Influence of Machiavellian Character and Ethical Environment to Whistleblowing Intention

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Received: 9 October 2017, Accepted: 8 November 2017
Published online: 25 February 2018

Abstract: The purpose of this study is to examine the influence of Machiavellian and ethical disposition of wrongdoing to whistle-blowing intention. This study was conducted at SAMSAT (One Stop Roof Administration Unit) Pekanbaru City and Rokan Hulu Regency. The sampling method used in this study is purposive sampling. The sample used in this study is 81 respondents. The respondents of this study are all employees. The data is analyzed by using multiple regressions assisted with SPSS Version 20. The result of this study indicates that Machiavellian has an influence on whistle-blowing intention, and ethical disposition has an influence on whistle-blowing intention.

Keywords: Machiavellianism; Ethical disposition; Whistle-blowing intention.

1. Introduction

1.1. Background

Cases of fraud have become the world's attention at the moment. One case of happening fraud is corruption. Corruption is all forms of misappropriation or misuse of power in order to enrich themselves or specific groups [20]. Corruption also negatively impacts the well-being of the community and can be detrimental to society. Therefore, corruption must be eradicated so that public’s trust is back. One of the ways that can be used to reveal fraud is by doing a whistleblowing. Whistleblowing is one of the actions taken by employee (former employee) to reveal what he believes about behavior that is illegal or unethical to higher management or to the appropriate authorities outside organization or public [4]. People who do so-are called whistleblower.

Whistleblower is a person (an employee within an organization) who told his superiors or ruling officials concerning the dishonest actions, illegal activities, or errors that normally occur in the Department of Government, public organizations, private organizations, or a company [26]. The term whistleblower is lately popular in Indonesia.

The role of Whistleblowers is really attracting the attention of the world. Whistleblower is not a new thing but has been long existed. For example, the case of accounting of the Toshiba which occurred when the Government of Prime Minister Abe was pushing transparency to the Japanese companies which attract a lot of foreign investment. Therefore, Toshiba through independent panel consisting of accountants and lawyers investigated the issue of transparency in the company. In this case, person that became the whistleblower was the chairman (Commissioner of Toshiba).

Tuanakotta (2010) describes another case that demonstrates the role of whistleblowers to expose corruption in both private sector and government sector, such as Arifin Wardiyanto who reported alleged corruption in the licensing of telephone booth in Yogyakarta in 1996, Maria Leonita reported suspect of bribes by Zainal Agus to Director of Supreme Court in the year of 2001, Khairiansyah Salman (a former auditor in Badan Pemeriksa Keuangan...
(BPK)/Financial Reviewer Agency) reported the case of bribery of members of Komisi Pemilahan Umum (KPU)/General Election Commission on an audit done of BPK [29].

Therefore, to be able to become a whistleblower is not an easy thing because it could become a threat; a whistleblower usually always has a dilemma, where on the one side he is regarded as betraying his superiors because of uncovering the secrets of the crimes committed by his superiors. On the other hand a whistleblower is also considered as the heroic superhero who raised the value—the value of morals, where he will "blow the whistle" when someone does unethical actions even though the person a friend or supervisor where he works. With different views such as that makes a whistleblower suffering a dilemma of indecision in doing the disclosure of fraud. Not to mention if there is impact received by a whistleblower when he "blew his whistle". The impact that will be received can make a whistleblower as someone who is admired by the world or even vice versa can make a whistleblower grasped in bars (prison) because of a lack of evident that he owns or other things.

As for the behavior of a person in doing or not doing whistleblowing is usually based from his intention. An intention can be used as guidance in decision making. One of the factors that may affect the nature of intention is Machiavellian. Character of the Machiavellian is a character of receiving unethical behavior such as theft and cheating [14][30]. Machiavellian will take an action by taking into account the economic benefits obtained as a foundation in acting [9][15]. Based on the above explanation, it can be said that a person who has high Machiavellian will play an important role in decisions to perform whistleblowing.

