



Yusuf Setiawan Syukur

BPK RI, Indonesia
yusuf.setiawan@bpk.go.id



MEMBANGUN PERILAKU ETIS DI BPK MELALUI PELAKSANAAN MANAJEMEN SUMBER DAYA MANUSIA

DEVELOPING ETHICAL BEHAVIOURS AT BPK THROUGH HUMAN RESOURCE MANAGEMENT PRACTICES

ABSTRAK/ ABSTRACT

Berdasarkan Undang-undang Dasar 1945, Badan Pemeriksa Keuangan Republik Indonesia (BPK) mempunyai peran penting dalam meningkatkan tata kelola pemerintahan yang baik dan memberantas korupsi di sektor publik di Indonesia melalui kegiatan pemeriksaannya. Agar sukses dalam mencapai tujuan tersebut, BPK harus menerapkan dan menegakkan perilaku etis di dalam organisasi. Ada undang-undang dan peraturan-peraturan (contoh: kode etik Pegawai Negeri Sipil (PNS) dan peraturan disiplin pegawai) dan sistem-sistem, kebijakan-kebijakan, dan praktik-praktik yang dibentuk oleh pihak yang berwenang di BPK (contoh: kode etik BPK, prosedur pelaporan pelanggaran (whistle-blowing procedure), Majelis Kehormatan Kode Etik BPK (MKKE), dan diklat-diklat yang berkaitan dengan etika PNS dan kode etik BPK) yang mengatur dan mempengaruhi perilaku pegawai dan anggota badan. Ketika meninjau literatur, tulisan ini mencoba untuk memahami penyebab-penyebab perilaku etis/tidak etis di dalam organisasi dan mencari praktik-praktik terbaik (termasuk praktik-praktik dalam manajemen sumber daya manusia) yang dapat digunakan untuk mengembangkan perilaku etis di dalam organisasi. Berdasarkan hasil tinjauan literatur, kerangka etis yang ada di BPK ternyata mempunyai dukungan teoritis yang kuat. Terlepas dari dukungan teoritis yang kuat tersebut, studi ini bertujuan untuk mengidentifikasi kesenjangan antara praktik-praktik terbaik dengan kerangka etis yang ada di BPK. Sebagai respon terhadap kesenjangan tersebut, studi ini juga bertujuan untuk memberikan rekomendasi-rekomendasi yang mana diharapkan dapat menutup kesenjangan tersebut dan meningkatkan kerangka etis yang ada di BPK. Pada akhirnya, studi ini menghasilkan tujuh belas rekomendasi.

KATA KUNCI:

kode etik, perilaku etis, manajemen sumber daya, audit etika, survei iklim etika

According to the 1945 Constitution, the Audit Board of the Republic of Indonesia (BPK) has an important role in fostering good governance and combating corruption in Indonesia's public sector through its audit works. To be successful, BPK must implement and enforce ethical behaviours within the organisation. There are laws and regulations (e.g., civil servants' code of ethics and employee discipline) and systems, policies, and practices set up by authorities at BPK (e.g., BPK's code of ethics, whistle-blowing procedure, the Honourary Council of BPK's Code of Ethics (MKKE), and ethics training) that regulate and influence behaviours of employees and members of the board. When reviewing literature, this paper attempts to understand the antecedents of ethical/unethical behaviours in organisations and look for best practices (including human resource management practices) in developing ethical behaviours in organisations. It turns out that the ethical frameworks within BPK have a strong theoretical support. Despite the strong theoretical support from the literature, this study attempts to identify gaps between the best practices and ethical frameworks within BPK. In response to the gaps, this study attempts to offer recommendations so as to close the gaps and improve the ethical frameworks within BPK. In the end, this study produces seventeen recommendations.

KEYWORDS:

code of ethics, ethical behaviours, human resource management, ethics audit, and ethical climate survey.

SEJARAH ARTIKEL:

Diterima pertama: Oktober 2015

Dinyatakan dapat dimuat : November 2015

INTRODUCTION

In accordance with the 1945 Constitution, the Audit Board of the Republic of Indonesia (BPK) has an obligation and mandate to audit the state finance management and accountability. In doing so, it strives to improve good governance and plays an active role in combating corruption in Indonesia's public sector (BPK, 2010, 4). In order to do so, BPK stipulated integrity, independence, and professionalism as its core values. Given these core values, BPK attempted to provide guidance for employees to act within the framework of the three core values by developing a code of ethics.

BPK must implement and enforce the code of ethics across the organisation. This is because failures in implementing and enforcing the code of ethics could damage the integrity of BPK. Given that the integrity of BPK is damaged, BPK would suffer from public distrust and lose its resources. On the other hand, this damage in the integrity of BPK might jeopardize the integrity of Indonesia's public sector of which could disrupt the effective production of public goods and services. To prevent this from happening, BPK must develop ethical behaviours within the organisation in accordance with the code of ethics.

In many organisations, Human Resource (HR) managers are often called upon to draw up code of ethics and standards of employee behaviour (Nankervis, Compton, & Baird, 2008, p. 33). In addition to this, these managers are also being held accountable for the adherence, as well as the communication and disciplinary programmes. Consistent with this, Nankervis, et al. (2008, p. 33) argued that HR Management (HRM) has an ethical dimension, and therefore should be the area of HRM to develop and cultivate the ethical culture within the organisation. In addition to this, there is also a need to align HRM practices with frames of ethical reference.

