ETHICAL LEADERSHIP AND ITS IMPACT ON WHISTLEBLOWING

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Abstract

Whistleblowing is a concept of individuals revealing misconducts done in an organizational environment. The factors of what influences whistleblowers have been researched extensively in the past years. This paper should provide an oversight of literature conducted to the topic and furthermore link it to the factor of ethical leadership. Moral and ethics have been discovered as crucial triggers when it comes to blowing the whistle. The influence of an ethical environment on a potential whistleblower is analysed as well as factors enhancing the ethical decision to step forward and report misconducts. Results of different empirical studies are compared to answer the question of how ethical leadership impacts whistleblowing.

Keywords: *ethical leadership, whistleblowing*

1. INTRODUCTION

Almost 10 years ago the term Whistleblowing has become a well-known phrase in the media and therefore also in society. Ethical defects were made public, one case in particular created a world-wide awareness of the whistleblower term – Edward Snowdens revelations through wikileaks lastingly marked the role of a whistleblower. To reveal ethical maladministration, one person risked not only his career but also his former lifestyle. This was not the first case of whistleblowing which was covered by mass media, but it is by the far the best known. (Scheuerman, 2014). Whistleblowing is the deliberate disclosure of data or information - that is not publicly available - by an insider who evaluates the information as significant and concerns illegal, immoral or illegitimate practices of employees, managers of an organization or the organization itself (Jubb, 1999). Fick (2017) proposes the question of whether a whistleblower is a hero or a traitor. This question commonly arises in literature. One side describes the view of the whistleblower as a selfless hero who reports ethical and moral concerns in a prosocial sense (Grant, 2002). The other side sees the whistleblower as informer which leaves a highly negative impression. This is also one of the reasons why ethical questionable incidents are often concealed, as no one wants to be the person that "blows the whistle" and become therefore a sneak. One of the factors influencing the concealment is fear of consequences in case of revelation (Vadera, Aguilera, & Caza, 2015). What motivates people to become a whistleblower, whether their behaviour can be assessed as a prosocial act in society is not answered easily. Focus of this paper is to examine literature on ethical leadership as well as whistleblowing and draw a conclusion on how one can influence the other. This paper should summarize literature on ethical leadership as well as whistleblowing. Factors influencing the whistleblowing intention are reviewed and categorized in individual, situational and organizational factors. Furthermore, this paper also deals with how the leadership of the individual and corporate ethic affect the likelihood of people being willing to expose information. Also, different empirical studies are reviewed which already tried to find an answer to the questions how leadership can influence the whistleblowing intention as well as what are other factors that make people become whistleblowers.

The question that arises hereby is what a leader can or should do to encourage ethical behaviour of the employees. Values play a central role when it comes to ethically-oriented leadership and they can also contribute to what is defined as "good" leadership. The differences between what is perceived as good and bad leadership should be explained, as when talking about ethical leadership, a "good" leadership style is meant. Also, it is clarified whether the ethical leadership style is challenging or not. Part of the paper deals with the tasks and goals of ethical leadership. Furthermore, it is clarified which characteristics or which construct an "ethical" manager should have.

2. ETHICAL LEADERSHIP

Within a society there are different subjective perceptions on how “good“ or “bad“ leadership can be defined. In literature, the term "good leadership" is often used with consideration of morals and ethics. For "bad" leadership it looks similar, often described in contrast to the "good" democratic leadership style the with authoritarian and dictatorial leadership behaviour is seen as opposite (Pfister & Neumann, 2019).

