

Ethical Leadership and Internal Whistleblowing: A Mediated Moderation Model

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Abstract Studies have shown that internal whistleblowing could be utilized as an effective way to stop an organization's unethical behaviors. This study investigates the relationship between ethical leadership and internal whistleblowing by focusing on the mediating role of employee-perceived organizational politics and the moderating role of moral courage. An analysis of data collected at three phases indicates that employee-perceived organizational politics partly mediates the relationship between ethical leadership and internal whistleblowing. Also, moral courage is found to moderate the effect of employee-perceived organizational politics on internal whistleblowing and the indirect effect of ethical leadership on internal whistleblowing via employee-perceived organizational politics. Theoretical and practical implications of these results are discussed.

Keywords Internal whistleblowing · Ethical leadership · Perception of organizational politics · Moral courage

Introduction

Organizations' unethical behaviors have arguably become prevalent over the past few decades. A survey conducted by the USA's Ethics Resource Center in 2011 stated approximately 50% of respondents had observed unethical behaviors in their workplace. Similarly, according to research by the World Executive magazine in 2011, 80% of 1500 manager respondents accepted that certain unethical practices were widespread in China such as misleading advertising, adulterating products, extending work time without pay, and paying wages late.

Such behaviors have been found to damage organizational morale (Miceli et al. 2013), reputation, and clients' trust severely (Laczniak and Murphy 1991). Therefore, it is necessary for organizations to address and, where possible, stop misconduct in the workplace. Given the elusive nature of some unethical behaviors, such as stealing, waste, mismanagement, sexual harassment (Near et al. 2004), it is often difficult for persons outside the organization to observe or detect. Because employees have easier access to information (Dyck et al. 2010), whistleblowing by internal staff can help the organization to highlight key areas where it may be struggling. Therefore, such whistleblowing can be an important method to improve organizational effectiveness.

Whistleblowing refers to disclosing questionable practices involving the organization or its members internally or externally (Near and Miceli 1985). Internal whistleblowing (i.e., disclosing questionable practices to authorities within the organization) can provide an opportunity for organizations to correct unethical practices and so it may be encouraged by organizations and leaders (Dozier and Miceli 1985). However, external whistleblowing (i.e., disclosing questionable practices to authorities outside the

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organization, or to the public) is not expected by organizations because it may damage their image (Miceli and Near 1988; Zhang et al. 2009).

Either type of whistleblowing is not a common business practice (Zhang et al. 2009). Even when an organization claims to approve of internal whistleblowing, such whistleblowing rarely occurs (Bhal and Dadhich 2011). In the minds of employees, whistleblowing will lead to negative appraisal, career jeopardy, job loss, and even ongoing persecution of the whistleblower (Greene and Latting 2004; Zhang et al. 2009). Considering the possible adverse outcomes, potential whistleblowers usually prefer to keep silent (Gundlach et al. 2003; Zhang et al. 2009).

Ethical leadership has been defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (Brown et al., 2005). Evidence has shown that ethical leadership can play a critical role in encouraging whistleblowing (Morrison and Milliken 2000). Although the relationship between ethical leadership and whistleblowing has been examined by some scholars (e.g., Bhal and Dadhich 2011), studies addressing the underlying processes that explain how ethical leadership positively influence whistleblowing still contain critical gaps. Notably, the exploration of the dynamics of ethical leadership and internal or external whistleblowing is especially scarce.

In response to this gap, we posit subordinates’ *perception of organizational politics (POP)* as an essential mediator and subordinates’ moral courage as a moderating factor, to explain the relationship between ethical leadership and internal whistleblowing. POP refers to an individual’s subjective evaluation of observed situations or behaviors as political, i.e., where situations or behaviors are perceived to be self-serving and occurring without organizational discouragement (Gandz and Murray 1980). This article suggests POP could be a new mediating variable to explain how ethical leadership can positively influence internal whistleblowing.

On the one hand, it can be posited that ethical leadership may reduce POP. Since ethical leaders are fair, trustworthy, and legitimate, they may tend not to approve of politicking activities in the organization and do not reward self-serving behaviors in organizational staff. Therefore, ethical leadership can lessen POP.

On the other hand, POP will inhibit employees’ intention to blow the whistle internally. In an environment in which self-serving behavior is rampant, and thus POP is high, employees will tend not to believe the organization will reward their internal whistleblowing. On the contrary, they will infer that the organization cannot provide enough support to them, and wrongdoers are more likely to

retaliate against them. Besides, the highly politically charged environment will bring employees frustration, stress, and burnout (Rosen et al. 2009). These negative emotions and experiences will dissuade them from blowing the whistle. With these arguments in mind, POP can be applied as an essential mediator to explain the relationship between ethical leadership and internal whistleblowing. This use of POP has not been examined in prior studies, and thus presents an original contribution of this research.

The effects of POP on outcomes such as organizational commitment, job stress, job satisfaction, intention to leave, task performance, or organizational citizenship behaviors vary according to the different individual personal characteristics (Miller et al. 2008; Parker et al. 1995). *Moral courage* refers to the particular type of courage employed to maintain moral standards while giving full consideration to the context needing courage (Sekerka and Bagozzi 2007). A person with high moral courage considers possible retaliation and would like to overcome his or her fear of it to blow the whistle internally when encountering unethical practice in the organization.

Considering the potential for retaliation in a high POP environment, individuals with high moral courage will yield to circumstances and reduce their intention of internal whistleblowing. On the other hand, when individuals lack moral courage, they are indifferent to internal whistleblowing and do not consider engaging in it, no matter what the level of organizational politics. To date, no research in the domain of whistleblowing has investigated the moderating effects of moral courage, making this a critical omission and one that our research aims to respond to.

In summary, this study has three objectives. The first is to provide academic evidence regarding the existence of a relationship between ethical leadership and internal whistleblowing. The second is to investigate the potential of POP as a mediating mechanism between ethical leadership and internal whistleblowing. The third is to test the moderating effects of moral courage on the dynamics between POP and internal whistleblowing. The research propositions developed in this study were empirically tested using three-phrase data in the Chinese organizational context.