This study aims to improve ethical frameworks within BPK through the implementation of HRM and best practices in developing ethical behaviours in organisations. In doing so, it attempts to answer the following research questions:

- a. What are best practices (including HRM practices) in developing ethical behaviours in organisations?
- b. What are systems, policies, and practices at BPK designed to develop ethical behaviours at BPK?
- c. How are current practices compared to best practices?

METHODOLOGY

This study is a qualitative research. It uses thematic analysis in addressing the research questions. Thematic analysis is a method for identifying, analysing, and reporting patterns (i.e., themes) within data (see Braun & Clarke, 2006). This method is chosen because the answer to the research questions can be found in the existing literature (Kellehear in Liamputtong & Ezzy, 2005, p. 101). In this regard, this study examines literature on ethics, organisational behaviour, and HRM. The literature or data is collected through Google Scholar, Social Science Research Network (SSRN), and Indonesian National Library. Data regarding BPK context is obtained from official documents (e.g., laws, government regulations, and BPK's publications) and anecdotal evidences of the author.

LITERATURE REVIEW

Antecedents of Ethical and/or Unethical Behaviours in Organisations

A number of studies have attempted to understand various antecedents of ethical and/or unethical behaviours in

organisations (Baker, Hunt, & Andrews, 2006; Martinko, Douglas, Harvey, & Gundlach, 2007; and Fine, Horowitz, Weigler, & Basis, 2010). In general, these antecedents can be categorised as individual and situational variables (Fine, et al., 2010; Baker, et al., 2006; Martinko, et al., 2007). In relation to individual variables, Fine, et al. (2010) stated that empirically there is a relationship between individual traits and attitudes with unethical behaviours. Because these individual traits and attitudes are relatively stable over time and across situations, they suggested the use of integrity test in selecting job applicants.

By using attribution style, Martinko, et al. (2007) linked various individual variables (e.g., self-esteem, negative affectivity, and emotional stability) with the tendency of engaging unethical behaviours in organisations. Attribution style deals with how an individual attribute its failures (negative outcomes), whether to internal or external causes and whether to stable or unstable causes. Individuals with pessimistic attribution style are likely to end up in self-directed destructive behaviours such as alcohol and drug use, absenteeism, depression, passivity, and low productivity. Individuals with hostile attribution style are likely to end up in other-directed destructive behaviours such as aggression, embezzlement, fraud, harassment, sabotage, stealing, terrorism, vandalism, and violence.

In addition to the above individual variables, some authors argued that several demographics variables (e.g., sex, age, and education) may also be responsible for unethical behaviours in organisations (Fine, et al., 2010; Baker, et al., 2005; and Martinko, et al., 2007). Fine, et al. (2010) mentioned that young and new or part-time employees might engage in unethical behaviours. They also reported that men have been found to engage in unethical behaviours more than women (see also Martinko, et al., 2007).

Baker, et al. (2006) focused their study on the influence of situational variables because these

variables are more consistent in explaining ethical behaviours in organisations. In this case, they used variables such as corporate ethical values, organisational justice, and organisational commitment. They started their model with the proposition that organisational culture can affect behaviours in organisations. Because corporate ethical values are part of organisational culture, then influencing behaviours in organisations through corporate ethical values is also relevant. They believed that these corporate ethical values are also reflected in organisational justice.

Employees will demonstrate ethical behaviours when the organisation treats them fairly (Baker, et al., 2006; Fine et al., 2010). The relationship between ethical behaviours with organisational justice is moderated by organisational commitment (Baker, et al., 2006). In this case, employees will reciprocate fairness shown by the organisation with the feelings of affective commitment. Further, this commitment will drive the individual to behave ethically. Conversely, when the employees perceive the unjust and unfair treatment from the organisation, they will exhibit unethical behaviours (Fine, et al., 2010) such as low performance, increased absenteeism and turnover, and job dissatisfaction (Baker, et al., 2006).

Martinko, et al. (2007) mentioned the following situational variables as antecedents of unethical behaviours in organisations: abusive supervision, rigid rules and procedures, reward systems, aggressive culture, adverse working conditions, task characteristics, home life, economic conditions, and prior outcomes. They linked these situational variables with attribution style where essentially individuals are likely to attribute failures to external causes due to lack of control over those situations. If they think that those situations are also stable in nature then they are likely to end up in other-directed destructive behaviours.

In Search of Best Practices in Developing Ethical Behaviours in Organisations

The term “best practices” refers to the use of interventions to regulate and influence ethical behaviours in organisations. Many authors agreed on the importance of leadership and the code of ethics in developing ethical behaviours in organisations (Lloyd & Mey, 2010; and Menzel, 2007). Leadership plays an important role through contributing and encouraging ethical policies, communicating the code of ethics, and providing examples to employees (Lloyd & Mey, 2010; Schminke, Ambrose, & Neubaum, 2005; and Menzel, 2007).

Schminke, et al. (2005) explained the role of leaders in influencing ethical behaviours in organisations through value congruence. They argued that employees tend to act in accordance with the values prevailing within the organisation. This value congruence is not only occurred among employees but also occurred between superiors and subordinates. In so doing, congruence in the moral development between employees and their leader will lead to positive attitudinal outcomes.

A well-developed code of ethics can foster an ethical environment, discourage unethical behaviour, and cope with ethical problems and dilemmas (Lloyd & Mey, 2010). Gilman in Menzel (2007, p. 69) mentioned reasons why some code of ethics are success and why some are fail (see Figure 1). A code of ethics, however,

cannot stand alone to guarantee ethical behaviours in organisations. It is important to ensure that the code of ethics is enforced across the organisation (Lloyd & Mey, 2010). If the organisation fails to do so then the code of ethics will lose its legitimacy and be perceived as “window dressing”.