Ethics, however, is in a general understanding a philosophical reflection on morality. It deals with the values, morals and behaviour of people and is concerned for example with answers to the question "What should I do?" and “how should I do it?”. (Düwell, Hübenthal, & Werner, 2016) Ethical leadership considers the behaviour of leading executives towards their subordinates. The focus is quite literally on the terms leadership and ethics, which means, the behaviour of people when leading is considered. The aim of ethical leadership is to find out which ethical values should determine leadership behaviour in cooperation within a company or organization (Düwell, Hübenthal, & Werner, 2016). Demirtas (2015) describes that according to the statements found in literature it is clear that ethical leadership is more than just a style of leadership. It is not just about the manner in which the leader behaves towards the employees, but also about one’s function as a role model. The ethical leadership distinguishes itself from other organizational psychological constructs, since the ethical leadership aims at an ethical behaviour of the employees. (Demirtas, 2015).

Leadership ethics can in turn be incorporated into business ethics, which are classified in a corporate code of conduct. It is one of the regular tasks of an ethical manager to explain to employees why it is important to promote ethical behaviour in the company and to avoid inappropriate, unethical behaviour (Demirtas, 2015). Ethical leaders are supposed to show full support to their employees when it comes to living values like integrity, so they understand the meaningfulness of ethical behaviour. Among other things, managers explain to their employees why misconduct is not in the interests of the department and the company, and furthermore, discuss any ethical challenges in developing a target achievement (Treviño, Butterfield, & McCabe, 1998). Further to the challenges, the consequences of unethical behaviour and the advantages of ethical behaviour should also be addressed by a leader and discussed with the employees. In addition to the ethical management processes, which systematically introduce the reward of ethical behaviour as well as the punishment of unethical behaviour into the processes and functions of an organization, the personal behaviour of the managers is particularly important for the employees. In this context, the following questions raised by Trevino, Butterfield and McCabe (1998) are of great importance: first, to what extent are managers of a company or organization perceived as role models for ethical behaviour, second, to what extent the importance of ethical behaviour is illustrated and third, what behavioural expectations these leaders themselves have for their employees (Treviño, Butterfield, & McCabe, 1998). Employees tend to align themselves to their managers, it even goes so far that employees orientate themselves on the behaviour of their managers. Because of this, it is particularly important with regard to an ethical leadership culture that managers have a role model function in the company (Treviño, Butterfield, & McCabe, 1998). Kaptein (2008) describes how employees gain the impression that an organization is genuinely interested in ethical behaviour if the managers are perceived as ethical role models and thus as leaders who represent clear ethical standards and make transparent decisions based on an understandable and clear set of values. In order for a leader to be perceived as an ethical role model, a congruent behaviour is required, which means that what the leader says and does always stays in harmony (Kaptein, 2008). Therefore, a leader must be aware that in ones role, one is also measured on a personal level regarding one’s behaviour (Jondle, Ardichvili, & Mitchell, 2014). Furthermore, not only one’s own behaviour is put in question, but also the behaviour of the team or employees of one leader or manager. The leader can communicate ethical behaviour and moral values, but if as a role model the leader consciously or unconsciously accepts misconducts by the employees, then this will also be perceived as non-congruent, and employees are not likely to implement the ethical standards if they are not clearly lived by (Kaptein, 2008). It can be said, that according to Schetter (2014) ethical leadership is based on two factors, one is the leading of employees in an ethical way, and the second describes the ethical role model. Both of these ideas consist of several variables like trust, honesty, justice, creditability and concern for others. Fehr, Yam, & Dang (2015) argue that to be perceived as an ethical leader, a manager must feature certain qualities which can be moralized by

employees. Especially qualities like loyalty or compassion have been found to be seen as important factors in an ethical leader. Those characteristics together with a personality that shows a high level of moral and integrity define an ethical manager, who can be perceived as ethical role model for employees.

