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THE IMPACT OF TRUST ON THE RELATIONS BETWEEN ETHICAL LEADERSHIP AND INTERNAL WHISTLEBLOWING INTENTION

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Abstract

The aim of this study is to examine the impacts of trust on the relationship between ethical leadership and internal whistleblowing intention. The study is motivated by lack of willingness of organisation members to willingly blow the whistle misconduct or unethical action internally compare to the external whistleblowing. The willingness to blow the whistle internally is crucial particularly to prevent the negative impacts of the organisation performance and reputation. Using a quantitative method through survey, this study examines 140 Indonesian public servants from three government financial institutions' perceptions on trust, ethical leadership, and internal whistleblowing intention. Structural Equation Modelling (SEM) and Partial Least Square (PLS) are employed to test the impacts of trust on the relationship between ethical leadership and internal whistleblowing intention. This study emphasises the roles of affective and cognitive trusts on this relations. The study reveals that emotional feeling becomes a key for the development of affective trust which significantly affects the relations between ethical leadership and internal whistleblowing intentions. The length of working periods determines this development of trust. Therefore, the emotional feeling is a key for affective trust that influences the ethical leadership to encourage the willingness organisation members to intentionally whistleblowing misconduct or unethical action internally. This study contributes to accounting, corporate governance, fraud, whistleblowing, and business ethics fields.

Keywords: whistleblowing, ethical leadership, affective trust, cognitive trust.

INTRODUCTION

The aim of this study is to examine the impacts of employees' trust on ethical leadership and the intention of internal whistleblowing relation. The study motivated by the various types of fraud is found within private and public sectors even when the organisation has established whistleblowing system. The introduction of whistleblowing system is considered to encourage the revealing fraud act (Dyck et al., 2010). In practice, the numbers of unreported fraud cases remain high. Early study reveals that the intensity of employees trust toward their leader is crucial to the whistleblowing (Setianto et al., 2016). Trust becomes the key for the emergence ethical leadership because the employees believe that their leaders are able to stop or correct the action. In this scope, trust has presented two significant impacts on both the ethical leadership and whistleblowing intention. Trust is considered to increase the willingness of employees to make a fraud report when they believe their leaders ethically act to stop or correct the fraud. At the same time, trust is the determinant factor for leadership to present their ethical



action. This will encourage the employees whistleblowing intention While trust is the determinant factor for the successful of whistleblowing system, there is limited certainty in the extent to which trust affect the relations between ethical leadership and the willingness to internally blow the whistle within the organisation.

Fraud is considered a crime. Fraud occurs when the person intentionally acts or uses the organisation resources for their own benefits. Fraud can be considered general things that occurs because of human ingenuity and is intended to gain more profit by misrepresentation (Albrecht et al., 2018). Fraud is found in both public and private sectors. Fraud has driven the emergence whistleblowing system within the organisation. The main purpose of this whistleblowing is to encourage the organisation members to report the illegal, violation, or immoral activities (Khan, 2009). This means that whistleblowing encourage the organisation members to be more aware to open up the unethical behaviour within the organisation. In practice, while the awareness has increased rapidly, the numbers of participants who report the unethical behaviour remain low. The fact that there are many factors prevented the organisation members to report the unethical behaviours. One of the reasons is their lack of trust and obedience on their leaders. As a result, the whistleblowing does not work as expected. This situation leaves a gap of knowledge in the extent to which the trust on the ethical leader affects the organisation members to present their whistleblowing intention. This study contributes to accounting, governance, and business ethics areas.

LITERATURE STUDY AND HYPOTHESIS DEVELOPMENT

This section aims to review three areas of this study; ethical leadership, trust, and whistleblowing. Ethical leadership becomes the key for the trust and intention for organisation members to conduct whistleblowing. Leadership as the organisation function aims to influence and make the members to chase the organisation goals. The roles of leadership are crucial to develop and implement the ethical culture including monitoring its impacts within the organisation. Consequently, leader has sufficient control and power which also become a challenge for them to justify and use the power (Becker, 2019). The ability to balance control and power determines the characteristic of leader. Focusing exclusively on the ethical spheres; responsibilities, trustworthiness, credibility, care, and fairness are the main characters for ethical leadership (Becker, 2019). None of the leaders is able to present these characteristics perfectly.