Development of Hypotheses

Whistleblowing

Whistleblowing can be defined as “the disclosure by organization members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action” (Near and Miceli 1995, p. 4). As discussed

earlier, it can be of two types: internal and external disclosure. According to the current research, most whistleblowers prefer internal over external whistleblowing (Dozier and Miceli 1985; Miceli and Near 1992; Robertson et al. 2011), preferring to try internal channels first before they blow the whistle outside. Therefore, our paper focuses on internal whistleblowing.

Internal whistleblowing is a complex phenomenon. Potential whistleblowers will choose this action only when they feel its potential benefits outweigh the possible costs. It has been suggested that certain of an individual's personal characteristics interacting with the organizational situation influence this decision-making process. These include one's locus of control (Chiu 2003), self-efficacy (MacNab and Worthley 2008), and Machiavellianism (Dalton and Radtke 2013). The contextual factors include organizational justice (Seifert et al. 2010), the degree of supervisor support (Sims and Keenan 1998), and organizational ethical culture (Zhang et al. 2009).

Among the contextual factors, this paper argues that leadership undoubtedly plays an important role. If leaders regard internal whistleblowing as a valuable and useful way to correct organizational wrongdoing, employees will perceive the potential for support and protection from leaders, or even rewards for their whistleblowing behavior, all of which makes them more likely to blow the whistle (Gundlach et al. 2003; Liang et al. 2012).

Prior studies have found that both transformational and authentic leadership are predictive of whistleblowing intentions and behaviors (Caillier 2013; Liu et al. 2015). However, such studies remain sparse. Our research aims to add to this body of knowledge by examining the relationship between ethical leadership and internal whistleblowing.

Ethical Leadership and Internal Whistleblowing

Ethical leadership refers to the display of ethical behaviors and ethical management practices in an organization (Brown and Treviño 2006). It is likely to play a positive role in promoting subordinates' internal whistleblowing for three reasons.

First, an ethical leader can act as a role model to influence subordinates (Zhu et al. 2016); they are thought of as trustful, responsible, and likely to speak out against inappropriate behavior to improve organizational effectiveness (Brown et al. 2005), which may be imitated by subordinates.

Second, as ethical leaders are concerned about employees and interact with them in procedurally or interpersonally just ways (Bass and Steidlmeier 1999; Northouse 2015), they can develop high-quality relationships with these subordinates (Avey et al. 2011). Thus

subordinates will perceive an obligation to reciprocate by extra-role behavior (Blau 1964); for instance, when encountering unethical behaviors in the organization, they will choose to report it internally for the organization's welfare.

Third, ethical leadership can foster internal whistleblowing by diminishing the risk of retaliation. In most societies, especially in Asian ones, staff members' attitudes toward a whistleblower are negative, and he or she is considered "a mean person who furtively sneaks into an organization and takes a dig at another's secret or fault" (Miethe 1999, p. 21). However, because ethical leaders focus on "what's right" and "how we can do right," they regard whistleblowers helpful to the organization, appreciating, supporting, and even rewarding them (Brown et al. 2005). This attitude will influence those of coworkers, who will henceforth view internal whistleblowing as legitimate. In this situation, retaliation from the wrongdoers will be condemned, with such attempted retaliation making wrongdoers unpopular. This kind of protection is expected to reduce the perceived risks of whistleblowing and encourage it internally.

According to the above discussions, we constructed the following hypothesis:

Hypothesis 1 Ethical leadership will be positively related to internal whistleblowing enacted by subordinates.

Mediating Role of Perception of Organizational Politics

Organizational politics refers to the use or exercise of power or influence to maximize short-term or long-term self-interests, in an intentional manner (Naseer et al. 2016; Pfeffer 1992). Such power or influence exists extensively in some organizations and exerts widespread effects on critical internal processes (e.g., performance evaluation, personnel promotion, and compensation allocation) which, in turn, influence organizational effectiveness (Kacmar et al. 1999). Perception of organizational politics (POP) is essentially a subjective cognizance of the extent to which an organizational environment is characterized by the political behaviors of coworkers and supervisors (Ferris and Kacmar 1992).

Although a few scholars have argued that organizational politics may have positive value (Parker et al. 1995), the majority have viewed employees' POP as a negative work phenomenon (Hall et al. 2004; Miller et al. 2008). Compared with general research on organizational politics, POP has attracted more interest because it is the perceived rather than the real status of organizational politics that arguably exerts a greater influence on employees. For most staff within an organization, and indeed for people in general,

what decides an individual's reaction to a particular situation is undoubtedly their perception, rather than the reality of that situation per se (Lewin 1936), even if there may exist misperceptions of actual events (Porter 1976).

According to Bandura (1986), there are two ways in which people learn: direct experience and indirect observation, which can be transferred to an organizational context to imply that these are the two paths via which leaders may influence their subordinates' POP. If managers show ethical behavior, their subordinates are thus more likely to "learn" the ethical preference of the organization and reduce their POP. Conversely, if supervisors behave opportunistically, they are more likely to increase subordinates' POP (Ferris and Kacmar 1992).

On the other hand, subordinates can learn about an organization's political preferences through their direct experiences. Ethical leaders usually appraise subordinates' behavior according to ethical standards. For example, in a situation where leaders make decisions about pay and promotion based on merit instead of nepotism, it would be unnecessary for subordinates to engage in the political behaviors, such as ingratiating themselves with the leaders. From this, subordinates will thus "learn" that self-interested behavior is not welcome in the organization, and that they should focus on "doing the right thing." This direct learning process reduces employees' POP. Thus, we put forward the following hypothesis:

Hypothesis 2 Ethical leadership is negatively related to subordinates' POP.

Whistleblowing, as a high-risk behavior, is often followed by hostility, penalties, retaliation, and sometimes prosecution, and a highly supportive environment is necessary for it to occur. However, highly politicized organizations are unlikely to be able to provide such an encouraging environment. In such organizations, employees' benefits are closely tied to their relationships with supervisors, political party interests, or other subjective factors, and the organization does not give full consideration to the employees' good intentions, ethical solutions, and contributions to the organization (Kacmar and Carlson 1997; Chang et al. 2009). The focus on the relationship and neglect of merit make employees lose trust that their organization can reward them fairly, even if potential whistleblowers think their internal whistleblowing is ethically justified (Ferris et al. 1996; Beugre and Liverpool 2006). More probably, they predict that they will encounter unexpected retaliation owing to the complicated entanglement of interests in such a highly political situation (Seifert et al. 2010). Thus, a high degree of POP is likely to reduce employees' tendency toward whistleblowing.