3. WHISTLEBLOWING AS AN INSTRUMENT TO AVOID UNETHICAL BEHAVIOUR IN A CORPORATION

Between the individual and the business side - and the ethical standards associated with them – certain incidents in case of deviation of these ethical standards, will entail different consequences. The term "whistleblowing" has been widely used in the media in recent years and is also used in everyday language all across the world, although the understanding of what is behind this term varies. In addition to its social relevance, this phenomenon is also of enormous economic importance for the organizations concerned, which lose horrific sums of money every year in fraud. (Vadera, Aguilera, & Caza, 2015)

A comprehensive definition for whistleblowing that is frequently used again and again in literature comes from Jubb (1999): Whistleblowing is described as a reflected, voluntary disclosure to the public, which is carried out by a person who has privileged access to data or information of an organization about significant legal violations or misconducts - suspected or expected - and reported to a unit that can potentially rectify the misconduct. Various studies are often using an understanding that is more broadly defined than the definition according to Jubb (1999). The content of those describe the whistleblower as a current or former employee or manager of a company or an organization who reports illegal, immoral or illegitimate procedures by employees to persons or units that can potentially intervene – these can be internal or external parties of the organization. On the one hand, this means the recipient of the disclosure is broader; on the other hand, the assessment of the observer plays a key role (Near & Miceli, 2011) and (Valentine & Godkin, 2019).

The first step is made by a person observing a misconduct and evaluating it as questionable. In a further step, the observer reacts to the wrongdoing, for example with demoralization, and in the last step decides which reaction is appropriate (Jones, Spraakman, & Sánchez-Rodríguez, 2014). This makes whistleblowing according to Vandekerckhove & Tsahuridu (2010) a decision-making process. This has also been researched by Valentine & Godkin (2019) who question the ethical decision as well as moral motifs when it comes to becoming a whistleblower. The assessment of an observation as misconduct is particularly subjective, as this does not necessarily contradict legally or politically clearly formulated rules. A whistleblower makes two ethical decisions: on the one hand the decision that the observed unethical behaviour is unacceptable and on the other hand the decision to report or "blow the whistle" this behaviour as an ethically appropriate consequence of it. When talking about whistleblowing, one finds that in common literature one topic highly researched is the ethical decision-making model. This not only concerns ethics, but moreover can be adapted for several disciplines including behavioural sciences, social economics as well as psychology. (Latan, Jabbour, & De Sousa Jabbour, 2017), (Schwartz, 2016) and (Valentine & Godkin, 2019). One of the most frequently discussed models was developed by Rest (1986), it was made up of four components – awareness, judgement, intent and behaviour. Comprehensive research has been conducted by Schwartz (2016) on all – at the time – existing ethical decision-making models, as an outcome a new "integrated ethical decision-making model" was developed, the framework and factors presented by Schwartz are displayed in Figure 1, according to a test of the model performed by Latan, Jabbour, & De Sousa Jabbour (2017). Schwartz (2016) describes that different variables influence the decision for person to become a whistleblower. This was discovered to be a complex process. The hypotheses drawn by Latan, Jabbour, & De Sousa Jabbour, are also shown in Figure 1, one is that ethical awareness impacts positively on ethical judgement, second that ethical awareness has an indirect impact on the judgement through emotions. Several other hypotheses were developed based on that figure and then tested by collecting data of auditors and professional accountants working for companies listed at the Indonesian Stock exchange. Through their empirical research, it was shown that the nonrational factor of emotions is crucial and needed as ethical awareness not necessarily leads directly to ethical judgement.

