

# Artikel Ventura 2022

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## Is Whistleblowing an Ethical Practice?

### ABSTRACT

*Whistleblowing is prone to risks and ethical dilemmas in practice. It is not easy for members of an organization to become whistleblowers. The purpose of this study is to prove whether whistleblowing intention is a form of ethical practice. Empirical quantitative research methods are used in this study. The research sample is employees and auditors at the East Java Inspectorate. The use of Partial Least Square analysis techniques and the distribution of questionnaires to obtain data are used in this study. The results of the study inform that whistleblowing intention is an ethical practice that is felt and experienced by the whistleblower. Ethical sensitivity in testing informs does not affect whistleblowing intention, but ethical morals, ethical professionals, and ethical confidence affect whistleblowing intention. Ethical sensitivity has no effect because respondents believe that sensitivity is highly dependent on the sensitivity of the whistleblower's attitude to make decisions and ethical moral statements already represent that. The results of this study have contributed to strengthening the creation of a strong and good whistleblowing system with clear legal protection guarantees provided by organizations and the state.*

### Key words:

*Three until five keywords/phrase, 9-pt size, and in italic*

### ABSTRAK

*Whistleblowing rentan dengan risiko dan dilema etis dalam praktiknya. Tidak mudah bagi anggota organisasi untuk menjadi whistleblower. Tujuan penelitian ini adalah untuk membuktikan apakah whistleblowing intention merupakan bentuk praktik etis. Metode penelitian kuantitatif empiris digunakan dalam penelitian ini. Sampel penelitian adalah karyawan dan auditor pada inspektorat Jawa Timur. Penggunaan teknik analisa Partial Least Square dan penyebaran kuisioner untuk memperoleh data digunakan dalam penelitian ini. Hasil penelitian menginformasikan bawa tindakan whistleblowing intention merupakan paraktik etis yang dirasakan dan dialami oleh whistleblower. Sensitivitas etis dalam pengujian menginformasikan tidak berpengaruh terhadap whistleblowing intention, namun moral etis, profesional etis dan confidentiality etis berpengaruh terhadap whistleblowing intenton. Sensitivitas etis tidak berpengaruh karena responden meyakini bahwa sensitivitas sangat bergantung kepada kepekaan sikap whistleblower untuk mengambil keputusan dan itu sudah terwakili oleh pernyataan moral etis. Hasil penelitian ini memiliki kontribusi bagi penguatan terciptanya whistleblowing sistym yang kuat dan baik dengan kejelasan jaminan perlindungan hukum yang diberikan oleh organisasi dan negara.*

### 1. INTRODUCTION

Cases of financial statement fraud and other forms of financial crime which are also known as white-collar crimes are still a serious problem in Indonesia (Azhari & Nuraini, 2019; Khusnah, 2020). This form of white-collar crime is generally carried out using corruption and fraudulent accounting practices that are very detrimental to the company and the state. In Indonesia, white-collar crime does not only occur in private sector companies but also in public sector services. According to the results of a survey by ACFE in 2020 explaining that the average loss of fraud cases most often occurs in private companies with losses of \$220,000 or 37%. Followed by public companies with losses of \$190,000 or 36%, the third largest loss is in government with a loss of \$ 170,000 or 18% then the last one is on non-profit companies with a percentage rate of 4% (Association of Certified Fraud Exam-

iners, 2020). ACFE explained that non-profit companies tend to have more anti-fraud controls so they have a small percentage of losses than other companies because these institutions tend to have three weaknesses. They are the weak implementation of internal control, lack of management review, and the last is the lack of a whistleblower system role (Miller, 2017).

Cases of corruption and financial fraud in the Regional Government are still under public scrutiny and attention throughout 2017-2021. Fraud practice of financial statements fraudulent financial transactions and corrupt practices are often referred to as fraudulent accounting practices or financial crimes (Brand, 2020; Hechanova, M, & Manaois, 2020). Accounting fraud does not only occur in the process and cycle of financial statements and reporting but also in the use of gaps and weaknesses in the company's internal control that have an impact on the company's financial losses.