Given the sensitivity of the consequences, whistleblowing is a voluntary behavior requiring enthusiasm and

commitment to carry it through. If employees experience many negative emotions, such as burnout and high pressure, they would be far less likely to opt for challenging the status quo. POP has been identified as one of the many potential stressors in organizational settings (Ferris et al. 1996; Rosen et al. 2009). In a context of ubiquitous organizational politics, favoritism and utilitarianism grow concurrently, and employees will experience a sense of unfairness and adversity (Rosen et al. 2006). These feelings can further lead to employees' exhaustion (Huang et al. 2003; Karatepe et al. 2012) and high pressure. Thus employees are more likely to remain silent than to highlight the wrongdoings of their organization.

Also, in previous literature, it has been argued that POP could lead to a decrease in organizational citizenship behaviors and a lack of extra-role effort on the individuals' part (Chang 2009; Smith et al. 1983). While internal whistleblowing could be viewed as a type of organizational citizenship behavior, in line with the literature, it could also be negatively related to POP. Therefore, our third hypothesis is:

Hypothesis 3 Subordinates' POP is negatively related to their internal whistleblowing.

While research addressing whistleblowing has demonstrated that a positive work climate (e.g., one characterized by an ethical culture or organizational justice) is positively associated with the occurrence of whistleblowing (Zhang et al. 2009), the effect of an adverse climate on the extent of whistleblowing has not, to date, been examined. The literature highlights that POP can work as the mechanism that translates ethical leadership onto a subordinate's helping behaviors and eligibility for promotion (Kacmar et al. 2013). Accordingly, we suggest that POP can work as a mechanism by which ethical leadership leads to internal whistleblowing. Therefore:

Hypothesis 4 POP mediates the relationship between ethical leadership and internal whistleblowing.

The Moderating Role of Moral Courage

The above discussion suggests that POP exerts a negative influence on internal whistleblowing, and the impact of organizational politics on individual behavior changes according to personal traits of different employees. Some empirical studies have indicated that the impact of POP on work outcomes will be stronger or weaker according to individuals' varying self-efficacy, age, or political skills (Bozeman et al. 2001; Kacmar et al. 2013). Drawing on these insights, this study examines the moderating effects of moral courage, which represents an essential personal trait related to ethical decision-making.

Moral courage has been defined “as the ability to use inner principles to do what is good for others, regardless of the threat to self, as a matter of practice” (Sekerka and Bagozzi 2007, p. 135). More broadly, the concept of moral courage has rich meanings. On the one hand, it stresses the courage to face and challenge possible fears and dangers arising from adhering firmly to one’s principles (Hannah et al. 2011). In the context of the current study, scholars have argued that it is not easy to blow the whistle in adversarial conditions and, therefore, doing so in a workplace would need moral courage to overcome a fear of retaliation, and proactively take action (Lin et al. 2009; Rothschild and Miethe 1999). On the other hand, moral courage is related to the reasonable weight of benefits versus costs and the compromises involved in alternative paths. Just as Pianalto (2012) suggested that “moral recklessness” is not moral courage, a morally courageous person consistently makes decisions following moral standards when facing strain and pressure (Sekerka and Bagozzi 2007), while also giving full consideration to the context in which they need to make decisions.

In prior studies, POP has always been identified as an adverse circumstance (Miller et al. 2008), in which employees do not believe their good deeds can get a fair return. When a morally courageous person observes wrongdoing which violates certain moral standards, she/he will consider and evaluate possible retaliation or adverse impacts in light of the political circumstances at play (Park and Blenkinsopp 2009). Following this, the potential whistleblower—even if they possess a high degree of moral courage—may yield to circumstances and not follow through. Building upon this rationale, we propose that the negative relationship between POP and internal whistleblowing is more pronounced when one is a morally courageous person. Alternatively, when an employee lacks moral courage, they may be more likely to stay silent regardless of the organizational politics, even though they observe wrongdoing occurring. Just as Hannah et al. (2011) suggested, a person who has a low level of moral motivation is more likely to feel indifferent toward pursuing the principled path. Therefore, internal whistleblowing is less triggering without moral courage, because employees are either selfish, self-interested or they have no courage to face and challenge possible fears and dangers from the organizational context (Fig. 1).

In line with the above discussion, we propose:

Hypothesis 5 The relationship between subordinates’ POP and internal whistleblowing will be stronger when subordinates have a higher rather than lower level of moral courage.

Integrating the logic of Hypotheses 4 and 5 produces a framework in which POP is posited to mediate the

relationship between ethical leadership and internal whistleblowing, and moral courage moderates the POP—internal whistleblowing link. While POP can explain the relationship between ethical leadership and internal whistleblowing (H4), since the relationship between POP and internal whistleblowing is predicted to be stronger when moral courage is higher (H5), we predict that the mediated relationships captured by Hypothesis 4 are stronger when moral courage is higher. Stated formally, our final hypothesis is:

Hypothesis 6 Moral courage will moderate the mediated effect of ethical leadership on internal whistleblowing via POP such that the indirect relationship will be stronger when there is a higher rather than lower level of moral courage.

Method

Sample and Procedure

The data for this study were collected using a questionnaire survey of one of the large Chinese retail firms located in Chongqing. The retail industry plays a critical role in the world economy, which in turn affecting all people’s lives. It is, therefore, vital for retailers to act in an ethical manner. Because focusing only on a single industry arguably holds the critical advantage that “the unknown sources of variance due to organization type could be controlled” (Near et al. 2004, p. 224), some previous studies of whistleblowing have done so (e.g., Zhang et al. 2009 research of the banking industry). We assume the same line of reasoning in selecting the retail industry as our research sample.

According to Podsakoff et al. (2003), one remedy of controlling for common method biases is to collect data with a time lag between the measurement of the predictor and outcome variable. And “an incorporate (i.e., greater than two or three) waves of data with relatively short time lags” (Frone et al. 1997, p. 330) can explore the causal impact of one variable on another (Frone et al. 1997; Gollob and Reichardt 1987). To explore the causal impact of the research model (Bolino et al. 2015; Liu et al. 2012), this study adopted the three waves of data to make for the exploration of the causal impact.