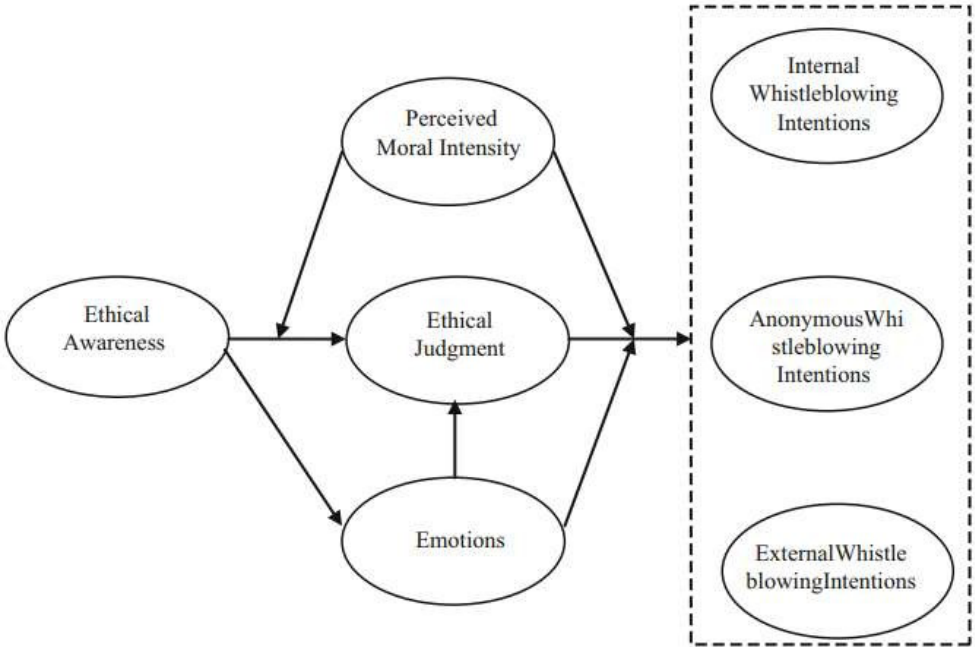


Fig. 1. Conceptual model of the whistleblowing decision-making process, by Latan, Jabbour, & De Sousa Jabbou (2017)

Another model which was tested by Latan, Jabbour, & De Sousa Jabbour (2019) is the whistleblowing triangle, this was inspired by the triangle of fraud and again as the previous model tested in Indonesian companies. The whistleblowing triangle was researched and

developed by Smaili and Arroyo (2017), it argues that the intention to become awhistleblower is triggerd by one of four components, pressure, financial incentive, opportunity and rationalization. Therefore, the ethical component is not fully considered in this model, the authors of the study argue that those four factors are happening before the ethical decision happens to report a misconduct or wrongdoing (Smaili & Arroyo, 2017). The empirical research done by Smaili & Arroyo (2017) showed, that especially pressure has a negative impact when it comes to potential whistleblowers, in a high-pressure environment, people are more likely to keep silent than to step forward and report misconducts. This theory can also be confirmed by Jingyu, Greenberg, & Wong-On-Wing (2014). Financial incentives have been proven to have a positive effect on the whistleblowing intention, this can be explained as the research was conducted with auditors who might receive a compensation if they discover fraud during an audit or assignment. Opportunites are also a crucial factor for potential whistleblowers as this means a secure way for someone to report a misconduct (Smaili & Arroyo, 2017). Also, the last component of the whistleblowing triangle was proven to have a big influence on the whistleblowing intention. Rationalization, - for the group asked – auditors in Indonesia concerns that while working with a specific code of conduct, they are required to report financial misstatements as well as wrongdoings. Therefore, this last point was found to be the most significant influence on the whistleblowing intention in this study. (Latan, Jabbour, & De Sousa Jabbour, 2019)

