

# Ethical Climate, Seriousness of Wrongdoing, Personal Characteristics and Whistleblowing-Intention

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**Abstract.** Whistleblowing is an anti-fraud strategy that is expected to be able to prevent fraud in various organizations. The effectiveness of whistleblowing can be influenced by organizational factors (ethical climate), situational factors (seriousness of wrongdoing) and individual factors (personality characteristics). This study aims to examine the causality relationship regarding ethical climate, seriousness of wrongdoing and personality characteristics towards the intention to conduct whistleblowing. The design in this study is by carrying out laboratory experiments between subjects with  $2 \times 2$  factorial design on 93 subjects of Accounting Study Program from two universities in Surabaya and Yogyakarta, Indonesia. The results of this study indicate that the ethical climate affects whistleblowing-intention. The results of this study also show that the seriousness of wrongdoing affects whistleblowing-intention. Individual factor namely personality characteristics also influences whistleblowing-intention.

**Keywords:** ethical climate, seriousness of wrongdoing, personality characteristics, whistleblowing intention

## 1 Introduction

The great losses suffered by many organizations today shows that organizations and stakeholders must take serious about acts of fraud and other unethical practices (Vadera et al 2013). It would be much better to report any frauds in organizations via whistleblowing mechanism (Miceli et al 2012). This is because whistleblowing has been recognized as a control mechanism to prevent unethical behavior, to protect the long-term welfare of an organization, and to ensure a good corporate governance (Eaton and Akers 2007). In line with this, Steifert et al (2014) said that whistleblowing is a means of preventing fraud that has gained more support in the past ten years.

Scandals that involve whistleblowing are prevalent in the corporate environment. Some cases of whistleblowing that arose in Indonesia include the tax evasion case of PT Asian Agri Group (Kompas 2014), the corruption case of PT Ganda Sari (Antara 2012), and the corruption case of PT Sarinah (CNN 2015). Cases of whistleblowing can help organizations and government to disclose fraudulent cases to these entities (Nawawi and Salin 2018). The mechanism of whistleblowing must be maintained within an organization, because whistleblowing is considered a mechanism that is effective in detecting fraud in a timely manner (Ghani 2011). Therefore, whistleblowing is an interesting topic to study in this behavioral accounting field.

Gao and Brink (2017) described that the whistleblowing-intention is influenced by three factors, namely organizational, situational, and individual factors. This study examines these three factors. The organizational factor uses ethical climate variables, situational factor with seriousness levels of wrongdoing variable and individual factor with personality characteristics variable. These three variables have the potential to influence the whistleblowing-intention. This is because the ethical climate influences ethical decision making (Zhang et al 2009). The seriousness of wrongdoing also has the potential to influence the whistleblowing-intention because of personal responsibility to report high wrongdoings (Schultz 1993). In addition, personality variables also have the potential to influence the whistleblowing-intention because personality characteristics are key antecedents of human intention and therefore have the potential to influence individual desires (Matzler 2008).

The first factor that influences the whistleblowing-intention is the ethical climate. This is in line with KNKG (2008) which states that more than 50% of people in organizations that are aware of fraud choose to remain silent and do nothing. This means that the ethical climate in an organization affects the intention to do whistleblowing. On the other hand, the results of research by Rothwell and Baldwin (2007), Perdana and Hasan (2018) revealed that an ethical climate does not affect a person's intention to do whistleblowing. Perdana and Hasan (2018) stated that the ethical climate has no effect on the intention to do whistleblowing because the ethical climate is culture-specific, so that what is considered ethical in one culture can be considered unethical elsewhere.

The second factor that influences the intention to do whistleblowing is the seriousness of the wrongdoing. Curtis (2006) said that the seriousness of wrongdoing affects an individual's intention to report a fraud. This is because the sense of responsibility arises because the resulting impact is even greater for his organization. In contrast to Curtis (2006) research, Kaplan and Whitecotton (2001) said that the seriousness of wrongdoing is not related to the auditor's intention to report fraudulent behavior from colleagues.