Derek and Dalton (2012) also stated that organizations with good ethical environments can influence on intention to do whistleblowing. Organizations with good ethical environments can be done with the ethics training for officers. Ethics training has a larger effect on individuals who have a low Machiavellian nature rather than to individuals who have high Machiavellian nature in finding fraud to be reported [5].

In accordance with the above statement, environmental ethics is also believed as a variable that can affect the intention of doing a whistleblowing. The environmental ethics of organization are able to encourage individuals in expressing fraud effectively.

Based on the above explanation, this research aims to test the influence of the character of the Machiavellian and Ethical Environment against interest to do whistleblowing.

1.2. Research Questions
Based on the explained background above, this writing will answer the questions as follow:
1. Does Machiavellian character influence whistleblowing intention?
2. Does an environmental ethic influence whistleblowing intention?

1.3. Research Purpose
The purpose of this research is to test the influence of Machiavellian character and environmental ethics to whistleblowing intention.

2. Theoretical Framework and Hypothesis Development
2.1. Theoretical Framework
2.1.1. Whistleblowing
Whistleblowing is a disclosure by members of an organization (employee or former employee) of doing illegal practices, immoral or without legitimation under control of superior officials or organization which can effect on correction action [17].

Bouville (2007) stated that whistleblowing is an action from an employee (or former employee) to disclosure what he believes as illegal behavior and not ethical to higher or top management (internal whistleblowing) or to the authoritative parties out of the organization and to the public (external whistleblowing) [4].
2.1.2. Machiavellian Character

A person with high Machiavellian character tends to be pragmatic, keeps emotional distance, is sure that result is more important than process. “If this thing is useful, use it” is consistent motto with a high Mach.

Christie and Geis (1970) in their research described that Machiavellian character as an anti social character which doesn’t pay attention to conventional morality and has a low ideological commitment [8]. Hence, a Machiavellian person has a tendency self interest, manipulative and aggressive. Usually a person with high Machiavellian (that is a high Mach type) has more possibilities to ignore ethical norms if facing with moral problems.

2.1.3. Ethical Environment

Ethics is a fundamental concept for accounting, marketing, finance, government and others. Behaviour and ethical attitude will give impacts to others and environment including environment where he works or in other way. Environment formed in an organization may effect organization’s members.

There are two views about factors that influence ethical action conducted by an individual. First view says that action or decision making is not ethical, it is more influenced by individual moral character. Secondly, action is not ethical; it is more influenced by environment, such as reward and punishment system of a company, organization of ethical climate, and socialization professional code of conduct by an organization where the person works.

2.2. Machiavellian character and whistleblowing

A person of high Mach type has more relativism than who has low Mach [31], they tend to assess bigger mistakes [12]. Therefore, this person can feel less serious fraud, where at the end it will result on low intention of whistleblowing because this type of Mach has high tendency to count on self interest, not on universal moral rules, when they make a decision. For that, it is important to know that negative result (such as revenge, lowering rank and others) is very prominent in a decision to report a fraud [1][19][22].

Hence, because a person with high Mach type uses self interest in their decision making, so, the writers assume that the prominent part of negative result which will make a person with high Mach type less to report fraud. Therefore, the first hypothesis is:

H1: Machiavellian character influences on whistleblowing intention.

2.3. Ethical Environment and Whistleblowing

Two factors of Ethical Environment (procedure, rules and code of conduct and training ethics) represent social practices of an organization. Organizational practices such as code of conduct and training ethics strengthen norms of environment of work ethics and push ethical decision making [11]. At the end, factor of Ethical Environment, which are reward and sanction, reflect the importance reward structure to support ethical behaviour.

Previous research found that Ethical Environment of organization can influence ethical behavior in many contextual tools. As Booth and Schulz (2004) found that a strong Ethical Environment may reduce manager’s tendency to act to take benefits when there are problems. Furthermore, although previous research had explicitly researched effect of Ethical Environment in an organization to whistleblowing, this research found that some components of Ethical Environment in an organization, such as supports of top management and policy of whistleblower push whistleblowing. Therefore, by using previous research as theoretical support, writers assume that strong Ethical Environment which connects to weak Ethical Environment will increase intention to do whistleblowing. Hence, the second hypothesis is:

H2: Ethical Environment influence whistleblowing intention.