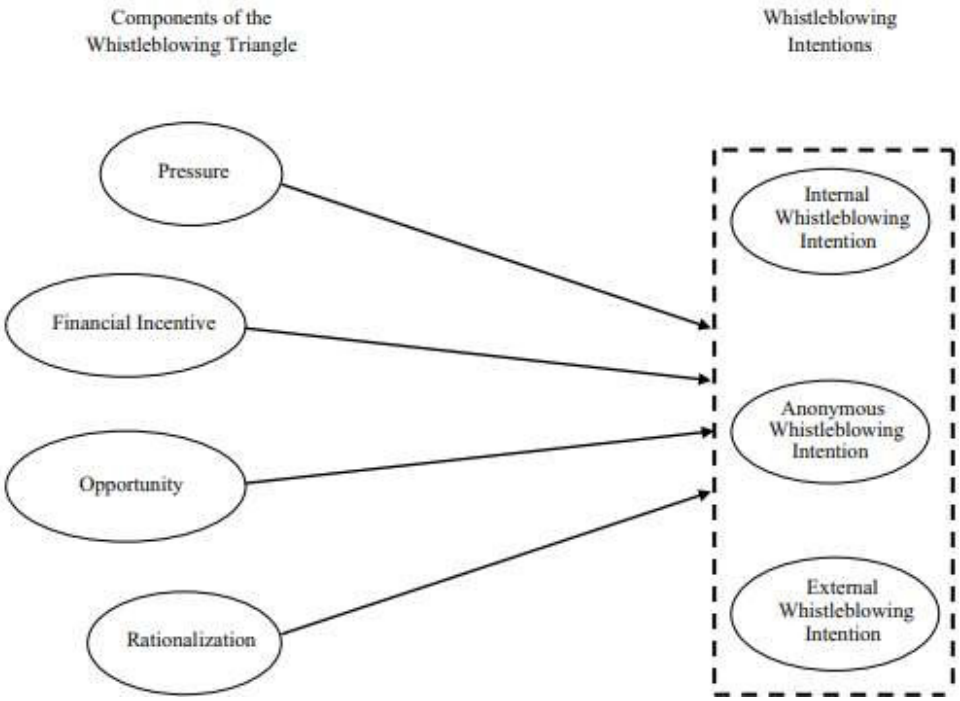


Fig. 2. Whistleblowing Triangle (Latan, Jabbour, & De Sousa Jabbour, 2019)

Common literature on whistleblowing has shown that there are different factors which enhance whistleblowing within an organization. Those can be summarized in three different subject areas. One is the organizational factor, second is categorized as the situational factors, and third as individual or personal factors.

3.1. Organizational factors of whistleblowing

Sims and Keenan (1998) showed that in organizational policy, both informal and formal ethical principles have proven to be beneficial influences on external whistleblowing. The organizational climate is thereby a crucial factor as informal impact. The corporate climate and culture also have a direct impact on the decision to reveal misconduct or to conceal the observation (Vadera, Aguilera & Caza, 2015). Mesmer-Magnus and Viswesvaran (2005) discovered that this effect applies above all to the whistleblowing intention, but also to a lesser extent to actually carried out whistleblowing.

Various aspects of corporate culture such as pressure perceived by employees to achieve organizational goals as well as a strong performance culture, were discovered to encourage observers of misconduct to remain silent (MacGregor & Stuebs, 2014). This also applies to high institutional standards in terms of bureaucratisation.

Another influence that falls within the area of organizational policy is the question of how much employees feel supported. A high level of perceived support generally has a positive effect on the decision to blow the whistle (Dworkin & Baucus, 1998), while the explicit support from a supervisor favours the intention of external whistleblowing (Sims & Keenan, 1998), it prevents actual whistleblowing (Vadera, Aguilera & Caza, 2015). The degree of ethics in the corporate culture has the same influence on individual ethical decisions as the actual or intended corporate ethics.

According to most studies, the existence of a code of ethics has an impact on ethical decisions, i.e., employees perceive ethically questionable situations with an existing code of ethics as less acceptable than in organizations without a code of ethics. As already mentioned, many organizations today position themselves explicitly on the subject of whistleblowing, which also has consequences. Various scientific studies have shown that whistleblowing occurs more often in companies that are appreciative of whistleblowing and in those in which whistleblowers experience a high level of congruence between

the values stated as personal and the perceived organizational values (Mesmer-Magnus & Viswesvaran, 2005). It is therefore quite possible that in these cases there is a positive attitude towards the organization, in the sense that employees assume that their organization is fundamentally ethical and a violation of these ethics

