



Determinant Factors of Whistleblowing Intention

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ABSTRACT

Whistleblowing is an act of reporting by organizational participants about illegal, immoral practices done by colleagues or their superiors. None are willing to whistle blow due to the consequences behind it. Therefore, a whistleblowing system is applied to encourage the active role of all parties to whistle blow potential/occurrence of fraud, sincerely and responsibly. This research reveals the effect of behavioral control, personal cost, ethical environment, moral identity, and risk aversion on whistleblowing intentions. This study uses primary data collected from Jakarta's finance, accounting, marketing, and procurement divisions implementing a whistleblowing system. The result showed a positive influence of perceptions of behavioral control and ethical environment on whistleblowing intentions. Risk aversion strengthens the positive effect of moral identity and weakens the negative impact of personal cost on whistleblowing intentions. Based on this result, the leaders need to socialize the existence of a witness protection mechanism to convince and provide guarantees for the safety of whistleblowers and rewards for their courage and moral awareness, reducing the occurrence of potential fraud.

Keywords: *Whistleblowing intention; Behavioral Control Perception; Personal Cost; Ethical Environment; Moral Identity; Risk Aversion*

1. INTRODUCTION

The whistleblowing phenomenon is interesting to reveal. Transparency International states that a whistleblower is essential in uncovering corrupt practices, dishonesty, and mistakes made by the management. The results of Near and Miceli's research [1] for three decades confirm the importance of the role of whistleblowers for management and organizations, especially preventing lawsuits due to defective products, employee discrimination which have an impact on the credibility and sustainability of the organization. However, being a whistleblower takes much courage, and not everyone can do it. Currently, the government has regulated this whistleblowing practice in Law No. 13 of 2006 concerning the Protection of Witnesses and Victims. In addition, Supreme Court Circular No. 4 of 2011 concerning the treatment of whistleblowers and sanctions for cooperating perpetrators. This legal protection is not enough to strengthen the whistleblowing intention.

Many factors influence whistleblowing intentions, such as perceived ethical climate, organizational identity, moral identity, risk aversion [2]–[5]. The personal cost factor is a consideration related to the risks that must be borne, such as being hostile, threats of revenge,

ostracized, and rotated to weaken whistleblowing intentions [4]–[9]. Considerations about the seriousness of the violation also affect whistleblowing intentions [1], [3], [4], [6], [9]. The results of previous studies have shown inconsistent results, so it is interesting to re-examine.

This study re-examines the perceived behavioral control factors, personal costs, ethical environment, moral identity as independent variables, and risk aversion as moderating factors influencing whistleblowing intentions. The results of this study become a reference in developing a whistleblowing mechanism that is more reliable and respects whistleblowers more.

2. METHOD

Definition of whistleblowing intention is an urge to report actions that violate their superiors or another interested party [10]. Perception of behavioral control is the feeling a person feels about the ease of carrying out specific actions [1], [11]. These variables were measured each with four items of Park and Blenkinsopp's [12] instrument. Personal costs are personal sacrifices in material and non-material that arise from being a whistleblower. This variable uses three statements adopted from Sholihun, Yanti [13]. The ethical

environment is the application of ethics in the company, being honest, fair, respecting each other, being polite, measured by 5 statement items adopted from Kristanti's research [7]. Moral identity is the belief that whistleblowing is a moral act, measured by two statement items based on the instrument adopted from Aquino and Reed [14]. Risk aversion is behavior that avoids harmful risks for oneself, measured by five statements developed by Cable and Judge [15].

This research has primary data obtained from the distribution of online questionnaires to employees of the finance or accounting, marketing, and procurement divisions at several companies in Jakarta that have implemented a whistleblowing mechanism. The questionnaire contains 23 statement items to measure all research variables. One hundred twenty-seven exemplars returned; 2 were incomplete, so only 125 were processed.

Table 1 Hypothesis Testing

Variable	β	Sign
(Constant)	-0.176	
BCP	0.264	0.02*
PC	0.393	0.02
EE	0.422	0.006*
MI	-0.199	0.16
BCP*RA	-0.016	0.644
PC*RA	-0.115	0.007*
EE*RA	-0.016	0.685
MI*RA	0.168	0.00**

*) sign at level 5%, **) sign at level 1%

Dependent Variable: WBI (*Whistleblowing Intention*); Independent Variables: BCP (*Behavioral Control Perception*), PC (*Personal Cost*), EE (*Ethical Environment*), MI (*Moral Identity*); Moderated Variable: RA (*Risk Aversion*)

3.2. Discussion

Based on the empirical result on Table 1, Behavioral Control Perception has a positive effect on whistleblowing intentions, as predicted. Behavioral Control Perception means a feeling of confidence that there are no obstacles to becoming a whistleblower. Top management supports and encourages anyone to do good things, especially if this action benefits. All respondents in this study stated that their organization had implemented a whistleblowing mechanism and provided guarantees of confidentiality and protection for whistleblowers. A special independent department handles these whistleblowing matters. This legal affirmation and certainty strengthen behavioral control perception and reduces doubts as a whistleblower. The results are consistent with Winardi's research [4], proving that behavioral control perception can act as a whistleblower.

