

The Effect of Retaliation, Legal Protection, and Financial Incentive on Whistle-Blowing Intention with Organizational Commitment as Moderating Variable

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ABSTRACT: The study aims to empirically examine the variables relationship and the effect of retaliation, legal protection, financial incentives, on whistle-blowing intention with organizational commitment as moderating variable. Questionnaires were distributed to collect data from the employees of banks classified in Book IV, namely PT Bank Rakyat Indonesia Tbk., PT Bank Mandiri Tbk., PT Bank Negara Indonesia Tbk., PT Bank Central Asia Tbk., PT Bank CIMB Niaga Tbk., and PT Bank Panin Tbk. They occupied various position levels and the number of respondents reached 190 persons. Subsequently. The questionnaires were then analyzed using SEM (Structural Equation Modeling) and processed using the software SmartPLS Version 3.2.9. Based on the analysis results, it shows that retaliation variable has a negative effect on whistle-blowing intention, while legal protection, financial incentives, and organizational commitment have a positive effect on whistle-blowing intention. Organizational commitment can have a positive effect on legal protection and financial incentives on whistle-blowing intentions, while organizational commitment is unable to show a negative effect on whistle-blowing intention.

KEYWORDS: retaliation, legal protection, financial incentives, organizational commitment and whistle-blowing intention

1. INTRODUCTION

With the increasingly occurring fraud cases, the community has a very salient role in anticipating or taking action if they recognize or encounter an act of fraud. In such a case, the public must increase their fraud awareness. The active role of the government in following up fraud reports can also help the whistle-blowers because they are exposed to very high risk due to fraud acts they reveal. The whistle-blowers are at high risk either direct or indirect impacts if they do not obtain special concerns from the authorities. The whistle-blowers of fraud demand the authorities their right for protection to ensure their safety. Due to many cases being reported, fraud revealing becomes a double-edged sword for the whistle-blower. They might receive threats and are treated inappropriately by the fraud perpetrator. As such, many people are reluctant to report fraud due to harmful consequences. They will face risks which can threaten his safety, family, and his surrounding relatives. It does not mean that the public is not aware of cases of fraud; rather, they are afraid of the risks they might encounter when reporting a fraud. These facts discourage their intention to report fraud.

In the Report to the Nations on Occupational Fraud and Abuse published by ACFE (Association of Certified Examiner) in 2018, there were 2,690 fraud cases which occurred in 125 countries, resulting in losses of USD 7 billion. Of these cases, 15% could be detected by internal audit while 13% of these cases were detected through a management review. The remaining 40% of fraud cases were detected through public and employee reports. From the results of the ACFE survey (2018), it was revealed that 40% of cases of fraud were detected or revealed by whistle-blowers who came from various elements of society. This ACFE survey shows that employees (53%) are the most active subjects in whistle-blowing, followed by customers (21%), anonymous individuals (14%), vendors (8%), others (5%), competitors (3%) and shareholders/owners (2%). From the survey, it can also be observed the fact that there are many cases of fraud with great losses, most of which are revealed by whistle-blowers' reports.

According to Semendawai et al. (2011), a whistle-blower can be referred to as a reporting witness. A person provides reports or testimony regarding an alleged criminal act to law enforcement officials or an agency through various reporting media which will be followed up later. However, to be called a whistle-blower, the witness must meet at least two basic criteria. The first criterion, whistle-blowers submit or disclose reports to the competent authorities or to the mass media or the public. By disclosing to the

competent authorities or the mass media, it is hoped that the suspicion of a crime can be exposed and revealed. The second criterion, a whistle-blower is an "inside" person, that is, a person who uncovers alleged violations and crimes which have occurred in his workplace.

Agus Condro, a member of Commission IX DPR-RI, was known to have been involved in the election case for the Senior Deputy of Bank Indonesia. He is a fraud perpetrator who intended to become a whistle-blower and revealed other cases of fraud involving several suspects, among other Dudhie Makmun Murod (PDIP), Endin AJ. Soefihara (PPP), Hamka Yandhu (PBR), and Udju Djuhaeri (TNI/Polri). The disclosure of this case began with the admission of PDIP politician, Agus Tjondro who admitted receiving bribes in the form of traveler's checks. He also confessed that there were several members of the DPR Commission IX who also accepted the bribes. The KPK developed the case and named 26 DPR Commission XI members as new suspects. Totally, Rp. 24 billion consisted of 480 checks to pass the election of Miranda Swaray Goeltom as Senior Deputy Governor of Bank Indonesia (Candra and Sari, 2011).

Retaliation is a form of coercion or threat aimed to whistle-blowers to shut their mouths when they find out about a fraud in an organization. It is a statement made by colleagues or managers against employees who have reported violations (Joy, 2014). According to study results, Saputra and Dwita (2018) found that retaliation has an adverse effect on the intention to do whistle-blowing. It means that the lower the level of retaliation, the higher the intention to do whistle-blowing.