In addition to the above, Lloyd and Mey (2010) also mentioned other interventions that might be needed by the organisation in establishing an ethical organisation based on its size and the resources available to it. These interventions are:

- a. Ethics audit. An ethics audit serves the purpose of assessing or evaluating the ethical status and ethical programmes offered by the organisation. An ethics audit will also highlight certain problem areas that may require special attention from the ethics committee¹.

¹ An ethics audit can also include ethical climate survey (Menzel, 2007, p. 72). Organisations might want to know the ethical climate within their organisations because, as Menzel (2007, p. 76) said, a strong ethical climate empirically reinforces organisational efficiency, effectiveness, quality, excellence, and teamwork. This empirical finding challenges conventional wisdom that ethics and high performance are incompatible and bureaucratic environments, with their emphasis on hierarchy and rules, are incompatible with a strong commitment to organisational ethics. Furthermore, by doing the ethical climate survey, the organisation would not only know about the extent of the ethical climate in the organisation but also get an overview about other issues such as job satisfaction, supervisory influence, and manager’s reward and punishment practices (Wells & Schminke, 2001).

Table 1. Reasons why some code of ethics are success and why some are fail

Success	Fail
<ol style="list-style-type: none"> 1. have clear behaviour objectives; 2. spell out the behaviours you want to encourage and discourage; 3. fit with the mission of the agency; 4. have pragmatic goals; and 5. supported by feedback. 	<ol style="list-style-type: none"> 1. raise unrealistic expectations or try to control too much; 2. require excessive reporting and tracking; 3. result in organisational ineffectiveness; 4. because of a shift in political leadership; and 5. simply get old.

Source: Gilman in Menzel, 2007, p. 69.

- b. Whistle-blower protection. Organisations may provide a procedure for whistle-blowing due to fewer supervisory and management levels. Here, organisations rely on employees to report the misconduct. To avoid retaliation, organisations should provide protection for the whistle-blowers.
- c. Hotline. A hotline is established by the organisation to enforce the code of ethics and provide employees with answers to policy questions. A whistle-blower may report the misconduct through this hotline.
- d. Ethics committee. The presence of ethics committee is to ensure that the organisation complies with the code of ethics. The appointment of an ethics committee also formalises the organisation's commitment to ethical practices and conduct.

The above practices may be ineffective if they are not supported by informal systems such as the set of beliefs, norms, and practices shared by people within an organisation (Arnaud & Schminke, 2007). Fine, et al. (2010) went further by stating that informal sanctions and normative behaviours by co-workers are more important than formal controls by management. An employee, for instance, is less likely to act unethically if its co-workers will not tolerate the unethical act. In addition to informal controls, an employee is also less likely to act unethically if his/her act is easily recognised and given severe punishment. In the language of Hollinger and Clark in Fine, et al. (2010), this refers to perceived risk of detection and sanction.

Hollinger and Clark in Fine et al. (2010) argued that increasing the perceived risk of detection and sanction will reduce the unethical behaviours in organisations. Organisations can increase this perceived risk of detection and sanction by employing a number of devices (e.g., cameras, guards, and policies) that monitor employee activities. In so doing, the

employees are aware that engaging in unethical behaviours is likely to be caught. In addition to the use of devices that monitor employee activities, organisations can also announce extensively that severe sanctions will apply in response to the breaches. Given this extensive announcement, employees are expected to be aware of the consequences resulted from engaging in unethical behaviours.

Using HRM Practices to Develop Ethical Behaviours in Organisations

Elements of organisational ethics can be strengthened by the use of HRM policies and practices (Valentine, 2009; Menzel, 2007, p. 78-81). In relation to hiring practices, organisations should avoid hiring applicants who have a tendency to behave unethically. There are a number of tests available to predict a person's tendency to unethical behaviours such as integrity tests (Fine, et al., 2010), MMPI and MMPI-2, NEO-PIR, IPIP, RBS, STAXI (Martinko, et al., 2007).

Martinko, et al. (2007) argued that organisations should also conduct a thorough background check on all applicants as this would also be useful in evaluating the applicants' level of integrity and impulsivity. Further, drug and alcohol tests might also be needed in some cases. Overall, the use of any methods or tests in selecting job applicants should not violate any laws concerning the equal opportunity employment (Fine, et al., 2010).

When appointed as employees or officials in the government institutions, Menzel (2007, p. 70) mentioned the need to take an oath that requires them to abide by the provisions of the code of ethics and to resign if they are proven breaching the code of ethics. In terms of training and development, organisations should provide ethics training to employees to empower them with skills to make ethical decisions (Lloyd & Mey, 2010). Lloyd and Mey (2010) argued that efforts to implement a code of ethics and promote ethical behaviours in organisations are not likely to succeed if these

efforts are not followed up with the ethics training.

Adam and Rachman-Moore in Menzel (2007, p. 81) confirmed the importance of ethics training. They found that ethics training was more important than managerial leadership and the means of enforcement. From a survey held in federal agencies, Menzel (2007) said that employees, especially supervisors, who received more regular training than other employees had a positive perception towards the ethical culture of their agencies and perceived a lower incidence of unethical behaviours. Ethics training is an important factor in developing a strong ethical culture within the organisation.

Wells and Schminke (2001) expressed the need for selecting participants so as the intervention can be effective. When discussing training design, they mentioned an ethics climate survey as one of popular approaches in conducting ethics training needs assessment. Further, they mentioned the following issues to be included as training contents:

- a. A clear explanation of the code of ethics, rules related to the code of ethics, and other behaviours or attitudes expected by the organisation.
- b. Assertiveness skills, pro-activity, and self-leadership.
- c. Targeting top management due to its significant role in establishing ethical behaviours in organisations.
- d. Higher levels of moral reasoning in ethics training.