An ethical environment has a positive effect on whistleblowing intentions, as predicted. A work environment that prioritizes ethical values, such as ethical, responsible behavior, and compliance with

3. RESULT AND DISCUSSION

Most of the respondents in this study were male. A total of 32% of respondents are 25 to 30 years old, and only 20% are over 50 years old. The majority of respondents are employees with job tenure of more than 15 years, and only 3% have a working period of less than a year. Based on their position, the majority of respondents are managers.

3.1. Results

This research objective is to examine the factors that influence the whistleblowing intention of employees in the finance or accounting, marketing, and procurement departments. Moderated Regression Analysis to test the hypothesis presented at Table 1.

norms, means an ethical environment. Every individual in the organization will hold moral beliefs that emphasize a code of ethics, ethical principles, and welfare for the entire community, which will form a stable, ethical environment to protect the organization from various harmful acts, one of which is being a whistleblower. The results of this study are consistent with the findings of previous research [2], [5], [7].

Personal costs do not affect whistleblowing intentions. Personal costs are negative consequences that arise from an activity (a whistleblower). Threats, revenge, ostracism, transfers, and lawsuits are individual costs attached to whistleblowing. However, in this study, personal cost does not affect whistleblowing intentions. Based on interviews with respondents, all companies surveyed already have a whistleblowing mechanism complete with protection clauses for whistleblowers, witnesses, and victims. This whistleblowing mechanism ensures that these personal costs eliminate. The results of this study confirm the previous research [4], [6], [9]. These results are inconsistent with Kristanti's research [7].

Moral identity does not affect whistleblowing intentions. Moral identity includes a set of good basic morals such as an attitude of concern and care for others, impartiality (that is, the attitude of treating everyone as equal, fair, and not discriminatory), sympathy, generosity, mutual respect. Please help, be diligent, honest, and always do good. Individuals with high moral identity do not affect to become a whistleblower. One possibility argument is that those with high moral identity prefer to personally remind the party suspected of committing an illegal act rather than report it to an organization that potentially embarrasses the perpetrator. The results of this study are inconsistent with the findings of Zhou, Liu, and Zhao [2], which reveal that moral identity has a positive effect on whistleblowing intentions.

As predicted, risk aversion weakens the negative influence of personal costs on whistleblowing intentions. A risk aversion person is an individual who thinks more about himself, avoiding conflicts that will cause discomfort for him. Risk aversion people tend to act with minimal risk, even though the rewards for preventing this risk are minimal. Being a whistleblower will cause inconvenience to himself and others in the long run. Considering cost benefits, including the consequences of becoming a whistleblower, is very carefully thinking. This characteristic weakens the negative influence of personal cost considerations on whistleblowing intentions.

Risk aversions always weighed the risks and consequences of being a whistleblower. If the positive outcomes outweigh the negatives and avoid the risk of even more significant harm, then it encourages whistleblowing intentions. Meanwhile, individuals with high moral identity tend to behave prosocial, ethically, act sincerely, and like harmony and kindness, tend to be whistleblowers. Risk aversion will strengthen the positive influence of moral identity on whistleblowing intentions. These results are inconsistent with Zhou, Liu, and Zhao [2].

4. CONCLUSION

Results showed positive influences of perceptions of behavioral control and ethical environment on whistleblowing intentions. Risk aversion strengthens the positive effect of moral identity and weakens the negative impact of personal cost on whistleblowing intentions. Risk aversion weakens the negative influence of personal costs on whistleblowing intentions. Risk aversion does strengthen the positive effect of moral identity on whistleblowing intentions. Most of the respondents confirmed that the purpose of filling out this questionnaire was only for the development of accounting science and practice. In addition, the respondents requested anonymity to avoid the consequences that follow, an indication that this topic is

still considered sensitive and can interfere with the sustainability of his work and social life.

The results of this study serve as a reference for practitioners in developing knowledge and skills related to whistleblowing and motivating employees to become whistleblowers to reduce the level of violations or fraud. In addition, it becomes a reference for management regarding the determination of whistleblowing policies in an organization. For example, they are giving rewards or awards for whistleblowers that are proven to be valid, encouraging employees to do whistleblowing because they feel appreciated and protected.

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