

# INTEGRATED-ETHICAL DECISION MODEL (I-EDM) TO ANALYZE WHISTLEBLOWING INTENTION OF LOCAL GOVERNMENT EMPLOYEES

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## ABSTRACT

*This study aims to examine the effect planned behavior (attitudes towards whistleblowing, subjective norms, and perceived behavioral control) on whistleblowing intention of local government (PEMDA) accounting staffs based on Theory of Planned Behavior (TPB). Additionally, this study examines the moderating effect of moral capacity and ethical climate on the relationship between those planned behavior and whistleblowing intention using Integrated-ethical decision model (I-EDM) proposed by Schwartz (2016). Using data collected through a questionnaire survey with drop-off delivery approach to 90 employees working in the department of accounting and assets of the Regional Financial Management Agency in 8 Regencies/Cities in Papua and West Papua Provinces, Indonesia; this study finds that subjective norms and perceived behavioral control influence whistleblowing intention. Attitudes toward whistleblowing, however, does not affect whistleblowing intention. Further analysis reveals that moral capacity increases the relationship between attitudes towards whistleblowing and whistleblowing intention. Finally, this study finds that ethical climate strengthens the relationship between perceived behavioral control and whistleblowing intention. These findings provide partial support to the I-EDM model. Practically, this study suggests that to increase the whistleblowing intention of PEMDA accounting employees can be done by enhancing employee's moral capacity and increasing ethical climate within the organization.*

**Keywords:** Whistleblowing Intention, Ethical Climate, Decision Making, Subjective Norms, Perceived Behavioral Control, Theory of Planned Behavior.

## INTRODUCTION

Whistleblowing is reporting made by members of an organization about illegal, immoral or illegal practices that occur within the control of an organization to a person or organization who may be able to take action in relation to it (Near & Miceli, 1985). Whistleblowing actions have been worldwide and have had a significant impact, for example reporting violations by insiders (internal whistleblowers) which received significant reactions, among others in the private sector such as the Worldcom case, Enron and Brown and Williamson Tobacco Corp as well as what happened in public organizations such as the Watergate and Phoenix Veterans Health Administration cases in the USA as well as Lake Alice Hospital and the New Zealand Defense Force in New Zealand.

A survey conducted by the Association of Certified Fraud Examiners/ACFE (2018) shows that the majority of frauds that occur within organizations are detected through tips or inside information (40%), internal audits (15%) and management reviews (13%) while external

audits only 4 percent. The survey results show that insiders are the largest source of fraud disclosure compared to parties outside the organization. Therefore, research on factors that can increase whistleblowing intentions or behavior in employees is important to do. Accounting research that focuses on factors that can increase whistleblowing intentions has been widely carried out, while these factors are characteristics of whistleblowers, characteristics of report recipients, characteristics of fraud perpetrators, characteristics of fraud, and characteristics of the organization, but these previous studies have not considered that in the ethical decision-making process (EDM), one of which is whistleblowing, an individual is often faced with ethical issues (moral) (Gao & Brink, 2017).

Disclosure of fraud is often a dilemmatic act, on the one hand whistleblowers are considered to have committed commendable actions and are seen as heroes but on the other hand they are seen as traitors to the organization and co-workers especially for internal whistleblowers (Keenan, 1990; Lindblom, 2007; Teo & Caspersz, 2011). Therefore, individual characteristics such as attitudes toward whistleblowing, Individual subjective norms and perceived behavioral control are variables that can be investigated for their influence on the intention to report violations committed. Although there have been many studies that have examined the relationship between the three determinants of planned behavior and intention to disclose fraud, in the context of accounting it is still limited, among others, this research was conducted by Alleyne et al. (2017) and Latan et al. (2018) on attitudes towards fraudulent disclosure, Trongmateerut & Sweeney (2013) on subjective norms and Alleyne et al. (2017), Latan et al. (2018) and Trongmateerut & Sweeney (2013) on perceived behavioral control. In addition, when individuals are faced with a dilemma whether or not to disclose the fraud they encounter, a person's moral capacity (consideration of good and bad, personal ethical values and how strongly the individual holds on to his beliefs) and the ethical infrastructure of the organization where he works will also influence the decision-making process carried out.

In this study, we propose a model based on the theory of planned behavior (attitudes towards whistleblowing, subjective norms and perceptions of behavioral control) proposed by Ajzen (1991) as a factor that influences a person's intention to do whistleblowing and its interaction with individual factors (moral capacity). And the situational context (ethical climate) of the Integrated-ethical decision model (I-EDM) proposed by Schwartz (2016). To our knowledge, so far there have been no studies examining the situational and individual factors of this I-EDM model except Latan et al. (2017) which examines moral intensity (one of the situational factors).

