

CHAPTER III

RESEARCH METHOD

A. Object and Subject of the Research

The object of this research is the Office of Village-Owned Enterprise in Bantul Regency, Special Region of Yogyakarta. While subjects in this study are employees in the environment of the Office of Village-Owned Enterprise in Bantul Regency, Special Region of Yogyakarta.

B. Type of Data

The data used is primary data. The definition of the primary data itself is the research data that researchers get directly from the source (Suryono & Chariri, 2016). Primary data can be divided into questionnaire method or interview method. Primary data is data that refer to information obtained from the first hand by the researchers related to the variable of interest for the specific purpose of the study. Primary data sources can come from individual respondents, focus groups, and the internet can also be the primary data source if the questionnaire is distributed by the internet.

Primary data in this study were obtained by used the instrument in the form of questionnaires given to the respondents. The questionnaire is a set of questions arranged in an orderly and structured way to get respondents' answers about what factors affect the whistleblowing intention by employees in the Village-Owned Enterprise. Primary data in this research is by respondents

answers about the influence of personal cost and perception on the seriousness of fraud moderated by organizational commitment to whistleblowing intention.

C. Sampling Technique

There are many sampling techniques usually used in the research. The sampling technique in this study used convenience sampling technique. According to Sekaran and Bougie (2013), convenience sampling is the method used in sampling by considering the ease of access for information gathering and the proximity to researchers.

D. Data Collection Technique

Data collection in this study used survey methods with questionnaire instruments. The questionnaire consists of five parts. The first part consists of questions about organizational commitment, the second, third, and fourth part consist of the problem of corruption case scenarios in Village Owned Enterprises with questions covering perception about seriousness of fraud, whistleblowing intention, and personal costs. There is one more special section regarding the respondent's personal data which includes name, age, stratum, and length of work. The questionnaire has been completed with instructions for filling out the questionnaire in a simple and concise way so that respondents can understand the systematic way of filling out of the questionnaire.

In this study, the primary data were obtained by distributing questionnaires directly to the offices of Village-Owned Enterprises in Bantul Regency, Special Region of Yogyakarta. Questionnaires distributed were taken or waited directly according to the agreement between the researcher and the respondent.

E. Operational Definition of Research Variable

This study involves four variables consist of two independent variables, one moderating variable and one dependent variable. Dependent variable is a variable that becomes the focus in research (Sugiyono, 2010), moderating variable is a variable that gives influence either strengthen or weaken the relation between independent variable and dependent variable. While the independent variable can be defined as a variable that is not influenced by other variables. The independent variables in this study is the perception of the seriousness of fraud and personal cost, while the moderating variable is the commitment of the organization, and the dependent variable is whistleblowing intention.

1. Dependent Variable

Intention can be defined as an incentive or desire within the individual to perform an action. Intentions can also be associated with intensity (Lestari, 2018). The intensity to conduct whistleblowing is a manifestation of the seriousness of a particular situation and the responsibility to disclose the offenses and adverse consequences that may be received as a result of such disclosure actions. Whistleblowing intention is defined as the incentives or intentions within a person to disclose acts of offense or criminal acts, violations of the rules, procedural errors, corruption, abuse of authority, and unethical or immoral conduct and other acts that harm the parties who are interested (Wahyuningsih, 2016). This can be done by

employees to individuals or other institutions with an expectation that it can provide a repair effect.

Measurement of variable intention to conduct whistleblowing action in this study using whistleblowing scenario used by Porter, et al (1979). The scenario consists of three kinds of corruption cases that happen in Village-Owned Enterprise. The first case relates to the misuse of assets, the second case relates to corruption, and the third case has to do with reporting fraud. Respondents were asked to answer the questionnaire questions by using Likert scale 5.

2. Independent Variable

a. Personal Cost

Personal cost is an individual's perspective to assess how far or how important their position is (Hanif and Odiatma, 2017). In this study, personal cost is related to the individual's perception or how the individual views the risks that will be experienced when he takes a whistleblowing action. For example, the possibility that he will be removed from the organization or institution.