Because top management of the surveyed company had a keen interest in our research, they provided us with strong support. With this backing, we were able to conduct research divided into three phases to explore the causal relationships specified in our model. The CEO was the survey coordinator, providing us with a list of malls in their retail group. We randomly selected ten malls from the list, and their presidents and HR staff helped us to complete the survey.

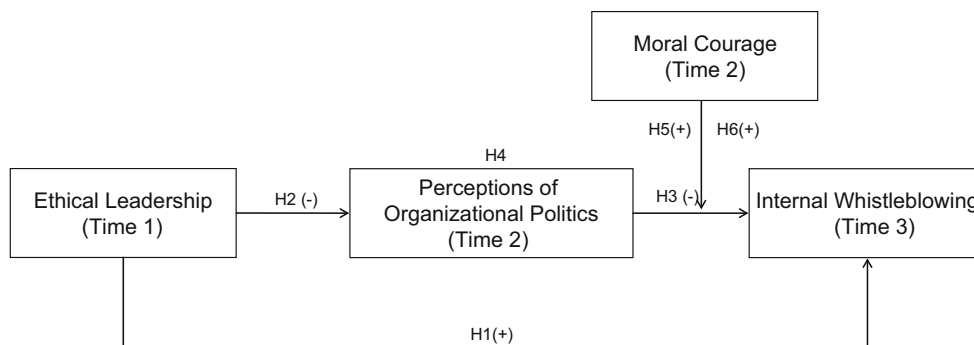


Fig. 1 Theoretical model

Respondents may have been reluctant to provide honest responses to the survey due to its treatment of sensitive topics (e.g., whistleblowing and leaders' ethics). To minimize this risk, during the survey process, two members of our research team went to the survey site to explain the purpose of our research and emphasize the confidentiality and anonymity of our survey. Also, we placed each of the questionnaires in a blank envelope to make all responses anonymous. At the same time, we put one fine gift (e.g., a little purse, a pen, and a paring knife with our school logo) into the envelope with the questionnaires. As a result, target respondents actively participated. The human resource staff helped us to collect the questionnaires, which were returned in sealed envelopes.

Data collectors were trained and guided by one of the researchers. In the first wave (T1) of data collection, questionnaires were sent to 512 employees, who were randomly selected by human resource managers across ten malls. Questionnaires gauged the degree of perceived ethical leadership and also included respondents' demographics (e.g., age, gender, education, position) and department size. Respondents themselves recorded a code or an alias (fake name) to keep anonymity in the questionnaire. They were reminded to use the same code or alias in all three questionnaires. We received 510 responses in total. One month later, we engaged in the second wave (T2) of data collection. Questionnaires relating to moral courage and POP were sent to the 512 employees who were expected to have responded to T1 data collection. 507 responses were received. In the third wave, which took place 1 month after T2, questionnaires on internal whistleblowing were sent to the same 512 employees, of whom 501 responded.

We checked each respondent's code or alias. When two had the same alias, the demographics were checked to match and identify questionnaires by the same respondent from different waves. This process resulted in 234 sets of three matched questionnaires each. We then omitted five invalid questionnaires (where over 5% of the data were missing), which left us with 230 valid samples.

Table 1 provides the sample characteristics. The proportion of female employees in our sample was 60.9%. Around 40% of participants were over 40, and over 40% were in managerial roles. 35.2% of the sample had spent over 8 years with their organization.

Measures

The questionnaire was pretested with a pilot sample of 104 employees. All the multi-item measures in this study were initially constructed in English. We developed Chinese versions for all the measures following the commonly used translation-back translation procedure (Brislin 1980). We provide a list of items and instructions of focal variables in "Appendix 1."

Ethical leadership Brown et al. (2005) developed and validated the 10-item ethical leadership scale which was used in this study. An example item was: "my supervisor

Table 1 Sample characteristics ($n = 230$)

Category	Characteristics	n	%
Gender	Male	90	39.1
	Female	140	60.9
Age	≤25	19	8.3
	26–30	70	30.4
	31–40	97	42.2
	>41	44	19.1
Education	High/primary school	9	3.9
	Junior college	52	22.6
	Bachelors degree	159	69.1
	Postgraduate/doctoral level	10	4.3
Tenure	≤1	18	7.8
	1–3	66	28.7
	4–7	65	28.3
	>8	81	35.2
Position	Lower level	136	59.1
	First-line manager	76	33.0
	Middle manager	18	7.8

listens to what employees have to say.” Items were scored on a five-point scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The Cronbach’s α for this scale was .93.

Perceived organizational politics We adapted Kacmar and Carlson’s (1997) POP scale to assess individuals’ POP. When we conducted the pilot study to test the validity of the POP measure in the Chinese setting, we removed four reversed items that were less appropriate in this context. The scale retained the same three dimensions as the original POP measure. Example statements for these are: “people in this organization attempt to build themselves up by tearing others down” (general political behavior); “employees are encouraged to speak out frankly even when they are critical of well-established ideas” (going along to get ahead); and “since I have worked in this department, I have never seen the pay and promotion policies applied politically” (pay and promotion). All items were scored on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). The degrees of reliability for the “general political behavior,” “going along to get ahead,” and “pay and promotion” were .70, .73, and .76, respectively, while the Cronbach’s alpha for the aggregated scale was .84.

Moral courage Moral courage was measured using the four-item instrument developed by Gibbs et al. (1986) and May and others (2014). An example item was: “I would stand up for a just or rightful cause, even if the cause were unpopular and it would mean criticizing important others.” Items were scored on a 5-point scale anchored by 1 (strongly disagree) and 5 (strongly agree). The alpha reliability for this scale was .74.

Internal whistleblowing Internal whistleblowing was assessed using a four-item scale developed by Park et al. (2005). A proactive question was “If you found wrongdoing in your workplace, what would you do about it?” An example item was: “I would report it by using internal procedures.” Items were scored on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). The alpha reliability for this scale was .85.

