

## External Whistleblowing Intentions in Accounting Students: An Overview based on Relativism and Gender

I Putu Hendra Martadinata<sup>\*</sup>, Nyoman Suadnyana Pasek, Made Arie Wahyuni  
*Department of Economic and Accounting, Ganesha University of Education, Singaraja, Indonesia*  
<sup>\*</sup>hendra.martadinata@undiksha.ac.id

### Abstract

This study aims to examine the effect of relativism and gender on external whistleblowing intentions of accounting students. This study uses a quantitative design through a survey approach, with a sample of 112 undergraduate accounting students. The results of this study found that relativism has a positive influence on students' external whistleblowing intentions. For the gender variable, this study did not find a significant difference in intentions between male and female students. Furthermore, this study found no effect of gender in moderating the relationship between relativism and students' external whistleblowing intentions. The results of this study are expected to contribute theoretically through a more proactive approach in explaining the intention to report fraud, especially at the student level. Practically, the results of this study are expected to be used as consideration for organizations in providing more effective reporting channels to resolve internal problems.

**Keywords:** relativism; gender; fraud; whistleblowing

### INTRODUCTION

Ethical issues are things that are often attached to business in today's modern era. The rapid development of technology encourages increasingly fierce business competition, and the current tight business competition creates various gaps in business ethics violations (Martadinata & Astawa, 2022). This is caused by various motivations, one of which is the desire to win the business competition even by taking actions that violate ethics and law.

The accounting profession often gets special attention in several cases involving fraud in business. The Enron corporate scandal is one of the fraud cases that has become a global spotlight, where it cannot be separated from the accounting manipulations carried out by Enron's management, one of which is by manipulating profits to deceive investors. Then another fraud case that occurred in Indonesia was the case of manipulation of the financial statements of PT Garuda Indonesia (Persero) Tbk. In 2018, PT Garuda Indonesia (Persero) Tbk reported positive financial performance, reporting a decrease in debt and quite high profit (Bwarleling, 2020). However, this happened because of fraud committed, by reporting income that had not actually

occurred, thus changing the company's financial condition which was originally a loss to a profit (Bwarleling, 2020). The disclosure of the fraud case that occurred at PT Garuda Indonesia (Persero) Tbk caused a negative reaction in the market, which caused the company's stock price to plummet (Bwarleling, 2020).

The disclosure of various fraud scandals in several large companies in the world cannot be separated from the role of whistleblowers (Martadinata & Astawa, 2022). Whistleblowers are individuals who dare to reveal fraud that occurs in their organization or workplace (Kenny et al., 2020). So far, whistleblowing has succeeded in uncovering various organizational violations such as financial fraud, public health threats, and working environment conditions, both in private organizations and the public sector (Kenny et al., 2020). Another example in Indonesia is the Hambalang project corruption case, where this case was revealed from the role of a whistleblower (Indra et al., 2022).

Although the role of whistleblowing has a positive impact in uncovering fraud, the willingness of individuals to reveal fraud within their organization is often hampered. Whistleblowing is a risky act and has the potential to disrupt

whistleblowers' relationship with the organization and threaten their future job prospects (Nayir & Herzig, 2012; Martadinata & Astawa, 2022). Therefore, threats to whistleblowers often causes hesitation in revealing fraud within their organization.

Kenny et al. (2020) reveals the uniqueness of the whistleblowing phenomenon in the midst of threats that often plague whistleblowers. Kenny et al. (2020) revealed that there are subjective factors that strengthen individual intentions to disclose fraud in their organizations. Kenny et al. (2020) in an interview with several individuals who have done whistleblowing concluded that one of the factors that encourage individuals to disclose fraud in their organization is their inability to allow violations that occur in a protracted manner. These findings indicate the important role of individual personal characteristics in influencing the intention to do whistleblowing.

Researches related to whistleblowing intentions mostly focus on employees within the company (Martadinata and Astawa, 2022). However, Ebaid (2022) and Owusu et al. (2020) saw the importance of detecting the factors that drive the intention to disclose fraud early on. Owusu et al. (2020) suggests a more proactive approach by selecting students as research subjects related to whistleblowing. In line with Owusu et al. (2020), Ebaid (2022) examined the intentions and perceptions of accounting students towards whistleblowing, and found that students view fraud as an act that violates moral principles and religious values, and shows a high intention to whistleblowing. Owusu et al. (2020) and Ebaid (2022) have the same perception regarding the use of accounting student subjects in whistleblowing research, namely that accounting students have prospects as accountants and business people in the future. In addition, Brody et al. (2020) revealed a common perception regarding whistleblowing between students and

professionals, so this strengthens the relevance of using students in whistleblowing research.