Measurement of personal cost variable using scenarios used by Porter, et al (1979). The scenario consists of three kinds of corruption cases that happen in Village-Owned Enterprise. The first case relates to the misuse of assets, the second cases are related to corruption, while the third case relates to reporting fraud. In this study,

respondents were asked to answer the questionnaire questions using Likert scale 5.

b. Perception about Seriousness of Fraud

The seriousness of the fraud may be defined as the effect that may result from a violation whether measured financially or non-financially. In this study the seriousness of the offenses was measured using the application of the quantitative approach.

The measurement of this variable uses the whistleblowing scenario used by Porter, et al (1979) . The scenario consists of three kinds of corruption cases that happen in Village-Owned Enterprise. The first case relates to the misuse of assets, the second cases are related to corruption, while the third case relates to reporting fraud. In this study, respondents were asked to answer the questionnaire questions using Likert scale 5.

3. Moderating Variable

Organizational commitment is defined as the relative strength of the individual's identification and involvement in a particular organization (Porter, et al., 1979). Organizational commitment includes three dimensions, namely, first, high confidence and self-approval of the vision, mission, and values of the organization, the second is readiness to work hard on behalf of the needs and interests of the organization and the third, the high desire to maintain membership in an organization or in other words loyalty to the organization.

The organizational commitment in this study was measured using a questionnaire instrument developed by (Porter, et al., 1979) in (Lestari, 2018). The questionnaire model is known as OQC (The Organizational Commitment Questionnaire) which consists of 15 questions with 6 of which are inverted questions. This is intended to reduce the likelihood of bias response given by the respondent. Respondents were asked to answer the questionnaire using Likert scale 5.

F. Instrument and Data Quality Testing

The instrument quality test is used to measure whether the instrument used in this study has been able to measure what should be measured (valid) and whether it is capable of measuring consistently (reliable). In this study on all variables will be tested their validity and reliability to ensure that they are in accordance with the requirements set. Further explanation of the validity and reliability test are explained below:

1. Validity Test

The level of validity will affect the results of hypothesis testing. If the data tested does not meet the criteria of validity, then the conclusion on the results of the research will be the opposite or wrong. Test validity is important to do in order to measure whether or not the items of question (indicator) presented in measuring the latent construct. Validity test in this research is conducted by observing and assessing corrected item value-total correlation. These items are expressed as valid items when the

magnitude of r counts over r table and is positive (with a 0.05 or 5% significance level) and vice versa.

2. Reliability Test

Reliability test is a test of the items of question (indicator) presented whether it is able to produce the same measurement in a relatively different time range. It is used to test whether the measurement results can be categorized as consistent results or not. This test is conducted to ensure that the conclusions of the research results that will be determined will be correct or not.

In this research to test the assumption of reliability is done by looking at the value of cronbach alpha on each variable. Ghozali (2015) in Lestari (2017) states that any reliability is met if the value of cronbach alpha is 0.60. This study used the second assumption that is, reliability is met if the value of cronbach alpha shows above 0.60.

G. Hypothesis Testing and Analysis Data

1. Descriptive Statistics

Descriptive statistics show about the main picture about the condition of each variable in the study. This study uses three parameters in describing the condition. The three parameters are, the range of scores (maximum and minimum), mean, and median (Prasasti, 2017).

2. Classic Assumption Test

The basic classical assumptions for the regression model consist of data normality test, multicollinearity test, and heterocedasticity test.

Classic assumption test is used to find out whether the data have met the requirements of data normality test, multicollinearity test data, and heterocedasticity test. Data that meet all three tests means the regression model meets eligibility.

a. Data Normality Test

The normality test of the data is to see whether the residual value is normally distributed or not. This test is useful to know that the data taken or collected for the regression model between the independent variable X to the dependent variable (Y) comes from the normal population. Normality test in this study used the statistical test One-Sample-Kolmogorov-Smirnov (K-S) with sig criteria:

- 1) If the sig value is > 0.05 , then the residual spread normally, meaning that the normality assumption for the regression model is met.
- 2) If the sig value < 0.05 , then the residual spread is not normal, meaning the assumption of normality for the regression model is not met.