Witnesses or victims who intend to become whistle-blowers will feel safe and protected when there is legal protection for their reporting; thus, it will encourage an individual's interest to perform whistle-blowing. Research conducted by Chang et. all. (2017) found that protection against whistle-blowers affects personal intention to do whistle-blowing.

Financial incentives are intended to encourage anyone to report relevant information about fraud, such as non-compliance, tax evasion, bribery, embezzlement and accounting fraud. Research conducted by Andon et al. (2016) found that there is a positive and significant effect of financial incentives on whistle-blowing intention. This result explains that individuals who earn financial incentives are more likely to have the intention to take whistle-blowing actions than those who do not.

Furthermore, organizational commitment is a theory introduced by Mowday et al. (1979), which is defined as the relative strength of individual identification and involvement in a particular organization. The highly committed members of organization will pay attention to organizational goals in making ethical decisions. Bagustianto and Nurkholis (2015) found an empirical evidence that organizational members with high commitment will tend to decide to do whistle-blowing actions.

Moreover, the research conducted by Kusnadi and Ariyanto (2018) found that retaliation has an adverse and significant effect on whistle-blowing intention. According to their findings, when there is low consequence/risk to the individual who performs whistle-blowing, his intention to do so will be even higher. It indicates that the individuals who have the intention of whistle-blowing are afraid of the consequence the fraud perpetrator will impose. On the other hand, these findings are different from the research conducted by Efendi and Nuraini (2019) who found that retaliation has no effect on whistle-blowing intention. According to their study, the fear of the risks a whistle-blower will be exposed to has no effect on this intention.

The present research is a further improvement of that carried out by Kusnadi and Ariyanto (2018) and Efendi and Nuraini (2019), in which they studied the effect of legal protection and retaliation on whistle-blowing intention. Likewise, this research is also developed based on that conducted by Andon et. all. (2016) regarding the effect of financial incentives on whistle-blowing intention. In addition, this study takes into account the organizational commitment as a moderating variable which refers to the research conducted by Helmayunita (2019) which found a positive and significant effect of organizational commitment on whistle-blowing intention.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Theory of planned behavior

The theory of planned behavior asserts that intention is more accurate to predict an actual behavior and can also be a link between attitudes and actual behavior. The theory of planned behavior (TPB), which was developed by Ajzen (1985) aims to predict an individual behavior more specifically. The theory states that a person's interest in a behavior is formed by three main factors, i.e. the first factor is the attitude towards behavior in which a person assesses something whether it is advantageous or unfavorable. The second factor is a social factor called subjective norm, which refers to the social pressure felt by the individual either to do or not to do a particular action. The third factor is the antecedent of intention/perception of behavior control as the level of perceived

behavioral control. As we previously observed, it refers to the perceived ease or difficulty of performing behavior and is assumed to reflect experience as an anticipation of obstacles and hindrance (Ajzen, 2002).

Theory of prosocial behavior

Humans are born as social beings who cannot live without help from other people; therefore, prosocial behavior emerges in social life. The theory of prosocial behavior was initially developed by Brief and Motowidlo (1986) which explains that the behavior of a member of an organization towards other members is carried out aiming to improve the welfare of an individual/group or organization. Prosocial theory supports the emergence of whistle-blowing as explained by Brief and Motowidlo (1986) that whistle-blowing is one of 13 forms of prosocial organizational behavior. Similarly, Dozier and Miceli (1985) also claimed that whistle-blowing in general will provide benefits to other people or organizations and will also benefit whistle-blowers themselves.

Fraud, whistle-blowing and the intention

According to the Association of Certified Fraud Examiners (2016), asset misappropriation is fraud or misuse of company property or that of other parties. It is a form of the easiest detectible fraud because of its tangible nature, which is defined value. Misappropriation of assets or illegal taking of assets; generally speaking, it is called stealing (Tuanakotta, 2010). The most frequent property of stealing target is money because it is directly exploited by the perpetrators of the fraud.

Whistle-blowing is the disclosure of information regarding an illicit, immoral, or illegal practice under employee constraints to people or organizations by a member or a former of an organization (Near & Miceli, 1985). The whistle-blowing behavior which is often considered by the public as a manifestation of insubordination needs to be transformed into obedience to the great norms which are upheld together. The development of a whistle-blowing mindset as a constructive compliance behavior is believed to be able to reverse the direction of the cycle towards the process of denormalization of corruption. Corrupt behavior which is already understood as an allowed, permitted, and even authorized act by the leadership of the organization and the high sacrifices it incurs by not committing corruption, as well as the high risks borne by employees when doing whistle-blowing (Tito, 2020).