To evaluate the effectiveness of ethics training, they suggested the use of defining issues test (DIT) score as a measure of cognitive moral development.

Martinko, et al. (2007) mentioned stress management programmes and Employee Assistance Programmes (EAPs) as programmes intended to cope with stressful work conditions. Stress management programmes include training on biofeedback, progressive muscle relaxation, meditation, and cognitive

strategies, while EAPs involve psychiatrists or psychologists. To address issues related to attribution and justice perception, they mentioned the need for attribution training. To overcome problems associated with emotions, they suggested the need to implement anger management training.

The organisation should provide employees with positive role models (Valentine, 2009). These role models may facilitate employees to behave ethically through the process of coaching/mentoring. In so doing, they guide and direct employees to achieve their ethical performance. In relation to reward system, Lloyd and Mey (2010) argued that a percentage of bonuses can be linked to ethical performance. To reinforce ethical behaviours in organisations, unethical behaviours should be punished (Djurkovic & Maric, 2010).

Baker, et al. (2006) noted the importance of giving a sense of justice toward rewards. This is also true for compensation policies (Valentine, 2009). Linking the result of performance review with employee movements (e.g.: promotions, demotions, relocations, and dismissals) may also be effective tools in improving ethical culture in organisations (Djurkovic & Maric, 2010).

Ethical Frameworks Within BPK

The code of ethics and employee discipline

As civil servants, the attitudes and behaviours of employees are governed by government regulations such as civil servants' code of ethics and employee discipline. Civil servants' code of ethics specifies ethics of civil servants being citizens of Indonesia, a society, and an organisation and ethics towards themselves and fellow civil servants (Government of Indonesia, 2004). In essence, this code of ethics prescribes civil servants to show the following attitudes and behaviours: nationalism, compliance, honesty, professionalism, responsive, neutral,

modesty, and respect. Employee discipline, on the other hand, consists of obligations and prohibitions for civil servants (GOI, 2010, Chapter 2, Article 3 to 4). In some parts, civil servants' code of ethics and employee discipline share same provisions such as the obligation to comply with all laws and regulations, be loyal to the Pancasila, the 1945 Constitution, and the Government.

Government agencies and professional organisations may establish their own code of ethics but must not contradict with civil servants' code of ethics (GOI, 2004, Chapter 5, Article 13 and 14). Consistent with this, BPK established its own code of ethics in 2007 but then revised it so that the latest BPK's code of ethics applicable to employees and members of the board is the one formalised in 2011, i.e. BPK's Regulation No. 2 Year 2011 on BPK's code of ethics (BPK, 2011c). This establishment of BPK's code of ethics is also consistent with the mandate derived from Article 29 of Law No. 15 Year 2006 on BPK that requires BPK to draw up a code of ethics that includes norms of which should be practised by members of the board and auditors during their assignments in order to preserve the dignity, honour, image, and credibility of BPK (GOI, 2006, Article 29). As BPK's code of ethics requires employees and members of the board to show the following attitudes and behaviours during their audit assignment: integrity, trustworthy, independent, credible, objective, impartial, neutral, free from conflicts of interest, competent, and professional; the establishment of BPK's code of ethics is also consistent with State Finance Auditing Standards (SPKN), especially with regard to the responsibility of auditors and their organisation, that outlines the required behaviours during audit assignment (BPK, 2007, pp. 16-18). On the perspective of BPK's quality control system, the establishment of BPK's code of ethics is also necessary so as to obtain reasonable assurance towards the attitudes and behaviours of auditors and their organisation (BPK, 2008a).

The monitoring and enforcement of the code of ethics and employee discipline

Within the framework of BPK's quality control system, the code of ethics must be explained and disseminated to all employees (BPK, 2008a, p. 18). In addition to this, compliance with the code of ethics should be constantly monitored and evaluated based on policies and procedures established by BPK. In relation to this, the Audit Management Guidance (PMP) states that:

“The audit evaluation performed by the Inspectorate General (Itama) is carried out on the audit reports, audit working papers, audit findings, audit programme, by taking into account... the code of ethics....” (BPK, 2008b, p. 61)

This is also in line with SPKN which states that:

“In order to maintain objectivity and independence then an evaluation of the relationship between auditors and the audited entities is needed in an ongoing basis.” (BPK, 2007, p. 17)

Regarding a breach of the code of ethics, BPK's quality control system requires BPK to establish policies and procedures for processing the breach. In 2011, BPK established a whistleblowing procedure that requires any members of the board/employees acknowledging a breach of the code of ethics and employee discipline to report the breach to a task force consisting of elements from Itama, HR Bureau, and Legal Directorate (BPK, 2011a, Chapter 1, Article 2). If the task force concludes that there is a breach of employee discipline, the report will be forwarded to the Secretary General. If the task force concludes that there is a breach of the code of ethics, the report will be forwarded to the registrar of the Honourary Council of BPK's code of ethics (MKKE).

After examining and investigating the alleged breach, MKKE will decide whether or not the employees charged with the breach of the code of ethics are in breach of the code of ethics. Its decision is also accompanied

with recommendations such as sanctions, rehabilitation, and necessary efforts to prevent the breach from recurring. In relation to the sanctions, one of the following sanctions may apply: a verbal or written warning, a delay of periodic salary increases, a delay of one year promotion, a demotion to one stage lower, and a dismissal from BPK (BPK, 2011c, Chapter V; and GOI, 2010, pp. 7-22).