Prevention of accounting fraud cannot only rely on the role of internal auditors and external auditors. The responsibility for maintaining the company's assets cannot only be borne by accountants but also by employees who are members of the company (Balleisen, 2017; K Kenny, 2019). In 2016 the Association of Certified Fraud Examiners reported that 43.5% of fraud that occurred in large companies was known from the information provided by whistleblowers. The results of the ACFE Indonesia Chapter 2019 survey report information that the media reports from individuals who know of fraud were 38.9% and this was the largest number compared to using internal audit media and management reviews. ACFE Indonesia Chapter also reports that the main source of disclosure of fraud is employees who are willing to become whistleblowers 50.2% (ACFE, 2019).

The results of the 2019 ACFE Indonesia survey prove that the whistleblower's role as a fraud disclosure is very large and effective. The role of complaints by whistleblowers is recognized to have a significant influence on disclosing the occurrence of fraudulent financial statements and other financial crime practices when compared to the role of implementing internal and external audits in companies (Kate Kenny, Vandekerckhove, & Fotaki, 2019; Trongmateerut & Sweeney, 2013). However, in practice, an individual who wants to take whistleblowing intention experiences an ethical dilemma. Generally, whistleblowers are individuals who are still in the closest circle of fraud perpetrators in the same organization, not limited to their profession as internal auditors or non-auditor but as ordinary employees too. Therefore, a dilemma occurs when the whistleblower must provide information that he realizes will make colleagues, superiors, or people they know who will be charged as the perpetrators (Joneta, 2016; Latan, Chiappetta Jabbour, & Lopes De Sousa Jabbour, 2019; Lindblom, 2007). This phenomenon occurs because there are allegations and allegations of fraud and financial crimes that are informed by whistleblowers. The role of the whistleblower as a source of information is very risky to threaten and endanger his position and career in the organization and even his life safety. It is not easy for members of an organization or company to decide on a whistleblower in a case of fraud or financial crime (Khanifah & Amjadallah Atieq, 2019; Kuperberg & Dauber, 2021).

Many cases of corruption and financial reporting fraud in the local government sector have been revealed because of the role of whistleblowers (Su,

2020; Tumuramye & Ntayi, 2018). Whistleblowing is considered an act that is recognized as being more effective in uncovering the occurrence of fraudulent financial statements and corruption that occurs within the local government environment. The complex bureaucracy has the potential to be a strong obstacle to finding and revealing financial fraud committed by unscrupulous local government employees. Data from the trend of monitoring reports on corruption case enforcement in 2020, East Java has the second most cases after Central Java involving regional officials in Indonesia. The high number of cases in East Java has attracted the attention of the public and anti-corruption community organizations (Alamsyah, 2020).

Efforts to reveal and ensnare perpetrators of corruption and financial crimes in East Java can be optimized by increasing the role of whistleblowers. However, whistleblowing intention issues are ethical decency and the guarantee of legal protection for the lives and careers of organizational members (Lee, Pittroff, & Turner, 2020; Mbago, Mpeera Ntayi, & Mutebi, 2018). Ethical practices can be psychological pressure and social and ethical dilemmas that are considered for organizational employees to have whistleblowing intentions (Vandekerckhove, 2018; Zhou, Liu, Chen, & Zhao, 2018). The role of the whistleblower to provide information on disclosing fraud or other forms of financial crime that harm the company is believed to be risky and a dilemma. Whistleblowers are members of the organization of criminals who have psychological and structural power relations in daily activities in the organization that triggers ethical dilemmas. The results of previous studies have proven that there is a relationship between ethical factors and the intention of whistleblowing. However, the results of these studies have not consistently proven that ethical factors affect whistleblowing intention (Miller, 2017; Nawati & Salin, 2019; Nayır, Rehg, & Asa, 2018). The purpose of this study is to empirically test whether whistleblowing is an ethical practice.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### *Ethical Sensitivity*

Whistleblowers generally know that the fraud process is occurring, and the awareness of the appropriateness value that they have seen becomes the impetus to take an attitude that the fraud and financial crimes they see are actions that



harm the organization (Brand, 2020). In this condition, the whistleblower is faced with his sensitivity to reporting the fraudulent act. The decision to be willing to disclose the occurrence of fraud is a form of whistleblower's ethical sensitivity which is a dilemma that is difficult to avoid (Valentine & Godkin, 2019; Zhou et al., 2018). This ethical sensitivity arises because of the individual's sensitivity when he sees a discrepancy that is contrary to ethical principles that are believed to be a form of ethical or unethical behavior. The ethical sensitivity of internal auditors and employees of the organization is the ability to realize ethical or moral values in an ethical decision (Eka & Adhitya, 2018; Miller, 2017). Ethical sensitivity is the ability to know the ethical problems that occur. A whistleblower's ability to behave ethically is strongly influenced by the individual's conscious sensitivity to ethical decisions (17) de. Attitudes and behaviors that are important in assessing ethical behavior are the awareness of individuals that they are moral agents.

