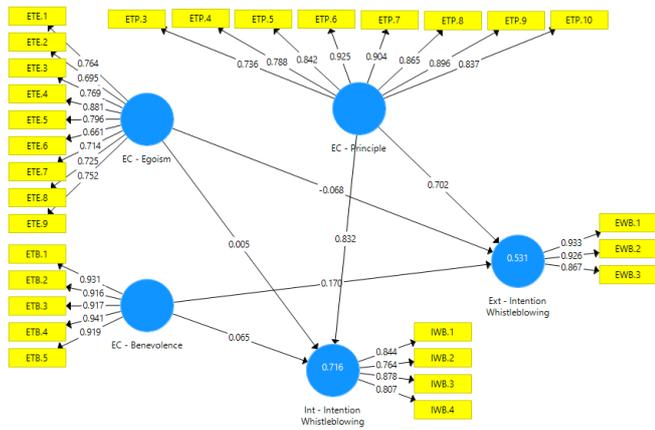


Fig. 1. The structural model.

TABLE IV. PATH COEFFICIENTS AND HYPOTHESIS TESTING

Path	Hypothesis	Path Coefficient	t-value	p-value
ETE→IWB	H ₁	-0.068	0.038	0.969
ETE→EWB	H ₂	0.005	0.494	0.622
ETB→IWB	H ₃	0.170	0.600	0.549
ETB→EWB	H ₄	0.065	1.299	0.194
ETP→IWB	H ₅	0.702	12.656	0.000
ETP→EWB	H ₆	0.832	7.652	0.000

IV. DISCUSSION

A significant measure of hypothesized support can be detected by using a comparison between t-statistics and t-table. If the t-statistics value is higher than the t-table value, it can be interpreted that the hypothesis is supported. As for the t-table value, at a confidence level of 95% (Alpha 5%), the t-table value for the two-tailed hypothesis is ≥ 1.96 so that it can be declared that the hypothesis is supported when the t-statistics value is ≥ 1.96 , whereas for hypotheses one tail is supported when the t-statistics value is ≥ 1.64 [26].

Ethical climate – egoism was hypothesis to affect internal wishtleblowing intentions. The results can not supported the hypothesis (H₁). It is based on an inner weight coefficient value of -0.068, with t-value 0.494, and p-value 0.969. Due to the t-value < 1.96 and p-value > 0.05 . Same with the first hypothesis, ethical climate – egoism no affect on external whistleblowing (H₂). It is based on an inner weight coefficient value of 0.005, with t-value 0.494, and p-value 0.626. Due to the t-value < 1.96 and p-value > 0.05 . The results was consistent with [16]. We argue that when one wants to whistleblowing both internally and externally, they may be due to the effort to find self interest on whistleblowing action cannot be achieved.

The results showed that the direct impact testing of ethical climate – benevolence on internal whistleblowing intentions, obtained an inner weight coefficient value of 0.170, with t-value 0.600, and p-value 0.549. Due to the t-value < 1.96 and p-value > 0.05 , the third hypothesis could not be proven. The fourth hypothesis is unacceptable. Obtained an inner weight coefficient value of 0.065, with t-value 1.299, and p-value 0.194. Due to the t-value < 1.96 and p-value > 0.05 , the second hypothesis can not prove the direct influence of ethical climate

benevolence on external whistleblowing intentions. This may happen if the ethical climate of virtue is not exist in the working environment then one will likely not be whistleblowing [14,19] and this results consistent with previous research [16].

Ethical climate – principle was hypothesis to affect internal wishtleblowing intentions (H₅). The results supported the hypothesis. It is based on an inner weight coefficient value of 0.702, with t-value 12.656, and p-value 0.000. Due to the t-value > 1.96 and p-value < 0.05 . And then, ethical climate – principle affect on external whistleblowing (H₆). It is based on an inner weight coefficient value of 0.832, with t-value 7.652, and p-value 0.000. Due to the t-value > 1.96 and p-value < 0.05 . Management of the village government is bound by applicable laws and regulations. Thus, the village apparatus will be whistleblowing because it is an obligation. They do whistleblowing not based on the purpose or consistency of the action but rather to be concerned and help the interests of many people [14].

V. CONCLUSION

The findings shows that ethical climate-principle affects internal and external whistleblowing intentions. While ethical climate-egoism and benevolence have no effect on internal and external whistleblowing.

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