

THE DETERMINANT OF WHISTLEBLOWING INTENSION OF VILLAGE OFFICIAL AS A PREVENTION OF FRAUD IN THE DISTRICT OF WONOSARI

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ABSTRACT

This research aims to: (1) determine how much the effect of the ethical climate has on whistleblowing intentions; (2) find out how much the effect of the level of seriousness has on whistleblowing intentions; (3) determine the great effect of locus of control on whistleblowing intentions. This type of research is quantitative research. The object of this study is the village officials in Wonosari District. The sampling technique used in this study was the saturated sampling method. Data collection was carried out by applying a survey method using a questionnaire distributed directly to all village officials in Wonosari District.

The result of this study showed that (1) the ethical climate has a positive and significant impact on whistleblowing intentions, (2) the level of seriousness is positively and significantly related to whistleblowing intentions, and (3) locus of control gave positive and significant control of whistleblowing intentions. With a mandatory output of accredited national journal.

Keywords: *Ethical Climate; Level of Violation; Locus of Control; Whistleblowing*

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INTRODUCTION

Public sector organization become one of the organizations that have orientation to the public interest. Having power and authority requires the government to be able to provide maximum service to the community. However, in practice, the power and authority possessed often cannot actually improve the welfare of the community and the quality of public services. Even the public sector is one of the most prevalent sectors of corruption that results in a non-conducive and very detrimental work environment.

Fraud is a major problem now that must be fought by all sectors, not least in the public sector. Accounting fraud is "a series of unnatural and illegal actions that are intentionally done to cheat, fraud committed by individuals or organizations to get money" (Sawyer, 2006). "Accounting fraud includes various forms, such as the tendency to commit acts of corruption, the tendency to misuse assets, and the tendency to carry out fraudulent financial reporting" (Thoyibatun, 2009). The impact of the spread of corruption cases that occur at present would be very detrimental to the community and certainly affects the economic growth of an area due to financial losses that can also hamper people's welfare and prosperity.

The phenomenon related to cases in village financial management is so prevalent in Indonesia. Based on the results of monitoring conducted by Indonesia Corruption Watch (ICW), it is stated that in 2015 up to 1st semester of 2018, the number of cases of corruption in the villages continued to increase. There are around 181 cases of misuse of the village budget that have occurred on average by the Village Head (Indonesia Corruption Watch, 2018). From the results of studies conducted by the Corruption Eradication Commission, there are at least four aspects identified by the KPK as triggers of corruption in village financial management, such as regulatory and institutional aspects, governance aspects, aspects of supervision and aspects of human resources (Liputan 6, 2017) in Laksmi and Sujana (2019).

Eliminating fraud is not easy, but it can still be minimized by implementing a whistleblowing system. To become a whistleblower is not an easy matter. Someone who comes from an internal organization will face an ethical dilemma when deciding whether to "blow the whistle" or keep it hidden. "Some people will regard whistleblower as a traitor who has violated the norms of loyalty within the organization, but some of them will also see the whistleblower as a heroic who has protected the values of truth, not just loyalty to the organization" (Rothschild and Miethe, 1999). With these different views, prospective whistleblowers will experience a dilemma in determining attitudes that can distort whistleblowing interests.

LITERATURE REVIEW

1. Whistleblowing Intention

Hanif and Odiatma (2017) stated intention is "a strong desire to do something that comes from within". This intention will affect the behavior because before taking an action, the intention must first appear to be able to encourage individuals to perform a behavior. Meanwhile, the National Committee on Governance Policy (2008: 3) defines whistleblowing as "disclosure of violations or disclosure of unlawful acts, unethical or immoral acts or other actions that can harm the organization or stakeholders committed by employees or leaders of the organization to the leadership of the organization or other institutions that can take action on these violations. This disclosure is generally carried out in secret (confidential) ".

2. Ethical Climate

Ethical climate of an organization can be interpreted as an environmental condition of the organization that causes members in the organization to view and respond to an event. Research conducted by Setyawati, et al., (2015) and Ahmad (2011) found empirical evidence that only ethical climate principle organizations can successfully influence the intensity of a person doing whistleblowing. While the other two ethical climates do not

affect the intensity of wish-blowing actions. From the explanation above, the hypotheses in this research are:

H₁ : *Ethical climate has a positive and significant effect on whistleblowing intentions.*

3. The Severity of Violation

Ahmad (2012) states that "the severity of violations is similar to one of the moral intensity models developed by Jones (1991). The seriousness of the violation can be defined as the effect that may result from a violation both financially and non-financially." Septianti's research (2013), Setyawati et al (2015), Bagustianto and Nurkholis (2015) found evidence that the level of seriousness affected the intention to wish whistleblowing. Based on this explanation, the hypotheses in this study are:

H₂: The severity of the violation has a positive and significant effect on the intention to wish whistleblowing.