According to Near and Miceli (1985), whistle-blowing is defined as disclosure of illegal, immoral or illegal practices under the control of their superiors by members of an organization to people or organizations who may be able to take an action. Thus, whistle-blowing is considered a mechanism which can enhance accountability and honesty in organizations and create changes by deterring and detecting errors including unethical acts, corporate fraud, and corruption. In addition, whistle-blowing can also benefit society when the process works effectively to correct mistakes (Near and Miceli, 1985). Near and Miceli's (1985) definition regarding whistle-blowing includes both internal and external reporting, which stated that both reportings are conceptually similar in the whistle-blowing process.

Retaliation

Retaliation, in other words reprisal is a behavior aiming to pay back an action which someone has done. It is also the result of a conflict between the organization and its employees, where organizational members attempt to control employees by threatening to take or actually take a detrimental actions to the interests of the other employees as a response to the employee who reveals the wrongdoings (Rehg et. all., 2008). Liyanarachchi and Newdick (2009) described several forms of retaliation:

- a. Condescension and threats;
- b. Providing tasks out of the responsibility of the whistle-blower;
- c. Giving additional task;
- d. Providing jobs demanding new skills.

Legal protection

Whistle-blowers are in very vulnerable position to intimidation and threats and even tend to be the targets of criminalization from the actors who commit crimes of defamation and unpleasant acts. Thus, they are ultimately prosecuted and punished even though they play a key role to eradicating corruption. The instrument of protection for whistle-blowers is regulated in UNCAC (United Nation Convention Against Corruption), Law Number 31 of 2014 concerning the Protection of Witnesses and Victims Revised Law Number 13 of 2006, Law of the Eradication of Corruption Number 20 Years 2001, Circular of the Supreme Court Number 04 of 2011, and Joint Regulation of the Ministry of Law and Human Rights, Attorney General, Head of Police, KPK, and LPSK Number 4 of 2011 concerning Protection for Reporting Witnesses, Whistle-blower and Actors who fully cooperate (Abdullah and Hasma, 2017).

The legal protection itself consists of two forms, which are respect and protection. The respect is for human dignity and courage to report acts of fraud which can harm the organization. Meanwhile, the legal protection is to protect whistle-blowers so that their disclosure of fraud can be fully revealed (Abdullah and Hasma, 2017).

Financial incentive

Financial incentives are intended to encourage anyone to report relevant information about errors such as non-compliance, tax evasion, bribery, embezzlement and accounting fraud. Incentives are viewed as important factor in organizations as both monetary and non-monetary rewards to whistle-blowers are also used in anti-fraud mechanisms in various organizations (ACFE, 2018). Financial incentives provide personal benefits for whistle-blowers and can be the main driving factor for whistle-blowing action. In this study, financial incentives are measured using the indicators as developed by Latan et al. (2018) which consists of 2 statements, in which the respondents were provided statements of how high they are willing to report a fraud if there is an incentive.

Organizational commitment

The theory of organizational commitment which was introduced by Mowday et al. (1979) is defined as the relative strength of individual identification and involvement in an organization. The organization’s members with high commitment will pay attention to organizational goals in making ethical decisions. Meanwhile, this argument is also supported by another opinion which states that organizational commitment is defined as the extent to which employees are involved in their organization and are willing to remain being its members (Husniati, 2017). Hence, involvement in the organization will lead to the employees’ attitude of loyalty and willingness to work optimally for the organization’s interests. Furthermore, according to Robbins and Judge (2016), organizational commitment is a condition in which an employee sides with an organization and its goals and desires to maintain its membership in the organization. Employees who have a high sense of commitment will not commit actions which can harm themselves and the organizations in which they work for.

Conceptual framework

In this study, the independent variables consist of organizational culture, compensation and competence. Meanwhile, whistle-blowing intention is assigned as the dependent variable. Moreover, organizational commitment is used as a moderating variable which serves either to weaken or strengthen the influence of the independent on the dependent variable. Based on the problems statement above, the conceptual framework of this research is presented in the following figure.