Therefore, ethical leaders are mainly based on the ability of the leader to make positive impacts on the organisation and followers.

Failure to present positive impacts on the organisation and followers causes the emergence negative side of power. Power abusive and corruption are the examples of negative side of power that may occur when the leader fails to present positive impacts. Early study reveals that ethical leadership mainly engages with the trustworthy and being honest (Brown & Treviño, 2006). Trustworthy and being honest are based on the explicit action presented by the leader. This explicit action is considered as message for the followers to get their attention about how the ethical leaders deliver their moral message. The action is seen by the followers which becomes the models. A study on social science emphasises the ability of individual to learn from paying attention and emulating the action, and how it becomes the guidance for ethical guidance (Brown & Treviño, 2006). In addition to action, communication is included as a factor in which often used as to influence the followers. Early study reveals the main characteristic of ethical leadership through the action and communication (Lawton & Paez, 2014). Action is focused on the behaviours and personal conduct, while communication is emphasizes on

relationships. This means the ethical standard is set, and then the leader communicates them to followers (Brown & Treviño, 2006).

Focusing exclusively on the characteristics of ethical leaders, honesty is the most common factors to discuss amongst scholars. Honest leads to trust which becomes a key for the emergence of ethical leadership. Trust in leaders is a factor in leadership particularly when deal with salient problems. Loyalty and commitment from followers appears when they believe that they can trust their leader, for example (Pulungan et al., 2020). In fact, trust is not only between the followers and leader. Trust is also needed amongst the organisation members based their interpersonal relations. Prior studies show that trust employees improves employees' willingness to do beyond their job expectation (Berkovich, 2018; Newman et al., 2014). When employees trust their leaders, they are more willing to commit to their organization (Chiang & Lin, 2016) and perform better (Newman et al., 2016; Saleem et al., 2020). Employees' motivation to act unethical actions is also improved (Pulungan et al., 2021). This type of trust also requires sufficient support and effort from the leader. The ability of leader to build trust amongst the followers is claimed to reduce the uncertainty and salutary outcomes besides facilitate collaboration and innovation, and reduce the performance outcomes (Mishra, et al., 2019). Trust contributes significantly to the performance of organisation. Early study shows that trust is a key for organisation performance which determines the willingness of voluntary cooperation when control and command do not work properly (Bijlsma & Koopman, 2003). This definition emphasises that trust can be a tool to prevent a person from fraud or unethical action when the organisation control is poor. In practice, this crucial of trust often does not meet the expectation. Some other factors contribute to the development of trust within the organisation.

Trust is often seen as a commitment between two or more people or parties. Trust develops, mostly, from credibility, integrity, character and ability to develop interpersonal amongst parties involved. Early study defines trust as a willingness to be liable to others based on positive expectation regarding other's intention and/or behaviour (Mishra et al., 2019). From this definition, trust relies on the willingness, openness and positive expectation from both parties involved. Meanwhile, relationship is a complex structure. The level of relationships determines the level and nature of trust amongst parties. As a result, the challenge appears when each person may have different expectations and willingness. Diversity is main factor that contributes to these differences. Fail to resolve the differences do not only reduce the trust amongst parties, it endangers and risks the future of the organisation. The crucial of emotional feeling has developed trust into two forms; affective and cognitive trust.

Affective trust focuses on an individual feeling toward others. Affective trust is defined as the emotional feeling toward others based on rational judgment where emotional, concern and attention are required (Gobena & Van Dijke, 2016). Affective trust involves not only person's emotion, it is also involve rational and logic judgment to develop and present t(Pulungan et al., 2021)e feeling toward others. Consequently , affective trust is also seen as the liableness (Kim, 2005) toward others which become the reference for social interactions. Besides the liableness and emotional feeling, affective trust is often seen as the reliance where feeling of security and perceived are the reference for the relationship (Johnson & Grayson, 2005). Affective trust from this perspective is more about the reliance emotionally to others. Therefore, emotional feeling and attachment toward others is a key factor to examine the extent of affective trust.