The third factor is personality characteristics. Individual personality characteristics influence attitudes to risk taking in various areas of one's life, including social decisions, gambling and investment (Soane 2010). The personality characteristics variable in this study will be measured by the big five factor model. Migliore (2011) argues that the big five factor model is one of the strongest models in psychology that explains the taxonomy of five personality characteristics. This is in line with the results of Franklin's research (2017) which shows that the big five personality has an effect on the attitude of sharing knowledge and behavior of individuals.

The purpose of this study is to examine the nature of the causality relationship regarding the ethical climate, the seriousness of the wrongdoing and the personality characteristics of the intention to do whistleblowing. The results of this study are expected to provide benefits for the development of science in behavioral accounting and as a reference for various parties who will conduct studies on the influence of the ethical climate, the seriousness of wrongdoings and personality characteristics on the intention to do whistleblowing and also help organizations to design and pay attention to these three factors as a whole in carrying out the mechanism of whistleblowing.

## **2. Literature Review and Development of Hypotheses**

### **2.1 Literature Review**

#### **2.1.1 Theory of Planned Behavior**

Planned Behavior Theory (TPB) states that humans tend to act in accordance with the intentions and perceptions of control through certain behaviors, where intention is influenced by attitudes toward behavior, subjective norms, perceptions of controlling behavior, subjective norms and behavioral control (Ajzen 1988). This theory postulates that attitudes toward behavior, subjective norms, perceptions of behavioral control, together form one's intention to act and one's behavior (Ajzen 1988). Thus, TPB is the valid theory to examine the whistleblowing-intention (Park and Blenkinsopp 2009).

The tendency to behave and intention in ethics has a correlation (Parboteeah et al 2008). Organizational and individual ethics have a significant influence on ethical intentions (Elango et al 2010). Zhou (2018) also stated that ethical predictors in organizations influence ethical behavior. In addition, organizational and individual ethics have a significant influence on ethical intentions (Elango et al 2010). The results of this study confirm that propositions in ethical behavior can explain the factors that influence a person's ethical behavior in organizational life.

#### **2.1.2 Whistleblowing-Intention**

The intention of behavior specifically in this context is the whistleblowing-intention and there is a possibility that someone will choose to do whistleblowing in certain circumstances (Ghani 2011). Bouville (2008) defines whistleblowing as an act of an individual to reveal what he believes as an illegal or unethical behavior to higher management/top management (internal whistleblowing) or to authorities outside of the organization and to the public (external whistleblowing). Whistleblowing is related to the possibility that someone will perform whistleblowing as his/her behavior in an organization or company (Chiu, 2002). Behavioral intention is specifically interpreted as the whistleblowing-intention and this is the probability that someone will choose to do whistleblowing in certain circumstances. Whistleblowing

involves many ethical points and individual evaluation of ethics and whistleblowing is a necessary first step, of which the results will influence his decision about whether to be involved or not to engage in the practice (Zhang et al 2009). Companies that implement effective whistleblowing regulations will get financial benefits such as increased opportunities to detect fraud better and non-financial benefits such as developing good behavior in organizations (Lee and Fargher 2013)

One of the most commonly used methods for detecting fraud is to improve the disclosure system effectively (Dyck et al 2010). Whistleblowing involves many ethical points as well as individual evaluation of ethics and thus whistleblowing is a necessary first step, which its results will influence one's decision about whether to be involved or not to engage in the practice of whistleblowing (Zhang et al 2009). Given the importance of the role of whistle-blowing in disclosing financial fraud, it is very important to understand the factors underlying the intention to report fraud or to report misuse of assets (Bame-Aldred 2013).

### **2.1.3 Ethical Climate**

The theory of organizational ethics climate developed by Victor and Cullen (1988) has an influence in management literature and business ethics. Martin and Cullen (2006) conducted a review and meta-analysis of more than 40 studies published using this theory between 1987 and 2005. They concluded that there is substantial support for the effect of an ethical climate on affective outcomes such as organizational commitment and job satisfaction, as well as dysfunctional behavior e.g. engaging in actions that are generally recognized as unethical (Parboteeah et al 2008). In line with this, Steinke et al (2015) said that the climate reflects employees' perceptions of policies, practices, and procedures that are expected, supported and valued related to human resources in the organization.