should be uncovered. Potential whistleblowers who fear retaliation from the organization are also less likely to develop the intention to whistleblower than those who do not perceive a climate of retaliation (Mesmer-Magnus & Viswesvaran, 2005), which supports this assumption. Similar results were found by Cassematis and Wortley (2013) through a positive relationship between organizational propensity scale and whistleblowing. This scale relates to the degree of which information is provided about the process and access to internal whistleblowing processes and is moreover, supplemented by statements that indicate that the organization values whistleblowing. The authors were able to show that the relationship between attitudes towards whistleblowing and its use by an observing employee is stronger when both are consistent with variables of the organization propensity scale (Cassematis & Wortley, 2013). The basic assumption here is that social norms are derived from corporate policy and communication. This implies that whistleblowers consider reporting of observed misconduct to be more normative within the organization and also find it more likely that this activity will be valued than is the case with silent observers. The same study also found no interaction between individual and organizational understanding, which is why the both are understood as independent influencing factors, of which the individual turns out to be more influencing. From this, the authors derive a dominant positive assessment of whistleblowing and personal values about what is right, which in turn influences situational decisions and behaviour in organizations in a consistent way as individual values (Cassematis & Wortley, 2013). According to this view, whistleblowers are convinced that their actions prevent activities that are incompatible with their personal values. These considerations form a bridge to individual influencing factors because they lead to the question of the extent to which the individual ethical decision to whistleblowing is based on idealism or altruism or rather on selfish motives. Especially the risk of punishment or retaliation for whistleblowing sometimes has a negative effect on the intention, but not the execution of whistleblowing (Mesmer-Magnus & Viswesvaran, 2005).

One can therefore ask oneself whether the act of whistleblowing is risk-independent because it is idealistically based and the intention is therefore more sensitive to the influences explained. In summary, one can say that not only a transparent and supportive company policy, which is positive towards whistleblowing, but also the fit between corporate ethics and individual ethics favours the whistleblowing intention, but also the actual execution of reporting a misconduct or “blow the whistle”.

3.2. Situational aspects of whistleblowing

In addition, as mentioned before, one can also identify situational aspects of whistleblowing. The main situational factors influencing the decision of whistleblowing are - above all - aspects of fairness and the perceived ethical severity of misconduct that could be the content of a whistleblow. In general, people tend to act contrary to the ethical consensus if community standards of fairness are violated (Schweitzer & Gibson, 2008) King (2001) conducted a study within a hospital which showed that if misconducts happen unintentionally, people are more likely to confront the person performing the misconduct, contrary to when the misconduct was performed knowingly. Furthermore, it was shown by Vadera, Aguilera and Caza (2009) that violations of fairness had a negative impact on external whistleblowing, but also a positive effect on internal whistleblowing.

Gao, Greenberg and Wong-On-Wing (2014) discovered that there is a bystander effect among employees in lower positions, which means that observers are less likely to become active if other people have observed the wrongdoing and could react as well. A large part of the situational research done on whistleblowing concerns the ethical severity or significanceof the potentially reported misconduct. The awareness that certain behaviour or actions should be prohibited also enhances the decision to become a whistleblower. (MacGregor & Stuebs, 2014). The provability of a questionable act is also seen as an impacting factor in favour of the reporting of misconducts. According to Cassematis & Wortley (2013) fear of preventive consequences is more of a concern for silent observers than for whistleblowers. It can also be noted that the ethnic or geographically determined culture can also favour whistleblowing compared to other cultures which are more likely to keep silent (Briegel, 2009). However, these

differences, provided they are valid and therefore effective, are reflected in the corporate culture and an analysis of those differences is therefore carried out on the company or organizational level instead of the situational level.