Along the way, BPK was aware that weaknesses in the implementation and enforcement of the code of ethics could raise vulnerability towards the breaches of the code of ethics and risk the integrity of BPK. To address this integrity risk, BPK attempted to implement a tool for self-assessing the integrity of work units in BPK, known as IntoSAINT² (BPK, 2011b, p. 61). In addition to IntoSAINT, BPK has also attempted to regulate and influence behaviours of its employees through the establishment of integrity zones (PZI) at BPK. PZI is an initiative made by the Ministry of State Apparatus and Bureaucracy Reform (Kemenpan RB) to accelerate the improvement of the organisation's capacity, the establishment of clean government, and the improvement of public services through the overarching bureaucracy reform programmes at government agencies (Kemenpan RB, 2014). Ethical frameworks derived from HRM practices

In 2007, BPK started to implement an integrated HRM system of which resulted from the implementation of bureaucracy reform programmes at BPK. In this sense, the integration of HRM system at BPK is done by using competency standards (BPK, 2009a, p. 7).

Given the integrated HRM system, the whole processes or subsystems that constitute the BPK's HRM system are now going into the same direction.

In relation to the competency standards, BPK has developed twenty behavioural (soft) competency standards for the whole job families (BPK, 2009b, p. 3) and different technical (hard) competency standards for each job family. Of these competency standards, behavioural competency standards could be the competency standards relevant to the ethical frameworks derived from the HRM practices. Simply by looking at the name of the competency standards, two behavioural competency standards, at the least, could be linked to the ethical frameworks at BPK. These competency standards are integrity (ING) and independent (IND).

In addition to the inclusion of ING and IND in the competency standards, the ethical frameworks derived from HRM practices at BPK can also be seen in the following practices:

- a. The recruitment and selection of new employees in recent years has employed behavioural event interviews of which to recognise the response of candidates given with ethical dilemmas.
- b. The appointment of civil servants requires candidates to say an oath/pledge of civil servants³.
- c. The development of ethics training has taken into account ING and IND.

2 IntoSAINT is a special version of SAINT (Self-Assessment Integrity) developed for members of INTOSAI (the International Organisation of Supreme Audit Institutions). SAINT was developed by the Netherlands Court of Audit in collaboration with the Dutch Ministry of the Interior and the Bureau of Integrity of City of Amsterdam.

3 This oath/pledge of civil servants requires candidates to: (a) be loyal to the Pancasila, the 1945 Constitution, and the government; (b) comply with all laws and regulations; (c) carry out official duties entrusted with devotion, awareness, and responsibility; (d) uphold the honour of the state, the government, and dignity of civil servants, and will always put the interests of the state above all else; (e) hold confidentiality which by its nature or according to the order to be kept confidential; and (f) work with honesty, orderly, prudent, and enthusiastically for the interests of the state (GOI, 1975, Article 1 to 3).

- d. The delivery of ethics training to employees⁴.
- e. The link between the breach of the code of ethics and/or employee discipline and its impact on remuneration and the career of the respective employee.
- f. The establishment of Employee Care Centre (ECC) that provides counselling services to employees with personal problems is similar to EAPs (Utami, 2012, p. 8).

DISCUSSION AND RECOMMENDATIONS

Given the best practices and ethical frameworks within BPK, this section attempts to identify gaps between the best practices and ethical frameworks within BPK. In discussing the gaps, this section groups the gaps into the following headings: implementing ethics audits, refining the current code of ethics and establishing a hotline, hiring ethical employees and selecting candidates for members of the board, using training and development to develop ethical behaviours at BPK, and using performance management to develop ethical behaviours at BPK. In response to the gaps, this study attempts to offer recommendations so as to close the gaps and improve the ethical frameworks within BPK.

Implementing Ethics Audits

Itama is the work unit responsible for auditing the compliance of every work unit at BPK towards the organisation's policies, standards, and rules (including the code of ethics).

⁴ Ethics training at BPK is given to employees since the first time they joined BPK. Given that they are promoted into a higher level of employment, these employees will have another ethics training tailored to suit their level of employment. Functional training for auditors, for example, has included ethics training tailored to suit their role in an audit assignment. In terms of management positions (i.e., echelon I to IV), the delivery of ethics-related content is accomplished in leadership training (Diklatpim).

Given the extent of compliance audits at BPK, it is not clear whether these compliance audits can provide information on the ethical climate within the organisation, level of compliance with the code of ethics, and effectiveness of programmes aimed at enforcing the code of ethics. On one hand, acknowledging this sort of information is likely to be significant because of its impact on organisational performance. The literature, for instance, has acknowledged the impact of a strong ethical climate within the organisation towards the organisational efficiency, effectiveness, quality, excellence, and teamwork. On the other hand, this sort of information can be provided through implementing ethics audits. Insofar as the compliance audits accomplished by Itama cannot provide such information, BPK might need to implement ethics audits so as to have information about the ethical climate within the organisation, level of compliance with the code of ethics, and effectiveness of programmes aimed at enforcing the code of ethics.

Recommendation 1:

Insofar as the compliance audits accomplished by Itama cannot provide information such as the ethical climate within the organisation, level of compliance with the code of ethics, and effectiveness of programmes aimed at enforcing the code of ethics, BPK might need to implement ethics audits so as to have such information.