In Indonesia, the organization that suffers the most is the Government, where corruption is the largest type of fraud (ACFE-Indonesia, 2020), this encourages the need for efforts to disclose fraud in government organizations. Whistleblowing carried out by government employees can have an impact on the implementation of honest and accountable government and can even lead to substantial changes and facilitate reform in government organizations (Brewer & Seiden, 2018). In particular, government accounting employees have more opportunities to detect fraud within the organization than others outside the organization.

Our study contributes to the literature in several ways. First, it is the first study to examine the role of individual factors and the situational context of the I-EDM Model (Schwartz, 2016). Second, this study also develops an examination of the individual factors and the situational context and their interaction with the Theory of Planned Behavior (TPB) proposed by Ajzen (1985); Ajzen (1991) in influencing whistleblowing intentions. Although there are several previous studies that discuss EDM, they discuss the situational context in terms of the moral

issue itself, namely moral intensity as well as ethical awareness, ethical and emotional judgments (Alleyne et al., 2013; Latan et al., 2018; Taylor & Curtis, 2010; Taylor & Curtis, 2013). Third, this study discusses the ethical climate of the organization as a proxy for the organizational environment in the situational context proposed by Schwartz (2016). Past research linking ethical climate with whistleblowing intentions is very limited and discusses organizational ethical climate in the concept proposed by Victor & Cullen (1988). Fourth, to the best of our knowledge, this is the first whistleblowing study to use the subject of government employees working in the accounting field (Ahmad et al., 2014; Liu et al., 2018; Rothwell & Baldwin, 2006; Rothwell & Baldwin, 2007; Zhou et al., 2018). Although there have been many previous studies using government employees as respondents but none have used government accounting employees as subject (Brewer & Seiden, 1998; Caillier, 2017; Chang et al., 2017; Near & Miceli, 2008; Park & Blenkinsopp, 2009; Skivenes & Trygstad 2016). Fifth, this study expands the scope of whistleblowing research by providing evidence from Indonesia. Indonesia as a country with the second highest level of financial fraud in Southeast Asia after Vietnam is an interesting phenomenon that can be studied and indicates that the role of whistleblowers (employees) is still very much needed in whistleblowing efforts (Deny, 2019). This article is structured as follows, the next section presents a study of theory, research methods, results and discussions and conclusions.

## THEORETICAL REVIEW

This research intends to assess the whistleblowing intention of government employees who carry out the accounting function, because the actual disclosure of fraud is very difficult to observe, so in various literatures, fraud disclosure is measured using fraudulent disclosure intentions as a proxy for real action. This research is based on the theory of planned behavior (TPB) proposed by Ajzen (1991) to model individual whistleblowing intentions. Next, we use the I-EDM model Schwartz (2016) to discuss the consideration of ethical issues involved in ethical decision making (whistleblowing) and add an ethical climate model as a proxy for ethical infrastructure applied in organizations (Victor & Cullen, 1988).

### Theory of Planned Behavior

The theory of planned behavior postulates three conceptually independent determinants of intention, namely attitudes toward behavior, subjective norms and perceived behavioral control (Ajzen, 1991). The theory of planned behavior (TPB) emphasizes the individual's intention to perform a given behavior. Intentions are assumed to capture the motivational factors that influence behavior; which indicates how hard people are willing to try, how much effort they plan to put into realizing the behavior (Ajzen, 1991). TPB assumes a person's personal attitudes and opinions in combination with perceived control over behavior and subjective societal norms will influence their intentions which then lead to behavior or actions. If a person has a positive attitude and feels he has control over the whistleblowing action and the social environment approves the whistleblowing action, it is highly likely that that person will do whistleblowing. Individual attitudes, subjective norms as well as perceived behavioral control can have a positive or negative influence on their intentions and behavior depending on the individual's personal views.

## **Integrated Decision-Making Model (Model I-EDM)**

The I-EDM model assumes that ethical behavior depends on the particular individual facing the ethical dilemma (e.g., different individuals may act differently when faced with the same dilemma), and the situational context in which an individual faces the dilemma (e.g., the same individual may behave differently depending on the particular situation encountered or the environment in which a person is in) (Schwartz, 2016). The individual factor used in this research is moral capacity and the situational context is the ethical climate. A person's moral capacity is based not only on one's level of moral maturity and core ethical values, but the extent to which the individual will adhere to those values even when faced with pressure to act unwisely (Schwartz, 2016).

Referring to the I-EDM model, whistleblowing involves a combination of individual variables and situational variables in the process. An individual with a high moral capacity will stick to the values he believes in even under pressure. Likewise, when individuals perceive that the organizational environment supports whistleblowing, it will have a positive effect on one's intention to do so.