b. Multicollinearity Test

The multicollinearity test is performed to test whether there is a linear relationship between the free X variable in the multiple regression model. If the relationship between free X variable in multiple regression is a perfect correlation, then the variables are perfect multicollinearity. A good regression model should be able to

show no linear relationship between the free variables X. The assessment criteria for the occurrence of multicollinearity can be done by observing:

1) The magnitude of linear relationship (correlation) between free variables X with the approach as follows:

- a) If the correlation coefficient between free variables X is below 0.90 (90%) then the correlation is weak which means no multicollinearity occurs.
- b) If the correlation coefficient between the free X variable is above 0.90 (90%) then the correlation is strong and means multicollinearity

2) Value of Variance Inflation Factor (VIF)

The cut off value used and used to indicate the presence of multicollinearity factors is the VIF value > 10 or equal to tolerance value < 10 . Multicollinearity occurs when the VIF value is greater than 10, and vice versa.

c. Heterocedasticity Test

The heterocedasticity test is the presence of variant inequality of residuals for all observations. This test is performed to determine the existence of deviations from the requirements of classical assumptions on the regression model. The regression model should be able to qualify for the absence of heterocedasticity.

Assessing heterocedasticity can be done by looking at the plot between the predicted value of the dependent variable (ZPRED) to its residual (SRESID). By looking at the scatter plot graph, if there is a special pattern such as a set point that produces a consistent pattern, then

there heterocedasticity. Conversely, if the pattern formed from a set of points is not clear, then shows no heterocedasticity.

3. Hypothesis Testing (Regression Models)

Linear regression analysis is used to find out the influence of personal cost (PC), perception about seriousness of fraud (PSF) as independent variable, and organizational commitment (OC) as moderating variable to whistleblowing intention (WB). Based on this approach, it can be made three simple linear regression equations and multiple linear regression for each hypothesis can be shown as follows:

1st Equation

$$WB = \alpha + \beta_1.PC + \beta_2.PSF + \beta_3.OC + e$$

WB	: Whistleblowing Intention
α	: Alpha
β	: Konstanta
PC	: Personal Cost
PSF	: Perception about Seriousness of Fraud
OC	: Organizational Commitment
e	: Error

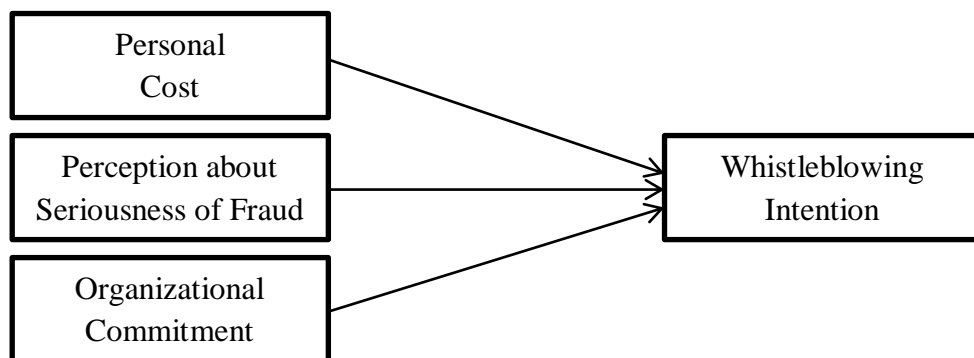


Table 3.1

Research Model 1 for Hypothesis 1-3

The test model used to test the hypothesis in this study is to use multiple regression. This analytical tool is used because it tests the effect of several independent variables on one dependent variable.

2nd Equation

$$WB = \alpha + \beta_1.PC + \beta_2.OC + \beta_3.[PC.OC] + e$$

WB : Whistleblowing Intention
 α : Alpha
 β : Konstanta
 PC : Personal Cost
 OC : Organizational Commitment