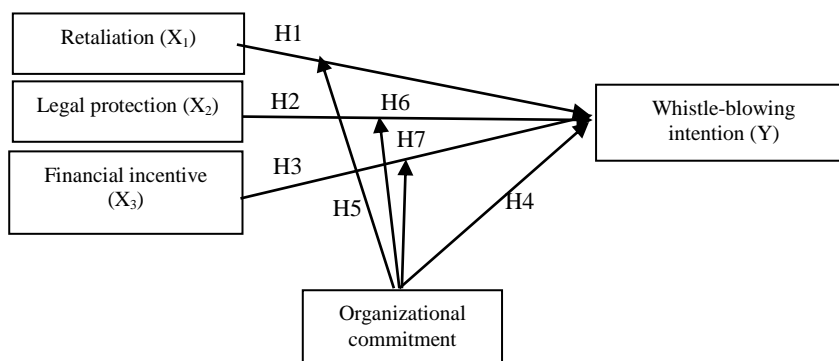


Figure 1. Conceptual framework of the research

Hypotheses development

Effect of retaliation on whistle-blowing intention

Saputra and Dwita (2018) found that there is a negative effect of retaliation on the whistle-blowing intention. It means that low level of retaliation will result in high intention of whistle-blowing. Retaliation can be a consequence which will lead individuals to do whistle-blowing or just be silent and do nothing. It is very likely that the individual will subjectively feel more afraid when there is retaliation if they will report fraud; therefore, the lower the retaliation the individual will probably receive, the greater the whistle-blowing intention the individual will do. From the description above, the hypothesis developed in this study is in line

with the research conducted by Kusnadi & Ariyanto (2018) explaining that retaliation has a negative effect on whistle-blowing intention. In contrast to other studies, i.e. that conducted by Efendi and Nuraini (2019), explained that there is no effect of retaliation on individual intention to do whistle-blowing.

H1: Retaliation has a negative effect on whistle-blowing intention.

Effect of legal protection on whistle-blowing intention

Legal protection is an effort to provide assistance and fulfillment of rights in order to bring a sense of security to witnesses and victims. The ideal legal protection is to provide compensation, treatment and protection from all accusations as compensation for what a whistle-blower has revealed, regardless he is one of the perpetrators or not (Nixson et al., 2013). It is very important factor for whistle-blowers regarding their safety in reporting all forms of fraud. Legal protection can also encourage someone to be a whistle-blower or to report acts of fraud because they are free from fear of future consequence. The explanation above is in line with research conducted by Abdullah and Hasna (2017) and Efendi and Nuraini (2019) which explained that legal protection has a positive and significant effect on whistle-blowing intention. This study's hypothesis is also in line with the research of Chang et al. (2017) which found that protection of whistle-blowers has a positive effect on a personal intention to do whistle-blowing.

H2: Legal protection has a positive effect on whistle-blowing intention.

Effect of financial incentive on whistle-blowing intention

A whistle-blower will consider his decision in reporting violations and take into account financial incentives as economic rather than an ethical decision, for some of them who are tempted by financial incentives he will earn (Berger et al., 2017). Brink et al. (2013) in their research revealed that financial incentives have a great effect on whistle-blowing intention, but some organizations cannot provide the same level of reward as determined by regulations. An additional concern is whether the whistle-blowing incentives will predispose employees to report insignificant abuses and lead the organization to conduct unnecessary and costly investigations. That is, the organization can examine the potential for interactions between the presence of internal incentives and the strength of evidence. With strong evidence, it is most likely that the whistle-blowing will succeed and result in a financial reward. Thus, the impact of financial incentives on whistle-blowing intention is more likely to occur when there is strong evidence.

H3: Financial incentives have a positive effect on whistle-blowing intention.

Effect of organizational commitment on whistle-blowing intention

A highly committed individual to an organization is likely to foresee overcoming situations which can harm the organization in order to maintain the reputation and sustainability of his organization. This identification can have effects of other people's judgments as well, for example, colleagues. Thus, the identification results may either be subjective or may be objective. This explanation is based on the research conducted by Setiawati and Sari (2016) that there is important effect of organizational commitment on individual intention to perform whistle-blowing actions.

On the other hand, the researches conducted by Septiani (2013), Abdullah (2017), Setyawati et al. (2015) and Aliyah (2015) revealed that organizational commitment has no effect on the decision to carry out whistle-blowing action. These findings contrast with the research of Bagustianto and Nurkholis (2015), Husniati (2017), Marga (2016), and Helmayunita (2018) which have proven that the members of an organization with high commitment will tend to perform whistle-blowing actions.

H4: Organizational commitment has a positive effect on whistle-blowing intention.

Effect of organizational commitment in moderating the relationship of retaliation with whistle-blowing intention

Retaliation is intended as a revenge for an action someone has done. Therefore, it can prevent an individual from reporting fraud. However, if an individual has a high sense of organizational commitment, the threat of retaliation will not have an effect and he will proceed to report the fraud. The research conducted by Kusnadi and Ariyanto (2018) and Saputra and Dwita (2018) revealed that there is a negative effect of retaliation on a personal intention to act whistle-blowing.

Meanwhile, organizational commitment greatly affects individual intention in performing whistle-blowing. Thus, the higher the organizational commitment, the higher the whistle-blowing intention to report fraud. The research conducted by Helmayunita (2018), Bagustianto and Nurkholis (2015) and Husniati (2017) found that there is positive effect of organizational commitment on whistle-blowing intention.