## **Ethical Climate Theory**

Ethical climate is defined as the prevailing perception of typical organizational practices and procedures that have ethical content (Victor & Cullen, 1988), “.....which then becomes the psychological mechanism through which ethical issues are managed” (Martin & Cullen, 2006). The ethical climate consists of five dimensions, namely law and code, caring, instrumentalism, independence, and rules (Victor & Cullen, 1988) which were developed because individual characteristics are not sufficient to explain the determinants of ethical decisions in the organizational context (Buchan, 2005). In addition, the ethical climate concerns employees' perceptions of what constitutes unethical and ethical behavior in the organization (Kaptein, 2011). Individual perceives the organization to support decision-making based on external principles such as law, Scripture, or professional code of ethics) (Individual perceives that decisions are and should be based on an overall concern for the welfare of others.) (Individuals view their organizational unit as having norms and expectations that drive ethical decision making from an egoistic perspective) (Individuals believe they must act on deeply held personal moral beliefs to make ethical decisions.) (Organizational decisions are thought to be guided by a strong and broad set of local rules or standards such as a code of conduct).

When the ethical climate of the organization can be identified then employees are better able to recognize the types of ethical dilemmas, understand the issues associated with the dilemmas, and finally identify the process that should be used to resolve the dilemmas. When an individual finds fraud and perceives that the organization has a climate that supports ethical behavior (there are norms, rules and leadership appreciation), the individual will be more motivated to do whistleblowing.

## **Attitudes towards Whistleblowing and Intentions of Whistleblowing**

Attitudes towards behavior indicate the extent to which individuals assess certain behaviors as acceptable (beneficial) or not (Ajzen, 1991). When individuals assess or evaluate whistleblowing as acceptable behavior, the probability of that individual doing so will be greater. A government accounting employee who discovers fraud is more likely to report it when the

individual has a positive assessment of whistleblowing behavior. Previous research found that attitudes toward whistleblowing are one of the factors that increase a person's intention to disclose fraud (Alleyne et al., 2019; Latan et al., 2018; Park & Blenkinsopp 2009; Trongmateerut & Sweeney, 2013). Based on this explanation, we formulate the following hypotheses:

*H<sub>1</sub>: Attitudes towards whistleblowing have a positive influence on the whistleblowing intentions of government accounting employees*

### **Subjective Norms and Whistleblowing Intentions**

Individual subjective norms refer to the perceived social pressure to perform or not perform the behavior, when social norms prevailing in society support whistleblowing behavior, individuals will tend to perform the behavior (Ajzen, 1991). In the context of Indonesia with a collectivism culture, a government accounting employee who finds fraud will be more likely to report when he feels that his actions will be supported by his family members (father, mother, brother, sister) or appreciated by colleagues or superiors (Triandis & Suh, 2002). A government accounting employee who discovers fraud is more likely to report when he feels that his actions will be supported by his family or appreciated by his colleagues and superiors. Previous research conducted by Trongmateerut & Sweeney (2013) and Park & Blenkinsopp (2009) showed that subjective norms affect whistleblowing intentions. Based on this explanation, we formulate the following hypotheses:

*H<sub>2</sub>: Subjective norms have a positive effect on whistleblowing intentions of government accounting employees*

### **Perception of Behavioral Control and Whistleblowing Intention**

Perceived behavioral control refers to the ease or difficulty that a person feels in performing a particular behavior and usually reflects on past experiences and possible obstacles (Ajzen, 1991). A government accounting employee who feels that whistleblowing is easy to do and the possibility of future obstacles such as reports not being responded to, difficulties in reporting and the possibility of retaliation is low will be more likely to intend to disclose fraud. Previous research found that perceived behavioral control is one of the factors that increase a person's intention to disclose fraud (Alleyne et al., 2019; Latan et al., 2018; Park & Blenkinsopp 2009; Trongmateerut & Sweeney, 2013). Based on this explanation, we formulate the following hypotheses:

*H<sub>3</sub>: Perceived behavioral control has a positive effect on whistleblowing intentions of government accounting employees*

### **Moderation Effect of Moral Capacity on the Relationship between Individual Characteristics and Whistleblowing Intentions**

Individual moral capacity is expressed by Schwartz (2016) as a person's ability to avoid moral temptations, engage in the resolution of appropriate ethical dilemmas, and ultimately engage in ethical behavior. There are two interrelated but distinct components that make up an individual's moral capacity: (i) moral character disposition i.e a person's level of moral maturity based on their ethical value system, stage of moral development, and sense of moral identity and

(ii) integrity capacity i.e. the ability to process alignment. recurring awareness of the individual's judgment, character and moral behavior (Schwartz, 2016).