Cognitive trust is another emotional feeling related to the other reliance. The reliance on others develops from their experiences and knowledge which enable the person to confidently predict the action and obligation (Fulmer & Dirks, 2018). In this situation, trust is more likely to be consciousness of reputation and reliability which develop from the initial interactions. This initial interaction determines

the conformation before the person develops the perceptions (Johnson & Grayson, 2005). Focusing exclusively on the initial interactions, knowledge becomes the key factor on cognitive trust. Knowledge plays significant impacts on measuring the level of trust which becomes the reference for the future actions. Judgment on certain action is measured based on response, observation, or reported received from the relationship. The strong response or reported received resolves the perception and trust.

Whistleblowing globally develops following the increasing of accounting violation cases. The willingness of organisation member to conduct whistleblowing becomes a key intention since whistleblowing is successfully considered to prevent the fraud and accounting violation cases. Whistleblowing is defined as the disclosure by organisation members of illegal, immoral or illegitimate practices under control of a person in organisation which may affect the action (Owusu et al., 2020; Valentine & Godkin, 2019). Meanwhile, there are many reasons that driving the emergence of whistleblowing. Incentive (Dyck et al., 2010), moral obligation (Valentine & Godkin, 2019), or individual behaviours (Owusu et al., 2020) are the most common driving factor for whistleblowing. While numbers of whistleblowing occurs through external access, internal is the most common access taken by organisation members. Early study reveals the intention to blow the whistle is influenced by the attitude which becomes an important predictor for ethical intention (Owusu et al., 2020). In practice, this attitude is not fully the key factor for individual intention to blow the whistle. The value and opinion on their leader also contribute to their decision to blow the whistle. In this situation, their trust toward the leader becomes crucial.

As mentioned previously, the intention of organisation member is influenced by their value and opinion on their leader. The ability of leader to present and direct their followers is seen as genuinely caring about their well-being. Strengthening the relations between leader and followers causes the improvement of trust level. Security, care, and concern demonstrated by leader may influence the emotional feeling of followers (Johnson & Grayson, 2005). As the emotional connection develops and deepens toward the leader, the perception of trust motivated the development of affective trust. Meanwhile, the level of trust is not only influenced by the emotional feeling. The competence and reliability of leader also determine their followers trust. Competency and reliability become a knowledge driven for cognitive trust. These competency and reliability are the foundation of leader reputation which the factor for the emergence of the followers knowledge to judge their willingness and reliance. While the ethical leader is considered to have significant influence on the emergence of intention to blow the whistle, there is limited information in the extent to which trust affects the emergence of intention to blow the whistle to their ethic leader. Moreover, there is limited information and research regarding the influence of affective trust and cognitive trust on the ethical leadership and the intention of organisation member whistleblowing internally; whether the affective trust is stronger than cognitive trust or vice versa. Based on this gap of knowledge, the hypothesis for this study is developed as:

H₁: Ethical leadership improves employee's whistleblowing intention internally

H₂: Affective Trust mediates the effect of ethical leadership on whistleblowing intention internally

H₃: Cognitive Trust mediates the effect of ethical leadership on whistleblowing intention internally

RESEARCH METHOD

This study applied a quantitative method and used questionnaires to collect data from the respondents. Using quantitative method enables to reach more respondents to have to their opinions regarding trust, ethical leadership, and whistleblowing intention. Respondents are civil servants in Indonesia who have worked for at least three years as public servants now with a minimum age of employees is 25 years.

The reason why the participants must have at least three years working experience to ensure that the respondent have sufficient knowledge about their leader and working environment. Unfortunately, the researcher does not have access to population that meet the sampling criteria. Thus, this study selects convenience sampling.

A survey is employed through online questioners to 200 respondents of civil servants in Indonesia between April – May 2020. The online questioners are due to pandemic situation. From these 200 questioners, only 177 respondents returned their questioners. However, only 140 questioners are accepted for this study. The questioners focus on ethical leadership, affective trust, and cognitive trust as the independent variables, while internal whistleblowing intention is the dependent variable. The questioners are developed using Likert Scale of 5 from strongly disagree (1) to strongly agree (5). Table 1 summarizes the measurement instrument of variables. The data are analysed to examine the validity. These results are used to examine the hypothesis using the Structural Equation Modelling (SEM) and the Partial Least Square (PLS) tools.