Control variables Due to the potential effects of individual demographics, we controlled for age, gender, education, position, and length of tenure. Gender was coded as: 0 representing female and 1 representing male. Department size was also controlled for.

Results

CFA Findings

The measures of the four variables, ethical leadership, moral courage, internal whistleblowing, and POP, were subjected to an exploratory factor analysis (principal

components) with oblique rotation (see “Appendix 2”). These factors collectively accounted for 55.5% of the variance in item scores. The first factor, ethical leadership, explained only 26% of the variance, which is much less than the 50% benchmark used in Harman’s single-factor test to determine whether common method variance is present (McFarlin and Sweeney 1992). This result suggests that common method bias may not be a problem. All items were loaded on their respective underlying factors where loadings ranged from .45 to .86. All the cross-loadings were less than .29. These results provide initial evidence that the measures exhibit convergent and discriminant validity.

Furthermore, confirmatory factor analyses were conducted using AMOS 16.0 to evaluate the validity of the key variables. We examined a four-factor model in which ethical leadership, moral courage, internal whistleblowing, and POP were included. As suggested by Hair et al. (1998), the overall model’s χ^2 , the comparative fit index (CFI), the Tucker–Lewis index (TLI), and the root-mean-square error of approximation (RMSEA) were used to assess the model fit. A cutoff value close to or above .90 for CFI and TLI and a cutoff value below .08 for RMSEA indicate that there is a relatively acceptable fit between the proposed model and observed data (Hair et al. 1998). Thus the hypothesized four-factor model fit the data well: χ^2 (368) = 525.18, $p < .01$; IFI = .95, TLI = .95, CFI = .95; RMSEA = .04. Besides, all the factor loadings were significant, providing evidence for convergent validity.

The discriminant validity of the four constructs was tested by contrasting the four-factor model with one-factor and two-factor models. The one-factor model was obtained by loading all items measured into a “grand” latent factor. The two-factor model was obtained by combining all the determinants of internal whistleblowing (ethical leadership, POP, and moral courage) into one factor. The one-factor and two-factor models yielded a poor fit with the data: χ^2 (375) = 1615.09, $p < .01$; IFI = .61, TLI = .58, CFI = .61; RMSEA = .12 for the one-factor model, and χ^2 (371) = 1286.78, $p < .01$; IFI = .71, TLI = .68, CFI = .71; RMSEA = .10 for the two-factor model. Thus, the discriminant validity of the five constructs was confirmed.

Descriptive Statistics

Table 2 presents the means, standards deviations, and correlations among the study variables, as well as data sources and the collection schedule. The reliabilities of our variables are above .75, and their correlations are as expected. Results reported in Table 2 revealed that ethical leadership was negatively correlated with POP ($r = -.19$, $p < .01$), while it was positively associated with internal

Table 2 Means, standard deviations, and correlations (Sample size = 230)

Variables	1	2	3	4	5	6	7	8	9	10
1. Gender	1.00									
2. Age	-.12	1.00								
3. Education	.04	-.24**	1.00							
4. Position	-.24**	.39**	.07	1.00						
5. Tenure	-.09	.55**	-.22**	.30**	1.00					
6. Department size	-.05	-.18**	.14*	-.07	-.13*	1.00				
7. Ethical leadership	-.15*	-.09	.20**	.10	-.17**	.01	1.00			
8. Moral courage	-.17**	.12	-.04	.09	-.02	.10	.23**	1.00		
9. POP	-.10	-.07	-.11	-.04	-.01	-.03	-.19**	-.16*	1.00	
10. Internal whistleblowing	.01	.16*	.08	.17**	-.02	.03	.26**	.16*	-.19**	1.00
Mean	.60	2.72	2.77	1.49	2.90	3.78	3.96	3.64	2.86	4.36
SD	.49	.88	.55	.64	.97	1.30	.77	.65	.52	1.24

Gender: 0 = "male" 1 = "female"; Education: 1 = "high school and below high school" 2 = "college" 3 = "Bachelor degree" 4 = "Master degree and above master"

Position: 1 = "general staff" 2 = "first-line manager" 3 = "middle manager" 4 = "top manager"

$N = 230$; ** $p < .01$; * $p < .05$ (Two-tailed test)

whistleblowing ($r = .26$, $p < .01$). In addition, POP was negatively related to internal whistleblowing ($r = -.19$, $p < .01$). These results were consistent with and provided initial support to our hypotheses.

Hypothesis Testing

We conducted hierarchical multiple regression analysis to test Hypotheses 1, 2, and 3 by entering the control variable, the independent variable (ethical leadership), mediator variable (POP), moderator variable (moral courage), and interaction variable (POP multiplied by moral courage) on separate steps.

Hypothesis 1 proposes a positive relationship between ethical leadership and internal whistleblowing. As shown by the results of Model 4 in Table 3, ethical leadership was positively related to internal whistleblowing ($\beta = .27$, $p < .01$). Thus Hypothesis 1 is supported.

Hypothesis 2 proposes a negative relationship between ethical leadership and subordinate ratings of POP. As shown by the results of Model 2 in Table 3, ethical leadership was negatively related to POP ($\beta = -.17$, $p < .05$). Thus Hypothesis 2 is supported.

Hypothesis 3 proposes a negative relationship between POP and internal whistleblowing. As shown by the results of Model 5 in Table 3, POP was negatively related to internal whistleblowing ($\beta = -.15$, $p < .05$). Thus Hypothesis 3 is supported.

These significant betas (Model 2, Model 4, and Model 5) also demonstrate support for Hypothesis 4 (POP mediates the relationship between ethical leadership and internal whistleblowing).

For Hypothesis 5, the interactive effect of POP and moral courage on internal whistleblowing was also significant ($\beta = -.17$, $p < .05$, Model 8). Figure 2 and slope tests show that with high moral courage (1 s.d. above the mean), POP was negatively related to internal whistleblowing (*simple slope* = $-.28$, $p < .05$). When moral courage was lower (1 s.d. below the mean), POP was unrelated to internal whistleblowing (*simple slope* = $-.06$, *n.s.*). Thus, Hypothesis 5 is supported.