Suppose BPK implements ethics audits, BPK might still have difficulties in examining the effectiveness of programmes aimed at enforcing the code of ethics. The difficulties might result from the fact that such evaluation activities are usually embedded in the work units responsible for implementing the programmes. For instance, evaluation activities towards the effectiveness of ethics training are not accomplished by Itama but by Centre for Education and Training (Pusdiklat). Pusdiklat accomplishes these evaluation activities

because it considers the evaluation activities as part of its responsibility in implementing ethics training at BPK. Consequently, to acquire information about the effectiveness of programmes aimed at enforcing the code of ethics, BPK needs to coordinate the evaluation activities and compile the report of these evaluation activities into one ethics audit report.

Recommendation 2:

BPK needs to coordinate the evaluation activities of programmes aimed at enforcing the code of ethics and compile the report of these evaluation activities into one ethics audit report.

Refining the Current Code of Ethics and Establishing a Hotline

BPK was aware of the weaknesses inherent in the current code of ethics. To address these weaknesses, BPK's strategic plan for 2011-2015 has included efforts to refine the code of ethics and its tools (BPK, 2011b, pp. 61-62). In relation to this, the literature has pointed out the characteristics of a successful code of ethics. A successful code of ethics, for example, should have clear behaviour objectives and does not raise unrealistic expectations or try to control too much. Accordingly, BPK is expected to consider the characteristics of a successful code of ethics when refining its code of ethics.

Recommendation 3:

BPK is expected to consider the characteristics of a successful code of ethics when refining its code of ethics.

Regarding the tools, the strategic plan requires BPK to establish a code of ethics consultation team under the control of HR Bureau. This is also consistent with the literature that requires the organisation to establish a hotline of which

serves as a tool for providing employees with answers to policy questions.

Recommendation 4:

BPK might establish a hotline so as to provide employees with answers to policy questions.

Hiring Ethical Employees and Selecting Candidates for Members of the Board

BPK uses behavioural event interview to identify the tendency of an individual towards unethical behaviours. The literature, however, suggests various instruments or tests that can be used to predict the tendency of job applicants to act unethically. Given these instruments or tests, the literature also pointed out that the use of the instruments or tests should not violate the equal employment opportunity laws. In relation to this, BPK might employ various instruments or tests to predict an individual's tendency towards unethical behaviours in hiring ethical employees.

Recommendation 5:

BPK might employ various instruments or tests to predict an individual's tendency towards unethical behaviours in hiring ethical employees.

In addition to selecting job applicants, the instruments or tests as mentioned above can also be used to select candidates for members of the board. Selecting candidates for members of the board, however, is not accomplished by BPK but by the House of Representatives (DPR). Accordingly, BPK can propose to DPR to employ various instruments or tests to predict an individual's tendency towards unethical behaviours in selecting candidates for members of the board.

Recommendation 6:

BPK can propose to DPR to employ various instruments or tests to predict an individual's tendency towards unethical behaviours in selecting candidates for members of the board.

In addition to the use of instruments or tests as mentioned above, a thorough background check might also be needed to evaluate the level of integrity and impulsivity of all applicants. Accordingly, BPK and DPR might add a thorough background check in hiring ethical employees and selecting candidates for members of the board to evaluate the level of integrity and impulsivity of all applicants and candidates for members of the board.

Recommendation 7:

BPK and DPR might add a thorough background check to evaluate the level of integrity and impulsivity of all applicants and candidates for members of the board.

Using Training and Development to Develop Ethical Behaviours at BPK

The design and development of ethics-related content in Diklatpim is accomplished by the National Institute of Public Administration (LAN). Accordingly, there is a risk that the ethics-related content in Diklatpim is not suitable with the code of ethics, espoused organisational values, desired behaviours, attitudes, and culture of BPK.

Given this risk, a strong ethical culture is not likely to emerge at BPK by only implementing Diklatpim⁵. In response to this, BPK is expected to design and develop its own ethics training of which targets echelon I to IV as participants of the training. In doing so, BPK has also taken into account the important role of leaders in shaping ethical behaviours and culture within the organisation.

Recommendation 8:

BPK is expected to design and develop its own ethics training of which targets echelon I to IV as participants of the training.

In relation to ethics training for auditors, the needs assessment of the respective training is not accomplished based on ethical climate survey as suggested in the literature. In this regard, BPK designed and developed its ethics training based on focus group discussions and competency standards. Suppose BPK implements ethics audits, a report concerning the ethical climate at BPK can be used to fortify the ethics training needs assessment.

Recommendation 9:

Suppose BPK implements ethics audit, BPK might use the ethical climate survey in its ethics training needs assessment.

With respect to ethics training content, there is a need for BPK to investigate whether its ethics training content has been sufficient or not in accommodating the issues suggested in the

⁵ The development of a strong ethical culture at BPK might occur through value congruence between the organisation and management and between the management and staff members. Since the design and development of ethics-related content delivered in Diklatpim is not accomplished by BPK, there is a risk that the ethics-related content is not suitable with the code of ethics, espoused organisational values, desired behaviours, attitudes, and culture of BPK. Accordingly, the value congruence between the organisation and management and in turn the value congruence between the management and staff members is not likely to be achieved by only implementing Diklatpim

literature such as whether the ethics training has trained assertiveness skills, pro-activity, and self-leadership.

Recommendation 10:

BPK needs to investigate whether its ethics training content has been sufficient or not in accommodating issues suggested in the literature such as whether ethics training has trained assertiveness skills, pro-activity, and self-leadership.

In addition to the above, an investigation towards the transferability of ethics training at the workplace might also be needed given the absence of mechanism for ensuring the transferability of training at the workplace. Transferability of training at the workplace is not solely the responsibility of Pusdiklat. Part of this responsibility, in fact, belongs to the work unit. Thus, when assessing the ethics training needs, there is a need to identify the responsibilities of Pusdiklat and the work unit especially with regard to the transferability of ethics training at the workplace. In order to be successful, the respective work unit should have commitment towards the transferability of training at the workplace.