4. Locus Of Control

Locus of control is a concept in personal psychology introduced by Julian B Rotter (1954). Locus of control can be interpreted as individual beliefs about whether or not they can control events that affect them. Locus of control has been investigated by Ghani (2013), Septianti (2013) and Ahmad, et al (2012) but all three failed to prove the influence of locus of control on Whistleblowing actions. According to Septianti (2013) this was due to the low perception of potential whistleblowers of the potential efficacy of reporting violations and similar threats of retaliation from the above explanation, the hypothesis in this study is:

H₃: *Locus of control has a positive and significant effect on whistleblowing intentions.*

Whistleblowing involves information to sources within the organization. "In principle, whistleblowers are pro-social behavior that emphasizes helping others in making an organization or company healthy" (Sagara, 2013). Ethical climate in organizations would influence organizational members in managing conflicts and making ethical decisions. An individual's intention to report a violation will be stronger when the violation committed can result in a substantial loss or is considered a serious violation. The greater the impact of losses due to violations experienced by the organization, the greater the desire of members of the organization to report suspected violations (Whistleblowing).

According to Spector (1982) "locus of control is the main variable to explain human behavior in organizations". "Locus of control is the degree to which individuals believe that events that occur in life depend on their personal behavior or characteristics" (Rotter, 1996 quoted in Bass 1999).

Based on the framework of thinking above, then the following framework can be arranged:

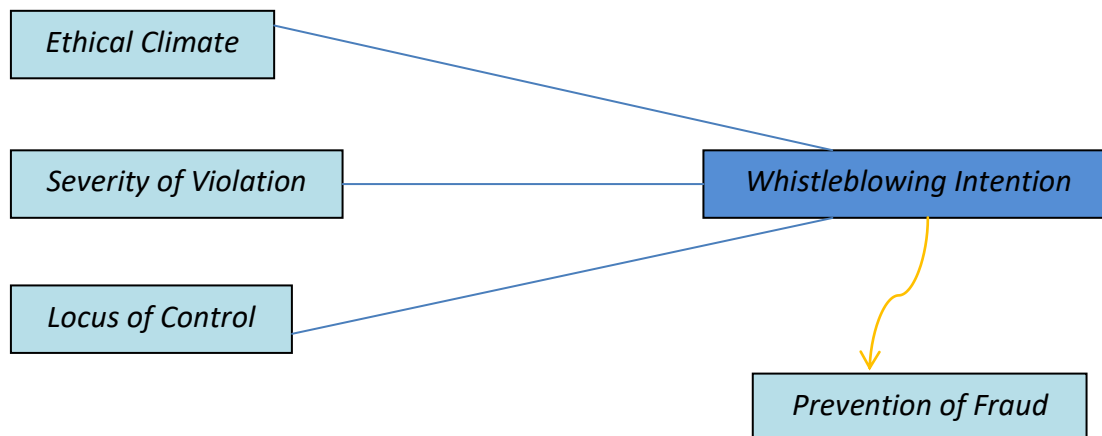


Figure 1. Theoretical Framework

RESEARCH METHODS

This study used a quantitative approach which is an approach that emphasizes testing theories or concepts through measurement of variables and performing data analysis procedures with statistical equipment and aims to test hypotheses. The population in this study included the entire number of village officials in WonosariSubdistrict as many as 98 village officials. By using a sampling technique through saturated sampling that is the technique of determining the sample that became all members of the population as a sample. Data collection was carried out using a questionnaire.

In this study there are several stages in conducting data analysis. By using the help of SPSS software version 24 for windows several stages that will be used are the validity test, reliability test, normality test, multicollinearity test, and heteroscedasticity test (Ghozali, 2009). Then to answer the hypothesis that has been proposed, the analysis technique that will be used is multiple linear regression. This data analysis is intended to empirically examine the effect of ethical climate, the level of severity of violations and locus of control on Whistleblowing intentions. With the form of the regression equation as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Information:

- Y : Whistleblowing Intention
- X1 : Ethical Climate
- X2 : The Severity of Violation
- X3 : Locus of Control
- α : Constant
- β_x : Regression Coefficient
- ε : Error

RESULTS

1. Descriptive Test

Descriptive statistical tests are performed to provide an overview of the data collected through the presentation of information on the number of observations, minimum values, maximum values, mean values and standard deviations.