We also conducted a similar set of analyses for an alternative model in which moral courage was viewed as a mediating variable to link the relationship between ethical leadership and internal whistleblowing without POP. Our results indicated that the mediation effect was not significant ($\beta = .06$, *n.s.*, Model 6). This result also provided support that our model is theoretically robust.

Hypothesis 6 predicts that moral courage moderates the indirect positive effect of ethical leadership on internal whistleblowing. Accordingly, we conducted a moderated path analysis (Edwards and Lambert 2007), bootstrapping 1000 samples to compute bias-corrected confidence intervals. The results reported in Table 4 suggest that the indirect effect of ethical leadership on internal whistleblowing via POP was significantly moderated by moral courage ($\Delta\gamma = .04$, $p < .01$). Specifically, as shown in Table 4, the indirect positive effect was stronger with high moral courage ($\gamma = .04$, $p < .01$) than with low moral courage ($\gamma = .00$, $p > .05$). Additionally, Table 4 shows that moral courage moderated the indirect effect of ethical leadership on internal whistleblowing via POP, owing to its moderating effect on the relationship between POP and internal whistleblowing (i.e., the second stage effect;

Table 3 Results of hierarchical regression analysis

	Perceptions of organizational politics		Internal whistleblowing					
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Control variables								
Gender	-0.14*	-0.16*	0.04	0.08	0.05	0.08	0.06	0.06
Age	-0.15	-0.15	0.23**	0.23**	0.21*	0.22*	0.20*	0.19*
Education	-0.12	-0.09	0.08	0.05	0.03	0.05	0.04	0.02
Tenure	0.04	0.01	-0.17*	-0.12	-0.11	-0.11	-0.11	-0.11
Department size	-0.04	-0.04	0.06	0.07	0.06	0.05	0.05	0.05
Position	-0.02	0.00	0.14	0.11	0.11	0.11	0.11	0.12
Independent variable								
Ethical leadership		-0.17*		0.27**	0.25**	0.25**	0.24**	0.23**
Mediator								
POP					-0.15*		-0.14*	-0.11
Moral encouragement						0.06	0.04	0.04
Moderation effect								
POP Moral courage								-0.17*
R^2	0.05	0.07	0.07	0.14	0.16	0.14	0.17	0.19
ΔR^2	0.05	0.03	0.07	0.07	0.02	0.00	0.00	0.03
ΔF	1.43	5.73*	2.45*	16.83**	5.07*	0.97	0.43	6.61*

$N = 230$; ** $p < .01$; * $p < .05$ (Two-tailed test)

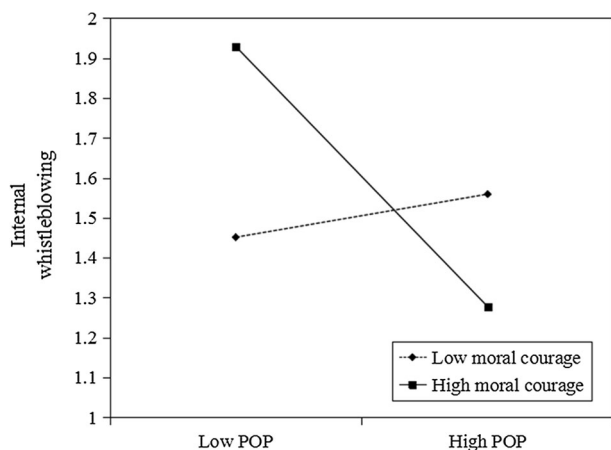


Fig. 2 Moderating role of moral courage on the POP–internal whistleblowing relationship

$\Delta\gamma = -.20$, $p < .01$). Moral courage moderated the relationship between ethical leadership and POP (i.e., the first stage effect; $\Delta\gamma = f.12$, $p < .05$). Thus, Hypothesis 6 receives support.

Discussion

This research examined how ethical leadership enhances employees' internal whistleblowing. Internal whistleblowing, as ethical behavior, frequently carries the risk of

retaliation. Therefore, we posit that organizational context's influence on the actual occurrence of internal whistleblowing may be complicated and that this mechanism is worthy of examination. In particular, we found that ethical leadership exerted a positive, indirect effect on internal whistleblowing through POP. We also demonstrated that these results are contingent upon the level of moral courage contained by the employee. That is, the negative relationship between POP and internal whistleblowing was found to be accentuated by moral courage. These findings have engendered some interesting theoretical and practical implications.

Theoretical Implications

Our findings contribute to the literature on ethical leadership and whistleblowing in the following ways. First, this study enhances the understanding of ethical leadership's role as a motivating influence on internal whistleblowing. As previously discussed, past research concerning ethical leadership has demonstrated its effects on a variety of employee outcomes: prosocial behavior (Mayer et al. 2010; Piccolo et al. 2010; Walumbwa and Schaubroeck 2009), negatively deviant behavior (e.g., Avey et al. 2011; Brown et al. 2005; Mayer et al. 2009) and performance (Kacmar et al. 2013). However, to date, the influence of ethical leadership on internal whistleblowing, which has been found to occur in the business world (Park and Blenkinsopp

Table 4 Results of moderated path analysis

Moderator variable	Ethical leadership (X) → Perceptions of politics (M) → Whistle Blowing (Y)				
	Stage		Effect		
	First P_{MX}	Second P_{YM}	Direct effects P_{YX}	Indirect effects $P_{YM} P_{MX}$	Total effects $P_{YX} + P_{YM} P_{MX}$
<i>Moral courage</i>					
Low (−1 s. d.)	−.09	.01	.12	.00	.12
High (+1 s. d.)	−.21**	−.20*	.28**	.04**	.32**
Differences	−.12*	−.20**	.16*	.04**	.20**

$N = 230$; ** $p < .01$; * $p < .05$ (two-tailed)

P_{MX} path from ethical leadership to perceptions of politics; P_{YM} path from perceptions of politics to whistle blowing

P_{YX} path from ethical leadership to whistle blowing. Tests of differences for the indirect and total effect were based on bias-corrected confidence intervals derived from bootstrap estimates

“Low” moderator variable refers to one standard deviation below the mean of the moderator; “High” moderator variable refers to one standard deviation above the mean of the moderator

2009; Park et al. 2014), has not been thoroughly discussed. Moreover, internal whistleblowing and external whistleblowing differ significantly concerning the key drivers behind them and the optimum conditions in which they occur; it is arguably necessary to research them separately. The current research used a temporally lagged field research design to provide empirical evidence about the beneficial effects of ethical leadership, specifically on internal whistleblowing.

