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Research paper

The effect of relativism ethical orientation, personal cost, and moral intensity on internal whistleblowing intention: the moderating role of organizational commitment

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Abstract

This study attempts to examine the moderating effect of organizational commitment on the relationship between relativism ethical orientation, personal cost, moral intensity and internal whistle blowing intention. Using multiple regression as analytical method, responses from 104 employees of Rokan Hulu Regency, Indonesia were analyzed. The results of this research show that relativism ethical orientation of negatively effecting internal whistle blowing intention, personal cost does not affect internal whistle blowing intention, moral intensity affect internal whistle blowing intention, and organizational commitment affect the relationship between the relativism ethical orientation and internal whistle blowing intention. The findings of this study also suggest that commitment organization does not affect the relationship between personal cost and internal whistle blowing intention, and commitment organization affect the relationship between moral intensity on internal whistle blowing intention.

Keywords: *Relativism Ethical Orientation; Personal Cost; Moral Intensity; Commitment Organization; and Internal Whistle Blowing Intention.*

1. Introduction

The Many of fraud that occurred in various countries, especially Indonesia can actually be overcome early if every employee in government agencies have intention or intention to take action whistleblowing. Conduct Whistleblowing action, meaning that the officer at the agency reports immediately the fraud that occurred in his office. The reporting in question is to disclose an act of wrongdoing by a person or organization so as to enable an action to deal with such fraud, (Miceli & Near, 1985).

Whistleblowing is the disclosure of illegal, immoral or unlawful practices perpetrated by members of the organization (either former employees or those still working) that take place within the organization in which they work. Disclosure is made to another person or organization to enable an action (Miceli & Near, 1985). The issues of whistleblowing have been a global concern over the last few decades. Whistleblowing is a great way to prevent cases of accounting violations.

One of the factors that can influence the action of whistleblowing is the ethical orientation of relativism which is a theory that states that an action can be said to be ethical or not, true or false, which depends on the view of society (Forsyth (1980). This theory believes that individuals and groups have different ethical beliefs. In other words, ethical relativism, as well as moral relativism, is the view that there is no ethical standard that is absolutely absolute. In an individual's moral reasoning, he must always follow the moral standards prevailing in society wherever he is.

The second factor that can affect the action to do whistleblowing is Personal cost. Personal cost is an employee's view of the risk of retaliation or sanction from members of the organization, which may reduce the employee's interest to report violations occurring within an organization (Schutlz et al., 1993).

The third factor that influences the action to conduct whistleblowing is moral intensity. Moral Intensity can be attributed to the concept of perception of behavior control in the theory of planned behavior. Perception of behavior control is a belief that a person's perception is the result of his own control of the perception of behaviour (Hendriadi, 2012).

Jones (1991) identifies that there are six elements of moral intensity that affect the decision-making process including: Magnitude of Consequences, Social Consensus, Probability of Effects, Temporal Immediacy, Concentration of Effects, Proximit.

The last factor that influences the intention to engage in whistleblowing is organizational commitment. Mowday, Steers, and Porter (1979) define organizational commitment as the relative strength of individual identification and involvement in a particular organization that can be characterized by three related factors: first, strong belief and acceptance of organizational goals and values; Secondly, a willingness to exert sufficient effort on behalf of the organization; And third, a strong desire to maintain membership in the organization (loyalty).

This study aims to investigate the effect of relativism ethical orientation, personal cost, and moral intensity on internal whistleblowing intention with organizational commitment as a moderating, especially, in Rokan Hulu Regency Government, Riau, Indonesia.