H5: Organizational commitment weakens the negative effect of retaliation on whistle-blowing intention.

Effect of organizational commitment in moderating the relationship of legal protection with whistle-blowing intention

Legal protection for whistle-blowers is very important given that a whistle-blower can make it easier to uncover criminal acts. The legal protection provided to the individuals who become whistle-blowers coupled with the sense of organizational commitment will encourage them to disclose fraud. Therefore, legal protection has a positive effect on individual intentions in whistle-blowing acts. The disclosure is in line with the research conducted by Efendi and Nuraini (2019) and Abdullah and Hasna (2017) that there is a positive effect of legal protection on a personal intention to act whistle-blowing. This explanation is in line with the research conducted by Husniati (2017) Helmayunita (2018), Bagustianto and Nurkholis (2015), revealing that the higher the organizational commitment an individual exhibits, the higher his intention to report the fraud or become a whistle-blower.

H6: Organizational commitment strengthens the positive effect of legal protection on whistle-blowing intention.

Effect of organizational commitment in moderating the relationship of financial incentives with whistle-blowing intention

Financial incentives are designed to encourage individuals to report relevant information about errors such as non-compliance, tax evasion, bribery, embezzlement and accounting fraud. It provides the whistle-blowers personal benefits and can be the main driving factor in fraud reporting. With provision of financial incentives, it will increase a personal intention to take whistle-blowing action. This statement is supported by a recent study from Latan et al. (2018), Andon et al. (2016), and Berger et al. (2017) who concluded that the financial incentive scheme can elevate the intention of making a whistle-blow. This explanation is in line with research conducted by Marga (2016), Husniati (2017) Helmayunita (2018), Bagustianto and Nurkholis (2015) that the higher the individual organizational commitment, the higher the intention to report fraud (whistle-blowing).

H7: Organizational commitment strengthens the positive effect of financial incentives on whistle-blowing intention.

3. RESEARCH METHODS

Research design

This causal research employed a quantitative approach using an explanative survey method, conducted by testing the hypotheses. Based on the level of explanation, this research is classified as a causal associative study with the aim of determining a causal relationship of the independent variable (X) on the dependent variable (Y) (Sugiyono, 2017). In this study, the dependent variable is whistle-blowing Intention, while the dependent variables comprise retaliation, legal protection, and financial incentive using organizational commitment as the moderating variable (Z). The survey method was employed to as a means of data collection, aiming to obtain information about a representative number of the respondents to the population. Data were derived from cross-sectional studies using the same period of time in questionnaires distribution.

Measurement of research variables and indicators

This study uses a questionnaire form, which was designed using alternative answers of ordinal scales in form of the Likert scale. The optional answers show how strong the level of agreement or disagreement with a certain statement. The scale is easily used, understood, filled in by respondents, and also visually more attractive, consisting of 5 options of answer, strongly disagree (STS) whose a value of 1, the second is disagree (TS) whose a value of 2, third answer is somewhat agree (AS) whose a value of 3, then fourth is agree (S) whose a value of 4, and the last one is fifth, strongly agree (SS) whose a value of 5. The following table presents the indicators used in this research.

Table 1. Research variables and indicators

Variables	Indicators
<i>Retaliation-</i> Lyanarachchi & Newdick (2009), Efendi & Nuraini (2019)	1. Subjected to threats
	2. Being retaliated
	3. Ignored by members of the organization
	4. Additional duties beyond responsibility
	5. Different assignments
	6. Heavier duty load
	7. Assignments beyond expertise

Legal protection - Abdullah & Hasma (2017), Efendi & Nuraini (2019)	1. Respect for human dignity
	2. Protection of personal, family, property; threat-free
	3. Fair legal defense and protection
	4. Non-discriminatory legal protection
	5. Legal certainty
Financial Incentive - Laten et al. (2018)	1. Provision of financial incentives
	2. Provision of an award/reputation.
Organizational commitment - Robbins dan Judge (2016), Widiutami et al. (2017) & Didi and Kusuma (2018)	1. Feel comfortable
	2. Consider company problems as personal matters
	3. Sense of belonging to the company
	4. Fear of not getting job opportunities
	5. Feeling losses if leaving the company
	6. Fear of difficulty to get a well-paid job
	7. Company services
	8. Contribution
	9. Loyalty
Whistle-blowing intention - Alleyne et al. (2016 & 2017)	1. Pseudonym/anonymous report
	2. Confidentiality of identity
	3. Report to authorities outside the institution
	4. Provide information to outsiders
	5. Notify the public about cheating
	6. Report to the appropriate member within the institution
	7. The reporting channel within the institution
	8. Notify internal supervisor