Table1
Descriptive Statistic of Research Variable

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
TEC	97	2.12	4.65	3.7289	.42065
TTKP	97	2.50	5.00	3.7758	.50452
TLOC	97	1.56	5.00	3.9931	.53307
TIW	97	1.78	5.00	3.8797	.56762
Valid N (list wise)	97				

Source: Processed primary data, 2019

Based on table 1, it is known that the ethical climate variable has a minimum value of 2.12, a maximum value of 4.65, an average of 3.7289 and a standard deviation of 0.42065, while a variable *the severity level of violations* has a minimum value of 2.50, a maximum value of 5.00, an average value of 3.7758 and a standard deviation of 0.50452, then the locus of control variable that has a minimum value of 1.56, a maximum value of 5.00, with an average of 3.9931 with a standard deviation of 0.53307, and for the Whistleblowing intention variable has a minimum value of 1.78, a maximum value of 5.00 with an average of 3.8797 and a standard deviation of 0.56762.

2. Validity Test Result

This validity test was done by using the *item to total correlation* method. Based on the results of validity testing, it is known that the Ethical Climate, Severity Level of Violation, Locus of Control, and Whistleblowing Intention have significance values less than 0.05 so it can be concluded that all items of questions in the study are valid.

3. Reliability Test

Table2
Reliability Test Result

Variable	Cronbach's Alpha	Keterangan
Ethical Climate (X ₁)	0.868	Reliable
The Severity Level of Violation (X ₂)	0.683	Reliable
Locus Of Control (X ₃)	0.879	Reliable
Whistleblowing Intention (Y)	0.889	Reliable

Source: Processed primary data, 2019

The table above shows that the Ethical Climate variable, the Severity Level of the Violation, the Locus of Control and the Whistleblowing Intention have a Cronbach's Alpha value higher than 0.6. This shows that the question items in this study are reliable.

4. Normality Test

In this study, to test the normality of the data, researcher used normal *P-P Plot of Regression Standardized Residual* which test results can be seen in the image below:

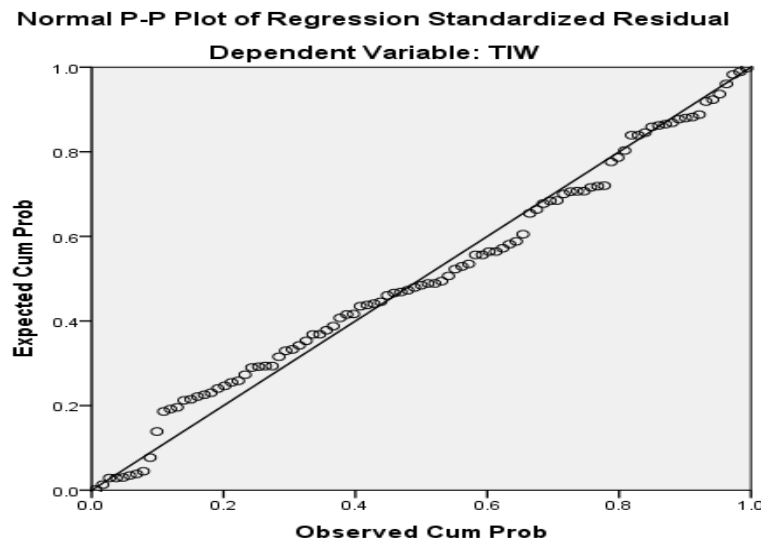


Figure 2. Normality Test Result

Based on the picture above, it can be seen that the points spread around the diagonal line which direction of distribution follows the direction of the diagonal line. This shows that the regression model is feasible because it meets the assumption of normality.

5. Multicollinearity Test Result

The results of multicollinearity research can be seen in the following table:

**Table 3
Multicollinearity Test Results**

Coefficients ^a		Collinearity Statistics	
		Tolerance	VIF
1	TEC	.506	1.978
	TTKP	.989	1.011
	TLOC	.502	1.991

Dependent Variable : Whistleblowing Intention

Source: Processed primary data, 2019

Based on the table above, it can be seen that the Ethical Climate variable, Severity Level of Violation, Locus of Control and Whistleblowing Intention have tolerance values above 0.1 and VIF less than 10. This means that in the regression equation model there are no symptoms of multicollinearity so the data can be used in this research.