Hannah et al. (2011) stated that the level of unethical behavior can decrease and commendable behavior in organizations increases through the development of moral capacity. Wilks & Rateal (2011) also argue that in order to be morally responsible, a person must have moral capacity. The moral capacity of government accounting employees will determine the extent to which they adhere to the values even when it comes to disclosing or not disclosing fraud. The higher the moral capacity of a person, the more able to overcome ethical dilemmas and make the right decisions. Schwartz (2016) proposes moral capacity as a factor that can moderate each stage of EDM.

Individual attitudes towards whistleblowing, subjective norms and perceptions of behavioral control if supported by high individual moral capacity will have a positive influence on whistleblowing intentions. Research that examines the relationship between moral capacity and moral behavior conducted by Strobel et al. (2017) shows that the need for cognition (NFC) as a proxy for moral capacity can predict moral behavior even higher than other moral predictors. Based on the explanation above, the following hypotheses can be formulated:

*H<sub>4</sub>: Individual moral capacity will moderate the relationship between individual characteristics (attitudes towards behavior, subjective norms, and perceived behavioral control) with whistleblowing intentions of government accounting employees*

### **The Effect of Moderation of Ethical Infrastructure on the Relationship between Individual Characteristics and Whistleblowing Intentions**

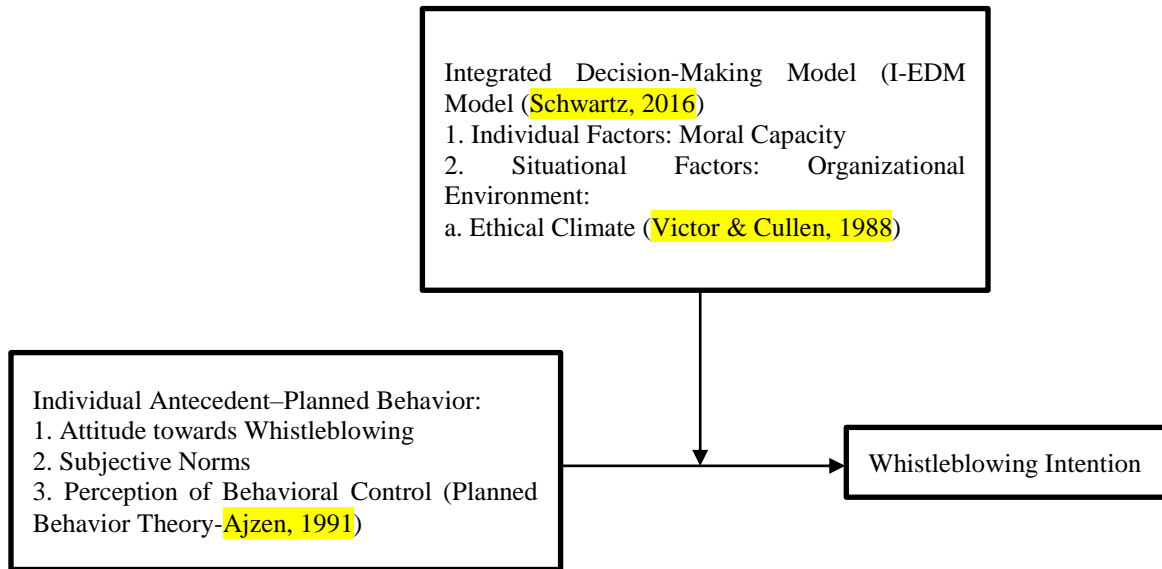
An organization's whistleblowing climate can be influenced by many factors, such as the organization's response to previous whistleblowing incidents, the ethical environment, and internal rewards for whistleblowing (Gao & Brink, 2017). Organizations with a strong ethical climate will encourage members of their organizations to be more sensitive and concerned about ethical issues and behave in accordance with the ethical order considered by the organization. Fritzsche (2000) states that the ethical climate of the organization is related to ethical decision making and whistleblowing is a form of individual ethical decision making. Organizational ethical climate is a proxy for the ethical infrastructure proposed by Schwartz (2016) as one of the situational factors that moderate all stages of EDM.

In carrying out their activities, government is accounting employees work in an environment that is expected to have a climate and high ethical standards and must refer to laws and regulations as well as internal organizational rules by always providing maximum public services for the community. In a work environment that has a climate and high ethical standards, the attitude of local government accounting employees towards whistleblowing, subjective norms and perceptions of behavioral control will be more positive if it is supported by a strong organizational ethical climate. In other words, the stronger the perception of government accounting employees about the ethical climate of the organization, the more positive the attitudes, norms and perceptions of whistleblowing will ultimately increase whistleblowing intentions (Figure 1).