Individual awareness can be assessed through the ability to be aware of ethical values in a decision. The results of the research by Valentine and Godkin (2019) inform that an employee's ethical sensitivity motivates them to intend to do whistleblowing. Furthermore, Badrullhuda, Hadiyati, and Yusup (2020) in their research results inform that ethical sensitivity affects the intention to do whistleblowing. On the other hand, even though employees have high ethical awareness, when they do not see any follow-up on the reports that have been given, they tend to reduce their intention to do whistleblowing. Ethical sensitivity is a natural sensitivity that exists in every individual which is obtained from his awareness in reading and seeing that the act is appropriate or not (Latan et al., 2019).

#### *Moral Ethics*

The whistleblower's ethical dilemma is also related to moral principles (Lindblom, 2007; Watts & Buckley, 2017). Awareness and firmness in moral principles in the form of being kind to co-workers in the organization, being fair, and believing in the values of decency and truth that are integrated into ethical actions. It is difficult and dilemmatic for whistleblowers to ignore these moral principles and avoid providing information on known fraudulent acts. Whereas the whistleblower's quick response in providing informed decisions is a form of moral responsibility to improve self-quality. Whistleblowers realize that fraudulent acts that have occurred and have been known

to are forms of crime and wrong actions so ethically, whistleblowers are required to be able to provide information on disclosing the fraud to protect the organization's losses. This ethical moral dilemma becomes an obstacle for organizational employees to carry out whistleblowing (Khusnah, 2020; Putra & Wirasedana, 2017).

Moral ethics is the basis for an individual to examine socio-moral problems and determine the actions to be taken (Berger, Perreault, & Wainberg, 2017; Palumbo & Manna, 2020). According to Valentine and Godkin (2019), a person's ability to handle and examine ethical dilemmas is influenced by ethical morals. So, the higher the moral ethic in a person, the more intention he will be to take whistleblowing actions. This has been proven by research Eka and Adhitya (2018) which state that moral ethics is one of the factors that influence the intention to take whistleblowing actions.

#### *Ethical Professional*

Employees of the organization carry out and are responsible for their main duties and functions within the organization according to the job description that has been determined. The internal accounting profession carries out jobs in specialized fields in the accounting department. Meanwhile, the special work to examine internal financial statements is carried out by the internal auditor profession. However, this does not mean that employees who work in general fields are unprofessional because a professional attitude refers to the obedience and skill of all members of the organization in carrying out their main duties and functions by the knowledge and experience they have gained. This condition creates a professional form in the organization as an integral part of attitudes and behavior in the organization (Khanifah & Amjadallah Atieq, 2019). The ethical dilemma of the whistleblower profession occurs when awareness of the occurrence of fraud in the organization is considered unethical. Ethical assessment is carried out based on knowledge and professional experience to provide information on the disclosure of fraud and financial crimes that will harm colleagues in the organization (Putra & Wirasedana, 2017). Professional ethical decisions (11) stleblowers realize that fraud committed by members of the organization is believed to be a form of error and crime that harms the organization. But on the other hand, the perpetrators of fraud are members of organizations who are known closely as colleagues or superiors and subordinates in the organization where they work.



A person who has an ethical professional always adheres to the code of ethics and ethical norms that apply in his work environment. Ethical professionals who are inherent in their work attitudes and behavior make the decisions they make and the attitudes shown will give organizational members confidence in the profession that is inherent in them. Badrulhuda et al. (2020); Eka and Adhitya (2018) informed in their research results that professional members of the organization have a significant influence on whistleblowing.

