INTENTION TO REPORT VIOLATIONS THAT ARE INFLUENCED BY PERSONAL COST, PROTECTION TO WHISTLEBLOWERS, AND THE MATERIALITY LEVEL OF VIOLATIONS

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ABSTRACT

This study aims to investigate the effect of personal cost, protection of whistleblowers, and materiality of violations on the intention to report violations. This study will be conducted at the Customs Office of North Sulawesi Province. The research method is quantitative research with a survey method by distributing questionaries to 43 customs officers. The variables to be tested are Personal Cost, Protection to Whistleblowers, and Materiality of Violations as independent variables, and Intention to report violations as the dependent variable. The data analysis technique used is multiple regression analysis to test the effect of the independent variable on the dependent variable. The results of this study found that the three independent variables had an effect on employee intention to report violations. The results of this study support several previous studies in different places.
Keywords*: Intention; Violation; Whistleblower; Personal Cost; Protection.*

1. Introduction

The Whistle Blowing System (WBS) is a crucial aspect to be implemented in various entities, both in private companies and government agencies, including the Customs Office. This mechanism is important because WBS can be a solution and a means for parties who know of violations and want to report them.

The implementation of WBS in the Customs Office is quite important because Customs is the only government agency tasked with overseeing the flow of goods and international trade. This field is vulnerable to violations. The existence of a WBS mechanism can be one of the means that helps to identify and reduce the potential for violations.

There needs to be an adequate understanding of what factors affect the implementation of a good and efficient WBS mechanism. An adequate understanding of the whistleblower will encourage him to be more courageous and open in reporting the violations he knows. The first factor that is considered the most vital in reporting violations in this research is personal cost. Personal cost is the internal consideration of the whistleblower to decide whether he should report the violation or not related to the consideration of the risk that will be received if he reports the violation. This personal cost is based on the Theory of Reasoned Action (Fishbein & Ajzen, 1975).

The second important factor in this study is whistleblower protection. This factor is an external factor that is also considered before the whistleblower reports the violation. There is a consideration of what protection the whistleblower will receive if he reports the violation he knows about. Protection of the whistleblower is able to maintain the safety of the whistleblower

from the actions and risks that will be received by the whistleblower, this is in accordance with the Theory of Legal Protection (Seorjono Soekanto, 1984).

Meanwhile, the third factor that is considered to have a major influence in this study is the level of materiality of the violation. The materiality of the violation is a significant consideration from the reporter's side regarding the amount of material affected by the violation that occurred. This refers to Utilitarian Theory (Mill, 1861). The greater the level of materiality of the violation, the greater the intention of the reporting party in reporting the violation.

2. Literature Review

Theory of Reasoned Action (Fishbein & Ajzen, 1975) explains that humans tend to think about the impact of their actions. Humans are considered to be creatures who think logically so that they can consider strong reasons when intending to do something. A person's behavior is influenced by two basic determinants, namely attitudes and subjective norms. Attitude is a person's positive or negative assessment of an object, person, or situation. Subjective norms are a person's belief that the surrounding environment expects the subject to take an action. These two things can be a consideration for someone's intention to do something. This theory convinces the author to formulate hypothesis1 that personal cost affects the intention to report violations.

Legal Protection (Seorjono Soekanto, 1984) is an effort to provide assistance and fulfillment of rights to create a sense of security for someone. With the implementation of the legal protection system, it will have an impact on increasing the courage of the reporter to disclose facts because of his belief that he will be legally protected and will not receive threats in any form. Through this theory, the author believes that hypothesis 2, namely, the protection of whistleblowers has a significant influence on the intention to report violations.

Utilitarian Theory (Mill, 1861) explains the rightness or wrongness of actions that are judged based on the degree of significant consequences. Actions are judged right if they tend to increase happiness and wrong if they tend to produce unhappiness. If the violation causes a large negative impact and reduces happiness or benefits for many people, then the level of materiality of the violation can be considered high from the perspective of utilitarianism. Based on this theory, it also strengthens that the level of materiality of the violation has a relationship with the intention to report violations in accordance with hypothesis 3.

Based on the research background, formulate the problem formulation as follows: Does the materiality level of the violation affect the intention to report violations at the North Sulawesi Customs Office? Does protection for the reporter affect the intention to report violations at the North Sulawesi Customs Office?, Does personal cost affect the intention to report violations at the North Sulawesi Customs Office?

The research material is to determine and analyze the relationship between personal costs, protection for whistleblowers, and the level of materiality of violations on the intensity of reporting violations.

3. Research Methods

The type of research used in this study is quantitative research. Quantitative research is research that takes a large amount of data to determine the relationship between the independent and dependent variables. This study aims to determine the effect and analyze the effect of personal cost, whistleblower protection, and materiality level on the intention to report violations.