Table 1: Measurement Instrument of Variables

Variable	Operational Definition	Indicator	Scale
Internal whistleblowing intention (WI)	Internal whistleblowing intentions are the level of willingness to report fraud internally.	Four measurement items adapted from Park & Blenkinsopp (2009)	5-point Likert Scale
Ethical leadership (EL)	Ethical leadership is a leader's attitude who values ethical principles and show those values daily.	Ten measurement items adapted from Brown et al., (2005)	5-point Likert Scale
Affective trust (AT)	Affective trust is trust based on feelings generated by the level of care and attention the person shows; it's more emotional than rational	Five measurement items adapted from Yang & Mossholder, (2010).	5-point Likert Scale
Cognitive trust (CT)	Cognitive trust is trust based on a conscious decision to believe. It is based on the best knowledge owned by a person about someone that he/she trusts.	Five measurement items adapted from Yang & Mossholder, (2010).	

RESULTS AND DISCUSSIONS

This part discusses the results from examining the data, and the followed by the discussion based on the study results.

Results

Based on the data collected, 48.57 percent of respondents are between 40 to 50 years old; 24.24 percent are between 25 to 30 years old; 31.43 percent are between 31 to 40 years old; and 0.71 percent is more than 50 years old. Based on their length of work, 32.86 percent have been working for 3 to 10 years,

42.14 percent have been working for 11 to 20 years, while 23.57 percent have been working for 21 to 30 years. Meanwhile, based on their educational background, 11.43 percent have diploma degree; 52.14 percent have undergraduate degree while 36.43 percent have master degree. From this information, the majority of respondents are between 41 to 50 years old with 11 to 20 years working experience, and have undergraduate degree background.

The study applied SMART PLS 3 for the data analysis because it is a non-parametric statistical tool used to analyse a relatively small sample size and complex models without distributional data assumption (Hair, Jr et al., 2020). The study runs several tests to examine the inferential statistics. The first test was validity test. The convergent validity as shown on Table 2 demonstrates that most variables have external loading value bigger than 0.7 except for EL8 variable. The EL8 presents its 0.661 which is below 0.7. As a result, this EL 8 is excluded from the further test.

Table 2: Factor Loading

Item		Loading Factor
Ethical Leadership		
EL1	My supervisor can be trusted	0.796
EL2	My supervisor discussed business ethics or value with employees	0.813
EL3	My supervisor makes fair and balanced decision	0.825
EL4	My supervisor has the best interest of employees in mind	0.830
EL5	My supervisor sets an example of how to do things in right ways in term of ethics	0.863
EL6	My supervisor asks :”what is the right thing to do?” when making decisions	0.792
EL7	My supervisor listens to what employees have to say	0.747
EL9	My supervisor defines success not just by results but also through the way they are obtained	0.790
EL10	My supervisor conducts his/her personal life in an ethical manner	0.785
Cognitive Trust		
CT1	I can depend on my supervisor to meet his/her responsibilities	0.762
CT2	I can rely on my supervisor to do what is the best at work	0.724
CT3	My supervisor follows through with commitments he/she makes	0.794
CT4	Given my supervisor’s track record, I see no reason to doubt his/her competence	0.856
CT5	I am confident in my supervisor because he/she approaches work with professionalism	0.885
Affective Trust		
AT1	I am confident that my supervisor will always care about my personal needs at work	0.715
AT2	If I shared my problems with my supervisor, I know he/she would respond with care	0.833
AT3	I am confident that I could share my work difficulties with my supervisor	0.860
AT4	I am sure I could openly communicate my feeling to my supervisor	0.861
AT5	I feel secure with my supervisor because of his/her sincerity	0.855

Whistleblowing Intention (internal)		
WI1	Report it to the appropriate persons within the organisation	0.862
WI2	Use the reporting channels inside of the organisation	0.802
WI3	Let the upper level of management know about it	0.873
WI4	Tell my supervisor about it	0.844

In addition to convergent validity test, this study conducts construct validity test using the Average Variance Extracted (AVE). The result shows on Table 3 where all variables have bigger than 0.50 points. This means that all variables are valid since they have more than 0.50 points.