#### Confidentially Ethic

The whistleblower's risk of revealing the perpetrator of a crime is the safety of his life and career in the organization. Therefore, the employees of the organization always consider this risk when deciding to become a whistleblower. Guarantees and legal protections that are certain and clear for whistleblowers affect the confidentially ethical conduct of whistleblowing (Azhari & Nuraini, 2019). The whistleblower assesses and considers his decision to carry out whistleblowing by looking at whether the organization and law enforcement officers can protect his safety and career or not. If the results of the whistleblower's consideration consider that the safety of himself and his career is not guaranteed because of the weak legal protection provided, the organization's employees have the potential to be unwilling to become whistleblowers (Lee et al., 2020). On the other hand, if the guarantee of legal protection to maintain personal and career safety is clear and strong, the potential for employees to be willing to become whistleblowers is getting stronger. As a form of eradicating fraud and corruption in any serious organization, ethics to provide the best legal protection for whistleblowers is a form of good ethical action. Whistleblowers will feel protected and have confidence as a form of confidential ethics to provide information on the disclosure of fraud in the organization (Mbago et al., 2018).

Concerns about being ostracized, shunned, and even ridiculed by members of the organization, the risk of personal and family life threatened, as well as work career paths inevitably arise when members of the organization decide to become whistleblowers. The certainty of legal protection and guarantees provided by management and the state for whistleblowers will reduce the sense of concern for whistleblowing. This statement is supported by the results of research Lee et al. (2020) and Azhari and Nuraini (2019) which state that the certainty of legal protection is a form

of ethical confidentiality for someone to do whistleblowing. Based on the problem phenomena that have been described, the research question is whether whistleblowing is an ethical practice and the theoretical basis used, the conceptual framework of the research built is as follows:

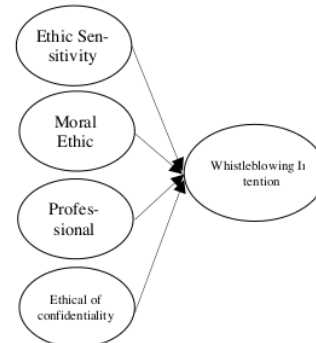


Figure 1. Conceptual framework

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### 3. RESEARCH METHOD

The population of this study consisted of all auditors of the East Java Inspectorate were s 80 respondents, the sampling technique was a saturated sample. Data analysis technique using Partial Least Square (PLS). The model of causality or influence between research variables was used in this study. The choice of the PLS model was used because this study examines the relationship of causality between the independent and dependent variables. This PLS model was also used for the reason that if one of the variables or both has one or more indicators and measures the non-indicator variable. The outer model test (measurement model) was used to measure the reflective and formative indicators. This study only u 20 reflective indicators. Reflective indicators are based on the loading factor. A loading factor > 0,70 is highly recommended, however, if the loading factor value is 0,50-0,60 then it is considered sufficient (Latan & Ghozali, 2017).

Whistleblowing intention indicators include anonymity which explains the existence of a well-structured system intending to conceal or disguise the identity of the whistleblower. Furthermore, independence describes the sense of comfort felt by the reporting party, transparency of information, the existence of good information distribution media, support from all members of the organization, speed of reaction to reports given, easy access to information, and a high participatory role. The indicators used to measure



ethical sensitivity by Valentine and Godkin (2019). The instruments are modified by the researchers are described as ethics sensitivity, morals ethics according to norms and laws, sensitive to the value of truth, sensitive to good things, able to distinguish right from wrong, self-perception of ethical actions, confidence and sensitivity to help, able to be wise with positive self-characteristics and self-sensitivity to the organizational environment.

Ethical morals are attitude that employees do to the organization or fellow employees in carrying out ethical behavior (Gholami, Kuusisto, & Tirri, 2015). The indicators used in measuring ethical morals by Yeoh (2014) and modified by the researcher are defined as ethical judgments about justice, ethical judgments about truth, morally acceptable ethical judgments, ethical morals that are acceptable to families, traditionally accepted ethical judgments, ethically accepted judgments, culture, avoiding breaking promises made, avoiding violating written agreements and consistently assessing ethical issues.

**Table 1** Outer Loading Value

	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	Y				
ES2	0,811	ME1	0,869	PE3	0,837	EC1	0,823	WI1	0,901
ES3	0,834	ME2	0,781	PE4	0,879	EC3	0,775	WI2	0,814
ES4	0,778	ME3	0,698	PE5	0,863	EC4	0,728	WI3	0,811
ES6	0,787	ME4	0,823	PE6	0,790	EC5	0,912	WI4	0,834
ES7	0,724	ME5	0,781	PE7	0,881	EC6	0,719	WI6	0,862
ES8	0,775	ME6	0,689	PE8	0,931	EC8	0,889	WI7	0,857
ES9	0,727	ME8	0,871					WI8	0,886

Source: processed data, 2022

Professional ethical indicators are the level of professional commitment and pride in the profession, the knowledge possessed, experience and practice of auditing, independent attitude, judging based on objective evidence, professional considerations, individual perceptions of their profession, and understanding of the professional code of ethics. Ethical confidential indicators in this study respect for human dignity and encourage organizational employees to take whistleblowing actions, the certainty of legal protection, protection of personal, family, and property, protection of career certainty in the organization, self-confidence, organizational regulations that protect employees, accommodative state of law, the courage of opinion, disclosure of information and adaptive legal norms.