Recommendation 11:

BPK might investigate the transferability of ethics training at the workplace and identify what actions should be taken in order to improve the transferability of ethics training at the workplace.

ECC might have helped many employees in dealing with their personal problems through its counselling services. Given that employees can overcome their personal problems, they are less likely to act unethically. Accordingly, ECC might prevent employees (with personal problems) from engaging in unethical behaviours. ECC, however, is not the only

way for dealing with problems related to attribution style, stressful work conditions, and emotional issues. The literature, for example, mentioned stress management, attribution, and anger management training as some sorts of training that can be used to deal with such problems. Given that BPK has not delivered stress management, attribution, and anger management training to its employees, BPK is expected to deliver such training to its employees.

Recommendation 12:

BPK is expected to deliver such training that can be used to deal with problems related to attribution style, stressful work conditions, and emotional issues.

Using Performance Management to Develop Ethical Behaviours at BPK

BPK has two behavioural competency standards that have an overt relationship with BPK's code of ethics, i.e. ING and IND. However, these two competency standards have not been incorporated into individual performance management framework (MAKIN)⁶. The literature argued that performance review can be used to reinforce ethical behaviours and to link rewards with ethical performance. Based on this, BPK is expected to incorporate ING and IND into MAKIN as part of reviewing auditor's performance in terms of ethical performance.

Recommendation 13:

BPK is expected to incorporate ethical performance into MAKIN.

⁶ Currently, MAKIN only reviews the following behavioural competency standards: Information Seeking (INF), Analytical Thinking (AT), Conceptual Thinking (CT), Achievement Orientation (ACH), Concern for Order (CO), Teamwork and Cooperation (TW), Impact and Influence (IMP), and Team Leadership (TL) (BPK, 2014, Chapter V, par. 31).

Because performance objectives must include ethical performance then the immediate supervisors should be able to provide coaching/mentoring with regard to ethical performance.

Recommendation 14:

BPK is expected to provide training to supervisors of which enables them to provide coaching/mentoring to their subordinates in relation to developing the ethical performance of their subordinates.

To date, BPK does not reward superior performance with monetary incentives. The absence of monetary rewards to compensate superior performance might result from the absence of mechanism for determining rewards fairly and accountably.

Consequently, there is only a slight difference in terms of income among employees regardless of their performance. As a result, this is not consistent with organisational justice.

Recommendation 15:

BPK might develop and propose a mechanism for determining rewards fairly and accountably.

Since organisational justice is not only about rewards (Schumann, 2001) but also about compensation, equal treatment, and so forth, then BPK is expected to investigate the extent of organisational justice at BPK. Organisational justice, as the literature said, has impacts on ethical behaviours within the organisation.

Recommendation 16:

BPK is expected to investigate the extent of organisational justice at BPK.

BPK uses employee movements such as demotion and rotation to punish unethical behaviours within the organisation. This is consistent with the literature that argued employee movements as an effective tool in improving ethical culture within the organisation. However, this use of employee movements at BPK to punish unethical behaviours within the organisation is more likely to be situational and much affected by the top management discretion. This, in turn, could create confusion about the seriousness of management in enforcing ethical behaviours within the organisation. To cope with this confusion, BPK might consider making the employee movements transparent and accountable.

Recommendation 17:

BPK might consider making its employee movements transparent and accountable.

CONCLUSION

According to the 1945 Constitution, BPK has an important role in fostering good governance and combating corruption in Indonesia's public sector through its audit works. To be successful, BPK must implement and enforce ethical behaviours within the organisation. There are laws and regulations (e.g., civil servants' code of ethics and employee discipline) and systems, policies, and practices set up by authorities at BPK (e.g., BPK's code of ethics, whistle-blowing procedure, MKKE, and ethics training) of which regulate and influence behaviours of employees and members of the board.

When reviewing literature, this paper attempted to understand the antecedents of ethical/unethical behaviours and looked for best practices (including HRM practices) in developing ethical behaviours in organisations. It turns out that the ethical frameworks within BPK have a strong theoretical support. The

use of BPK's code of ethics, whistle-blowing procedure, and MKKE (ethics committee), for instance, is consistent with Lloyd and Mey (2010) who argued interventions in establishing an ethical organisation.

Despite the strong theoretical support from the literature, this study attempted to identify gaps between the best practices and ethical frameworks within BPK. In discussing the gaps, this study grouped the gaps into the following headings: implementing ethics audits, refining the current code of ethics and establishing a hotline, hiring ethical employees and selecting candidates for members of the board, using training and development to develop ethical behaviours at BPK, and using performance management to develop ethical behaviours at BPK. In response to these gaps, this study has also attempted to offer recommendations so as to close the gaps and improve ethical frameworks within BPK. In the end, this study produced seventeen recommendations.