6.Heteroscedasticity Test Result

The results of heteroscedasticity test can be seen in the image below:

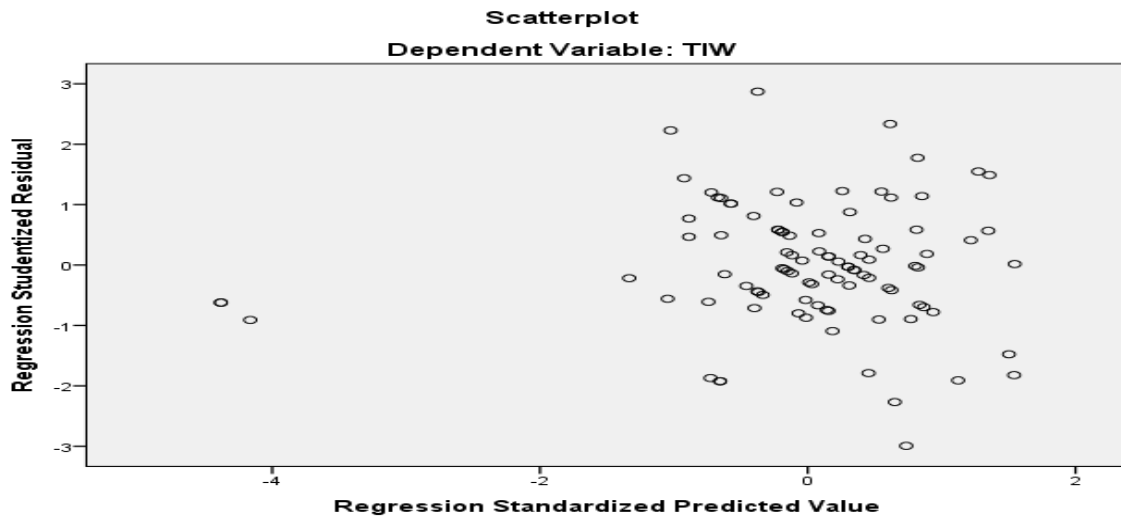


Figure 3.Heteroscedasticity Test Result

Based on the picture above, the scatterplot graph shows that the data is spread on the Y axis and does not form a clear pattern in the spread of the data. This shows that there is no heteroscedasticity in the regression model, so the regression model is feasible to be used to predict Whistleblowing intentions with the variables that influence it, such as Ethical Climate, Severity Level of Violations, and Locus of Control.

7. Determination Coefficient Test Result (R²)

The coefficient of determination test aims to find out how much the ability of the dependent variable can be explained by the independent variable.

Table 4
R²Test Result

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.764 ^a	.583	.569	.37243

Source: Processed primary data, 2019

From the table above there is an R value of 0.764 which shows that the relationship between the intentions of whistleblowing with the three independent variables is very strong, it is considered a strong definition which is above 0.4. While the R square value of 0.583 or 58.30% shows that the whistleblowing intention variable can be explained by the ethical climate variable, the level of severity of the violation and the locus of control of 58.30% while the remaining 41.70% can be explained by other variables which were not covered in this research.

8. Multiple Linear Regression Test Result

Table5
Regression Equation Model

Model	Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	-.654	.455		-1.438	.154	
1	TEC	.538	.127	.398	4.231	.000
	TTKP	.202	.076	.179	2.664	.009
	TLOC	.442	.101	.415	4.397	.000

Dependent Variable: Whistleblowing Intention

Source: Processed primary data, 2019

From the results of multiple linear regression test, the regression equation that can be obtained is as follows:

$$Y = -0.654 + 0.538 X_1 + 0.202 X_2 + 0.442 X_3 + e$$

DISCUSSION

1) The Effect of Ethical Climate on Whistleblowing Intention

The results showed that ethical climate had a positive and significant effect on the intention of Whistleblowing in Wonosari District. This shows that the higher the ethical climate of village officials, the higher the intention of village officials in conducting whistleblowing. In deciding on problems, this ethical climate is based on a belief that there are universal principles such as rules, laws and standards. If members of the organization are involved in unethical behavior, then other members will be encouraged to have different opinions so obedience to the law and also the code of ethics can be the most dominant factor for individuals to consider when choosing to determine or decide on ethical dilemmas. So if there has been an automatic fraud he will choose to report the action if the environment where he works is an environment that obeys the rules.