Garcia (2015) said that the ethical approach is a perspective that explains ethical decisions. The ethical climate includes: being selfish, helpful, having principles and reflecting concern for self-interest, group interests, and for universal ethical standards (Rothwell and Baldwin 2007). Duuh et al (2010) stated that the climate influences ethical behavior of individuals in business organizations. Studies show that individuals in organizations with a strong team or friendship climate, or a democratic climate that tend to do whistleblowing when individuals see wrongdoings (Vadera et al 2013).

### **2.1.4 Seriousness of Wrongdoing**

Someone will make observation on his environment as a separate entity from him that creates a work environment that has ethical things and freedom to commit fraud, of which it causes him to do whistleblowing. This is the organizational factor that influences one's intentions in carrying out whistleblowing (Cho and Song 2015). Curtis (2006) said that the seriousness of wrongdoing is the evaluation of a problem influenced by the characteristics of situation and other people who are involved, including concerns such as the possibility of danger to others, the significance or magnitude of potential hazards, the certainty of negative results and the frequency of this wrongdoing. The seriousness of wrongdoing can be seen from the produced financial impact (Miceli and Near 1985) and the frequency of fraud (Callahan and Dworkin 2000). Organizational members who observe suspected fraud will be more likely to do whistleblowing if the fraud is serious (Miceli and Near 1989). Thus, the seriousness of wrongdoing variable affects the whistleblowing-intention.

### **2.1.5 Personality Characteristics**

Personality refers to the way of an individual interacts, reacts and behaves with others and is often shown through measurable traits (Crysel et al 2012). Personality influences risk taking attitudes in various areas of one's life, including social decisions, gambling, and investment (Soane et al 2010). In this study, BFF model is used to explain personality characteristics. Among personality models, the Big Five Factor (BFF) model is the taxonomy that is most commonly used.

The Big Five Model combines five personality traits. First, an extrovert is friendly, sociable, warm and not bound by rationality or principles (Pak & Mahmood, 2015). The second characteristic is agreeableness refers to good personality, wanting to have an impact on the environment, and having sympathetic character (Bhatti et al 2014). Third, is someone who has a high sincerity, achievement oriented, self-motivating, and task oriented (Gupta 2015). Fourth is openness to experience. The fifth is

emotional stability which will help an individual to deal with cultural differences and socialize with the environment.

## **2.2 Development of Hypotheses**

### **2.2.1 Effects of the Ethical Climate on Intention to Conduct Whistleblowing**

Organizations that have a good ethical climate will increase the capacity of employees in moral justification (Zhou et al 2018). In line with this, it is said in TPB that subjective norms would provide social pressure to do or not do perceived actions. (Ahmad et al 2014). One element in TPB is the perception of behavioral control. Perception of behavioral control refers to social pressure given to conduct or not to conduct a behavior. This can be interpreted that the intention to do something depends on the pressure that arises from within an organization. This also refers to the ethical climate in the organization in putting pressure on its employees. This means that the ethical climate is a variable that affects the whistleblowing-intention.

Zhou et al (2018) also said that a weak ethical climate causes employees to provide wrong ethical justification, allows employees to commit fraud. On the other hand, organizations that have a climate of strong ethical climate will prompt employees to be aware about organizational concern for the benefit of employees that increases psychological attachment of employees and organizational commitment (Elango et al 2010). This can save the organization from making mistakes that cause harm and can be considered as loyalty or reward for organizational benefits. A weak ethical climate is considered to cause employees to have wrong ethics (Zhou et al 2018). Based on the arguments and previous researches, a hypothesis can be formulated as follows:

H<sub>1</sub>: Subject who is in a high ethical climate will have higher intention to do whistleblowing than subject who is in a low ethical climate.

