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Internal Auditor Dilemma: Attitude on Whistle Blowing Intension

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Abstract:

This study aims to determine the effect of the attitude of members of the internal supervisory unit to carry out whistle blowing actions. The population is auditor internal of Higher Education in Central Java. This study applies convenience sampling and the number of samples is 51 respondents. Furthermore, the data were analyzed using multiple regression analysis with the IBM SPSS 21 program. The results indicate that the attitude does not affect the intention of internal auditor to conduct whistle blowing actions. This is due to the lack of a protection and reward system for whistleblowers. Future research should consider other variables such as organizational support, commitment, and culture.

Keywords: *intention, whistle blowing, attitude*

1. Introduction

Fraud has penetrated various elements of this nation's life. Fraud does not only occur in large companies, but also in the education sector. Based on data from Indonesia Corruption Watch (ICW) for 10 years (2006-2016) shows that education funds have entered the circle of fraud. In 2016, there were six (6) universities in the province of Central Java being highlighted by the Supreme Audit Agency (BPK). The BPK believes that these conditions are not in accordance with Law No. 23 of 2014 concerning Regional Government, Law No.12 of 2012 concerning Higher Education, and Permendagri No.32 of 2011 concerning Guidelines for Granting Grants and Bansos derived from APBD. The distribution of grant funds that occurred in the six tertiary institutions was prone to being distorted and was not believed to be effective in its use (<http://berita.suaramerdeka.com> accessed on 12 August 2017).

Therefore, it is necessary to take preventive action to protect universities from various kinds of fraud cases. One effective way to save universities from protracted fraud cases is whistleblowing. Semendawai et al (2011) stated that whistleblowing makes fraud prevention more effective than other methods. Furthermore, Sweeney (2008) also stated that complaints are a proven effective method of disclosing fraud. Therefore, internal auditors in higher education have a significant role in disclosing fraud. However, being a whistleblower is not an easy thing. There are many obstacles and even life threats. One obstacle is the assumption that whistleblowers are the same as traitors. This is the condition that gives rise to ethical dilemmas in internal auditors (Bagustianto & Nurkholis, 2015).

Several previous studies on whistleblowing intentions have been carried out by Sulistomo (2012), Park and John (2009) which show that whistleblowing intentions are influenced by several variables, namely attitudes, subjective norms, and perceived behavioral control. But Alfani (2016), Rustiarini & Sunarsih (2015), Putra (2014), Suryono (2014), show the results that attitude, does not affect whistleblowing intentions. Therefore, based on this background, this study will examine the attitude variables partially have a positive and significant effect on the intention to do whistleblowing actions.

2. Literature Review

This research is based on the theory of plan behavior (TPB). The Plan Behavior (TPB) theory explains that in general a person's behavior arises because of the intention underlying the behavior. There are three factors that determine an individual's intention to conduct a behavior. One of them is attitude toward behavior, (Ajzen, 1991). Plan behavior theory (TPB) explains that attitude becomes one of the factors that influence a person's intention to conduct a behavior. Attitude is a degree of confidence that a person has about positive or negative consequences, pleasant or unpleasant towards an object, person, or event and a subjective evaluation of the consequences in displaying a behavior. Someone who believes in a behavior will be able to produce positive outcomes, the individual will have a positive attitude. Therefore, the individual will be able to bring a positive attitude towards the action or behavior (Ajzen, 2005).

3. Methode

This study uses primary data obtained through questionnaire techniques. The approach used is a quantitative approach with hypothesis testing study design, which tests the influence between variables hypothesized in the study. The population in this study were internal auditor members of universities located in the province of Central Java. Furthermore, this study applies convenience sampling technique that uses samples that are easily obtained. Therefore, the total sample is 84 respondents. However only 51 questionnaires were returned and can be processed by researchers. Furthermore, the data is processed using the IBM SPSS 21 program with a significance level of 5% (0.05).

4. Results and Discussion

Based on the results of testing the validity and reliability shows valid and reliable results. Likewise with the classic assumption test which shows that the model is worthy of being regressed. Tests consisting of tests of normality, linearity, multicollinearity and heteroscedasticity indicate that the specifications of the regression model used are correct and deserve to be further analyzed.

Furthermore, the results of data testing with multiple regression analysis showed that the sig value of 0.754 was greater than 0.05 so that the attitude variable did not affect the intention to conduct whistleblowing actions.

Hip.	Statement	β	Sig.	α	Result
H ₁	Attitude variables partially have a positive and significant effect on the intention to conduct whistleblowing actions.	0,030	0,754	0,05	The hypothesis is rejected

*Table 1. Hypothesis Test Results
Source: Primary Data Processed by Researchers, 2017*

The results of this study are in line with the results of previous research which states that attitudes do not affect the intention to conduct whistleblowing actions (Rustiarini & Sunarsih, 2015; Aliyah, 2015; Suryono, 2014). The good and bad attitude that is owned by internal auditor members does not guarantee that internal auditors will report any fraud. The choice to become a whistleblower is difficult. There needs to be strong courage to be able to report any acts of fraud that occur. Furthermore, the whistleblower must have a strong mentality to bear all kinds of risks that will occur in the future. Some considerations of internal auditor members when they will become a whistleblower include the lack of regulations on whistleblower protection in Indonesia which has worsened this condition, the absence of legal protection for whistleblowers and family members of whistleblowers. Based on conditions like this that make internal auditor members feel a prolonged dilemma. On the one hand they want to be a whistleblower, but on the other hand they must maintain the comfort of themselves and their families.

Furthermore, the majority of internal auditors in universities have professions as lecturers. Internal auditors have the idea that being a lecturer is a lifelong job so if they do a whistle blowing action it will adversely affect their lecturers' careers in the future. Therefore, internal auditors tend to be selfish or prioritize the continuity of their own careers. The attitude of internal auditors like this is in line with the theory of congenital dissonance. The dissonance theory is congruent stating that internal conditions are uncomfortable due to a discrepancy between two attitudes or more and between attitudes and behavior (UI, 2012). On the one hand, individual internal auditors want to express fraud but on the other hand they are afraid of the future of their career as a lecturer.

Furthermore, Festinger (1957) reveals that dissonance occurs when there is a contradictory relationship between cognitive elements in an individual and the actions he takes. Some efforts can be made to increase whistle blowing in universities by providing protection and rewards. This is in line with Callahan and Collins's (1992) opinion that there is a need for protection from institutions so that whistleblowers avoid retaliation from the perpetrators of fraud. Therefore, a higher education policy or government regulation is needed that can protect internal auditor members and give rewards to whistleblowers. This is expected to encourage internal auditors to volunteer and be comfortably willing to carry out whistle blowing actions.

5. Conclusion

The conclusions of this study is that attitude partially does not affect the intention to conduct whistleblowing actions. This condition is caused by the lack of protection from universities and the government for whistleblowers. Furthermore, the low implementation of the reward system for whistleblowers also participates in reducing the enthusiasm of auditors to conduct whistleblowing actions. This research has a weakness because only focusing on internal auditors in Central Java. Future research is expected to be able to add other variables outside the current research model such as organizational support, rewards, and organizational culture.

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