Second, while recent years have witnessed a growing interest in studying leadership and whistleblowing (Bhal and Dadhich 2011; Liu et al. 2015), less is known about the intermediary mechanisms that can translate ethical leadership into an enabler for whistleblowing. Ethical leadership has been proven to influence organizational outcomes (e.g., corporate social responsibility) or individual outcomes (e.g., employee turnover intention) through shaping the ethical culture or climate of a workplace (Demirtas and Akdogan 2015; Wu et al. 2015). Given that whistleblowing has been found to occur more often in a highly ethical environment (Brockner et al. 1997; Finn 1995; Mayer et al. 1995), we suggest that the organizational climate can function as a mediator between ethical leadership and internal whistleblowing. However, to date, no similar research has been conducted on how a negative organizational climate may function in this context. POP, the degree to which an individual staff member perceives an adverse climate in his or her workplace, can be seen as a mediator between ethical leadership and internal whistleblowing.

Tracking the three-phase survey data in this research, it became evident that POP works as a critical influence on internal whistleblowing behaviors within the organization. This finding also shows that ethical leadership will assuredly inhibit the negative climate of the organization—POP.

Third, our results demonstrate the crucial role of moral courage as a condition which reinforces the expected negative outcomes in a politicized work environment. For an employee with high moral courage, it may be more feasible to blow the whistle on unethical workplace practices. However, when the potential whistleblower faces a highly politicized work environment, which may also imply hostility and retaliation, their whistleblowing intention may be significantly suppressed (Gorta and Forell 1995). Thus, the influence of an organization’s political environment on internal whistleblowing is high for whistleblowers with high moral courage. In contrast, employees who lack moral courage will see organizational politics as less important because they would be less likely to blow the whistle in any case. Our results thus suggest that employees’ personal attributes have an important impact on leadership processes and consequences.

Finally, our test of the overall integrative moderated mediation model provides solid evidence that the extent to which POP mediates the relationship between ethical leadership and internal whistleblowing depends on moral courage. Prior studies corroborate that organizational environments or personal factors are a vital link between leadership and whistleblowing (Caillier 2013; Chen 2010). However, such studies are silent as to the conditions under which the mediating effect of situational or personal factors is amplified or attenuated.

We employed a unified moderated path analysis method (Edwards and Lambert 2007) to overcome the research gap and methodological limitations (e.g., one-time data survey) in prior studies and conducted a holistic test of the model. As such, our study offers valuable insights into how to simultaneously examine the effects of cascading behavioral contagion as well as their boundary conditions through conceptualizing and testing a moderated mediation model.

Practical Implications

In practical terms, internal whistleblowing is a type of behavior aiming to improve organizational management and to avoid the risk of damaging sustainable development. Our findings provide some suggestions about ways to promote internal whistleblowing. The first is to take steps to breed ethical leadership. Organizations should create high ethical standards to search for, hire, and promote ethical leaders. Also, top management of the organization should show themselves as a moral example to inspire the middle-level or lower managers to be ethical. For example, the top management should maintain an ethical stance when speaking to their subordinates and making decisions.

Second, our study indicates that internal whistleblowing may occur by reducing POP and, ideally, avoiding it altogether. Therefore, organizations could make a concerted effort to adopt measures to reduce POP. For example, the organization should encourage employees to take part in the decision-making process, clarify the roles and responsibilities of organizational members, reduce the organizational hierarchy and add channels for formal communication.

Third, our results show that moral courage plays a critical role in predicting the degree to which an employee may have the intent to report wrongdoing. This result is suggesting that the organization should make the moral courage as an essential criterion at the recruitment stage. Moreover, according to Hannah et al. (2011) suggestion that different levels of moral courage depend on the influence of situational factors, organizations should pay additional attention to training employees and encourage them to exercise ethical behavior.

Limitations and Directions for Future Research

Despite these contributions, this research has several limitations that should be noted. First, data analyses were based on a sample drawn from the retail industry in China, and may thus limit the generalizability of our findings. Second, this study was based on cross-sectional data from a single set of respondents. Although we collected data from the respondents in three phases and used statistical tools to check for common method bias, we cannot completely rule out the possibility of common method bias. Third, this study is related to the use of self-reported questionnaires. We believe that self-reports were an appropriate tool for measuring internal whistleblowing, as other persons might be unable to know about individuals' intention of whistleblowing; however, organizational politics ratings from multiple sources should be encouraged for future studies. The anonymity of the respondents in this study has been assured (as discussed earlier in the methodology section), and the level of social desirability response bias in

this study is considered as minimal (Ahmad et al. 2014). However, the use of self-reported attitudes means that responses might be subject to a social desirability effect, especially in a study related to ethical preferences (e.g., moral courage).

Future research could also use a multi-level approach to theorize and analyze the effects of ethical leadership. In this research, we focused on the individual-level effects of ethical leadership on the POP and internal whistleblowing. Future research could gather data from work groups so that the data could be aggregated to assess the impact of ethical leadership on the group level environment.

In light of findings that POP played a partial mediating role in the relationship between ethical leadership and internal whistleblowing, future research should explore some psychological variables mediating this relationship, such as psychological capital, psychological empowerment or organizational identity. Besides, the future research could address the intermediate step between POP and internal whistleblowing. The researchers can try to use the employee's negative emotions such as the feelings of unfairness, exhaustion, burnout or pressure as the mediating variables between POP and internal whistleblowing. This kind of exploration could further clarify the mechanisms by which POP influences the internal whistleblowing.

Also, the future research should take note of a critical phenomenon in which some variables of positive climates might not mediate the relationship between leadership and internal whistleblowing. For example, Miao et al. (2013) found that the relationship between ethical leadership and unethical, pro-organizational behavior is curvilinear (an inverted-u-shaped relationship), but not linear. This result suggests that the mechanisms by which ethical leadership affects internal whistleblowing through climate shaping may not be straightforward or clear. Future research should, therefore, consider the other climate mediators, including negative climate variables, e.g., perceived organizational stress, and positive climate variables, e.g., the collective efficacy, to explore the relationship between leadership and internal whistleblowing.