3. Research Method

3.1. Population and Sample
Influence of Machiavellian Character and Ethical Environment to Whistleblowing Intention

Population and sample in this research are all staffs/employees in SAMSAT/One Stop Roof Administration Unit in Pekanbaru city and Rokan Hulu regency. Research sample choosing is done by purposive sampling method that is sample choosing based on certain criteria.

3.2. Definition of operational and Variable Assessment

3.2.1. Dependent Variable

a. Whistleblowing

Bouville (2007) defines whistleblowing as an action of an employee or former employee to disclose what he believes as illegal behaviour or unethical to higher or top management (internal whistleblowing) or to the authority/in charge parties out of organization or to the (external whistleblowing) [4].

This variable was measured by using 5 point Likert scale. Scale 1 represents “very low” and scale 5 represents “very high”.

3.2.2 Independent Variable

a. Machiavellian Character

Vitell (1991) and Granitz (2003) describe personality of Machiavellian as a personality that receives unethical attitude such as theft and fraud [14]. This variable was measured by adopting instrument used by Dalton and Radtke (2012: 169) that is by using 5 point Likert scale from very disagree (1), disagree (2), less agree (3), agree (4) and very agree (5) [10]. Statement 4, 7 and 9 are positive statements. In statement number 5, the positive score was returned, for example: respondent fills very disagree then the point is 5.

b. Ethical Environment

Derek and Dalton (2012) stated that organization with good Ethical Environment can influence intention to do whistleblowing. Organization with good Ethical Environment can be done training of ethics to its employees. This variable was measured by adopting instrument used by Dalton and Radtke (2012: 169) that is by using 5 point Likert scale from very disagree (1), disagree (2), less agree (3), agree (4) and very agree (5).

3.3 Analysis method of data

Analysis method of data used double linear regression analysis with SPSS 20. Hypothesis test in this research was carried on by using t test. This test was done to prove given hypothesis, whether each independent variable influenced significantly dependent variable individually.

4. Research Results

4.1 Validity Test of Data

Table 1 shows variable of Machiavellian character which has correlation around 0.300 until 0.661 and significance in level 0.01. It shows that each statement indicator is valid. Variable Ethical Environment is around correlation of 0.484 until 0.697 and significance in level 0.01 indicating that each statement indicator has been valid already. Variable of whistleblowing has correlation between 0.781 until 0.830 and significance in level 0.01.

<table>
<thead>
<tr>
<th>Value of Machiavellian Character</th>
<th>Pearson Correlation</th>
<th>N of Items</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Machiavellian Character</td>
<td>.300** -.661**</td>
<td>81</td>
<td>Valid</td>
</tr>
<tr>
<td>Value of Ethical Environment</td>
<td>.484** -.697**</td>
<td>81</td>
<td>Valid</td>
</tr>
<tr>
<td>Value of Whistleblowing</td>
<td>.781** -.830**</td>
<td>81</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Thus, all validity tests in this research shows satisfying result. All questions in each independent variable show valid result. Therefore, it can be concluded that all question show everything measured in questionary.
4.2. Reliability Test

Reliability test was conducted through *cronbach alpha* test and SPSS 20. One construct is said to be reliable if it gives *cronbach alpha* score > *r* table (Widiyanto, 2012). *r* score table has significance in level of 0.05 with 2 side test and amount of data (n) = 81, then it can be received *r* table as 0.2185.

Reliability test result shows that those variables have Cronbach alpha score bigger than *r* table 0.361 so that it can be concluded that all used instruments are reliable.