#### 4. DATA ANALYSIS AND DISCUSSION

There were 80 questionnaires distributed in this study and 68 questionnaires were returned and filled out completely. The remaining 12 questionnaires were not returned because the respondents had not filled in due to their busy schedules and assignments outside the city.

##### Outer Model Validity Test.

The validity test consists of two types: the convergent validity test and the discriminant validity test. According to Latan and Ghazali (2017) stated that a statement item is said to be valid if the outer loading value is above 0,70 however, for statement items with an outer loading value of 0,50 to 0,60 it can also be accepted or said to be valid. Table 2 has informed that through the results of the outer loading validity test, there were 33 statement items that have passed the outer loading test with outer loading value > 0,70. A good AVE value is > 0,50 this value indicates good convergent validity (Latan & Ghazali, 2017).

**Table 2** AVE Value

X <sub>1</sub>	0,605
X <sub>2</sub>	0,618
X <sub>3</sub>	0,738
X <sub>4</sub>	0,603
Y	0,807

Source: processed data, 2022

Table 2 shows that the endogenous and exogenous variables have good convergent validity values and it can be concluded that the statement items have passed the validity test.

**Table 3** Correlation Values between Variables

	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	Y
X <sub>1</sub>	0,859				
X <sub>2</sub>	0,540	0,864			
X <sub>3</sub>	0,489	0,819	0,918		
X <sub>4</sub>	0,459	0,657	0,726	0,824	



Y 0,481 0,715 0,772 0,719 **0,789**

Source: processed data, 2022

Table 3 has informed that the correlation value (bold number) of each variable with the variable itself has the greatest value when compared to the correlation value with other variables. It can be concluded that this research has met the discriminant validity test.

#### Reality Test Results

The reliability test was carried out with the composite reliability and cronbach's alpha tests.

**Table 4** Composite Reliability Value

Variables	Value
X <sub>1</sub>	0,902
X <sub>2</sub>	0,865
X <sub>3</sub>	0,944
X <sub>4</sub>	0,857
Y	0,967

Source: processed data, 2022

Table 4 informs that the composite reliability value was > 070 it has passed the composite reliability test.

**Table 5** Cronbach's Alpha Value

Variables	Value
X <sub>1</sub>	0,902
X <sub>2</sub>	0,865
X <sub>3</sub>	0,944
X <sub>4</sub>	0,857
Y	0,967

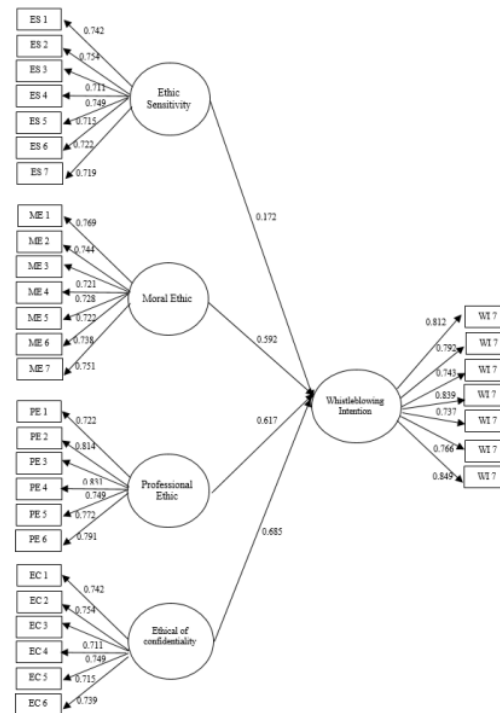
Source: processed data, 2022

Table 6 shows that the value of cronbach's alpha > 0,70. It can be concluded that all reflective construct indicators are reliable or meet the reliability test.