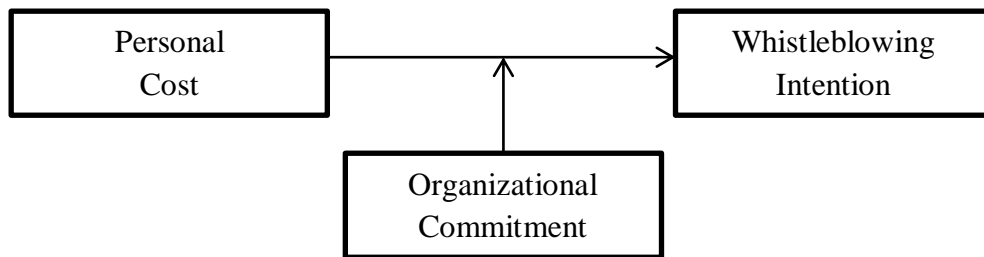


Table 3.2

Research Model 2 for Hypothesis 4

The equation examines whether the variable commitment commitment can serve as a moderating variable that can strengthen or weaken the relationship between personal cost and whistleblowing intention

3rd Equation

$$WB = \alpha + \beta_1.PSF + \beta_2.OC + \beta_3.[PSF.OC] + e$$

WB : Whistleblowing Intention
 α : Alpha
 β : Konstanta
 PSF : Perception about Seriousness of Fraud
 OC : Organizational Commitment

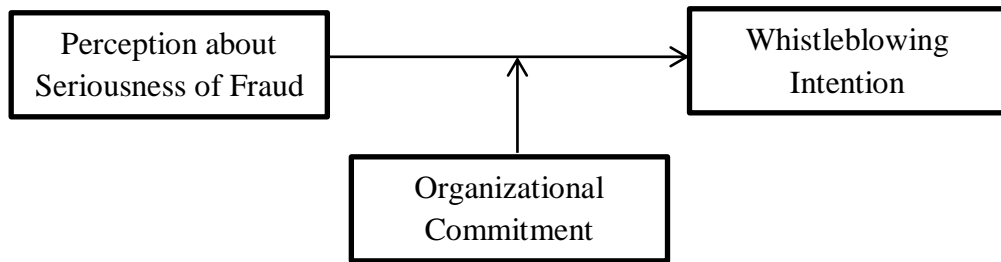


Table 3.3

Research Model 3 for Hypothesis 5

The equation examines whether the variable organizational commitment can serve as a moderating variable that can strengthen or weaken the relationship between perception about seriousness of fraud and whistleblowing intention.

Furthermore, to know the influence between independent variables to whistleblowing intention then a test on research hypothesis was conducted.

The types of testing are:

a. Coefficient Determination

The coefficient of determination is an overview that states how well the sample regression line matches the data. For regression with independent variables more than two then is used adjusted R² as coefficient of determination to measure the proportion of variation in dependent variable explained by regression. The adjusted value of R² ranges from 0 to 1, if adjusted R² = 0, it means that, there is no relationship between PC, PSF, and OC variables with WB variable whereas if adjusted value R² = 1, it means that there is a perfect

relationship. That is, the closer to the number one relationship stronger.

b. F Test

F test is performed to determine the influence of all independent variables together to the dependent variable. The test is performed using a significance level of 0.05 ($\alpha = 5\%$). Acceptance of the hypothesis is done by the following criteria:

1. If the significance value is < 0.05 , then the supported hypotheses meaningfully together the PC, PSF, and OC variables affect the whistleblowing intention (WB) and OC can moderate variable PC and PSF towards WB.
2. If the value of significance > 0.05 , then the hypothesis is not supported which means together with the variables PC, PSF, and OC have no effect on whistleblowing intention (WB) and OC can't moderate variable PC and PSF towards WB.

c. T Test

T test is used to determine the ability of each independent variable individually (partial) in explaining the behavior of the dependent variable. The test is performed using a significance level of 0.05 ($\alpha = 5\%$). Acceptance of the hypothesis is done by the following criteria:

1. If the significance value is < 0.05 and the regression coefficient is in the same direction as the hypothesis, then the hypotheses are supported partially the PC, PSF, and OC variables affect the

whistleblowing intention (WB) and OC can moderate variable PC and PSF towards WB.

2. If the significance value > 0.05 and the regression coefficient are opposite with the hypothesis, the hypothesis is not supported which means that partially the PC, PSF, and OC variables have no effect on whistleblowing intention (WB) and OC cannot moderate variable PC and PSF towards WB.