### **2.2.2 The Influence of the Seriousness of Wrongdoing on Whistleblowing-Intention**

As predicted in the Graham model, the research result of Schultz et al (1993) shows that auditors are more likely to report a wrongdoing when they consider that this is a relatively serious action (Schultz et al 1993). This is due to their increase personal responsibility to report a wrongdoing. It results a higher intention of an auditor to do whistleblowing. For example, cases of serious fraud at Enron and WorldCom. In contrast, Near (1989) claimed that individuals will not perform whistleblowing on a low seriousness of wrongdoing because they consider that the whistleblowing will not change the situation.

Erkmen et al (2014) stated that someone would perform whistleblowing when he is aware of a serious fraud in his workplace. This is in line with the research of Nawawi (2018) which states that the higher the seriousness of wrongdoing, the higher of intention to disclose fraud. Graham's model also says that the seriousness of wrongdoing is positively related to reporting trends. In line with this, the seriousness of wrongdoing is the most consistent factor in its influence on the intention to do whistleblowing (Ahmad et al 2014). The results of Ayers and Kaplan's (2005) study also show that the seriousness of wrongdoing is related to the whistleblowing-intention.

The first element of TPB that shapes one's intentions is attitude toward behavior. The attitude towards behavior refers to the extent to which a person has an evaluation of behavior that is beneficial or unfavorable. The attitude towards behavior is the same as the seriousness of wrongdoing. If individuals are faced with high severity fraud, then they have the intention to disclose it. This is because they judge that the intention will be profitable and because they can carry out their responsibilities at work. Based on the above arguments and previous research, a hypothesis can be formulated as follows:

H<sub>2</sub>: Subject who is in a situation with a high seriousness of wrongdoing will have the high whistleblowing-intention than subject who is in a low ethical climate

### **2.2.3 Interaction among Ethical Climate, Severity of Wrongdoing, Personality Characteristics and Intention to Conduct Whistleblowing**

Individual and environmental factors play a role in influencing conditions, and the resources available for decision makers, and the rational economic behavior that (Kalantari 2010). This is in line with Woiceshyn (2011) research which states that individual ethical decision is influenced by factors from factors of organization, situation, and individuals. Thus, individuals who are in high ethical climate,

high seriousness of wrongdoing and have five high personality characteristics, they will have the high intention to do whistleblowing as well.

Gao and Brink (2017) explained that organizational, situational and individual factors influence one's intention in expressing whistleblowing. This also is applied to the profession of internal auditors. An internal auditor will reveal fraud if supported by these three factors (Curtis and Taylor 2009).

TPB states that human intention is influenced by three elements, namely attitude towards behavior, subjective norms, and perception of behavioral control. The first element of TPB is attitude towards behavior. This element is reflected in the seriousness of wrongdoing. The third element of TPB is the perception of behavioral control that refers to an ethical climate. The three independent variables in this study are in accordance with the TPB which as a whole influence individual intention to express whistleblowing. Based on the arguments and previous research, a hypothesis can be formulated as follows:

H<sub>3</sub>: Subject who is in high ethical climate, high personality characteristics and high seriousness of wrongdoing will have high intention to perform whistleblowing.

### 3 Research Method

#### 3.1 Research Design

The data collected in this study is primary data. The data is obtained by conducting laboratory experimental tests with students of accounting study programs at Widya Mandala University in Surabaya and Atma Jaya Yogyakarta University who have taken auditing courses. Auditing courses teach accounting students about the principles of working in the professional world that those students must do. Therefore, students who have taken auditing courses are considered to have knowledge of the principles of work so that they have a basis in attitude. Students will be asked to act as internal auditors. This is based on the argument that students can do work like internal auditors. Students can be accepted as professional educators (Nahartyo and Utami 2014). In addition, Fatoki (2013) also said that students are potential leaders in the future in the private and public sectors that will see the whistleblowing-intention as important. This research was conducted in class when students finished attending lectures so that they participated in quite atmosphere and participated with caution.