Method of data collection

The data collection method was field research, carried out by conducting a direct observation of the agency as the object of the study to obtain primary data. The population in this study was employees who worked in large banking companies, especially those included in the category Bank Book IV, consisting of 6 companies in Indonesia, namely PT Bank Rakyat Indonesia Tbk (BRI), PT Bank Mandiri Tbk (BMRI), PT Bank Negara Indonesia Tbk (BBNI), PT Bank Central Asia Tbk (BBCA), PT Bank CIMB Niaga Tbk (BNGA), and PT Bank Panin Indonesia Tbk (PNBN). The total employees' population of those banks accounted for 163,651 people. The selection of Bank Book IV was not only because of their large assets but also because it had an adequate whistle-blowing system and other reasons. Banks classified in Book IV are the category of banks with the largest funding and assets in Indonesia which maintain the economy in Indonesia. The sample size was taken in accordance with the theory proposed by Sekaran (2016), that for a population of more than 30 and less than 500, it is appropriate for most studies in multivariate research. In such a case, the sample size should be several times (preferably 5 times or more) larger than the number of indicators in the study. In this study, the authors used 5 (five) times the number of indicators, namely 31 indicators in the questionnaire. There are five variables (three exogenous latent variables, one endogenous latent variable, and one exogenous latent variable as moderating variables). Therefore, the minimum total sample used in this study was 155 samples, resulting from the minimum multiplication of the number of the sample, i.e. 5 (five) times the number of the indicators, which was 31 indicators. The sampling method in this study used non-probability methods through purposive sampling. The data was collected by means of a survey by distributing questionnaires (hardcopy) and online media.

Method of data analysis

The collected data were analyzed using Partial Least Square (PLS) version 3.2.1, a component or variant-based Structural Equation Modeling (SEM) equation model (Ghozali, 2015). PLS uses a three-stage iteration process and each iteration stage

produces an estimate for analysis. In the first stage, there is outer model analysis (converge validity with loading factor, AVE communality > 0.5; and discriminant with cross loading > 0.5; and reliability with Cronbach alpha > 0.6, composite reliability > 0.7). Subsequently, in the second stage, there is analysis on the inner model (endogenous construct variance of R-Square value, predictive relevance QSquare, overall fit index (GoF), and bootstrapping method). Finally, in the third stage, the hypotheses are analyzed (direct influence and moderation effect with the sample mean showing both positive and negative directions which must refer to the hypotheses, probability-value < 0.05, T-Statistics > 1.64, namely one tailed).

4. DISCUSSIONS

Description of research objects

The purposive sampling method with a sample limit of 155 respondents was fulfilled. Some of the criteria for respondents are permanent employees who had been working at the banks classified in Book IV at least one year and their minimum educational background was diploma 3 (D3). The following table presents the distribution data of the research samples.

Table 2. Distribution data of the research samples (primary data, 2020)

No	Research object	No. of respondents
1	PT Bank Central Asia Tbk.	59
2	PT MandiriTbk.	30
3	PT Bank Negara Indonesia Tbk.	23
4	PT Bank Rakyat Indonesia Tbk.	27
5	PT Bank PaninTbk.	24
6	PT Bank CIMB Niaga Tbk.	27
Total of respondents		190

Descriptive statistics

Descriptive statistics describes the respondents' answers which present mean, standard deviation, minimum and maximum value of the data as presented in the following table for each exogenous, moderating, and endogenous variable. In this study, the mean is the average value of all respondents' answers through the research variables, while the standard deviation is a variation of the respondent's answers. Number 1 represents the answer 'strongly disagree' up to 5 which means strongly agree.

Table 3. Descriptive statistics

Variables	N	Minimum	Maximum	Mean	Std. deviation
Retaliation	190	1	5	3.989	0.932
Legal protection	190	1	5	4.052	0.889
Financial incentive	190	1	5	4.002	0.934
Organizational commitment	190	1	5	4.053	0.853
Whistle-blowing intention	190	1	5	4.059	0.933

(Data processing with SmartPLS ver.3.2.9)

5. ANALYSIS OF RESEARCH RESULTS

Measurement model (outer model)

Based on the results of analysis on the measurement model (outer model), Hair et al. (2017) suggested that when testing the measurement model carried out through a path weighting scheme, it should use a maximum iteration value of 300 and a stop criterion at the value of 7. Where convergent validity results in outer loading, AVE and Communality are greater than 0.5. which means valid.

The Fornell-Lacker criterion for Discriminant Validity is that the latent construct as a whole has a discriminant validity value, because it has a square root of AVE that is greater than the correlation value with other latent constructs, as shown in the table below.