3.1 Population and Sample

The population in this study were all employees who worked at the North Sulawesi Customs Office, totaling 43 employees. The sample in this study was determined using

Saturation Sampling. The sample who filled out the questionnaire amounted to 32 people, in other words, the research response rate was 72.42%. Description of the sample of male employees totaling 26 and female employees totaling 6 people. In addition, the education level of the majority of respondents is D1 with 20 people, the others are D3 with 6 people, S1 with 3 people, and S2 with 3 people. The majority of the average age of respondents is in the range of 20-25 years with a total of 21 others in the range above 35 with 5 people, the range 26-30 with 3 people, and the range 31-35 with 3 people.

3.2 Data Collection Technique

The data collection technique used in this research is an online questionnaire. After one of the sample employees at the North Sulawesi customs office filled out the questionnaire, the employee distributed the questionnaire online to other employees there.

3.3 Research Variables

The dependent variable in this study is the intention to report violations. There are three independent variables in this study, including personal cost, whistleblower protection, and materiality level.

3.4 Validity and Reliability Test

Validity test is used to measure whether the instrument used measures what should be measured. The validity test in this study uses the product moment technique and has a significance level of 5%. If the value of R count> R table then the variable is valid.
Reliability test is used to measure the consistency of the instrument under study. The reliability test in this study uses the Cronbach alpha technique, where there is a value of 0.6 must be passed for the data to be reliable.

3.5 Data Analysis Technique

This study uses multiple regression analysis models to analyze the effect of personal cost, whistleblower protection, and materiality level on the intention to report with the following model.

$$Y = a + bX1 + X2 + X3$$

3.6 Classical Assumption Test

Normality test is used to measure data distribution following or close to normal. If the value of asymp. Sig. (2-tailed) > 0.05 then the data is normally distributed and vice versa.
Multicolinerality test is used to measure the correlation between independent variables. If VIF < 10 and tolerance > 0.1, it is concluded that there is no multicolinerality.
Heteroscedasticity test is used to see if the regression model occurs variable inequality from residuals of one observation to another. If sig> 0.05 then there is no heteroscedasticity.

3.7 Hypothesis Test (F Test and t Test)

The F test is used to assess the effect of all independent variables on the dependent variable. If f count> f table then it can be concluded that the variable is significant.
The t test is used to assess the ability of the independent variables separately. The hypothesis is accepted when the significance value is less than 0.05. In addition, regarding the positive and negative effects, the value obtained is also positive or negative.

4. Research Findings and Discussion

4.1 Research Instrument Test.

The results of instrument testing in this research show that all variables, both dependent and independent, are valid and reliable. Because this study uses multiple linear regression analysis, it is necessary to test classical assumptions.

4.1.1 Table Validity Test

Question	Test Results	Skor	R Tabel (Alpha 5%)	Decision
Personal Cost (X1)				
1	Pearson Correlation	0,607	0,3494	VALID
	sig.	0,000	0,05	VALID
2	Pearson Correlation	0,860	0,3494	VALID
	sig.	0,000	0,05	VALID
3	Pearson Correlation	0,782	0,3494	VALID
	sig.	0,000	0,05	VALID
4	Pearson Correlation	0,843	0,3494	VALID
	sig.	0,000	0,05	VALID
5	Pearson Correlation	0,766	0,3494	VALID
	sig.	0,000	0,05	VALID
6	Pearson Correlation	0,716	0,3494	VALID
	sig.	0,000	0,05	VALID
Protection to Whistleblower (X2)				
1	Pearson Correlation	0,623	0,3494	VALID
	Sig.	0,000	0,05	VALID
2	Pearson Correlation	0,787	0,3494	VALID
	Sig.	0,000	0,05	VALID
3	Pearson Correlation	0,781	0,3494	VALID
	Sig.	0,000	0,05	VALID
4	Pearson Correlation	0,765	0,3494	VALID
	Sig.	0,000	0,05	VALID
5	Pearson Correlation	0,773	0,3494	VALID
	Sig.	0,000	0,05	VALID
6	Pearson Correlation	0,527	0,3494	VALID
	Sig.	0,002	0,05	VALID
Materiallity Level (X3)				
1	Pearson Correlation	0,904	0,3494	VALID
	Sig.	0,000	0,05	VALID
2	Pearson Correlation	0,901	0,3494	VALID
	Sig.	0,000	0,05	VALID
3	Pearson Correlation	0,875	0,3494	VALID
	Sig.	0,000	0,05	VALID
4	Pearson Correlation	0,765	0,3494	VALID
	Sig.	0,000	0,05	VALID
Intention to Report Violations (Y)				
1	Pearson Correlation	0,871	0,3494	VALID
	Sig.	0,000	0,05	VALID
2	Pearson Correlation	0,829	0,3494	VALID
	Sig.	0,000	0,05	VALID
3	Pearson Correlation	0,905	0,3494	VALID
	Sig.	0,000	0,05	VALID
4	Pearson Correlation	0,890	0,3494	VALID
	Sig.	0,000	0,05	VALID

From Table 4.4.1, it can be seen that each question from all variables has a calculated R value greater than the R table so that all are valid.