The experimental research was performed in six stages. The first stage is to distribute four modules to randomized subjects. The second stage is to guide the subjects to fill out their identities. The third stage is to ask the subjects to act as internal auditors and to answer questions to check manipulation of the roles and conditions that have been requested. The fourth stage is to guide the subjects in filling out the modules given regarding the factors that influence the whistleblowing-intention to the auditor. Research subjects were asked to determine the whistleblowing-intention to the given module. The audit assignment module was presented with a Likert scale of 0 to 100, which means that the higher of intention to do whistleblowing, the higher of assessment. The fifth stage is to collect modules. The last stage is to debrief, which means returning of the subjects to their initial condition and explaining the conditions that occurred during the experiment. This research was conducted in class, when students finished taking lectures so that they took part in the experiment in quite atmosphere and in did it cautiously.

#### 3.2 Methods of Data Collection

The data in this study were collected by conducting laboratory experiments to the subjects of the study. Previously, a pilot test was conducted to ensure that the research instruments can be used in real experiments. The following is the experimental matrix in this study:

**Table 1.** Experimental Matrix

|                 |      | Seriousness of Wrongdoing |        |
|-----------------|------|---------------------------|--------|
|                 |      | High                      | Low    |
| Ethical Climate | High | Cell 1                    | Cell 2 |
|                 | Low  | Cell 3                    | Cell 4 |

Table 1 shows 4 experimental groups consisting of cells 1 to cells 4. Cell 1 presents a high ethical climate and a high seriousness of wrongdoing. Cell 2 presents a high ethical climate and a low seriousness of wrongdoing. Cell 3 presents a low ethical climate and a high seriousness. Cell 4 presents a low ethical climate and a low seriousness of wrongdoing.

The design of this study is an experiment between subjects with factorial  $2 \times 2$ . The subjects will be manipulated according to the experimental matrix. A high ethical climate will be presented to the subjects of research by referring to the opinion of Cullen et al (2006) which said that a high ethical climate will be shown in behavior of workers who want to do anything and sacrifice their intentions to maximize the fulfillment of company needs, which will improve alternative company decisions. Whereas, a low ethical climate refers to the research of Victor and Cullen (1988) who said that a bad ethical climate can be seen by the fulfillment of personal intentions that are greater than fulfilling tasks and responsibilities as workers, such as employees and shareholders. Considerations about the seriousness of wrongdoing can be aligned with the resulted financial impacts (Marliza 2018). The high seriousness of wrongdoing will be presented in the presence of wrongdoing related to material financial matters. Meanwhile, the low seriousness of wrongdoing will be presented with financial cases that are not material in nature.

### **3.3 Operational Definition**

This study has 3 independent variables and 1 dependent variable. The independent variables in this study are: ethical climate, seriousness of wrongdoing and personality characteristics, while the dependent variable in this study is the whistleblowing-intention. Ethical climate is an affective outcome such as organizational commitment and job satisfaction, and dysfunctional behavior such as engaging in action is generally recognized as unethical (Martin and Cullen 2006). In this study, the ethical climate is measured using an interval scale. Characteristics of personality itself refer to the way individuals interact, react and behave with others and are often shown through measurable traits (Crysel et al 2012). Curtis (2006) said that the seriousness of wrongdoing is the extent of the impact caused by the wrongdoing. Personality has 5 components that will be tested in this study. The five components are extroversion, openness to experience, agreeableness, conscientiousness, and neuroticism. In this study, personality characteristics variables are measured using the Likert scale by distributing questionnaires.

### **3.4 Data Analysis Techniques**

The data analysis techniques in this study are performed in 5 steps. The first step is to analyze data which is the processing descriptive statistical analysis of the data obtained. The second step is to test the effectiveness of randomization using one-way ANOVA. The third step is to do manipulation checks. The fourth step is to test the hypotheses with the independent t-test for the first and second hypothesis and two-way ANOVA for the third hypothesis. The last step of the two-way ANOVA test results is to observe the average score of whistleblowing-intention and compare the significance values in the matrix as a result of the interaction between the ethical climate and the severity of wrongdoing to see the consistency of the experimental matrix.