3.3. Individual factors

Individual factors are the most common subject of research when it comes to the impact on ethical decisions, but as for demographic variables the results have been shown to be unsatisfactory and inconsistent (Craft, 2013). Different studies have shown different results when it comes to the question if gender influences the whistleblowing intentions or actions. While MacGregor and Stuebs (2014) showed that women are more likely to become whistleblowers, a study by Miceli and Near (1998) shows the opposite that men are mor often whistleblowers. The irrelevance of gender in respect of the whistleblowing action has been

shown in other studies like one conducted by Cassematis and Wortley (2013). Results concerning the length of employment as well as age of the whistleblower have been similar diverse. When it comes to research about individual predictors, results are more consistent. Individual ethical identity as well as the consideration of the organizational code of ethics have been proven to have a positive impact on the whistleblower intention (Craft, 2013). Also, integrity as well as loyalty have been proven to be factors influencing the whistleblowing intention and action in an organization on a personal level (Cassematis & Wortley, 2013) and (Vadera, Aguilera, & Caza, 2015). A high ethical ideal shown by managers has also shown to be a supporting factor to report potential misconducts than when working for managers with a lower ethical standard. The ethical judgement, hence the assumption that whistleblowing isthe right decision, leads with a higher probability to the intention to report the misconduct than to conceal it, but this effect could not be determined for the actual implementation of this intention (Mesmer-Magnus & Viswesvaran, 2005) and (Alpkan, Karabay, Şener, Elçi, & Yıldız, 2020) MacGregor and Stuebs (2014) examined moral competence in respect of whistleblowing, and were able to show that a higher moral competence leads to the concealment of misconductless often than a lower moral identity. It was found by Latan, Jabbour, and De Sousa Jabbour (2019) while researching their whistleblowing triangle that emotions are an important factor influencing the whistleblowing intention. Emotions can also be categorized as individual or personal factors.

4. LEADERSHIP IMPACTS ON WHISTLEBLOWING

Part of working for an organization with a high ethical standard is also the existing of punishments for unethical behaviours. The fact that an organization stands by its ethical values is also shown in the punishment of unethical behaviour, which was shown to be at least as important as the reward of ethical behaviour (Kaptein, 2008) Organizations seem to be particularly concerned when an employee's misconduct leads to the achievement of goals and their executives often ignore it and thus indirectly tolerate unethical behaviour. Moreover, through this kind of leadership employees are even encouraged to do so (Müthel, 2017). This, according to Kaptein (2008) often gives employees the impression that they are not personally responsible for their misconduct. This occurs above all if employees are of the opinion that their company or their manager has no interest in uncovering misconducts.

An ethical corporate culture, on the other hand, is characterized by the fact that both managers and employees are of the opinion that the organization is made aware of any unethical behaviour

and misconducts are willingly revealed. In consequence those are ultimately punished accordingly. (Treviño, Butterfield, & McCabe, 1998)

Inappropriate behaviour on an individual level not only concerns illegal behaviour, but moreover also includes behaviour that may be legal, but nevertheless contradicts the guidelines of an organization. In order to make company guidelines effective it is necessary that the behaviour is precisely defined and a control process is established. In this process it must be recorded under which circumstances the behaviour is perceived as inappropriate behaviour and based on which factual situation misconduct is determined (Müthel, 2017).

A study conducted by Alpkan, Karabay, Şener, Elçi, & Yıldız (2020) concerned the question which was proposed in this paper, if ethical leadership has an effect on whistleblowing. To address this topic, the authors of this study conducted research in the Turkish banking sector. Data from 1.296 employees of Turkish financial institutions were collected to show the effects of ethical leadership on whistleblowing intentions. The positive impact on the whistleblowing intention of ethical leadership was proven by the authors – a high moral standard shown by leaders, led to employees more willing to step up when experiencing misconducts.