#### Structural Model Test Results (Inner Model)

Structural model testing was used to see the relationship between constructs, significant values, and R-Square, effect size and cross validate redundancy (Q<sup>2</sup>) as well as model fit of the research model.

Information inner model shows information that whistleblowing intention is influenced by ethical sensitivity 17,2% and 82,8% is influenced by other variables. Whistleblowing intention is influenced by ethical morals 59,2% and 40,8% is influenced by other variables. Whistleblowing intention is influenced by professional ethical 61,7% and 38,3 % influenced by other variables



**Figure 2** Structural Model

Source: processed data, 2022

and Whistleblowing intention is influenced by ethical confidentiality 68,5% and 31,5% influenced by other variables.

#### R-Square

The R-Square test is used to see how much exogenous variables affect endogenous variables.

**Table 6** R-Square Value

Variable	R-Square
Whistleblowing intention	0,637

Source: processed data, 2022

The four exogenous variables used in this study were ethical sensitivity (X<sub>1</sub>), moral ethical (X<sub>2</sub>), professional ethical (X<sub>3</sub>) and ethical confidentiality (X<sub>4</sub>) and the endogenous variable is the intention to take whistleblowing actions. Table 6 shows the R-Square value of 0.637, which means that the variable whistleblowing intention was influenced by 63.7% by the ethical sensitivity, ethical moral, professional ethical and ethical confidence variables. The remaining 36.3% was influenced by other variables outside of this study. The proof of the hypothesis to see the relationship between variables in the study and also to see the level of significance is by using the effect size test (F<sup>2</sup>), Cross



validated Redundancy ( $Q^2$ ), path coefficients, and model fit. The effect size test ( $F^2$ ) and changes in the value of  $R^2$  can be used to assess the effect of the exogenous latent variable on the endogenous variable whether it has a significant effect. The interpretation of the  $F^2$  value with a value of 0,02 has a small effect, a value of 0,15 has a moderate effect and 0,35 has an influence (Latan and Ghazali, 2017). Stone Geisser test ( $Q^2$ ) which is predictive relevance was used to measure how the model and its parameter estimation generate the observed value. A larger  $Q^2$  value  $> 0$  indicates the model has predictive relevance, while  $< 0$  indicates the model has no predictive relevance.

Table 7 Effect Size

	ES	ME	PE	WI	EC
ES				0,018	
ME				0,359	
PE				0,374	
WI					
EC				0,377	

Source: processed data, 2022

The test was carried out using cross validated redundancy with the blindfolding method to assess the predictive power of exogenous variables on endogenous variables. Stone - Geisser Test ( $Q^2$ ). In addition to looking at the size of the  $R^2$  value, the PLS model is evaluated by looking at the  $Q^2$  predictive relevance.  $Q^2$  value greater than 0 indicates the model has predictive relevance, while less than 0 indicates the model has no predictive relevance. Table 8 informs that the research results  $Q^2$  value was  $0.437 > 0$  meaning that this research model has predictive relevance.

Table 8  $Q^2$  Results

	SSO	SSE	$Q^2$
ES	168,000	168,000	
ME	69,000	69,000	
PE	168,000	168,000	
EC	198,000	117,526	0,437
WI	69,000	69,000	

Source: processed data, 2022

Assessing the magnitude of the effect of exogenous variables on endogenous variables, the F-square test was carried out with the results in Table 9.

Table 9. Results of Path Coefficients

	Original Sample	Standar	T	P Values
	Sample Mean	Deviation	statistics	
ES->WI	0,172	0,451	0,178	0,704 0,115
ME-> WI	0,592	0,397	0,159	2,331 0,017

PE->WI	0,617	0,262	0,163	2,195	0,009
EC->WI	0,685	0,227	0,181	2,593	0,006

Source: processed data, 2022

This hypothesis testing is intended to prove the truth of the alleged research that consists of four hypotheses:

$H_1$ : Ethical sensitivity affects the whistleblowing intention

The results in Table 7 can be seen that the value of the ethical sensitivity variable is 0,018 more than 0,02 including in the small category. This means that the ethical sensitivity variable has a small effect on the intention to take whistleblowing actions. The results in Table 9, the value of the original sample on the ethical sensitivity variable was positive 0,172. This means that there is a positive relationship between ethical sensitivity and whistleblowing intention. The greater ethical sensitivity can cause the higher the whistleblowing intention. Then, in the P-Values column, the ethical sensitivity variable has a value of 0,115 greater than 0,05, so it can be stated that ethical sensitivity has no significant effect on the whistleblowing intention. These results indicate that  $H_1$  was rejected.