Table 3: Average Variance Extracted (AVE)

Variables	Average Variance Extracted (AVE)
Ethical Leadership	0.648
Cognitive Trust	0.650
Affective Trust	0.684
Whistleblowing Intention (Internal)	0.715

Discriminant validity is used as to test whether there is latent variable to other variables based on the correlation amongst these latent variables. A variable is considered to have discriminant validity if its correlation indicator is bigger than correlation value of the other variables. The measurement is identified through the cross loading values among the variables. An indicator is considered to meet the discriminant validity when the cross-loading value on the variable is bigger than other variable. The result of discriminant validity is shown on Table 4. From Table 4, it can be seen that each variable has bigger cost-loading value toward other variables. This indicates that each variable has sufficient and good discriminant validity in comparing with its respective variables.

Table 4: Discriminant Validity Results

Items	Ethical Leadership	Cognitive Trust	Affective Trust	Whistleblowing Intention (Internal)
EL1	0.796	0.611	0.517	0.318
EL2	0.813	0.630	0.577	0.31
EL3	0.825	0.735	0.633	0.380
EL4	0.840	0.660	0.654	0.290
EL5	0.863	0.656	0.651	0.384
EL6	0.791	0.634	0.583	0.349
EL7	0.747	0.584	0.592	0.300
EL9	0.790	0.625	0.690	0.439
EL10	0.785	0.606	0.503	0.338
CT1	0.491	0.782	0.505	0.304
CT2	0.499	0.742	0.478	0.303
CT3	0.661	0.794	0.575	0.425
CT4	0.711	0.856	0.615	0.364
CT5	0.774	0.856	0.615	0.364
AT1	0.542	0.525	0.715	0.276

AT2	0.592	0.563	0.833	0.420
AT3	0.683	0.581	0.860	0.541
AT4	0.632	0.583	0.861	0.547
AT5	0.650	0.683	0.855	0.554
WI1	0.384	0.375	0.538	0.862
WI2	0.244	0.296	0.362	0.802
WI3	0.337	0.344	0.487	0.873
WI4	0.481	0.483	0.538	0.844

The next test is reliability test. Reliability test is done to measure whether the instrument enable to present consistent results while it is used to measure the similar object. Reliability results are shown on Table 4. Referring to Table 5, it is seen that most of variables have Composite Reliability bigger than 0.8 which means the reliability results are good. Meanwhile, the Cronbach's Alpha results demonstrate that all variables have more than 0.7 points which mean all variables present the consistent results when they are used as to measure the construction test.

Table 5: Reliability Results

Variables	Composite Reliability	Cronbach's Alpha
Ethical leadership	0.943	0.932
Cognitive trust	0.902	0.866
Affective trust	0.915	0.884
Whistleblowing Intention (internal)	0.909	0.868

Hypothesis Test Results

Based on instrument test, this study conducts the inner model test. The test aims to present the construct relations amongst variables prior the hypothesis test is conducted. This study aims to test the impacts of trust on the relations between ethical leadership and internal whistleblowing intention. Trust is divided by affective trust and cognitive trust which are tested to measure their intensity and influence on the relationship. The study consists of five variables which are divided into independent variable and dependent variable. The independent variables are affective trust, cognitive trust, and ethical leadership. Meanwhile dependent variable consists of internal whistleblowing intention.

The determinant coefficient test results are shown on Figure 1. The determinant coefficient test aims to test the extension impacts of independent variable on dependent variables. The test results are on Figure 1, the inner model test demonstrates R Square results which relatively moderate. As shown on Figure 1, the ethical leadership may explain 56.1 percent of the variance in affective trust, while the rest is influenced by other variables. Meanwhile, ethical leadership may explain 63.1 percent of variance in cognitive trust, while the rest is influenced by other variables. For whistleblowing factor, the ethical leadership, affective trust, and cognitive trust may explain their 34 percent of variance on internal whistleblowing intention, while the rest is affected by other factors.