5. DISCUSSION

In general, while reviewing different studies that have been conducted, it can be said that all of those resulted in a similar way. Alpkan, Karabay, Şener, Elçi, & Yıldız (2020) showed with their study for the Turkish financial industry that employees have a more ethical behaviour, when shown so by leaders. Ethical leadership has been positively linked to a whistleblowing intention. Also, the research showed, that leaders as well as employees need to be properly trained and encouraged to report unethical behaviours. Furthermore, the usage of reporting tools for potential whistleblowers have to be communicated. This concept is also found in the organization propensity scale described by Cassematis and Wortley (2013), moreover, not only the communication of this tools is important but also the easy and anonymous access. Another study performed by Malik and Nawaz (2018) concerned also the impact of leadership on the whistleblowing intention. This study conducted data from employees in the banking sector in Pakistan. The data evaluated provided very similar results as the study of Alpkan, Karabay, Şener, Elçi, & Yıldız (2020). Malik & Nawaz (2018) where therefore also able to prove that the whistleblowing intention of employees has taken a positively motivating influence from ethical leadership. Moreover, an ethical environment was discovered to be crucial for employees to feel safe – which they need in order to become potential whistleblowers. As shown in the literature by Valentine and Godkin (2019)

this is necessary, as there still exists prejudice against whistleblowers and marks them as traitors or informers as shown by Fick (2017). This can also be found true according to the two studies described before by Alpkan, Karabay, Şener, Elçi, and Yıldız (2020) and Malik and Nawaz (2018), therefore assurance needs to be given to employees by their leaders in order to further an ethical working environment and to encourage people to come forward if unethical behaviour is noticed. Both of these studies show similar limitations, as they are both conducted in a narrow field in a specific cultural environment and therefore limited to the cultural backgrounds in which the studies were done.

A different approach of testing the influence of leadership on whistleblowing intentions was taken by Liu, Liao, and Wei (2015) who gathered empirical data from a telecommunication corporation in South China. Their sample of 725 employees of one company accounting for mor than 90% of the workforce of this corporation showed that authentic leaders also encourage whistleblowing. What the Liu, Liao, & Wei describe as authentic leaders, can be seen as broader understanding of the terms of ethical leadership used in this paper. An authentic leader describes a person who stands by one´s values and acts as a role model on several levels. Someone who is able to provide a psychological safety for the employees. As also proven in the other studies presented, employees when the feel safe are more likely to step forward to report potential misconducts and violations of ethical standards. Again, the limitations are given that the empirical data gathered for this study is based on a very specific cultural environment and therefore it cannot be said that results in other branches and other countries would turn out the same way.

Additionally, to the limitations already mentioned it also has to be said that these three studies tested the influence of leaderships on the whistleblowing intention. As described before, the positive whistleblowing intention does not secure that someone would actually “blow the whistle” in case of misconducts. Of course, the question how leadership influences actual whistleblowers is much harder or almost impossible to answer as for that whistleblowers have to be asked. In general, those stay anonymous to prevent harm for their own careers. Still here could be done further research.

6. CONCLUSION

The reviewed literature was able to show that an individual ethical assessment is closely linked to the perceived business ethics and has a direct influence on the whistleblowing intention. This fact holds a great responsibility for organizations and companies as employers to enhance the way they are perceived by means of codes of governance and conducts as well as the corporate culture. The dynamic development of an ethical concept in an organization brings also economic potential which can be shown, for example in employee commitment, the company image, but also legal and social advantages. The code of ethics of an organization has been shown to have a significant impact on employees – if lived by it by leaders. According to the available findings in literature, the decision to blow the whistle is a personal one, that can be triggered by several factors as seen in the empirical studies by Alpkan, Karabay, Şener, Elçi, and Yıldız (2020), Liu, Liao, and Wei (2015) and Latan, Jabbour, and De Sousa Jabbour (2017).

In addition to the individual ethical assessment, fear of regression also has an influence on the probability of whistleblowing. The more ethically serious a situation is perceived and the more likely damage to one's own career is feared if this situation is concealed, the greater the willingness of employees to reveal this situation and not step forward to report a misconduct. The different empirical analysis reviewed, all showed that ethical leadership is an important factor when it comes to whistleblowing. An ethical leader who is also a role model for the employees and who lives and works according to high ethical standards impacts the personal whistleblowing intention. Also, an ethical work environment needs an ethical leader, this leads to a psychological safe work place for employees, where they feel secure enough to report misconducts without fearing for their future (Valentine & Godkin, 2019).

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