4.1.2 Table Reliability Test

Cronbach's Alpha	
Variable	**Cronbach's Alpha**
INTENTION TO REPORT VIOLATIONS (Y)	0,897
PERSONAL COST (X1)	0,844
PROTECTION TO WHISTLEBLOWERS (X2)	0,753
MATERIALITY LEVEL OF VIOLATIONS (X3)	0,884

From Table 4.4.2, it can be seen that each variable is above 0.6 so that each variable can be said to be reliable.

4.2 Classical Assumption Test

The results of the classical assumption test, be it the normality test, Heteroscedasticity, and multicollinearity, show that all variables are not affected by these diseases.

4.2.1   Table Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		32
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.91031455
Most Extreme Differences	Absolute	.113
	Positive	.113
	Negative	-.081
Test Statistic		.113
Asymp. Sig. (2-tailed)[c]		.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.	.361
99% Confidence Interval	Lower Bound	.348
	Upper Bound	.373

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

From Table 4.2.1 it can be seen that the Asymp. Sig. (2-tailed) 0.200> 0.05 so that the data is concluded to be normally distributed.

4.2.2   Table Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.479	2.184		2.967	.006		
	X1	-.185	.061	-.374	-3.059	.005	.696	1.437
	X2	.301	.081	.419	3.741	<.001	.830	1.204
	X3	.259	.113	.297	2.287	.030	.617	1.620

a. Dependent Variable: Y

From table 4.2.2 it can be seen that the tolerance value X1 = 0.696; X2 = 0.830; X3 = 0.617. The three variables have values above 0.1 It can also be seen that the VIF value: X1 = 1.437; X2 = 1.204; X3 = 1.620. Therefore, the independent variables do not occur multicolinerality.

4.2.3 Table Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.901	1.129		.799	.431
	X1	.014	.031	.093	.458	.651
	X2	.063	.042	.279	1.510	.142
	X3	-.117	.059	-.429	-1.999	.055

a. Dependent Variable: RES2

From table 4.2.3, it can be seen that the sig value of the three variables is greater than 0.05 so it can be concluded that heteroscedasticity does not occur.

4.3 Model Testing (F-Test)

Hypothesis testing is done by testing the fit of the model through the F-test. Then, a T-test is also performed to test the relationship between each independent variable (X1, X2, X3) and the dependent variable (Y). The results of the F-test show that all independent variables simultaneously affect the dependent variable. With R of 84.1%, R-squared of 70.8%, and Adjusted R Square of 67.7%, it shows that the influence of variable (X) on variable (Y) is more than 50%.

4.3.1 Table F-test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841[a]	0,708	0,677	0,958

a. Predictors: (Constant), Materiality Level, Protection to Whistleblowers, Personal Cost.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62,280	3	20,760	22,628	<,001[b]
	Residual	25,689	28	0,917		
	Total	87,969	31			

a. Dependent Variable: Intention to Report Violations
b. Predictors: (Constant), Materiality Level, Protection to Whistleblowers, Personal Cost.

From table 4.6, it can be seen that the significance value for the three independent variables on the dependent variable is 0.01 <0.05 and f count 22.628> f table 2.95 which proves that there is a significant influence of the three independent variables on the dependent variable.

4.4 Hypothesis Testing (t Test)

H1: Personal Cost affects the Intention to Report Violations
Testing H1 shows that r count> r table so that personal cost affects the intention to report violations, but Table 4.4.1 shows that the value of r is negative so that it shows the opposite effect so that it is concluded that the higher the Personal Cost, the lower the intention to report violations and vice versa.
H2: Protection of whistleblowers on the intention to report violations.

Based on the results of the statistical test, H2 is supported because the significance value is <0.05 and t count> t table with a positive value, then the protection of the reporter has a positive effect on the intention to report violations.

H3: Materiality level on the intention to report violations.

The test results of H3 show that t count> t table with a positive value and a significance value <0.05, then the materiality level of the violation has a positive effect on the intention to report violations.

4.4.1 Table t-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Personal Cost	-0,318	0,069	-0,643	-4,601	0,0001
2	Protection to Whistleblower	0,456	0,101	0,635	4,504	0,0001
3	Materiality Level of Violations	0,588	0,117	0,676	5,020	0,00002

5. Conclusion

Based on the results of data analysis and discussion, it can be concluded that personal cost, protection of whistleblowers, and the level of materiality of violations affect the intention to report violations.

Personal cost has a negative effect on the intention to report violations due to the possibility that employees in reporting violations do not see the amount of personal costs incurred, it could be that the higher the personal cost, the lower the intention to report violations and vice versa.

Protection of whistleblowers as the second variable tested in this research shows a positive effect so that the higher the protection provided to whistleblowers, the higher the intention of Customs Office employees to report violations. Conversely, the lower the protection provided to whistleblowers, the lower their intention to report violations.

The level of materiality of violations has a positive effect on the intention to report violations. The higher the materiality level of the violation, the higher the intention of employees to report violations, and vice versa.

This research experienced several obstacles, among others, difficulties in reaching research respondents directly due to the limited distance between the researcher and the respondent so that the questionnaire was distributed via google form. Suggestions for future researchers to expand the scope of research to several customs offices in Indonesia to obtain more comprehensive data.

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