The hypothesis test is done through bootstrap model which aims to minimise the abnormalities problem found from research data. The results are shown in Figure 2, Table 6 and Table 7. The bootstrapping results show that ethical leadership does not directly affect employees' intention to report fraud internally (EL → IW; $\beta = -0.051$; $p = 0.784$), which means that the first hypotheses is rejected. Ethical

leadership could only improve employees' internal whistleblowing intention indirectly, particularly when the relationship between both variables is mediated by affective trust. Ethical leadership has significant and positive effect on an employee's affective trust ($EL \rightarrow AT$; $\beta = 0.749$; $p = 0.000$), and then affective trust significantly and positively affects employees' intention to conduct whistleblowing via internal channels ($AT \rightarrow IW$; $\beta = 0.542$; $p = 0.000$). This indicates that the second hypothesis is accepted. On the other hand, cognitive trust does not mediate the effect of ethical leadership to employees' internal whistleblowing intention since the effect of cognitive trust to internal whistleblowing is insignificant ($CT \rightarrow IW$; $\beta = 0.106$; $p = 0.337$). Thus, the third hypothesis is rejected.

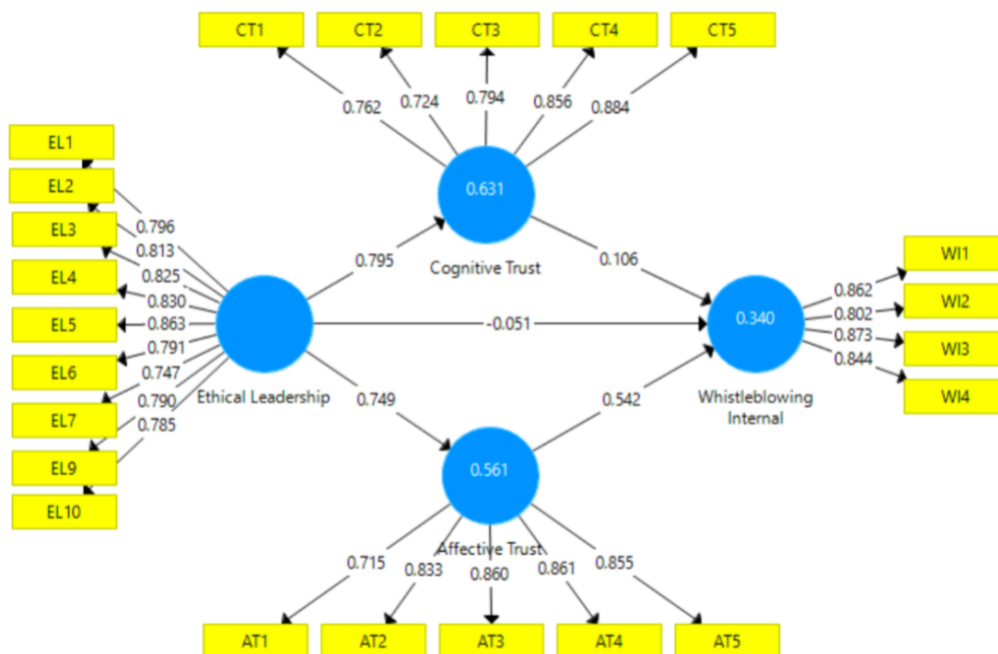


Figure 1.
Correlation and R Square Diagram (Outer Loading)