Theory planned behavior states that the factors that influence an individual's behavior are not all under the control of that individual. This theory explains that the behavior manifested by someone arises because of the intention to behave. But the intention to behave is influenced by a combination of the individual's own attitude toward his behavior, existing subjective norms, and the level of perceived behavioral control. An individual's attitude toward his behavior refers to the extent to which an individual believes that what is done gives benefit to him or not, related to what he gets from the behavior. Whereas subjective norms refer to what is felt by individuals from existing social pressures or from the surrounding environment that encourages individuals to choose between doing something and not doing a behavior.

The results of this study are in line with the results of research conducted by Rodiyah (2015) which states that the ethical environment influences the behavior of whistleblowing towards accounting students. While the research of Hanif and Odiatma (2017) explains something different from this study which states that the ethical environment does not have a significant influence on whistleblowing actions.

2) The Effect of Severity Level of Violation on Whistleblowing Intention

The results of this study indicate that the severity level of the violation has a positive and significant effect on the intention of whistleblowing. This means that the higher the severity level of the violations that occur will encourage someone's intention to do whistleblowing. The severity level of the violation is a measure of the severity of the violation that can harm an organization. The level of severity of this violation is a limitation of errors in the form of fraud or violations occurred in an organization where each limitation on each of these organizations is different.

Bagustianto (2012) explained that "the level of severity of violations between organizations might be different from one another". Depending on the view of each person concerned. Usually the perception of the severity of the violation in addition to being related to the scale of the fraud also cannot be separated from the type of fraud that occurs. Each member of the organization might have a different reaction for each type of fraud that occurs.

In contrast to the results of this study, research conducted by Lestari and Yaya (2017) explains that the severity level of violations does not affect the intention to conduct Whistleblowing. The higher the violation that occurs will lead to the lower intention of disclosure of someone caused by the increasing number of invitations of material value that can make the employee involved in actions that will harm an organization. Nevertheless, research conducted by Rohmaida (2017) can support the results of this study by explaining that the severity level of the violation has a significant effect on the intention to carry out whistleblowing.

3) The Effect of *Locus Of Control* on Whistleblowing Intention

The results of this study indicate that the locus of control has a positive and significant effect on the intention of whistleblowing. This means that the higher the locus of control that occurs will encourage someone's intention to do whistleblowing. This might be caused by the existence of high individual belief in his ability to control the environment. Individuals who have the belief that fate or events in their lives are under their control are usually said to have an internal control. As a result, someone with an internal locus of control can be more responsible with the results of their actions or behavior towards themselves and determine for themselves what is right and wrong for the code of conduct. Therefore, someone with internal locus of control tends to choose to engage in ethical behavior and not to engage in unethical behavior.

In theory of planned behavior, the behavior displayed by individuals arises because of the intention to behave. The intention of individuals to display a behavior is a combination of attitudes to display the behavior and subjective norms so that individuals will take action Whistleblowing if indeed there is fraud that must be reported. This locus of control variable plays a component of perceived behavioral control. "Individuals who believe that what they do will produce results that are in accordance with what they have expected, then the relation is that these individuals will tend to take Whistleblowing actions when they judge their actions to be right" (Joneta, 2016).

In contrast to this study, research conducted by Rita Aprillia (2018) states that the locus of control variable does not have a significant effect on the whistleblowing intention.

CONCLUSIONS

This study aims to determine the effect of ethical climate, the level of severity of violations and locus of control on the intention of whistleblowing on village officials in Wonosari District. Based on the results of research that has been done, then the conclusion in this study are Ethical climate has a positive and significant effect on whistleblowing intentions. This means that the higher the ethical climate of village officials, the higher the intention of village officials in conducting whistleblowing. The severity of the violation has a positive and significant effect on the intention of whistleblowing. This means that the higher the severity level of the violations that occur will encourage someone's intention to do whistleblowing. Locus of control has a positive and significant effect on whistleblowing intentions. This means that the higher the locus of control that occurs will encourage someone's intention to do Whistleblowing. This might be caused by the existence of high individual belief in his ability to control the environment.

Based on the results of research conducted on ethical climate, the level of severity of violations, and locus of control on the intentions of whistleblowing village officials in Wonosari District, the following can be suggested are To improve the ethical climate and locus of control of village officials in Wonosari district, every village official should be able to follow the rules, laws and procedures to create and improve an ethical organizational climate to prevent unethical behavior. To increase the intention of the village official in conducting whistleblowing, it is expected that each organizational leader can guarantee legal protection for whistleblowers in order to make disclosures in case of violations in the institution where they work. Future studies should be able to further explore and examine more closely the factors that can influence the intentions of whistleblowing village officials not only by using the questionnaire method but also through qualitative research through direct interviews with village officials about the factors that affect whistleblowing intentions.

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