REFERENCES

- Arnaud, A., & M. Schminke. (2007). Ethical work climate. In W. Gilliland, D. D. Steiner, and D. P. Skarlicki (Ed.), *Managing Social and Ethical Issues in Organizations* (pp. 181-227). Greenwich, Connecticut: Information Age Publishing.
- Baker, T. L., Hunt T. G., & Andrews M. C.. (2006). Promoting ethical behaviour and organizational citizenship behaviours: The influence of corporate ethical values. *Journal of Business Research*, 59, pp. 849-857.
- BPK. (2007). *Standar pemeriksaan keuangan negara (State finance auditing standards)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2008a). *Petunjuk pelaksanaan sistem pemerolehan keyakinan mutu (Guidelines on quality assurance system)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2008b). *Panduan manajemen pemeriksaan (Audit management guidance)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2009a). *Cetak biru pengembangan sumber daya manusia BPK (BPK's human resource management plan)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2009b). *Standar kompetensi perilaku pegawai Badan Pemeriksa Keuangan (BPK' behavioural competency standards)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2010). *Rencana Strategis BPK 2011-2015 (BPK's strategic planning 2011-2015)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2011a). *Keputusan Sekjen BPK no. 507 tahun 2011 tentang penanganan pelanggaran (whistle-blowing) di lingkungan BPK (The decree of BPK's Secretary General no. 507 year 2011 on the handling of infringements (whistle-blowing) at BPK)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2011b). *Rencana implementasi Renstra BPK 2011-2015 (The implementation plan of BPK's strategic plan 2011-2015)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2011c). *Peraturan BPK nomor 2 tahun 2011 tentang kode etik Badan Pemeriksa Keuangan (BPK regulation no. 2 year 2011 on BPK's code of ethics)*. Jakarta: The Audit Board of the Republic of Indonesia.
- BPK. (2014). *Keputusan Sekjen BPK no. 139 tahun 2014 tentang petunjuk pelaksanaan penilaian kinerja pelaksanaan pemeriksaan pada*

- pelaksana BPK (The decree of BPK's Secretary General no. 139 year 2014 on the implementation guidelines on appraising auditor's performance)*. Jakarta: The Audit Board of the Republic of Indonesia.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3 (2), 77-101.
- Djurkovic J., & Maric, R. (2010). The influence of human resource management on improvement of business ethics. *Perspectives of Innovations, Economics & Business*, 4 (1), 77-79.
- Fine, S., Horowitz, I., Weigler, H., & Basis, L. (2010). Is good character good enough? The effects of situational variables on the relationship between integrity and counterproductive work behaviours. *Human Resource Management Review*, 20, 73-74.
- GOI. (1975). *Peraturan pemerintah nomor 21 tahun 1975 tentang sumpah/janji Pegawai Negeri Sipil (Government regulation no. 21 year 1975 on oath/pledge of civil servants)*. Jakarta: The Government of the Republic of Indonesia.
- GOI. (2004). *Peraturan pemerintah nomor 42 tahun 2004 tentang pembinaan jiwa korps dan kode etik PNS (Government regulation no. 42 year 2004 concerning the development of spirit of the corp and civil servants' code of ethics)*. Jakarta: The Government of the Republic of Indonesia.
- GOI. (2006). *Undang-undang nomor 15 tahun 2006 tentang Badan Pemeriksa Keuangan (Law no. 15 year 2006 concerning the Audit Board of the Republic of Indonesia)*. Jakarta: The Government of the Republic of Indonesia.
- GOI. (2010). *Peraturan pemerintah nomor 53 tahun 2010 tentang disiplin Pegawai Negeri Sipil (Government regulation no. 53 year 2010 on employee discipline)*. Jakarta: The Government of the Republic of Indonesia.
- Kemendagri RB. (2014). *Peraturan menteri pendayagunaan aparatur negara dan reformasi birokrasi nomor 52 tahun 2014 tentang pedoman pembangunan zona integritas menuju wilayah bebas dari korupsi dan wilayah birokrasi bersih dan melayani di lingkungan instansi pemerintah (Menpan RB regulation no. 52 year 2014 on guidance for establishing integrity zones towards clean and corruption-free zones in government agencies)*. Jakarta: Ministry of State Apparatus and Bureaucracy Reform.
- Liamputtong, P., & Ezzy, D. (2005). *Qualitative research methods*. United Kingdom: Oxford University Press.
- Loyd, H. R. & Mey, M. R. (2010). An ethics model to develop an ethical organisation. *SA Journal of Human Resource Management/SA Tydskrif vir Menslikehulpbronbestuur*, 8(1), Art. #218, 12 pages. DOI: 10.4102/sajhrm.v8i1.218.
- Martinko, M. J., Douglas, S. C., Harvey, P., & Gundlach, M. J. (2007). Understanding and managing organizational deviance. In W. Gilliland, D. D. Steiner, and D. P. Skarlicki (Ed.), *Managing Social and Ethical Issues in Organizations* (pp. 253-293). Greenwich, Connecticut: Information Age Publishing.
- Menzel, D. C. (2007). *Ethics management for public administrators: building organizations of integrity*. United States of America: M. E. Sharpe, Inc.
- Nankervis, A., Compton, R., & Baird, M. (2008). *Human resource management: strategies and processes*. 6th ed. South Melbourne, Victoria: Thomson Learning Australia.

- Schminke, M., Ambrose, M. L., & Neubaum, D. O. (2005). The effect of leader moral development on ethical climate and employee attitudes. *Organizational Behavior and Human Decision Processes*, 97, 135-151.
- Schumann, P. L. (2001). A moral principles framework for human resource management ethics. *Human Resource Management Review*, 11, 93-111.
- Utami, C. M. (2012). *Penyelenggaraan program layanan Employee Care Center (ECC) di kantor pusat Badan Pemeriksa Keuangan Republik Indonesia (The establishment of Employee Care Center (ECC) at BPK's Head Office in Jakarta)*. [Bachelor thesis]. Depok: University of Indonesia.
- Valentine, S. (2009). Human resource management, ethical context, and personnel consequences: A commentary essay. *Journal of Business Research*, 63, 908-910.
- Wells, D., & M. Schminke. (2001). Ethical development and human resources training: an integrative framework. *Human Resource Management Review*, 11, 135-158.