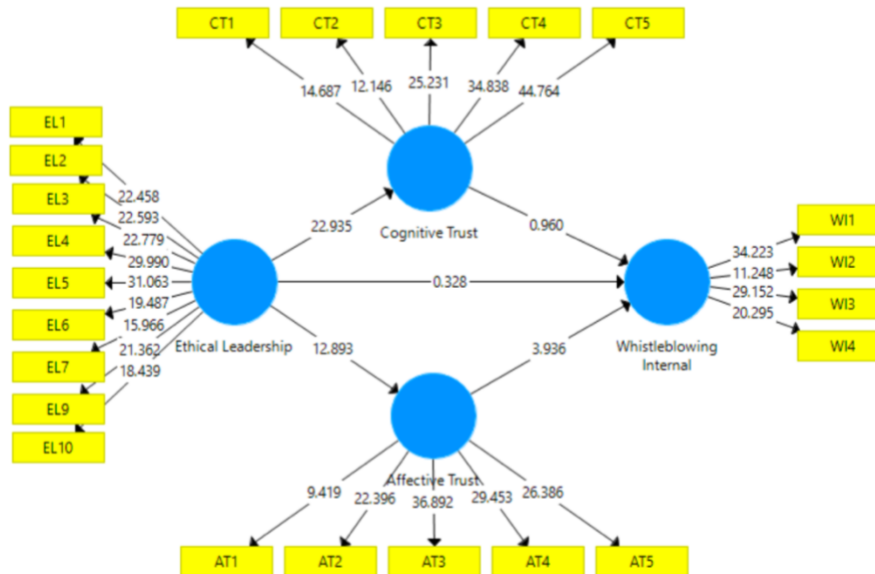


Figure 2.
Significant (Hypothesis Testing) Path Diagram

Based on these hypothesis results, the analysis of mediating effects is continued. The results are shown on Table 6 and Table 7. As shown on Table 6 and Table 7 the path analysis reveals that affective trust is able to mediate the relations between ethical leadership and internal whistleblowing intention as the ethical leadership causes the increasing of internal whistleblowing intention when the affective trust is existed. From these analyses, the path analysis results are shown on Table 6 and Table 7. Table 6 and Table 7 show that ethical leadership may not have negative or no impacts on the internal whistleblowing unless the affective trust mediating their relationship. In contrast, cognitive trust does not seem to have any influences on the relationship between ethical leadership and internal whistleblowing intention. This is occurred as the cognitive trust presents insignificant impacts from this test.

Table 6: Structure Equation Modelling Results

Items	Standard β	T Value	P Value	Results
Ethical Leadership to Internal Whistleblowing Intention	-0.051	0.328	0.784	Not Significant
Ethical leadership to Affective Trust	0.749	12.893	0.000	Significant
Affective Trust to Internal Whistleblowing Intention	0.542	3.936	0.000	Significant
Ethical Leadership to Cognitive Trust	0.795	22.935	0.000	Significant
Cognitive Trust to Internal Whistleblowing Intention	0.106	0.960	0.337	Not Significant

Table 7: Path Analysis Results

Items	Total Effect	Direct Effect	Indirect Effect
Ethical Leadership to Affective Trust	0.749	0.749	
Affective Trust to Internal Whistleblowing Intention	0.542	0.542	
Ethical Leadership to Internal Whistleblowing Intention	0.440	-0.051	0.491

DISCUSSION

Ethical leadership plays significant roles within the organisation. As mentioned previously, ethical leadership is the key for the emergence of trust and intention for the organisation members to blow the whistle regarding misconduct or unethical behaviour. The roles of leaders who have power and control over the organisation (Becker, 2019) determines the development and implementation of ethical culture. The extents to which leaders enable to balance the control and power as well as to present their ethical behaviour are the key for the organisation members to develop their confident and trust toward their leaders. In this situation, trustworthy and being honest are the key factor for ethical leadership (Brown & Treviño, 2006) which presented through their explicit action and communication (Lawton & Páez, 2015). The roles of trust on leaders are eminent when the organisation deals with salient problems. Trust will lead to commitment and loyalty from the followers which are needed to reduce the uncertainty and salutary outcomes.

Trust is a key factor to reduce the uncertainty and willingness of voluntary cooperation. This is mainly occurred when the power and control fail to work properly (Bijlsma & Koopman, 2003). The failure of power and control leads to some salient problems such as accounting violation, corruption, or power abuse. The pressure to resolve this situation often requires not just awareness. It requires a willingness of organisation members to blow the whistle about misconduct or unethical action. The fact that whistleblowers often have to deal with some inconvenient impacts, the roles of leaders to present their ethical action and gain the trust become crucial. There are many reasons for a person to blow the whistle. As mentioned previously, incentive (Dyck et al., 2010), moral obligation (Valentine & Godkin, 2019), or individual behaviours (Owusu et al., 2020) are the most common driving factor for whistleblowing. Focusing exclusively on this issue, the willingness to blow the whistle internally remains low compare to the willingness to blow it externally. The fact that willingness of organisation members to blow the whistle internally can help to prevent the negative impacts of organisation performance and reputations, it leaves a gap why organisation members prefer to blow the whistle externally rather than internally.