Previous research specifically examining the effect of organizational ethical climate on fraud reporting intentions shows that ethical climate influences both directly (Ahmad et al., 2014; Rothwell & Baldwin, 2006; Rothwell & Baldwin, 2007) and indirectly by moderating the

relationship between organizational identification and internal whistleblowing intentions (Zhou et al., 2018). Based on the explanation above, the following hypotheses can be proposed:

*H<sub>5</sub>: Organizational ethical climate will moderate the relationship between individual characteristics (attitudes towards behavior, subjective norms, and perceived behavioral control) with whistleblowing intentions of government accounting employees*



**FIGURE 1  
RESEARCH MODEL**

**RESEARCH METHODS**

**Sample Selection and Data Collection**

Respondents in this survey are employees who work in the accounting and asset fields at the City/District Financial and Asset Management Agency in 8 Regencies/Cities in Papua and West Papua Provinces. Of the 150 questionnaires circulated, 90 were returned and we used 89 responses (60%). Table 1 presents information on the profile of accounting employees including age, academic qualifications, gender, work experience and position in the organization.

Table 1 RESPONDENT PROFILE		
	Mean	Standard Deviation
<b>Length of work</b>	9.54 years	6.24 years
	Frequency	Percentage (%)
<b>Age</b>		
20-30	22	24.7
31-40	41	46.1
41-50	22	24.7
>50	4	4.5
<b>Total</b>	<b>89</b>	<b>100.0</b>
<b>Gender</b>		
Men	46	51.68

Wanita	43	48,32
<b>Total</b>	<b>89</b>	<b>100</b>
<b>Position</b>		
Head of Division	7	8,24
Head of Sub Division	14	16,47
Staff	64	75,29
<b>Total</b>	<b>85</b>	<b>100</b>
<b>Level of education*</b>		
high school	4	4,5
Diploma	4	4,49
S1	56	62,92
S2	22	24,72
Others	3	3,37
<b>Total</b>	<b>89</b>	<b>100</b>

Source: Data processed,2020, \*Highest level of education

## Research Instrument Development

The instruments used in this study include the instrument developed by Park & Blenkinsopp (2009) to measure the variable of whistleblowing intentions, attitudes towards whistleblowing, subjective norms and perceptions of behavioral control (Alleyne et al., 2017; Latan et al., 2018). In the variable of whistleblowing intention, respondents were asked how hard the effort was to report to both internal and external parties of the organization. Attitudes towards whistleblowing are measured by asking the consequences that arise from whistleblowing and how important the consequences are for respondents, subjective norms are measured by asking normative beliefs (referral expectations) and respondents' motivation to comply with referral expectations, then the perception of behavioral control is measured by asking respondents' perceptions of the difficulties encountered. Will be encountered in the reporting process.

As for the moderating variable, namely moral capacity using Need for Cognition (NFC) which was developed by Cacioppo & Petty (1982) and Cacioppo et al. (1984) using a concise version consisting of 18 statements, the total score of each individual was then determined by the median (>median=high NFC, < median=low NFC) then used dumi variables 0 (low) and 1 (high), while ethical climate was measured using the instrument used by Tsai & Huang (2008) based on the ethical climate questionnaire (ECQ) developed by Victor & Cullen (1988) which consists of 14 statement items. The indicators that did not meet the validity requirements were excluded, namely the attitude variable towards whistleblowing (ATB 1, 2 and 9), ethical climate (IE 1,2,4,5,6,12, 13,14) which left indicators for the dimensions of concern, laws and codes and rules and whistleblowing intentions (WI4) (Fleischhauer et al., 2013; Liu et al., 2018; Zhou et al., 2018).

The value of loading factor, average variance extract (AVE), and reliability of the model measurement analysis are loading factor>0.6, composite reliability/ $\rho_{\tau_A}$ > 0.70 and AVE > 0.5 so that all indicators used in the analysis meet the requirements as revealed by Hair Jr et al. (2017). Tables 2-6 present the indicators and results of the measurement model.