In line with the research of Owusu et al. (2020) and Ebaid (2022), this study uses the subject of accounting students in explaining whistleblowing intentions. This study considers the personal characteristics of students, in accordance with the research of Kenny et al. (2020) which states that there are subjective factors in influencing the intention to do whistleblowing. Therefore, this study proposes a relativism variable in explaining student whistleblowing intentions. Relativism is the degree to which individuals view universal moral principles as the basis for decision making (Forsyth, 2019). Individuals with relativist nature tend to be situational in viewing ethical issues (Uysal & Yavuz, 2015). The reason for choosing relativism as a predictor is because whistleblowing is a situational action, which takes into account the impacts and risks faced by whistleblowers.

In addition, this study considers the gender variable in explaining whistleblowing behavior. Gender differences affect the risk preferences of individuals in decision making (Brockmann et al., 2016), so that gender variables are considered relevant in explaining risky actions, in this case whistleblowing. However, a study conducted by Oelrich & Erlebach (2020) stated that the gender variable gave inconsistent results regarding whistleblowing behavior, so this is interesting for further investigation.

Overall, this study aims to examine the effect of relativism and gender on accounting students' whistleblowing intentions. This research focuses on external whistleblowing. External whistleblowing creates a higher ethical dilemma, due to the consideration of the reputation of the organization when a problem is brought to the public domain. In addition, Nayir & Henzig (2012) suggest an external approach because of the ineffectiveness of internal reporting

channels in increasing the intention to carry out whistleblowing internally. The results of this study are expected to provide theoretical and practical contributions regarding the handling of fraud in the form of whistleblowing.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Relativism and External Whistleblowing Intentions**

Referring to the theory of ethical positions, relativism is the degree to which individuals accept or reject universal moral principles as the basis for themselves to act (Forsyth, 2019). When divided based on the level of relativism, individuals with high relativism use situational grounds in their actions, and tend to ignore the prevailing moral principles (Forsyth, 2019). The relativists tend to be skeptical in viewing moral issues, and prioritize personal values in their actions (Forsyth, 2019). Conversely, individuals with low relativism will base their behavior on universal moral principles and override their personal views (Forsyth, 2019).

Several studies have examined the nature of relativism and its effect on external whistleblowing. External whistleblowing is the disclosure or reporting of illegal or fraudulent practices within the organization to authorized external parties or institutions (Nayir et al., 2018; Park et al., 2008). External disclosure is a risky matter, given the threat to the organization's reputation as a result of exposure to the organization's fraud in the public. This creates a dilemma for individuals if they want to whistleblowing externally.

The dilemma of whistleblowing can be related to the relativism dimension in the individual. Research by Nayir & Herzig (2012), Nayir et al. (2018), and Martadinata & Astawa (2022) found consistent results, that the level of relativism has a positive effect on intentions to carry out external whistleblowing. Based on the results of previous research, it can be said that

relativist individuals do not really care about the reputation of their organization when they do external whistleblowing. They tend to use their personal moral perceptions with situational considerations, so they do not hesitate to carry out external whistleblowing even though it can disrupt the image and good name of the organization (Nayir & Herzig, 2012; Nayir et al., 2018). If relativists think that external whistleblowing can solve organizational violations, then they will decide to carry out external reporting without worrying about the image of the organization (Martadinata & Astawa, 2022). Therefore, the proposed hypothesis is:

H1: Relativism has a positive effect on external whistleblowing intentions

### **Gender and External Whistleblowing Intentions**

Gender is another personal characteristic that can be associated with whistleblowing. Whistleblowing is a risky act, and this can be related to the risk preferences of each gender. This is in accordance with the research of Brockmann et al. (2016), that gender differences affect the risk preferences of individuals in decision making. Based on risk preferences, naturally male are more willing to take risks than female (D'Attoma et al., 2017).

Regarding the whistleblowing channel, Oelrich & Erlebach (2020) revealed that internal whistleblowing is riskier than external whistleblowing. Internal whistleblowing has a higher potential for retaliation from co-workers, and can threaten the careers of internal whistleblowers (Oelrich & Erlebach, 2020). That way, female employees will be more reluctant to report fraud in their organization if there is a threat to their careers (Prysmakova & Evans, 2022). The existence of threats to their careers, as well as female's risk preferences in facing threats cause female employees to prefer to do external whistleblowing compared to male employees (Rehg et al., 2008; Puni &

Hilton, 2020; Oelrich & Erlebach, 2020). Therefore, the proposed hypothesis is:  
 H2: Female have higher external whistleblowing intentions compared to male

