The Auditor Professional Commitment and Machiavellian Nature in Their Relationship to Whistleblowing Intention with Retaliation as Moderating Variable

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Abstract: This study examines the effect of auditor professional commitment and Machiavellian nature on the intention of performing whistleblowing with retaliation as a moderating variable. This study uses primary data with questionnaires. Data were analyzed by using multiple regression with 60 respondents who work as internal auditor at BRI (Bank Rakyat Indonesia) Riau Province, Indonesia. Result of research indicates that auditor professional commitment influence to intention to conduct whistleblowing, Machiavellian nature impact to intention to do whistleblowing, Auditor's Professional Commitment moderated by retaliation has no effect to intention to act whistleblowing, and Machiavellian nature moderated by retaliation influences to intention undertaking whistleblowing.

Keywords: Auditor Professional Commitment; Machiavellian Nature; Retaliation; Intention; Whistleblowing.

1. Introduction

In the recent decades, a lot of talk about whistleblowing case, whistleblowing is considered a system that has the advantage of strengthening the internal control system. These benefits include the provision of early detection mechanisms for potential problems resulting from a violation, the opportunity to take care of internal manipulations before widespread, and reduce the risk of the impact of the violation.

One way to prevent accounting fraud in an attempt to restore public confidence is to implement whistleblowing [7]. Whistleblowing is the reporting by active or non-active members of organizations relating to violations, illegal or immoral acts to parties inside or outside the organization [10].

The duty of an auditor is to improve organizational performance. But not all of the fraudulent auditors will report the fraud he found to the company's management [9]. The actions of auditors who absence to report fraudulent findings, are acts contrary to the auditor's professionalism. The auditor should dare to reveal the findings of cheating he has found. The mistrust is due to a retaliation that will be accepted by the auditor. Such retaliation may include salary deductions, dismissals and even threats that will be accepted by the auditor.

Professional accountants are estimated to have high professional commitment in order to prioritize professionalism and professional ethics that they have [8]. Careers are a big thing in one's life and professional commitment has important implications for it. In addition to having implications for individuals, the commitment of the profession also have implications for the organization [7]. Professional commitment is associated with increased performance, decreased intention to change
jobs, and greater job satisfaction [3]. In addition to the Professional Commitment, other independently assessed characteristics can affect a person's intention to perform whistleblowing, i.e., Machiavellian nature. Dalton and Radtke (2012: 162) declare someone who has a high Machiavellian behavior will be more unethical [1].

In Indonesia, the case of accounting scandals is nothing new. As an example, a case in PT Waskita Karya related to the excess of 500 billion of net profits. PT Waskita Karya's Board of Directors manipulated finances from fiscal year 2004-2008 by including projections of multi-year project revenue in the future as revenue for the year [6].

2. Literature Review

2.1. Professional Commitment and Whistleblowing Intention

Professional commitment is an act of loyalty to the work that is being undertaken based on norms and rules that apply in general. Hall and Smith (2005) describe professional commitment as a love formed by an individual in his profession [5]. While Whistleblowing according to [10] states that a reporting by members of active or non-active organizations concerning violations, illegal or immoral acts to parties inside or outside the organization. Thus a person who has a high professional commitment then, the desire or intention to conduct Whistleblowing will also be higher, because the professional attitude of the auditor is necessary to reveal the act of fraud and the performance of the auditor must also be accountable to the community [3].

H1: Professional Commitment Influences the Intention of Conducting Whistleblowing.

2.2. Machiavellian Nature and Whistleblowing Intention

In general individuals with high Machiavellian traits are more likely to ignore ethical norms when confronted with moral issues [1]. Dahling (2009) states that the Machiavellian person will take action by taking into account the economic benefits gained as a basis for action. Someone who has a high Machiavellian behavior tends to be unethical also in deciding to do a whistleblowing intention. Research conducted by Dalton and Radtke, 2012, shows that the nature of Machiavellian has an influence on the intention of doing whistleblowing [1]. This result is in line with that done by Dalton and Radtke (2012: 162) i.e., someone who has a high Machiavellian behavior will be more unethical.