Table 4. Measurement model (outer model)

Latent variable	RT	PH	FI	WI	KO
Retaliation	0.793				
Legal protection	0.082	0.819			
Financial incentive	0.048	0.027	0.882		
Organizational commitment	-0.271	0.414	0.405	0.796	
Whistle-blowing intention	-0.042	-0.208	-0.068	0.174	0.810

(Data processing with SmartPLS ver.3.2.9)

It can be concluded that the results of the discriminant validity test through the Fornell-Lacker criteria for latent constructs as a whole have the values.

Table 5. Latent variables and internal consistency reliability

Latent variables	Composite reliability	Cronbach's alpha	Remarks
Retaliation	0.922 ≥ 0.70	0.903 ≥ 0.60	Reliable
Legal protection	0.911 ≥ 0.70	0.877 ≥ 0.60	Reliable
Financial incentive	0.875 ≥ 0.70	0.715 ≥ 0.60	Reliable
Organizational commitment	0.932 ≥ 0.70	0.917 ≥ 0.60	Reliable
Whistle-blowing intention	0.938 ≥ 0.70	0.925 ≥ 0.60	Reliable

(Data processing with SmartPLS ver.3.2.9)

The test results of the internal consistency reliability value in the table above indicate that the five latent constructs, namely retaliation, legal protection, financial incentive, organizational commitment, and whistle-blowing intention have a composite reliability value of 0.922; 0.911; 0.875; 0.932; and 0.938 (the values of five construct variables ≥ 0.7). Meanwhile, the Cronbach's alpha values of the latent variables are 0.903; 0.877; 0.715; 0.917; and 0.925 (the values of five construct variables ≥ 0.6). It can be concluded that all of the five latent constructs are stated to be reliable; thus, they can be analyzed to the next stage, namely structural model analysis.

Structural model analysis (inner model)

The predictive strength of the structural model can be determined by observing the value of adjusted R2 of each endogenous construct (Ghozali, 2015).

Table 6. Endogenous variable

Endogenous variable	R square adjusted	Remark
Whistle-blowing intention	0.501	Moderate

(Data processing with SmartPLS ver.3.2.9)

It can be seen that the value of R2 Adjusted is 50.1% in the endogenous construct of asset abuse, indicating that the four exogenous construct variables, namely organizational culture, compensation, competence, and integrity are weak by only explaining 50.1% of the variance of the endogenous construct of asset abuse.

The overall fit index evaluation criteria for the entire model obtained from the average communalities index is multiplied by the R2 model.

Table 7. Latent constructs

Latent construct	AVE	R2
Retaliation	0.629	0.501
Legal protection	0.671	-

Financial incentive	0.778	-
Organizational commitment	0.633	-
Whistle-blowing intention	0.656	-
Average	0.673	0.449
GOF value	0.550	
Remarks	Great GOF value	

In the table above, it can be seen that the overall fit quality of the model shows a value of 55.0%. it indicates that the model formed in this study as a whole has great predictive power in explaining the relationship of exogenous constructs. Based on the criteria description of the goodness of fit of the inner model, the suitability of the model as a whole, the structurally formed model produces the following formula:

$$WI = \alpha - 0.269RT + 0.388PH + 0.374FI + 0.270KO - 0.243RT*KO + 0.415PH*KO + 0.322FI*KO$$

Result of direct effect test

Based on the development of the hypothesis as well as the provisions of the rule of thumb for accepting the hypothesis above, the results of the direct effect test must take the parameter output presented in the table of total effect instead of the table of path coefficients. It is because that in the research model, there is an exogenous construct, namely the latent construct of internal control as a moderating variable. The following table presents the results of the total effect of the direct effect test.

Table 8. Results of total effect based on direct effect test

Hypothesis	Correlation	Exception	Direct effect			Conclusion
			Sample mean	t-statistic	P-value	
H1	RT → WI	(-)	-0.269	5.964	0.001	Accepted
H2	PH → WI	(+)	0.388	5.602	0.000	Accepted
H3	FI → WI	(+)	0.374	6.761	0.000	Accepted
H4	KO → WI	(+)	0.270	3.715	0.000	Accepted

(Data processing with SmartPLS ver. 3.2.9)

The moderating effect test is carried out for the integrity moderating variable in the form of latent metrics, using an analysis of the interaction effect between exogenous variables and moderating variables in influencing endogenous variables, i.e. moderating variables with reflective indicator types through the product indicator approach. The following table presents the results of the total effect of the direct effect test.