**Gender Moderation Effect on the Relationship between Relativism and External Whistleblowing Intentions**

This study suspects that there is a moderating effect of gender on the relationship between relativism and external whistleblowing intentions. As previously stated, situations where external reporting channels are more effective cause relativists to tend to external whistleblowing regardless of the image of the organization (Nayir & Herzig, 2012; Nayir et al., 2018; Martadinata & Astawa, 2022). This trend is thought to be reinforced by gender risk preferences, namely females are more likely to report externally than males (Rehg et al., 2008; Puni & Hilton, 2020; Oelrich & Erlebach, 2020). Therefore, the proposed hypothesis is:  
 H3: Gender moderates the relationship between relativism and external whistleblowing intentions

**METHOD**

**Research Design**

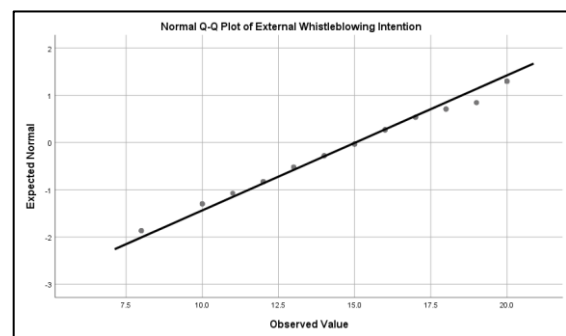
This study uses a quantitative design through a survey approach to examine the effect of relativism and gender on external whistleblowing intentions. The sample of this research is students of the Bachelor of Accounting Study Program, Ganesha Education University. The criteria for selecting the sample used the purposive sampling method, namely students who had taken courses in Management Control Systems and Business and Professional Ethics. These criteria were chosen so that the sample was familiar with managerial and ethical issues in the organization.

**Operational Definition and Measurement of Variable**

This study uses three types of variables, namely relativism, gender and

external whistleblowing intentions. The definitions and measurements of each variable are described as follows:

1. Relativism. Relativism is the degree to which individuals accept or reject universal moral principles as their basis for action (Forsyth, 2019). Relativism was measured using the Ethics Position Questionnaire (EPQ) on the relativism dimension developed by Forsyth (2019) with a 5-point Likert scale.
2. Gender. This variable is measured based on students' responses to questions related to the gender of each respondent.
3. External whistleblowing intentions. This variable is defined as the intention to report illegal or fraudulent practices within the organization to authorized external parties or institutions (Nayir et al., 2018; Park et al., 2008). External whistleblowing intentions were measured using a research questionnaire by Owusu et al. (2020) with a 5-point Likert scale.



**Figure 1. Normal Q-Q Plot**

**Data Collection and Analysis Techniques**

Research data was collected through questionnaires distributed to students. Analysis of research data was carried out using simple linear regression analysis for H1 to examine the effect of relativism on external whistleblowing intentions. Meanwhile, to see the differences in external whistleblowing intentions between men and women (H2), and to examine the effect of gender

moderation on the relationship between relativism and external whistleblowing intentions (H3), this study uses analysis of variance (ANOVA).

## RESULTS AND DISCUSSION

### Results

Based on the results of distributing questionnaires, the sample used in the study was 112 responses. The sample consisted of 36 male students (32.14%) and 76 female students (67.86%). The average age of the sample was 21 years old. The results of the

normality test using the Q-Q Plot graph in Figure 1 show that the data is normally distributed. Then the results of the linearity test in Table 1 show that the relativism and external whistleblowing intention variables have a linear relationship ( $p > 0.05$ ). In addition, the data in Table 2 shows that the data is free from multicollinearity problems (tolerance value  $> 0.10$ , and VIF  $< 10$ ), and Table 3 shows that the data does not experience heteroscedasticity problems ( $p > 0.05$ ).

**Table 1. Linearity Test Results**

		Sum of Squares	df	Mean Square	F	Sig.
External Whistleblowing Intention *	Between Groups	382.665	11	34.788	3.563	.000
Relativism	Within Groups	199.678	1	199.678	20.454	.000
	Deviation from Linearity	182.987	10	18.299	1.874	.058
	Total	976.254	100	9.763		
	Total	1358.920	111			

Source: Processed Data (2022)

**Table 2. Multicollinearity Test Results**

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	6.013	2.093		2.873	.005		
Relativism	.429	.099	.383	4.353	.000	1.000	1.000

a. Dependent Variable: External Whistleblowing Intention

Source: Processed Data (2022)

**Table 3. Multicollinearity Test Results**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	1.461	1.206			1.212	.228
Relativism	.055	.057			.093	.332

a. Dependent Variable: Abs\_RES

Source: Processed Data (2022)

The H1 test was carried out by simple linear regression analysis to test the effect of relativism on students' external whistleblowing intentions. The data in Table 5 shows that relativism has a significant positive effect on students' external whistleblowing intentions ( $p < 0.05$ ) so that H1 is accepted.