**Table 2**  
**CONSTRUCT INDICATORS AND MEASUREMENT MODELS OF WHISTLEBLOWING INTENTIONS**

Indicator/Item	Code	LF*	AVE	rho-A
Reporting to the right people in the organization	WI 1	0.734	0.585	0.894
Reporting through fraud reporting channels within the organization	WI 2	0.771		
Notify top management	WI 3	0.762		
Reporting to authorities outside the organization	WI 5	0.814		
Using fraud reporting channels outside the organization	WI 6	0.819		
Providing information to other organizations	WI 7	0.838		
Informing the public	WI 8	0.683		

*FL is the loading factor*

**Table 3**  
**CONSTRUCT INDICATORS AND ATTITUDE MEASUREMENT MODELS AGAINST WHISTLEBLOWING**

Indicator/Item	Code	LF	AVE	rho-A
If you disclose fraud, how true do you think the following consequences (consequences) of reporting are			0.513	0.893
Increasing public interest	ATB 3	0.759		
Performing duties as an employee	ATB 4	0.765		
Moral satisfaction	ATB 5	0.747		
If you disclose fraud, how important do you think the following consequences would be to you				
Preventing damage to the organization	ATB 6	0.750		
Reduce corruption	ATB 7	0.670		
Increasing public interest	ATB 8	0.718		
Moral satisfaction	ATB 10	0.780		

**Table 4**  
**CONSTRUCT INDICATORS AND SUBJECTIVE NORM MEASUREMENT MODELS**

Indicator/Item	Code	LF	AVE	rho-A
How proud would the following people be of you if you revealed cheating			0.560	0.926
Family members	SN 1	0.661		
Co-workers	SN 2	0.858		
Direct supervisor	SN 3	0.753		
Friend	SN 4	0.863		
Neighbors	SN 5	0.785		
How much do you care whether the following people will approve or disapprove of your actions revealing the fraud you have discovered				
Family members	SN 6	0.616		
Co-workers	SN 7	0.766		
Direct supervisor	SN 8	0.675		
Friend	SN 9	0.791		
Neighbors	SN 10	0.674		

**Table 5**  
**CONSTRUCT INDICATORS AND MEASUREMENT MODELS OF BEHAVIORAL CONTROL PERCEPTION**

Indicator/Item	Code	LF	AVE	rho-A
When you disclose fraud do you consider the following			0,801	0,924
Organizations hinder reporting (or ignore it)	PBK 1	0,941		
Difficulties that must be faced in the reporting process	PBK 2	0,908		
No chance to correct mistakes	PBK 3	0,833		

<b>Indicator/Item</b>	<b>Code</b>	<b>LF</b>	<b>AVE</b>	<b>rho-A</b>
Always doing the best for others is your main concern	IE 3	0.632	0.585	0.894
In your workplace, the law or professional code of ethics is a major consideration	IE 7	0.761		
In your workplace, people are expected to strictly follow legal or professional standards	IE 8	0.784		
People in your workplace are expected to abide by the law and professional standards over and above other considerations	IE 9	0.632		
The successful people at your workplace are people who follow the rules.	IE 10	0.756		
The people at your workplace strictly adhere to the organization's policies.	IE 11	0.784		

In addition, we tested discriminant validity for all latent variables in the model using the Fornerr-Larcker criterion and the heterotrait-monotrait ratio (HTMT). Table 7 shows that the AVE root on the diagonal line is greater than the correlation between constructs in the model, so it can be concluded that all variables in this research model meet discriminant validity. As stated by Henseler et al. (2015) that HTMT is a new procedure to test discriminant validity and is more precise than the Fornell-Larcker criteria, so we also carry out the HTMT approach which has reliable performance and overcomes bias in the estimation of structural model parameters. Table 7 shows that the HTMT value is less than 0.90 which means it meets the recommended criteria (Hair Jr et al., 2017; Henseler et al., 2015).