H2: Machiavellian Nature Affect the Intension of Conducting Whistleblowing

2.3. Retaliation as Moderating Variable

Retaliation is a behavior aimed at restoring one's actions [12]. Rehg et al. (2008) retaliation is the result of a conflict between the organization and its employees, where members of the organization seek to control employees by threatening to take or actually take an action that harms the welfare of their employees, responding to employee reports that are considered wrong [13]. Auditors who have high professional commitment should dare to reveal the findings of cheating that he has found. The distrust is due to a retaliation that will be accepted by the auditor. Such retaliation may include salary deductions, dismissals and even the dredging that will be accepted by the auditor.

In research by Dalton and Radtke (2012: 162) describes that someone who has a high Machiavellian behavior will be more unethical [1]. In the research of Liyanarachchi and Newdick (2009), proving that retaliation based on level divisions (strong and weak) can moderate a variable to perform whistleblowing [11].

Hypotheses that can be built are:

H3: Retaliation can moderate the Influence of Auditor Professional Commitment to the Intention of Conducting Whistleblowing
H4: Retaliation can moderate the Effect of Machiavellian Nature on the Intention of Conducting Whistleblowing.

The theoretical framework of above explanations is illustrated by Figure 1.

![Figure 1. Theoretical Framework](image)

3. Research Methodology

3.1. Data Collection

To test the effect of Auditor Professional Commitment and Machiavellian Nature on Intensity to Conduct Whistleblowing with Retaliation as Moderating Variable, a survey was conducted with questionnaires, questionnaires distributed to respondents of study totaling 86 respondents, while the questionnaire returned as many as 60 questionnaires; this is processed in this study. The sample characteristics are:

1. Internal Auditor of BRI Riau Province
2. BRI auditors who have worked over 1 year

Judging from the length of work, respondents who worked for 1-5 years amounted to 23 people or 38%, respondents who worked for 5-10 years amounted to 21 people or 35% and respondents who worked for > 10 years amounted to 16 people or 27%.

3.2. Data Measurements

Auditor Professional Commitment is measured using a questionnaire developed by Dwyer et.al (2000) [2]. The Dwyer et al. (2000) instrument consists of seven statement items. This variable is measured using a 5 point Likert scale, scale 1 means strongly agree and scale 5 is strongly disagree. Machiavellian nature is measured by adopting the instruments used by Dalton and Radtke (2012: 169) i.e. by using Likert scale 5, scale 1 means strongly agree and scale 5 is strongly disagree. Dalton and Radtke (2012: 155) describe the Machiavellian personality as a person who accepts unethical behaviors such as theft and cheating practices. Dalton and Radtke (2012: 155) claim that the Machiavellian person will take action taking into account the economic benefits derived as the basis for acting. Furthermore, the moderating variable is Retaliation is a behavior aimed at restoring the actions one has done. The scale used to measure this variable is Likert scale 5, scale 1 means strongly agree and scale 5 is strongly disagree.
3.3. Data Analysis

SPSS 21 software was used to analyze the collected data. Based on the statistical test, it is known that the minimum value of the Intension in conducting Whistleblowing variable is 40, the maximum value is 60 and the mean value is 51.5500 with the standard deviation of 5.07378 (Table 1). The Auditor Professional Commitment variable earns a minimum score of 21, a maximum value of 35 and a mean value of 31.9833 with a standard deviation of 3.77095. Variable of Machiavellian nature obtained a minimum value of 26, a maximum value of 45 and a mean value of 35.2500 with a standard deviation of 3.92137. Retaliation variables obtained a minimum value of 18, a maximum value of 35 and a mean value of 29.6500 with a standard deviation of 4.81813. From those descriptive statistical data, it can be concluded that the overall average value of intention to do whistleblowing variables, auditor professional commitment, Machiavellian nature, and retaliation greater than the standard deviation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whistleblowing (Y)</td>
<td>60</td>
<td>40.00</td>
<td>60.00</td>
<td>51.5500</td>
<td>5.07378</td>
</tr>
<tr>
<td>Professional Commitment (X₁)</td>
<td>60</td>
<td>21.00</td>
<td>35.00</td>
<td>31.9833</td>
<td>3.77095</td>
</tr>
<tr>
<td>Machiavellian Nature (X₂)</td>
<td>60</td>
<td>26.00</td>
<td>45.00</td>
<td>35.2500</td>
<td>3.92137</td>
</tr>
<tr>
<td>Retaliation (X₃)</td>
<td>60</td>
<td>18.00</td>
<td>35.00</td>
<td>29.6500</td>
<td>4.81813</td>
</tr>
</tbody>
</table>