$H_2$ : Ethical morals affect the whistleblowing intention

The results in Table 7 can be seen that the value of the ethical-moral level variable was 0,359 more than 0,35 including in the high category. This means that the ethical moral variable has a considerable influence on the whistleblowing intention. Table 9 was informed the value of the original sample on the moral ethical variable is positive 0,592. This means that there is a positive relationship between ethical morals and whistleblowing intention. The ethical-moral variable has P value of 0,017 which is smaller than 0,05, it can be stated that ethical morals have a positive significant effect on the whistleblowing intention. These results indicate that  $H_2$  was accepted.

$H_3$ : Professional ethics affect the whistleblowing intention

The results in Table 7 can be seen that the value of the professional ethic variable was 0,374 more than 0,35 is included in the high category. This means that the professional ethic variable has a considerable influence on whistleblowing intention. Table 9 was informed that the original sample value on the professional ethic variable is positive 0,617. This means that there is a positive relationship between professional ethics and the whistleblowing intention. The professional ethics



variable has P value of 0,009 which is smaller than 0,05, it can be stated that professional ethics has a positive significant effect on the positive. This result shows that H<sub>3</sub> was accepted

H<sub>4</sub>: Ethical confidentiality affects the whistleblowing intention

The results in Table 7 can be seen that the value of the ethical confidential variable was 0,377, more than 0,35 is included in the high category. This means that the ethical confidentiality variable affects the whistleblowing intention. Table 9 has informed that the value of the original sample on the ethical confidential variable is positive 0,685. This means that there is a positive relationship between ethical confidentiality and whistleblowing intention. The ethical confidentiality variable has P value of 0,006 less than 0,05, so it can be stated that ethical confidentiality has a positive significant effect on the whistleblowing intention. These results show that H<sub>4</sub> was accepted

#### Discussion

##### *Ethical Sensitivity Affects Whistleblowing Intention.*

Ethical sensitivity does not have a significant effect on the intention to take whistleblowing actions because the majority of respondents think that ethical sensitivity arises as a result of actions that have been taken after reporting from the whistleblower. Respondents saw the phenomenon that the risk of sensitivity to providing information when asked to do whistleblowing was not commensurate with the expectation of the speed and clarity of disclosure of fraud that occurred within the organization.

Distrust and pessimism cause ethical sensitivity to be weak. So that no matter how big the ethical sensitivity possessed by the organization's employees, it will not influence them to intend to do whistleblowing. Although in practice the whistleblower knows the process of fraud and financial crime that occurs within the organization, if the knowledge and experience of the whistleblower report that has been provided are not immediately followed up, it will tend to be passive and apathetic to the occurrence of the fraud and financial crime problems. Ethical sensitivity is the sensitivity of employees because they see a discrepancy that is contrary to the principles that are believed to be a form of ethical and unethical behavior. The ethical sensitivity of auditors in the East Java inspectorate is a form of the ability to realize ethical or moral values in an ethical decision that does not depend on the size of the fraud and financial crime

but rather on the speed and seriousness of following up after the report from the whistleblower.

The results of this study are in line with research conducted by Badrulhuda et al. (2020) which informs that ethical sensitivity does not affect the intention to do whistleblowing. The results of this study do not support the opinion of Valentine and Godkin (2019) who informed that an employee's ethical sensitivity affects the intention to do whistleblowing.

##### *Ethical morals affect the whistleblowing intention*

The East Java inspectorate auditor's awareness and belief in ethical morals is a form of being ethical by upholding the ethical norms that apply in the organizational environment. A good attitude and mutual respect for the rights and obligations of each member of the organization is a belief in the value of appropriateness and truth that is integrated into the moral principles of the East Java Inspectorate auditor. The higher of ethical morals owned and believed by the auditor, the stronger and more confident to show the value of appropriateness and truth. Therefore, when the auditor has strong ethical and moral principles, he will tend to have a strong intention to take whistleblowing intention.

Auditors believe that whistleblowing is an ethical dilemma inherent in decision-making attitudes to provide information on fraud and financial crimes. However, the auditor also believes that the truth that is known must still be informed to law enforcement as a form of moral responsibility towards himself and the organization. It is difficult and dilemmatic for auditors to ignore the moral principles they believe in and avoid providing information on fraudulent and financial crimes that they have known.