<table>
<thead>
<tr>
<th>Table 2. Reliability Test</th>
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<tbody>
<tr>
<td>Cronbach's Alpha Based on Standardized Items</td>
</tr>
<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Machiavellian Character Score</td>
</tr>
<tr>
<td>Ethical Environment Score</td>
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<tr>
<td>Whistleblowing Score</td>
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</table>

4.3. Hypothesis Test

Result of first, second and third hypothesis regression test with equation \( Y = \alpha + \beta_1X_1 + \beta_2X_2 + \varepsilon \) shows amount of *R Square* is 0.169; *F* amount score is 7.948 and *Adj R Square* score is 0.148; with significancy of equation is 0.001 (0.10) which shows that equation model is fit. Test result also shows that coefficient constant score is -1.387 with significancy score 0.650 meaning that Machiavellian character score and Ethical Environment simultaneously effect to whistleblowing this result can be seen in Table 3.

<table>
<thead>
<tr>
<th>Table 3. Regression Test</th>
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<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Machiavellian Character Score</td>
</tr>
<tr>
<td>Ethical Environment Score</td>
</tr>
</tbody>
</table>

For the first hypothesis, it is seen that its significancy partially for Machiavellian character is 0.003 because of p-value is smaller than 0.05 with coefficient is 0.186 meaning that Machiavellian character effects whistleblowing. So it can be concluded that Machiavellian character effects positively to whistleblowing, so that H1 is accepted.

For the second hypothesis, it is seen that its significancy partially for Ethical Environment is 0.009 because of p-value is smaller than 0.05 with coefficient is 0.220 meaning that Ethical Environment effects whistleblowing. So it can be concluded that Ethical Environment effects positively to whistleblowing, so that H2 is accepted.

4.4. Discussion

First hypothesis test, Machiavellian character is connected positively to intention to do whistleblowing fiskus meaning that according to the first hypothesis where control conviction on behaviour push intention to do whistleblowing. This result is not same with the previous research carried by Derek and Radtke (2013) which said that Machiavellian character gave negative impact to intention to do whistleblowing. Vitell (1991) and Granitz (2003) described Machiavellian character as a person who receives unethical behaviour such as theft and fraud. In this research it is indicated that a person with Machiavellian character has an intention to do whistleblowing. It means that H1 is accepted.

Second hypothesis test, Ethical Environment is connected positively to intention to do whistleblowing fiskus meaning that according to the second hypothesis where Ethical Environment can
push someone’s intention to do whistleblowing. This result is supported by previous research carried by Derek and Radtke (2013). One factor in decision making is from environment where he works. Derek and Dalton (2012) stated that an organization with good Ethical Environment can effect to intention to do whistleblowing. In this research a person with good Ethical Environment will tend to do whistleblowing because he thinks that it is an obligation for him to report it. It means H2 is accepted.

5. Closing Remarks

5.1. Conclusion

This research has a purpose to test the influence of Machiavellian character variable and Ethical Environment to intention to do whistleblowing. To analyse among those variables this research used SPSS version 20. Based on analysis and discussion above, it can be concluded that:

1. Result of first hypothesis test shows that Machiavellian character effects to whistleblowing intention. A person with high Machiavellian character tends to not doing whistleblowing compare to a person with low Machiavellian character. Result of this research is not same with Derek and Radtke (2013) who stated that Machiavellian character has negative impact to tendency to do whistleblowing.
2. Result of second hypothesis test shows that Ethical Environment effects positively to whistleblowing intention. Result of this research is consistent with previous research carried by Derek and Radtke (2013) who stated that Ethical Environment has positive impact to tendency to do whistleblowing.

5.2. Limitation

The writers realize that this research has many limitations, such as:

1. This research used survey method through questionnaire. Researchers had no chances to meet directly the respondents. Therefore, it is worried that the answers are not match with what is intended in this research.
2. There are other factors which can influence intention and behaviour of whistleblowing.

5.3. Suggestions

Suggestions that may be given to next research are:

1. The next research is expected to wide this research by adding one more variable such culture or gender.
2. The next research is expected to change samples or population in different place to get different result.

References

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