2. Literature review

2.1. Ethical orientation and internal whistleblowing intention

Forsyth (1980) argues that ethical orientation is the ultimate goal of professional behavior that is closely related to morals and values that apply and is driven by two characteristics of idealism and relativism. Relativism is an attitude of rejection of absolute moral values in directing behavior. In this case, the individual is still considering some value from within himself and the surrounding environment. Meanwhile, Whistleblowing is an action performed by individuals or groups to divulge fraud that occurs both by agencies and individuals. Whistleblowing can be described as a process involving personal factors and organizational social factors. Whistleblowing will occur when there is a conflict between employee loyalty and the protection of the public interest. Chiu (2003) explains that the whistleblowing intention refers to the possibility of individuals who are actually involved in whistleblowing behavior and are willing to do whistleblowing.
The previous studies have found that relativism ethical orientation affects the intention to conduct internal Whistleblowing (Yulianto, 2015). This explains that an action can be said to be ethical or not, right or wrong, which depends on the views of society. A relativistic employee tends to reject universal moral principles. Based on the description above then, the hypothesis that is built is as follows:
H_1: relativism ethical orientation affects internal whistleblowing intention.

2.2. Personal cost and internal whistleblowing intention

Personal cost is an employee's view of the risks of retaliation or sanction from members of the organization that may reduce employee's interest to report wrongdoing (Schutlz et al., 1993). Some retaliation may occur in intangible form. Personal cost is negatively related to intent to conduct Internal Whistleblowing. This means that the lower the personal cost, the greater the employee's intention to conduct internal whistleblowing. Based on the description above then, the hypothesis that is built is as follows:
H2: Personal cost affects internal whistleblowing intention.
Moral intensity and Internal Whistleblowing Intention
Moral intensity is a construct that includes characteristics that are an extension of issues related to a major moral issue in a situation that will affect the individual's perception of the ethical issues and the intentions of his or her own. A person with a high moral intensity would be more likely to report an offense that occurs because they have a sense of responsibility to report it. Based on the description above then, the hypothesis that is built is as follows:
H_3: Moral intensity affects internal whistleblowing intention.

2.3. Organizational commitment as moderating

Robbins (2007) defines an organizational commitment is the extent that an employee sides with a particular organization and its goals, and intends to maintain its membership within the organization. A person who has a high organizational commitment is considered to negate relativism because employees who show a high commitment to the organization have a desire to provide more energy and responsibility in supporting the welfare and success of the organization where he works Romle et al., 2015). Therefore, there is a possibility that the employee has the intention to conduct whistleblowing for the safety of the organization. Furthermore, in relation to organizational commitment, if someone who has a high organizational commitment then it can be concluded that the sense of personal cost that exist in a person will disappear. In addition, A person who has a high organizational commitment is considered to have high moral intensity also because employees have a desire to provide more energy and responsibility in supporting the welfare and success of the organization. Therefore, if the employee has an organizational commitment and high moral intensity, there is a possibility that the employee has the intention to conduct whistleblowing to save the organization from errors or fraud that occurred. Based on the description above then, the hypothesis that is built is as follows:
H_4: Organizational commitment strengthens the relationship between the ethical orientation of relativism and internal whistleblowing intention.
H_5: Organizational commitment strengthens the relationship between personal cost and internal whistleblowing intention.
H_6: Organizational commitment strengthens the relationship between moral intensity and internal whistleblowing intention.

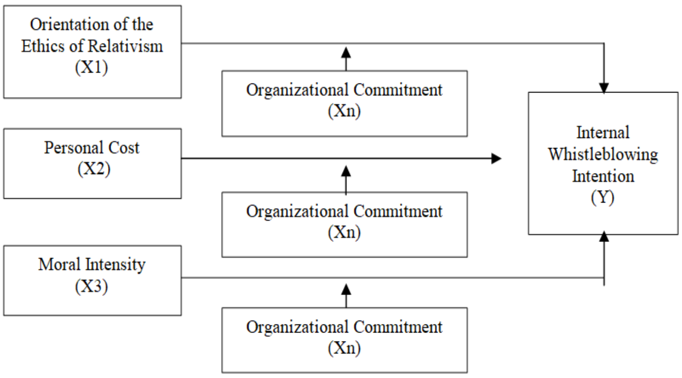

Fig. 1: Theoretical Framework.