Our research shows the moderating effects of moral courage on the relationship between POP and internal whistleblowing. Future research can also explore the moderating effects of different personal characteristics on the relationship between situational factors and internal whistleblowing, such as emotional intelligence, political skills, situation-specific leverage, and the locus of control.

The determinants of other forms of whistleblowing, such as external and anonymous whistleblowing, and various types of wrongdoing, could also be explored in future research. As previously discussed, such forms of whistleblowing may differ from internal whistleblowing. Also, to date, there is no research to examine the relationship

between leadership and external whistleblowing, making this another opportunity for investigation within the field of whistleblowing.

Compliance with Ethical Standards

Conflict of interest Author Jin Cheng declares that she has no conflict of interest. Haiqing Bai declares that he has no conflict of interest. Xijuan Yang declares that she has no conflict of interest.

Ethical Approval All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Declaration of Helsinki and its later amendments or comparable ethical standards.

Informed Consent Informed consent was obtained from all individual participants included in the study.

Appendix 1: Measurements

Ethical Leadership From Brown et al. (2005)

My department manager...

- EL1. Listens to what department employees have to say.
- EL2. Disciplines employees who violate ethical standards.
- EL3. Conducts his/her personal life in an ethical manner.
- EL4. Has the best interests of employees in mind.
- EL5. Makes fair and balanced decisions.
- EL6. Can be trusted.
- EL7. Discusses business ethics or values with employees.
- EL8. Sets an example of how to do things the right way in terms of ethics.
- EL9. Defines success not just by results but also the way they are obtained.
- EL10. Asks "what is the right thing to do?" when making decisions.

Moral Courage From May et al. (2014) and Gibbs et al. (1986)

- MC1. I would stand up for a just or rightful cause, even if the cause is unpopular and it would mean criticizing important others.
- MC2. I will defend someone who is being taunted or talked about unfairly, even if the victim is only an acquaintance.
- MC3. I would only consider joining a just or rightful cause if it is popular with my friends and supported by important others. (RC)
- MC4. I would prefer to remain in the background even if a friend is being taunted or talked about unfairly. (RC)

Perception of Organizational Politics From Kacmar and Carlson (1997)

Factor 1: General Political Behavior

- POP1. People in this organization attempt to build themselves up by tearing others down.
- POP2. There has always been an influential group in this department that no one ever crosses.

Factor 2: Go Along to Get Ahead

- POP3. Employees are encouraged to speak out frankly even when they are critical of well-established ideas.(RC)*
- POP4. There is no place for yes-men around here; good ideas are desired even if it means disagreeing with superiors. (RC)*
- POP5. Agreeing with powerful others is the best alternative in this organization.
- POP6. It is best not to rock the boat in this organization.
- POP7. Sometimes it is easier to remain quiet than to fight the system.
- POP8. Telling others what they want to hear is sometimes better than telling the truth.
- POP9. It is safer to think what you are told than to make up your own mind.

Factor 3: Pay and Promotion Policies

- POP10. Since I have worked in this department, I have never seen the pay and promotion policies applied politically.(RC)*
- POP11. I cannot remember when a person received a pay increase or promotion that was inconsistent with the published policies.(RC)*
- POP12. None of the raises I have received are consistent with the policies on how raises should be determined.
- POP13. The stated pay and promotion policies have nothing to do with how pay raises and promotions are determined.
- POP14. When it comes to pay raise and promotion decisions, policies are irrelevant.
- POP15. Promotions around here are not valued much because how they are determined is so political.

* represents item which is removed because it is less appropriate in this study.

Internal Whistleblowing From Park et al. (2005)

If you found wrong doing in your workplace, what would you do about it?

- IW1. I would report it to my immediate supervisor.
- IW2. I would report it to an upper level of management in the organization.

- IW3. I would use the official reporting channels inside of the organization. **Appendix 2**
- IW4. I would report it by using internal procedures. See Table 5.

Table 5 Exploratory factor analysis*

	Ethical leadership	Perception of organizational politics	Internal whistleblowing	Moral courage
<i>Survey Item</i>				
EL4	.858	-.042	.105	.131
EL5	.854	-.118	.070	.012
EL3	.840	-.109	.118	.070
EL8	.813	-.067	.030	-.013
EL6	.803	-.167	.043	.079
EL9	.798	-.127	.191	-.018
EL1	.797	-.055	.143	.061
EL7	.770	-.115	.094	.021
EL2	.727	-.075	.063	.085
EL10	.499	-.011	-.151	.093
POP15	-.293	.764	-.084	.052
POP14	-.216	.762	.000	.100
POP13	-.071	.703	.005	.171
POP8	-.040	.627	-.173	-.270
POP9	-.073	.624	-.066	-.169
POP2	-.229	.602	-.122	-.100
POP1	-.090	.587	-.202	-.160
POP5	.015	.568	.046	-.332
POP12	-.105	.528	.022	.147
POP7	.032	.473	-.077	-.119
POP6	.122	.451	-.062	-.239
IW3	.077	-.170	.843	.056
IW4	.154	-.186	.832	.061
IW2	.071	.019	.829	.073
IW1	.120	-.127	.780	-.007
MC2	.112	-.018	.121	.736
MC1	.151	.003	.076	.685
MC4	.003	-.120	.008	.666
MC3	.108	-.255	-.053	.607
<i>Statistics</i>				
Eigenvalue	7.793	3.809	2.508	1.997
Variance explained	26.873	13.134	8.648	6.885

Boldface values are the loadings for each factor

* Following prior studies (Brown et al. 2005; Kacmar and Carlson 1997), we retained the 10 items for ethical leadership and the 11 items for perception of organizational politics (POP). All these items meet the criteria of the minimum loading of .40 (Costello and Osborne 2005; Hair et al. 2010; Karatepe et al. 2012). Among them, EL10 (.499), POP6 (.451), and POP7 (.473) have the lowest factor loadings whereas the factor loadings are still above .40. According a reviewer's suggestion, we run the regression analysis again and the results did not significantly change after these three items were excluded. Therefore, we decided to keep these items

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