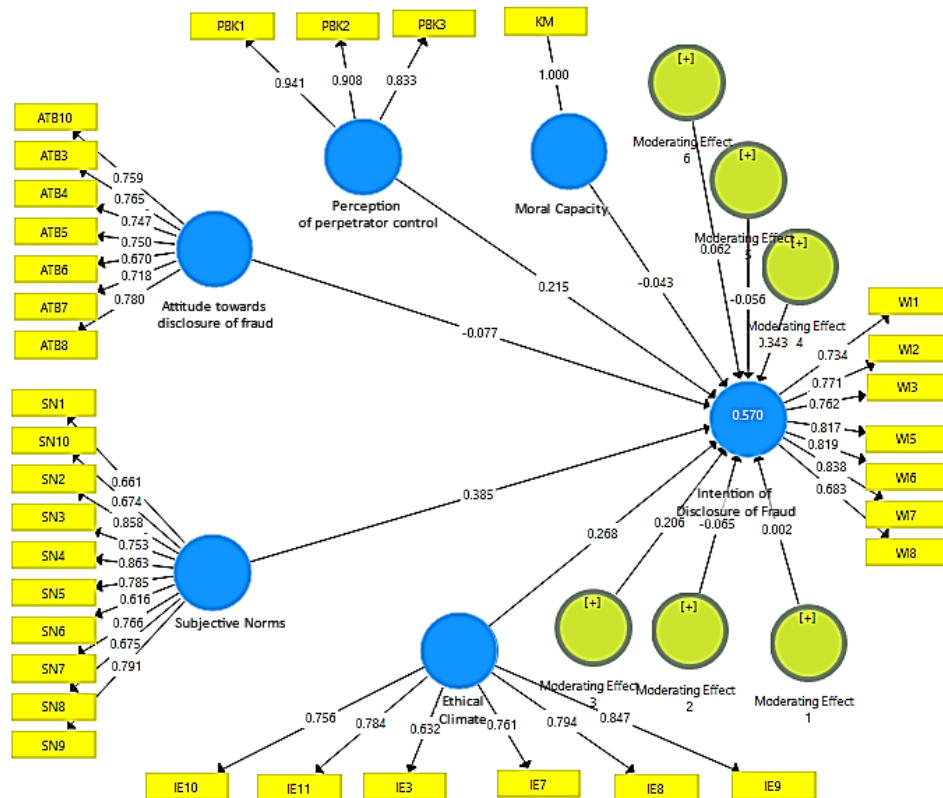
<b>Construct</b>	<b>IE</b>	<b>MC</b>	<b>WI</b>	<b>SN</b>	<b>PBK</b>	<b>ATB</b>
Ethical Climate (IE)	<i>0,765</i>	0,067	0,473	0,440	0,107	0,527
Moral Capacity (MC)	-0,008*	1	0,078	0,103	0,102	0,096
Whistleblowing Intention (WI)	0,431*	-0,025*	<i>0,776</i>	0,676	0,316	0,491
Subjective Norm (SN)	0,382*	-0,058*	0,623*	<i>0,749</i>	0,262	0,583
Behavioral Control Perception (PBK)	0,061*	0,100*	0,301*	0,228*	<i>0,895</i>	0,366
Attitudes Against Whistleblowing (ATB)	0,454*	0,180*	0,448*	0,515*	0,316*	<i>0,742</i>

\*Significant correlation at 0.05 level (two tailed)

Diagonal and italicized elements are AVE (average variance extracted) roots below the diagonal element is the correlation between the construct values. Above the diagonal element is the HTMT value.

## **RESULTS AND DISCUSSION**

Hypothesis testing in this study uses the Smart Partial Least Square (PLS) 3.0 test. PLS is used in data analysis because it is a powerful analytical method and is also known as soft modeling because it eliminates OLS regression assumptions because it is not based on many assumptions or conditions, such as normality and multicollinearity tests (Ghozali & Latan, 2014). PLS has the advantage that the data does not have to be normally distributed, the sample size does not have to be large, and indicators with categorical, ordinal, interval to ratio data scales can be used.



**FIGURE 2**  
**EVALUATION OF THE MEASUREMENT MODEL**

Testing using PLS consists of two stages, namely the measurement model and the structural model. The measurement model is intended to assess the validity (convergent and discriminant) and reliability of each latent construct indicator (Ghozali & Latan, 2014). The evaluation of the measurement model has been carried out in the previous section and can be seen also in Figure 2. Furthermore, an evaluation of the structural model is carried out which is intended to assess the quality of the model and test research hypotheses through the bootstrapping process using 5000 resamples, the results of which can be seen in Table 8.

Construct	R <sup>2</sup>	Adj R <sup>2</sup>	f <sup>2</sup>	VIF	SRMR
Subjective Norm (SN)	0.570	0.508	0.196	1.755	0.075
Perceived behavioral control (PBB)			0.080	1.333	
Attitudes Against Whistleblowing (ATB)			0.007	1.939	
Whistleblowing Intention (WI)					

Table 8 shows that whistleblowing intentions (WI) can be explained by individual level antecedents (PBK, SN, ATB) of 50.8% (moderate category). This value indicates that the predictor variable is substantially able to explain the outcome variable (Ghozali & Latan, 2014). The result of the effect size value (f<sup>2</sup>) for each predictor variable ranges from 0.005 to 0.17 which is included in the small to medium category. The value of variance inflation factor (VIF) for all

independent variables in the model is  $< 2$  (smaller than 10) which means that there is no collinearity problem between predictor variables. The goodness of fit value as measured by the standardized root mean squared residual (SRMR) is  $0.075 < 0.08$  which indicates that the research model fits the empirical model.

### Direct Effect Testing

Table 9 shows that subjective norms (SN) and perceived behavioral control (PBK) have a positive effect on whistleblowing intentions (WI) with t-statistics of 4.534 and 2.084 (greater than 1.96) and p-values of 0.000 and 0.037, while attitudes towards whistleblowing (ATB) have no effect on whistleblowing intentions.