3. Research methods

3.1. Data collection

To investigate the effect of relativism ethical orientation, personal cost, and moral intensity on internal whistleblowing intention with organizational commitment as a moderating, a survey questionnaire with self-reporting were developed. Data were collected with sent to a total of 104 government employees in Rokan Hulu Regency, Riau, Indonesia.
The basic selection of rokan hulu Regency,Riau,Indonesia Because the case of fraud that occurred in Rokan Hulu, Riau Indonesia, which is the case of diesel power plant (PLTD) Rokan Hulu, Riau, Indonesia which is detrimental to the State. The convict is a procurement committee team who misappropriated state money. This case was revealed thanks to a whistleblower. As for the sample in this study is the staff or employees who are in SKPD Rokan Hulu, Riau, Indonesia. Sample criteria are:
All staff working in SKPD Rokan Hulu District, Riau, Indonesia.
Staff / Employees who have Group 3 down (who did not occupy a certain position). With the aim if there is cheating staff or employees will report to his leadership.
Working period of at least 5 years in the same SKPD. The argument his staff or employee is very understanding of his work and could be cheating that he did because it already understands the environment where he works and take advantage of opportunities.by criteria It has the working period of at least 5 years in the same Institutions. The majority of respondents had the good educational background (62.50 percent held an undergraduate degree) and 42.31 percent of the respondent was between 31 until 40 years of age. Furthermore, 34.62 percent of the respondent has been working for the same organization for over 10 years.

3.2. Measures

Ethical orientation of relativism was measured using the scale as developed from Khairul (2011). The scale contained 16 items instrument. The answer items rated on a 5–point Likert scale. Score one indicates that high ethical orientation of relativism and score five indicate that low ethical orientation of relativism. Personal cost was measured using the scale as developed from Septianti (2013). The scale contained 3 items instrument. The answer items rated on a 5–point Likert scale. Score one indicates that high personal cost and score five indicate that low personal cost. Moral intensity was measured using the scale as developed from Jones (1991) in Novius (2011). The scale contained 5 items instrument. The answer items rated on a 5–point Likert scale. Score one indicates that high moral intensity and score five indicate that low moral intensity. Furthermore, organizational commitment was measure using the scale as developed from Irawati and Supriyadi (2012). The scale contained 15 items instrument. The answer items rated on a 5–point Likert scale. Score one indicates that high organizational commitment and score five indicate that low organizational commitment. In addition, internal whistleblowing intention was measured using the scale as developed from Malik (2010). The scale contained 16 items instrument. The answer items rated on a 5-point Likert scale. Score one indicates that high internal whistleblowing intention and score five indicate that low internal whistleblowing intention.

3.3. Data analysis

SPSS 20 software was used to analyze the collected data. Descriptive statistics of variables of study with the theoretical score, actual score, mean, standard deviations were used to gain an understanding of the ethical orientation of relativism, personal cost, moral intensity, organizational commitment and internal whistleblowing intention. After that, multiple regression was also used to explore the effect of the ethical orientation of relativism, personal cost, moral intensity toward internal whistleblowing intention. Furthermore, moderated regression analysis used to explore the organizational commitment as a moderation effect on the relationship the ethical orientation of relativism, personal cost, moral intensity toward internal whistleblowing intention.

Table 1: Descriptive Statistics of Variables Studied

Variable	Theoretical Score		Actual Score		Mean	SD
	Min	Max	Min	Max		
Ethical orientation of relativism	1.00	5.00	2.80	5.00	3.94	0.62
Personal cost	1.00	5.00	3.00	5.00	3.74	0.44
Moral intensity	1.00	5.00	3.00	5.00	4.06	0.49
Organizational commitment	1.00	5.00	2.73	4.80	3.51	0.52
Internal whistleblowing intention	1.00	5.00	3.00	4.68	3.95	0.38

4. Results and discussion

4.1. Descriptive statistics of variables

Table 1 reveals that the result of the descriptive statistics of variables studied consisting of the minimum and maximum values (both theoretical and actual), mean, and the standard deviation (SD). From the descriptive analysis of the variables, it can be inferred that the level of ethical orientation of relativism (EOR), personal cost (PC), organizational commitment (OC), and internal whistleblowing intention (IWI) is less highly rated. Meanwhile, the level of moral intensity (MI) is highly rated. The low rating for internal whistleblowing intention clarifies that the intention of employees to became whistleblower is relatively low.