Testing of H2 and H3 using analysis of variance (ANOVA). The sample is grouped by gender and relativism level (high and low). The grouping of samples

based on the level of relativism was carried out through the median split technique. It is known that the median of relativism is 15, so samples with relativism scores above 15 will be categorized as "high relativism", and samples with relativism scores below or equal to 15 will be categorized as "low relativism".

After being grouped by gender and level of relativism, an analysis of variance was then carried out to determine the main effect and interaction between gender and

relativism variables on students' external whistleblowing intentions. Table 6 presents the results of the ANOVA test.

Based on the data from Table 6, it is found that there is no significant difference in intention between male and female, so H2 is rejected (sig. value for the main effect gender is 0.051). Then the interaction between gender and relativism (Gender \* Relativism\_Group) showed insignificant results (sig. 0.124). In other words, gender does not moderate the relationship between relativism and the intention to carry out external whistleblowing, thus, H3 is rejected.

### Discussion

The results this study found that relativism has a positive effect on students' external whistleblowing intentions. These results are consistent with the research of Nayir & Herzig (2012), Nayir et al. (2018),

and Martadinata & Astawa (2022). In accordance with the theory of ethical position, individuals with a high level of relativism choose to act situationally and based on their moral values. If they feel that external reporting is faster in solving problems, then the situation and perception will encourage them to do external whistleblowing. The relativists tend to be disloyal to their superiors, and they ignore other individuals in making decisions (Nayir et al., 2018). Therefore, relativists have stronger external whistleblowing intentions, compared to non-relativist individuals who still consider the company's image in their actions. These results are generally consistent with research conducted on employees, so it shows that students and employees have the same tendency to conduct external whistleblowing in a relativism perspective.

**Table 4. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.383 <sup>a</sup>	.147	.139	3.246

a. Predictors: (Constant), Relativism

Source: Processed Data (2022)

**Table 5. Simple Linear Regression Results**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.013	2.093		2.873	.005
Relativism	.429	.099	.383	4.353	.000

a. Dependent Variable: External Whistleblowing Intention

Source: Processed Data (2022)

**Table 6. Tests of Between-Subjects Effects**

Dependent Variable: External Whistleblowing Intention						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	
Corrected Model	949.736 <sup>a</sup>	3	316.579	83.558	.000	
Intercept	22830.666	1	22830.666	6025.927	.000	
Gender	14.790	1	14.790	3.904	.051	
Relativism_Group	848.555	1	848.555	223.968	.000	
Gender * Relativism_Group	9.104	1	9.104	2.403	.124	
Error	409.184	108	3.789			
Total	26649.000	112				
Corrected Total	1358.920	111				

a. R Squared = .699 (Adjusted R Squared = .691)

Source: Processed Data (2022)

Regarding the gender variable, this study did not find a significant difference in intentions between male and female. In other words, risk preferences within each gender do not affect their intention to carry out external whistleblowing. This study also found no effect of gender in moderating the relationship between relativism and students' external whistleblowing intentions. This is thought to be caused by changes in social conditions that are increasingly leading to gender equality in the work environment, so that the threat of retaliation for certain genders is decreasing (Prismakova & Evans, 2022). In addition, this may be due to the reporting channel which is considered safer and more effective when carried out externally, so that males and females have the same tendency to report externally. This is in accordance with the research of Nayir & Henzig (2012) that internal reporting is less effective in solving problems, so that perception encourages external whistleblowing.

#### **CONCLUSION, IMPLICATION AND LIMITATION**

Based on the results of testing the proposed hypothesis, this study concludes that relativism is a relevant predictor in predicting external whistleblowing intentions, both for students and professionals. This study found consistent results on the relativism dimension, so that predictions related to whistleblowing intentions can be made on accounting students who are prospective accountants and businessmen in the future.

Regarding gender, this study did not show results in accordance with the proposed hypothesis. However, findings related to gender variables imply that there is an equality of risk perception as well as a view of the importance of reporting fraudulent acts, in this case through external whistleblowing. Overall, the results of this study are expected to contribute theoretically through a more

proactive approach in explaining the intention to report fraud, especially at the student level. Practically, the results of this study are expected to be used as considerations for organizations in providing reporting channels or whistleblowing.

The limitation of this study is the unequal sample size in the male and female sample groups. This is likely to affect the results of hypothesis testing, especially with regard to gender. In addition, this study only focuses on external whistleblowing intentions. It is hoped that further research will examine two different reporting channels (internal and external), so that they can describe fraud reporting preferences more clearly in each gender as well as on other personal characteristics.

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