The results of this study also inform that auditors who carry out whistleblowing intentions are strongly influenced by ethical decisions which are believed to be a form of moral responsibility to improve self-quality within the organization. The results of this study support Eka and Adhitya (2018) who state that the ethical morals of employees in organizations affect the whistleblowing intention.

##### *Professional Ethics Affect Whistleblowing Intention.*

The East Java inspectorate auditor is a profession that is attached to its main duties and functions within the organization. Considerations and ethical codes that are attached to the auditor profession demand to behave professionally in their work activities. Auditors who have ethical professionals always comply with the code of ethics and



ethical norms that apply in their work environment. Ethical professionals inherent in their work attitudes and behavior cause high confidence to have the intention to do whistleblowing. Auditors who have a strong ethical professional attitude make decisions to provide information on the occurrence of fraud and financial crimes that they know are getting stronger.

The ethical profession of auditors is the value given to their ability to carry out their work based on the knowledge gained from formal and non-formal education and auditing experience. Therefore, professional skills will not be formed if it is not accompanied by the ethical attitude inherent in the government auditor profession. Auditors who have professional skills will have a good ethical attitude and based on their ethical professional considerations, they will have a strong whistleblowing intention. The results of this study are supported by Badrulhuda et al. (2020); Eka and Adhitya (2018) who inform in their research results that professional members of

the organization have a significant influence on whistleblowing intention. <sup>12</sup>

*Ethical Confidentiality affect Whistleblowing Intention*

The results of this study inform that the auditors of the East Java inspectorate feel confident that there is a definite guarantee of legal protection when carrying out whistleblowing intentions. Reform of anti-corruption laws and efforts to prevent fraud and serious financial crimes from the state have proven to increase the auditor's confidence that he, his family, and his career are protected. The auditor's high ethical confidentiality has succeeded in reducing the auditor's concerns and fears over the threat to his safety. So when the auditor has a strong ethical confidentiality attitude, the tendency to whistleblowing intention is very high <sup>21</sup>. The results of this study support research conducted by Lee et al. (2020) and Azhari and Nuraini (2019) which state that the certainty of legal protection as a form of ethical confidentiality affects whistleblowing intention.

<sup>3</sup> confidentiality had a significant positive effect on whistleblowing intention. The results of this study prove that whistleblowing intention is an ethical practice. Whistleblowers often run into ethical practices and dilemmas when they intend to provide information on fraud and financial crimes. The moral principle of the East Java inspectorate auditor to believe that fraud is detrimental to members of the organization is a form of ethical propriety in acting when they know of fraud and financial crimes. The East Java inspectorate auditor profession is formed from the ethical attitude inherent in his knowledge and experience as an auditor. Auditors who have professional skills will have a good ethical attitude and based on their ethical professional considerations, they will have a strong whistleblowing intention. In addition, the results of this study also concluded that a definite security guarantee and legal protection is needed by whistleblowers. The auditor decides to carry out whistleblowing intention if there is a certainty of legal protection for himself, his family, and also his career in the organization.

The theoretical implication of this research informs that ethical practices and ethical dilemmas met by auditors and employees in organizations are a form of necessity experienced when doing whistleblowing intentions. It is not easy to become a whistleblower because they often experience ethical dilemmas. The whistleblower should improve the understanding of science and theory

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## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study aims to prove whether whistleblowing intention is an ethical practice. The variables of ethical sensitivity, ethical morals, professional ethics, and ethical confidentiality were used to determine their effect on whistleblowing intention. This study succeeded in proving that ethical morals, ethical professionals, and ethical confi-



of ethics and fraud to be precise in making decisions. The practical implication is that organizations and the state are required to provide legal protection for whistleblowers. Weak laws that ensnare perpetrators of fraudulent practices and financial crimes and also legal protection for whistleblowers weaken complaints from whistleblowers.

The small scope of respondents in the East Java inspectorate and the lack of information gathering to respondents through in-depth interviews are limitations in this study. Further research is recommended to conduct direct interviews with whistleblowers to obtain in-depth information on the relevance of practices and ethical dilemmas suffered by whistleblowers. The use of qualitative research methods such as case study, phenomenology, or ethnomethodology are highly recommended on the topic of whistleblower ethical practice because it has related to respondent behavior and organizational culture.

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