4. Results and Discussion

The statistical t test basically indicates how far the influence of one independent variable separately in explaining the dependent variable [4]. To be able to know whether there is significant influence from each independent variable, then compare between t count with t table and also compare significant value t with level of significant (α) that is 5%. If sig t is > 0.05 then received. Similarly vice versa if sig t < 0.05, then rejected.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t count</th>
<th>t table</th>
<th>Significance</th>
<th>Alpha (α)</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>2.268</td>
<td>2.002</td>
<td>0.027</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₂</td>
<td>6.423</td>
<td>2.002</td>
<td>0.000</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₃</td>
<td>0.041</td>
<td>2.002</td>
<td>0.967</td>
<td>0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₄</td>
<td>2.124</td>
<td>2.002</td>
<td>0.038</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

4.1 Hypotheses Testing Result

4.1.1 Hypothesis 1 Testing Results

H1: Professional Commitment Affects The Intention of Conducting Whistleblowing

From Table 2 above it can be seen that t count > t table, that is 2.268> 2.002 with significance value of 0.027 and error rate (alpha) 0.05 thus rejected H0 and accepted H1. From the test results, it can be concluded that professional commitment influences the intention to conduct whistleblowing.

4.1.2 Hypothesis 2 Testing Results

H2: Machiavellian Nature Affects to the Intention of Conducting Whistleblowing

From table 2 above it can be seen that t count > t table, that is 6.423> 2.002 with a significance value
of 0.000 and a fault rate (alpha) 0.05 is thus rejected H0 and H2 is accepted. From the results of these tests, it can be concluded that the Machiavellian nature affect the intention of doing whistleblowing.  

4.1.3 Hypothesis 3 Testing Results  
H3: Professional commitment affects the intention of whistleblowing with moderation by retaliation.  
From table 2 above it can be seen that $t_{count} < t_{table}$, i.e. 0.041 < 2.002 with a significance value of 0.967 and a fault rate (alpha) 0.05 is thus accepted H0 and H3 is rejected. From the test results, it can be concluded that Retaliation is not able to moderate the relationship between Professional Commitment and Intention to Conduct Whistleblowing.

4.1.4 Hypothesis 4 Testing Results  
H4: The Machiavellian nature affects Whistleblowing intention with moderation by retaliation.  
From table 2 above it can be seen that $t_{count} > t_{table}$, that is 2.124 > 2.002 with significance value equal to 0.038 and error rate (alpha) 0.05 thus rejected H0 and H4 is accepted. From the results of the test, it can be concluded that retaliation is able to moderate the relationship between Machiavellian nature and intention to do whistleblowing.

4.2 Result of Determination Coefficient  
Coefficient of determination testing ($R^2$) is aiming to measure how far the ability of the model in explaining the variation of the dependent variable. The results of the coefficient of determination test can be seen in the Table 3.

Table 3. Result of Coefficient of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.679a</td>
<td>.461</td>
<td>.442</td>
<td>3.79000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Xn, X2, X1

Based on Table 3, value of R square ($R^2$) is 0.679 and Adjusted R Square value is 0.442. It means that the contribution of independent variable to dependent variable is 44.2%. While the remaining 55.8% influenced by other variables that are not included in this research model.

5. Conclusions  
The results of this study can be discussed for further research and practitioners. Implications are for internal auditors working in Banking, especially internal auditors working at BRI (Bank Rakyat Indonesia), Riau Province, Indonesia. The results of this study provide an understanding in improving the intention of individuals to conduct whistleblowing. The Auditor Professional Commitment and Machiavellian Nature influence the whistleblowing intention, and the Machiavellian nature moderated by retaliation also affects the intention to conduct whistleblowing. Therefore, the leadership of an organization must create conditions that make individuals have a high professional commitment.

This study still has limitations, i.e. this study only uses retaliation as a moderating variable, so there may be other variables that affect the professional commitment relationship of auditors,
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Machiavellian nature, to whistleblowing intentions. For further research, it is necessary to add independent variables and other moderation variables to see the effect on whistleblowing intentions.

References