The development of trust is not only from action, power, and control. There is a need to understand how trust develop in organisation which needed by ethical leadership to resolve unethical or salient problems such as whistleblowing. Early study reveals the influence of emotional feeling, and competence and reliability play significant effects on the development of trust (Johnson & Grayson, 2005). Affective trust develops from the emotional feeling, while cognitive trust develops from the competence and reliability of the leaders to present within the organisation. This study result reveals that ethical leadership enables to strongly encourage the emergence of both affective and cognitive trust as shown through the determinant coefficient results compare to the ethical leadership on internal whistleblowing intention. This study shows that ethical leadership is able to cause 56.1 percent and 63.1 percent of affective trust and cognitive trust respectively. Meanwhile, it has only 34 percent impacts on the internal whistleblowing intention.

The emotional feeling is considered to have more impacts on the development of trust rather than ability of knowledge to make judgment. The roles of emotional connection is stronger particularly when followers have strong feeling about security, care and concern which are presented by their leaders (Johnson & Grayson, 2005). This study supports this affective trust concept where the hypothesis result reveals the significant influence and direct effect of affective trust on the emergence of internal whistleblowing intention as shown on Table 6 and Table 7. This situation can be explained from the characteristics of respondents which majority have been working for more than 10 years within the organisation. The emotional feeling has been developed through this length of work. The emotional feeling of being part of the organisation family develops and deepens toward the leaders which leads to the perception of being trust and honest to their leaders.

In sum, the impacts of ethical leadership on whistleblowing are not only influence by their action. The ethical leadership can encourage the organisation followers to blow the whistle in order to reduce the uncertainty and salient problems through their power and control. In practice, power and control do not effectively to drive the organisation member to willingly and intentionally blow the whistle for misconduct or unethical behaviour. Trust is an option when power and control do not work within the organisation. In practice, trust can be built through one's emotional feeling or knowledge ability to make judgment. This study reveals that length of working period has become a key to develop emotional feeling amongst the organisation members and their leaders. This feeling significantly encourages the development of trust which become a key for willingness to internally whistleblowing the misconduct or unethical within the organisation. Therefore, the emotional feeling is a key for affective trust that influences the ethical leadership to encourage the willingness organisation members to intentionally whistleblowing misconduct or unethical action internally.

CONCLUSION, IMPLICATION, LIMITATION

This study aims to examine the impacts of trust on the ethical leadership and internal whistleblowing intention relations. The impacts of trust are determined by affective trust and cognitive trust to examine which trust has stronger influence on encouraging the internal whistleblowing intention. This study collects the data from three government financial institution in Indonesia. The majority of respondents are between 41 to 50 years old with more than 11 years working periods with the institutions. The study shows that most variables are valid and reliable for the further tests. The hypotheses tests reveal that only affective trust enables to mediate the ethical leadership and internally whistleblowing intention's relations. The emotional feeling has stronger influence on the development of trust rather than the knowledge ability to make judgment on ethical actions. This study shows that emotional feeling may develop and deepens toward the leaders through the length of working within the organisation which leads to the perception of being trust and honest to their leaders. This feeling significantly encourages the development of trust which become a key for willingness to internally whistleblowing the misconduct or unethical within the organisation. Therefore, the emotional feeling is a key for affective trust that influences the ethical leadership to encourage the willingness organisation members to intentionally whistleblowing misconduct or unethical action internally.

This study contributes to accounting literature by extending prior studies about fraud and whistleblowing. The results show the importance of affective trust in mediating the effect of ethical leadership to internal whistleblowing intention. Leaders can promote internal whistleblowing among their employees if their employees establish emotional bond and trust to their leaders. This finding should be also useful for organizations in governmental sector. Having an ethical leadership is necessary to improve whistleblowing. However, developing the trust between the leaders and their employees

cannot be neglected. The higher the emotional trust held between leaders and subordinates, the more accurate exchange of information, the better understanding of performance goals, the quality of communication which finally may increase internal whistleblowing intentions of employees.

This research is not without limitation. First, the sample is relatively small. This opens opportunities for future studies to use more samples from more government organizations to earn more insight about the role of trust in promoting whistleblowing. Second, future studies may analyse real whistleblowing cases to investigate why a whistle-blower decide to report a fraud. The studies can be done quantitatively and qualitatively to earn better understanding about a whistle-blower's motivation.

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