## **4 Results and Discussion**

### **4.1 Profiles of Research Subjects**

The research subjects in this study were students of the Faculty of Economics and Business of University of Widya Mandala Surabaya and Atma Jaya University Yogyakarta who had taken auditing courses. In this experiment, subjects were asked to act as internal auditors in a company. This experimental research was conducted on 95 students. However, there are 2 data that are not processed in this study because the modules are not completely filled out. The profiles of the research subjects in this study are described in Table 2. Table 2 provides information that the research subjects with male sex are 22 subjects (23.7%) and female are 71 subjects (76.3%). 17 subjects (18.3%) had Grade Point Average (GPA)  $\leq 3$ , 41 subjects (44.1%) had GPA of 3.00 -3.49, and 35 subjects (37.6%) had GPA  $\geq 3$ , 50. As many as 87 subjects (93.5%) were in semester 6, 4 subjects (4.3%) were in semester 8, and 2 subjects (2.2%) were in semester 10.

**Table 2.** Profiles of Study Subjects

| Information      | Total | Percentage |
|------------------|-------|------------|
| <b>Gender:</b>   |       |            |
| Male             | 22    | 23,7       |
| Female           | 71    | 76,3       |
| <b>GPA:</b>      |       |            |
| ≤ 3              | 17    | 18,3       |
| 3 – 3,49         | 41    | 44,1       |
| ≥ 3,5            | 35    | 37,6       |
| <b>Semester:</b> |       |            |
| 6                | 87    | 93,5       |
| 8                | 4     | 4,3        |
| 10               | 2     | 2,2        |

#### 4.2 Testing of Randomization Effectiveness

The results of testing of randomization effectiveness in this experimental study indicate that there is no influence between the whistleblowing-intention and the demographic characteristics of the research subjects. This can be seen in table 3 that the significance level of four demographic characteristics is more than 0.05.

**Table 3.** One-Way Anova Test Results

|                           | Mean Square | Sig.  | Information  |
|---------------------------|-------------|-------|--------------|
| <b>Gender:</b>            |             |       |              |
| Between Groups            | 0,269       | 0,154 | No Influence |
| Within Groups             | 0,174       |       |              |
| <b>GPA:</b>               |             |       |              |
| Between Groups            | 0,394       | 0,664 | No Influence |
| Within Groups             | 0,540       |       |              |
| <b>Semester:</b>          |             |       |              |
| Between Groups            | 0,488       | 0,449 | No Influence |
| Within Groups             | 0,492       |       |              |
| <b>General Questions:</b> |             |       |              |
| Between Groups            | 0,777       | 0,912 | No Influence |
| Within Groups             | 1,892       |       |              |

#### 4.3 Hypothesis Testing

Testing of this hypothesis will show the whistleblowing-intention which are influenced by ethical climate, seriousness of wrongdoing, and personality characteristics. The first hypothesis was tested using independent sample t-test. In accordance with the results of testing in table 4, the hypothesis is significantly proven that there are differences in intention to express whistleblowing between participants who are in a high and low ethical climate at significance  $\alpha = 5\%$  (sig 0.000 < 0.05). So it can be concluded that the first hypothesis in this study is accepted.

**Table 4.** Hypothesis 1 Testing Results

|                        | Mean | Std. Deviation | T     | Sig. (2-tailed) | Information    |
|------------------------|------|----------------|-------|-----------------|----------------|
| <b>Ethical Climate</b> |      |                |       |                 |                |
| High                   | 8,64 | 1,663          | 6,396 | 0,000           | Have Influence |
| Low                    | 5,60 | 2,838          |       |                 |                |

Hypothesis 2 in this study states that research subjects who are in a state of high severity will be different from subjects who are in a low seriousness. Testing was done by testing the independent sample t-test which proves that the hypothesis is accepted with a significance level of  $\alpha = 5\%$  (sig 0.000 < 0.05).

**Table 5. Hypothesis 2 Testing Results**

|                                  | Mean | Std. Deviation | t     | Sig. (2-tailed) | Influence      |
|----------------------------------|------|----------------|-------|-----------------|----------------|
| <b>Seriousness of Wrongdoing</b> |      |                |       |                 |                |
| High                             | 8,56 | 1,570          | 6,800 | 0,000           | Have Influence |
| Low                              | 5,36 | 2,838          |       |                 |                |

Table 6 shows the results of hypothesis 3 testing using two-way ANOVA. The interaction that gives rise to the highest whistleblowing-intention is the interaction on the conditions of the research subjects who are in a high ethical climate, high seriousness of wrongdoing, and high personality characteristics. Table 6 proves that the produced significance level is 0.027 which is smaller than  $\alpha = 0.05$ . This proves that the third hypothesis is accepted.