4.2. Hypothesis test

These study objectives to investigate the effect of relativism ethical orientation, personal cost, and moral intensity on internal whistleblowing intention. The result of multiple regression is shown in Table 2.

H_1 proposed an ethical orientation of relativism affects internal whistleblowing intention. The resultant coefficients indicate that ethical orientation of relativism has a negative effect on internal whistleblowing intention. This explains that the low ethical orientation of relativism tends to create employee intention to internal whistleblowing. Conversely, the high ethical orientation of relativism tends to create employee reluctantly to intention whistleblowing internal. These results seem to support Yulianto (2015) study which found that the ethical orientation of relativism has a negative effect on internal whistleblowing intention.

Table 2: Hypothesis Testing Result

Hypothesis	Path	Path Coefficient	Remarks
H_1	EOR → IWI	-5,382**	Supported
H_2	PC → IWI	-0,402	Not Supported
H_3	MI → IWI	0,610*	Supported
H_4	EOR*OC → IWI	-0,621*	Supported
H_5	PC*OC → IWI	0,200	Not Supported
H_6	MI*OC → IWI	2,059*	Supported

Note: *Significant at the P<0.05 Level** Significant at the P<0.01 Level

H_2 proposed a personal cost affects internal whistleblowing intention. The resultant coefficients indicate that personal cost has not effect on internal whistleblowing intention. This explains that the individual intention to internal whistleblowing was not caused by personal cost. These results seem to support studies which doing by Setyawati et al., (2015); Septianti (2015); and Bagustianto and Nurkholis (2015) which found that personal cost has not influence on internal whistleblowing intention.

Furthermore, H_3 proposed a moral intensity affects internal whistleblowing intention. The resultant coefficients indicate that moral intensity has a positive effect on internal whistleblowing intention. This explains that the high moral intensity tends to create an individual intention to internal whistleblowing. Conversely, the low ethical orientation of relativism tends to create an individual reluctantly to intention whistleblowing internal. These results seem to support studies which doing by Kreshastuti (2014); and Astrie (2015) which found that moral intensity has an influence on internal whistleblowing intention.

This study further explores the moderation role of organizational commitment in the effects ethical orientation of relativism, personal cost, and moral intensity on internal whistleblowing intention. H_4 proposed an organizational commitment strengthens the relationship between the ethical orientation of relativism and internal whistleblowing intention. The resultant coefficients indicate that organizational commitment has a negative moderation effect on the relationship between the ethical orientation of relativism and internal whistleblowing intention. Furthermore, H_5 proposed an organizational commitment strengthens the relationship between the personal cost and internal whistleblowing intention. The resultant coefficients indicate that organizational commitment does not moderate on the relationship between personal cost and internal whistleblowing intention. In addition, H_6 proposed an organizational commitment strengthens the relationship between the moral intensity and internal whistleblowing intention. The resultant coefficients indicate that organizational commitment has a positive moderation effect on the relationship between moral intensity and internal whistleblowing intention.

5. Conclusions, implications and limitations

The findings from this study present several points of discussion for research and practice. Implications for managers who working at government context, especially in Rokan Hulu Regency, Riau, Indonesia, the findings give understandings in increasing individual intention to internal whistleblowing. Ethical orientation of relativism and moral intensity have an influence on internal whistleblowing intention with organizational commitment as a moderating. Therefore, the manager should create conditions that make an individual have a high moral intensity such as do training program at the organization.

This study still has limitations, that is, this research only uses organizational commitment as moderating variable, so there are possibly other variables that affect the relationship of ethics orientation of relativism, personal cost, the moral intensity toward internal whistleblowing intention. For further research, it is necessary to add independent variables and other moderating variables to see the effect toward internal whistleblowing intention.

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