Table 9. Results of total effect based on direct effect test

Hypothesis	Correlation	Exception	Direct effect			Conclusion
			Sample mean	t-statistic	P-value	
H5	RT*KO → WI	(-)	-0.243	3.657	0.000	Rejected
H6	PH*KO → WI	(+)	4.758	4.758	0.000	Accepted
H7	FI*KO → WI	(+)	4.401	4.401	0.000	Accepted

(Data processing with SmartPLS ver. 3.2.9)

Research results and discussions

Effect of retaliation on whistle-blowing intention

Retaliation has a negative and significant effect on whistle-blowing intention. The results of this study reveal that retaliation is a consequence and a hindering factor which affect individuals in doing whistle-blowing because of the risks they will face might

prevent their intention to do whistle-blowing action. Furthermore, the results of this study are in line with that of Saputra and Dwita (2018), Kusnadi and Ariyanto (2018), and Larasati (2015) which found that there is negative effect of retaliation on the intention to do whistle-blowing.

Effect of legal protection on whistle-blowing intention

Legal protection results in a positive and significant effect on whistle-blowing intention. It is crucial for whistle-blowers regarding their safety in reporting all forms of fraud. This research results are in line with those of the research conducted by Abdullah and Hasna (2017) and Efendi and Nuraini (2019) which revealed that there is positive and significant effect of legal protection on whistle-blowing intention.

Effect of financial incentive on whistle-blowing intention

Financial incentive has a positive and significant effect on whistle-blowing intention. It provides both personal benefits and the main driving factor for whistle-blowers. Financial incentives are designed to encourage anyone to report any relevant information about fraud and can motivate individuals to do whistle-blowing actions due to the rewards they will earn. The results of this study are in line with research conducted by Andon et al. (2016) Latan et al. (2018), and Berger et al. (2017) who concluded that there is positive effect of financial incentives on the intention to do whistle-blowing.

Effect of organizational commitment on whistle-blowing intention

Organizational commitment has a positive and significant effect on whistle-blowing intention. The sense of belonging to an organization will be developed with time individuals have worked in the organization, giving rise to a desire to maintain the organization's reputation and striving how to achieve its ultimate goals. The results of this study are in line with that conducted by Bagustianto and Nurkholis (2015), Husniati (2017), Marga (2016), and Helmayunita (2018), which revealed that organizational commitment has a positive and significant effect on whistle-blowing intention.

Effect of organizational commitment in moderating retaliation on whistle-blowing intention

Organizational commitment is unable to weaken the negative effect of retaliation on whistle-blowing intention; thus, the hypothesis is rejected. These study results reveal that organizational commitment is not able to enhance individual's intention to do whistle-blowing action because of the greater retaliation factor which he might face. Retaliation can prevent an individual from reporting fraud even though he possesses high commitment toward organization; rather, very harmful threats of retaliation will discourage him to report such fraud. This finding is in line with the research of Septiani (2013), Abdullah (2017), Setyawati, et al. (2015) and Aliyah (2015) which found that organizational commitment has no effect on whistle-blowing intention.

Effect of organizational commitment in moderating legal protection on whistle-blowing intention

Organizational commitment is able to strengthen the positive effect of legal protection on whistle-blowing intention; thus, the hypothesis is accepted. These study results prove that high organizational commitment within individuals coupled with the presence of legal protection can further motivate whistle-blowers to report existing fraud. These study findings are in line with those conducted by Abdullah and Hasma (2017) and Efendi and Nuraini (2019) as well as those of Chang et. all. (2017) which explained that legal protection of whistle-blowers has positive effect on personal intention to do whistle-blowing action.

Effect of organizational commitment in moderating financial incentives on whistle-blowing intention

Organizational commitment is able to strengthen the effect of financial incentives on whistle-blowing intention; thus, the hypothesis is accepted. It means that financial incentives which is moderated by organizational commitment are able to enhance an individual's intention to report fraud or to become a whistle-blower. It may be due to the highly organizational commitment of the employees coupled with rewards in the form of financial incentives. These study findings are in line with the research of Bagustianto and Nurkholis (2015), Husniati (2017), Marga (2016), and Helmayunita (2018).

6. CONCLUSIONS

In conclusion, retaliation has a significant negative effect on whistle-blowing intention. Some findings of this study which can be concluded are as follows:

1. Legal protection has a significantly positive effect on whistle-blowing intention;
2. Financial incentives have a significantly positive effect on whistle-blowing intention;

3. Organizational commitment has a significantly positive effect on whistle-blowing intention;
4. Organizational commitment is not able to weaken the negative effect of retaliation on whistle-blowing intention;
5. Organizational commitment can strengthen the positive effect of legal protection on whistle-blowing intention;
6. Organizational commitment can strengthen the effect of financial incentives on whistle-blowing intention.

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Cite this Article: Haryono Umar, Windy Permata Suyono, Rahima Br. Purba (2021). *The Effect of Retaliation, Legal Protection, and Financial Incentive on Whistle-Blowing Intention with Organizational Commitment as Moderating Variable*. *International Journal of Current Science Research and Review*, 4(2), 100-112