Structural Path	Coef( $\beta$ )	Std Dev	T Stat	P Val	Conclusion
ATB>WI	-0,077	0,133	0,574	0,566	H1 is not supported
SN>WI	0,373	0,085	4,534	0,000**	H2 supported
PBK>WI	0,215	0,103	2,084	0,037*	H3 supported
MC X ATB $\rightarrow$ WI	0,321	0,145	2,37	0,018*	H4 partially supported
MC X NS $\rightarrow$ WI	0,015	0,107	0,02	0,984	
MC X PBK $\rightarrow$ WI	-0,053	0,11	0,512	0,609	
IE X ATB $\rightarrow$ WI	-0,054	0,087	0,745	0,456	H5 partially supported
IE X NS $\rightarrow$ WI	0,072	0,111	0,56	0,576	
IE X PBK $\rightarrow$ WI	0,185	0,098	2,091	0,037*	

Data processed 2020; \*\*, \* Statistically significant at the 1% and 5%.

The results show that subjective norms and perceptions of behavioral control have a positive effect on the intentions of local government accounting employees in disclosing fraud, consistent with the TPB proposed by Ajzen (1991) and showing consistency in the research of Mesmer-Magnus & Viswesvaran (2005), Park & Blenkinsopp (2009), Trongmateerut & Sweeney (2013), which means that local government accounting employees consider social factors, namely the perceived social pressure to disclose or not disclose fraud that they know, both social pressure from superiors, co-workers, and family (subjective norms). This result is also consistent with previous research on perceived behavioral control which implies that local government accounting employees are very concerned about whether whistleblowing will be slow to respond or not. ignored, the difficulties that will be encountered during the reporting process even whether there are retaliatory attempts from the organization (Alleyne et al., 2019; Latan et al., 2018; Park & Blenkinsopp 2009; Trongmateerut & Sweeney, 2013).

### Testing the Moderating Effect

The results of the interaction analysis test show that hypotheses 4 and 5 are partially supported. As shown in Table 2, moral capacity can moderate the relationship between attitudes towards whistleblowing (ATB) and whistleblowing intentions (WI) and ethical climate (IE) can moderate the relationship between perceived behavioral control (PBK) and whistleblowing intentions (WI) which is consistent with the I-EDM model where the ethical decision-making process (whistleblowing intention) is not only influenced by individual factors (moral capacity) but also by situational factors (organizational ethical climate) (Schwartz, 2016). With a high moral capacity, the intention of a local government accounting employee to disclose fraud is

increasing because individuals with higher moral capacities will be more committed to their ethical values when experiencing ethical dilemmas (reporting or not reporting fraud that is encountered).

The results also show that an organization's ethical climate can strengthen the relationship between perceived behavioral control and whistleblowing intentions. When a local government accounting employee intends to disclose fraud, the employee will consider the ease or difficulty that will be faced based on past experience, on the other hand also consider the typical organizational practices and procedures that contain ethical content which will ultimately provide confidence to the local government (Victor & Cullen, 1988). Individuals to act in accordance with the ethical values that apply within the organization.

## CONCLUSION

This study provides findings that there is a direct influence of subjective norms and perceptions of behavioral control on the intention to do whistleblowing, the moderating effect of moral capacity on the relationship between attitudes towards whistleblowing and whistleblowing intentions and the moderating effect of ethical climate on the relationship between perceptions of behavioral control and whistleblowing intentions in local government accounting employees.

The results of our study show the importance of reward mechanisms, appreciation and support by superiors, as well as protection for accounting employees who reveal fraud and more specific regulations governing the whistleblowing mechanism in local governments such as the availability of whistleblowing channels at the district/city and provincial levels in Indonesia. In addition, local governments can take policies to encourage employees' ethical experience, such as providing religious facilities needed by employees in the work environment or providing opportunities for local government accounting employees to attend ethics training and accounting professional training because it can increase their moral capacity (Hannah et al., 2011).

There are some limitations in this study. First, the limited number of samples used, further research can use more samples. Second, this research does not consider the influence of demographic variables such as gender, age, years of service, or education (accounting or non-accounting). Further research can consider differences in the educational background of local government accounting employees, as well as ethics training and professional education that have been followed. Third, the instrument used is in the form of questions. Further research can consider the use of scenarios and the use of qualitative methods such as interviews so as to capture the opinions and responses of research subjects. Although this study has limitations, the results can provide a basis for other studies in this field, especially regarding the role of situational and individual factors in ethical decision making (whistleblowing intentions).

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