**Table 6. Hypothesis Testing Results 3**

|  | Mean Square | Type III Sum of Squares | df | Std. Deviation | F     | Sig. (2-tailed) | Information    |
|--|-------------|-------------------------|----|----------------|-------|-----------------|----------------|
| <b>Ethical Climate, Seriousness of Wrongdoing, Personality Characteristics</b> |             |                         |    |                |       |                 |                |
|  | 25,382      | 25,382                  | 1  | 2,766          | 5,064 | 0,027           | Have Influence |

#### 4.4 Discussion

The results of the hypothesis test supports Elango et al (2010) research that an organization that has a high ethical climate will allow its employees to perceive organizational concern for the benefit of employees which at the same time, increase employee's psychological attachment and organizational commitment. The results of this study are also in line with TPB which states that subjective norms will provide social pressure to do or not to the perceived actions. (Ahmad et al 2014). In this study, subjective norms are described by a high ethical climate where every reporting of fraud is always processed and followed up to completion.

The result of the hypothesis test supports the Graham (1986) model which stated that the seriousness of wrongdoings is positively related to tendency of reporting. In line with this, Near and Miceli (1985) said that the higher seriousness of wrongdoings, the higher perception about efficiency and higher possibility for reporters to report wrongdoings, because serious wrongdoing will be considered as a potential significant change. This will make an individual to have intention of whistleblowing when he/she encounters a high seriousness of wrongdoing. The results of the test are in line with Woiceshyn (2011) research which stated that individual ethical decisions are influenced by organizational factor, situational factor, and individual factor. These three factors will strengthen the intention of an internal auditor to do whistleblowing in an organization.

The results of this study are in line with Planned Behavior Theory (Ajzen 1991) which states that one's intention will shape one's actions and behavior. TPB states that human intention is influenced by three elements, namely attitude towards behavior, subjective norms, and perception of behavioral control. The first element of TPB that shapes one's intentions is attitude towards behavior. The attitude towards behavior refers to the extent to which a person has an evaluation of favorable or unfavorable behavior. The second element illustrates the seriousness of wrongdoing that influences a person's intention to do whistleblowing. The third element is the perception of behavioral control which refers to the social pressure to do or not to do a behavior. This can be interpreted that the intention to do something depends on the pressure that arises from within the organization. This is in accordance with the ethical climate, the seriousness of wrongdoing, and personality characteristics which altogether influence an individual's intention to do whistleblowing.

## 5 Conclusion, Implication, and Limitation

### 5.1 Conclusion

This study aims to examine the causal relationship regarding the ethical climate, seriousness of wrongdoing, and personality characteristics to whistleblowing intentions. The results showed that the first, second, and third hypotheses were accepted. First, the ethical climate has a positive effect on whistleblowing intentions. When internal auditors are in a high ethical climate they have a higher intention of conducting whistleblowing than internal auditors who are in a low ethical climate. Second,



seriousness of wrongdoing has a positive influence on whistleblowing intentions. Internal auditors who are in high seriousness of wrongdoing have the intention to do a higher whistleblowing than auditors who are in low seriousness of wrongdoing. Third, internal auditors on ethical climate, personality characteristics, and high seriousness of wrongdoing have high whistleblowing intentions.

## 5.2 Implications

The results of this study produce findings that the three independent variables influence whistleblowing intentions, so the research implications for the development of science in behavioral accounting are as a reference for various parties who will conduct studies on whistleblowing intentions. In addition, the findings of this study can be input for organizations to design and pay attention to these three factors together in carrying out the whistleblowing mechanism.

## 5.3 Limitations

The limitation in this study is that the experiments conducted in large classes causes obstacles for the experimenter in presenting experimental cases. Experiments carried out after class take place also become a limitation in this study because the subject is not focused in listening to the experimental directions.

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